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# Impact of Corporate Governance on Accounting Standards' Compliance in Nigerian Public Institutions

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**Abstract**

**Purpose:** Compliance with International Public Sector Accounting standards have been proved to improve the quality of financial reporting in both private and public sector. This study is an attempt to answer the question whether corporate governance have any influence on compliance of public sector entities with accounting standards (IPSASs).

**Methodology:** Descriptive research and survey method of data collection was employed to collect primary data from relevant respondents using questionnaire as an instrument. Four hundred (400) questionnaires were distributed to senior level officers in Finance and Accounts, Internal Audit, and Procurement departments of twenty seven (27) government institutions which were purposefully selected out of a total a total of one hundred and twenty (120) from the south west geo political zone of the country because of proximity. Fifteen (15) respondents were selected from each institution covered except in five which was limited to fourteen (14) due to number of senior level officers in the selected department. Only 92.5% of the questionnaires distributed were returned as validly completed.

**Findings:** Findings revealed that the level compliance with IPSASs is high at 67%, which has very positive significant effect on the quality of financial reporting.

**Recommendation:** It was concluded that compliance with IPSASs improve quality of Financial reporting and thus recommended that to improve the quality of financial reporting, the quality of corporate governance should be improved upon since this have direct positive effect on the quality of financial reporting in the sector

**Keywords**: *Corporate governance, public sector entities, financial reporting, accounting standard, quality*

## 1. Introduction

Corporate governance is understood as the process of decision making and the process by which decisions are either implemented or not in an organization. It is an attempt to implement some risk analysis, verification and control systems with the objective of developing an effective and efficient management and also involves the manner in which an organization affairs are governed by the board of directors and senior management to ensure corporate objectives are met, accountability obligation is ensured, applicable laws and regulations that will protect all stakeholders interest are complied with· In the public sector, corporate governance concerns accountability tasks in relation to the specific goals of this sector, which are not limited to effective service delivery (e.g. cost and quality service delivery) but also include the impact of the policies on the community or the society at large. (E.g. policy outcomes or value for money. It improves accountability by establishing a benchmark for aspects of good governance in the public sector. (OECD, 2016, Soobaroyen et al., 2012, Wogu, 2016).

There have been several complaints in many places that the level of productivity and accountability among public sector entities is low including the quality of financial reporting (Dominic & Adejoh 2018, Akor, 2020). Nigeria adopted full accrual International Public Sector Accounting Standards (IPSASs) in the year 2016 which was meant to be a driving force to ensure quality financial reporting in the sector. However, years after the adoption of IPSASs, not much noticeable improvement have been recorded (Bakre et al., 2017). It was found that the adoption of IPSAS does not improve transparency and accountability significantly as expected in Nigeria, a developing country, due to the lack of weak regulatory framework (Bakre et al., 2017)

This study seeks to answer some questions. What are the causes of these abysmal level of output and transparency? Is it a problem of non-compliance with accounting standard or is it as a result of any problem with the governance standard? The main objective of the study is to ascertain whether corporate governance has any impact on level or extent of compliance with International Public Sector Accounting Standards (IPSASs) among public sector entities. The specific objectives are to determine the degree to which financial reporting in selected public sector institutions are complying with IPSASs and how it affects quality of financial reporting; as well as find out if public sector governance policy affects compliance with accounting standards (IPSASs) in the preparation of financial reports in various public sector organizations in Nigeria.

## 2. Literature Review

Corporate governance is generic term used in a broad way to describe the way in which various stakeholders in an organization share their responsibility and perceived rights among themselves. Corporate governance is a structure or planned mechanism used to direct and control the affairs of an institution or establishment toward achieving the organization goal not only in the short term but also in the long term. It is the steward responsibility of the governing Board or Board of directors (OECD, 2015). According to Organization of Economic Cooperation and Development (OECD), corporate governance is the laid-down standards or rules and other practices that govern the inter relationship between the managers and other stakeholders in a corporate entity which contribute to the growth and financial stability by underpinning market confidence, financial market integrity and economic efficiency (OECD, 2004). Some of the issues of corporate governance are:

i. Ethical Issues: Corporate Governance encompasses a commitment to values and ethical conduct of businesses to maximize shareholder's wealth while ensuring fairness to all stakeholders and regain investors' trust. Ethical dilemmas arise from conflicting interests of the parties involved and managers should make decisions based on a set of principles influenced by the values, context, and culture of the organization. What constitutes good Corporate Governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances.
ii. Accountability Issues: Transparency in decision-making leads to accountability because responsibilities could be fixed easily for actions taken or not taken. The accountability for safeguarding the interests of the stakeholders and the investors in the organization is paramount and rests with the management.
iii. Efficiency Issues: Efficiency issues are concerned with the efficient performance of the management to ensure fair returns to the owners. This means the achievement of economic efficiency comprising of allocative and productive efficiencies (OECD, 2004).

So many factors or variables may constitute yardsticks by which corporate governance can be measured in an organization. Some of these mechanisms as put forward by Schnyder (2018) are briefly discussed below.

i. Board Size: Board is the "heart" of corporate governance where the outcome of a firm is often determined.
ii. Board Independence: a board is increasingly autonomous if it has more non-executive directors. Regarding how this identifies with performances, empirical results have been uncertain. In one breath, it is asserted that executive directors are progressively acquainted with the firm's activities, therefore are in a better position to monitor top management. On the other hand, it is contended that non-executive directors may go act as professional referees to guarantee that competition among insiders invigorates activities steady with shareholder value maximization.
iii. Audit Committee: The audit committee (AC) is an operating committee of the board of directors charged with oversight responsibility of financial reporting and disclosure. The AC in this way needs to meet regularly with the organization's external and internal auditors to review the corporation's financial statements, audit process, and internal accounting controls. Unmistakably this adds to the reduction of information asymmetry and thusly agency costs by allowing for timely disclosure of verified accounting information to shareholders
iv. Chief Executive Officer (CEO) Status: Several studies have examined the separation of CEO and chairman of the board, positing that agency problems are higher when the same person occupies the two positions.
v. Ownership Structure: According to OECD ownership structure is an important factor of corporate governance that is presented by the direct participation of investors in the operation and financial aspects of the corporation (OECD, 2016). Different elements affect the ownership structure of a firm. It has been argued that the nature of ownership of a firm also constitutes to a dimension of its governance structure and should, therefore, influence firm financial performance (OECD, 2015). In countries like Australia, Belgium, Germany, and Italy, over 50% of listed firms have large stockholders who own more than 50% of such firms. This is not common in the United States and emerging economies like Nigeria, where it is

contended that ownership is less dispersed and control is not fully separated from ownership. Large equity owners may stimulate the firm to undertake higher-risk activities since shareholders benefit on the upside, while debt holders share the costs of failure. When there are large block holders, a mechanism is put in place to ensure equitable treatment of all shareholders (Estrin & Pelletier, 2018). Most times, institutional ownership is considered by the percentage of shares held by stakeholders in the institutions. Institutions under such circumstances serve as an extra monitoring device on the operation of the firm. It is therefore expected that ownership structure should have a positive relationship with firm performance.

vi. Board Diversity: Gender diversity on the board is supported by different theoretical perspectives. Agency theory is mainly concerned about monitoring the role of directors given the perceived inherent conflict between the shareholders and management (Imade, 2019).

Good governance supports building sustainable value in organizations and society. This will ensure a combination of the economic, environmental, and social performance of an organization that determines overall stakeholder value and allows the organization to succeed and prosper in the long term. The purpose of any governance mechanism is to ensure that sustainable organizational success and stakeholder value are created. These are the core elements of every organization that strives to be competitive and sustainable over the long term.

Good governance is the manner in which power and authority are used to influence or ensure that all the resources of an organization i.e. human, material, economic and social resources are directed at ensuring growth and development of the organization (Omimakinde, 2022). Its objective is to reduce corruption to the barest minimum and take into consideration the opinion or interest of the minorities, listen to the voice of those that are classified as oppressed in decision making and respond to the need of every stakeholder now and in the future (Omimakinde,2022)

Integrity, qualities or qualitative characteristics make the information reported through financial reporting a desirable commodity and guide the selection of preferred accounting methods and policies from among available alternatives. It is those qualities that distinguish more useful accounting information from less useful information. For financial information to be useful, avoid poor quality it must complied with relevant statement of accounting standard (Stafford & Stapleton, 2017). International Financial Reporting Standard (IFRS) in case of private firms while public sector organizations have to comply with International Public Sector Accounting Standard (IPSASs).

Many factors determine the quality of financial reporting as used by previous studies that examined the factors that affect financial reporting quality. The determinant factors include, accrual quality, degree of predictability, smoothness, relevance value, compliance with conservatism principle, consistency and timeliness of the report (Okere et al., 2017). Research findings have shown quality financial reporting has a positive effect on the overall higher performance of an organization. The quality of the financial report guarantees and enforces the organization to present good and accurate information, which in turn reduces the mystery and the conflict in the information provided for all those who are interested in the report. Accounting information systems maintain and produce the data (e.g., financial statements containing information about accounts and their balances) used by organizations to plan, evaluate and diagnose operations and financial position

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therefore, the aim of the regulators should be to make a system accounting that offers maximal benefits at lowest possible costs (Mahboub, 2017).

Other benefits of having high-quality information from financial reporting from previous study are:

i. It reduces the manager's authority and power in making decisions for their interests and guides them to make appropriate and efficient investment decisions.
ii. High-quality financial reporting reduces the lack of equivalence and the asymmetric information that arises from a conflicting agency.
iii. Furthermore, both banks and government can get benefits from having high-quality financial reporting because it has a positive effect on private firms' investment efficiency and financial performance, which in turn increases tax payment and lending from banks thus helps in reducing information risk and enhancing liquidity.

In Nigeria, the frameworks of financial reporting are the Companies and Allied Matters Act, CAMA (1990), Securities and Exchange Commission Act, SECA (2003), Corporate Governance codes and pronouncements issued by the Financial Reporting Council of Nigeria (FRCN) amongst others.

At the beginning of twenty centuries, a committee was set up that developed corporate governance codes of best practices for public companies in Nigeria (Samans, 2017) These codes are similar to the ones already released by the Organization for Economic Cooperation and Development (OECD) which defines corporate governance as “a system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation such as, the board, managers, shareholders or owners and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company’s objectives are set and the means of attaining those objectives and monitoring performance.

The emergence of mega Banks in the post-consolidation era prompted the CBN to issue a new code of CG for Banks in 2006. In the CBN Codes, corporate governance is defined as a system by which corporations are governed and controlled to increase shareholders' value and meet the expectations of the stakeholders. Also, to address the weakness of the 2003 code, the Nigeria Securities and Exchange Commission in the year 2009 published the revised code of corporate governance for best practices for public companies in Nigeria. The SEC is given the power to regulate and supervise the affairs of listed companies as well as to discipline them through its powers to revoke their registration (Herbert, 2016).

Also, the CAC is empowered to cause an investigation to be carried out on companies when such a company fails to give accurate information in respect to the affairs of the company. In 2018, there was harmonization and uniformity of corporate governance codes under the supervision of Financial Reporting Council of Nigeria (FRCN).

It is a requirement under the governance code in Nigeria that disclosures of governance codes must form part of the organization non-financial reporting items. Other essentials disclosures in this part includes the country specific rules or legislation and if there is any form of scandals during the period cover. Some other factors under this aspect of disclosure include financial performance, organization growth or size, culture (Adigwe & Stanley, 2018). Though, not much consideration is given to the effect of internal and external pressure from the likes of trade union, media and the need to conform to industrial practice or norm but these are essential factors that should be considered when disclosing corporate or public sector governance (Dembo & Rasaratnam, 2014).

## 3. Research Methodology

Descriptive research design and survey method were employed in conducting this study so as to gather necessary information from government institutions on the level of compliance with IPSASs and whether corporate governance has any effect the compliance among Ministries, Departments and Agencies (MDAs). Having determined the sample size using Wingo formula as state in their 1991 work (Wingo et al., 1991) Four hundred (400) questionnaires were administered to senior level officers in relevant departments such as finance and Account, Internal Audit, Budget and Planning and Procurement. Three hundred and seventy (370) or 92.5% of the administered questionnaire were properly completed and retrieved. Multi-stage random sampling was used to select 9 out of a population of 27 Federal Ministries with major representation in the six states of Nigeria's geographically refer to as South West. Three (3) MDAs were selected from each of the 9 identified Ministries to make a total of 27 institutions used for this study. The descriptive research method adopted helps to establish the association between the independent variables of public sector governance (i.e. compliance with regulations, responsibility of participating officers, objectivity in conduct also known as fairness, accountability, board efficiency, risk management, internal and external audit functions, ownership and inclusiveness, transparency or openness and responsiveness and IPSASs provision) and its effect on accounting quality (dependent variables that is, clarity, comparability, verifiability, neutrality, relevancy, reliability, timeliness and comprehensiveness). Data gathered were processed, coded and analyzed using Stata 2017.

## 4. Results and Discussion

Table 1shows the information on the degree of compliance with IPSASs. It can be seen that 39% and a little above half (53%) of the respondents reported their organization very highly and highly complying with IPSASs when responding to the question "*To what degree can you confidently rate the level of compliance of your organization accounts with IPSASs*" while very few reported moderate degree, low degree and very low degree of compliance. However, overall mean response shows a high degree of compliance to IPSAS. Similarly, in response to the question *"To what degree or extent does your organization discloses financial information to members of staff and other important stakeholders*" 35% and about half of respondents respectively claimed a very high and high compliance rate. Lastly, while answering the question on *"To what degree or extent can you rate your organization accuracy of fixed asset register and the valuation of each asset in their register complies with IPSASs recommendation"* 41% and about half also said their organizations very highly and highly complied respectively. This shows some level of high compliance with IPSASs across the MDAs.

**Table 1: Analysis of Degree of Compliance with International Public Sector Accounting Standards**

| **Degree of compliance with IPSASs** | **Very High degree (%)** | **High degree (%)** | **Moderate degree (%)** | **Low degree (%)** | **Very low (%)** | **Mean Response** | **Decision** |
|---|---|---|---|---|---|---|---|
| To what degree can you confidently rate the level of compliance of your organization accounts with IPSASs | 39.74 | 53.85 | 3.53 | 1.60 | 1.28 | 1.70 | High |
| To what degree or extent does your organization discloses financial information to members of staff and other important stakeholders | 35.39 | 48.70 | 10.06 | 2.92 | 2.92 | 1.89 | High |
| To what degree or extent can you rate your organization accuracy of fixed asset register and the valuation of each assets in the register | 41.64 | 47.87 | 7.87 | 0.98 | 1.64 | 1.73 | High |

**Source: Stata 17 output, 2021**

To affirm this further, an exploratory factor analysis was carried out on the three items measuring compliance. In an attempt to clarify the relationship among these factors, factor analysis was carried out using varimax rotation. The result shows that a single factor score was generated Kaiser-Meyer-Olkin (KMO) value of 0.65 ascertaining the adequacy of measurement being greater

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than 0.6. The mean score (5.19e-09) of the factor score was further generated after which the degree of compliance to IPSASs was estimated as the values of responses above the average of the factor scores. Those responses above the mean value were scored 1 and zero otherwise. This gives an approximately 67% of the responses. This shows high rate of compliance to IPSAS (see figure 1)

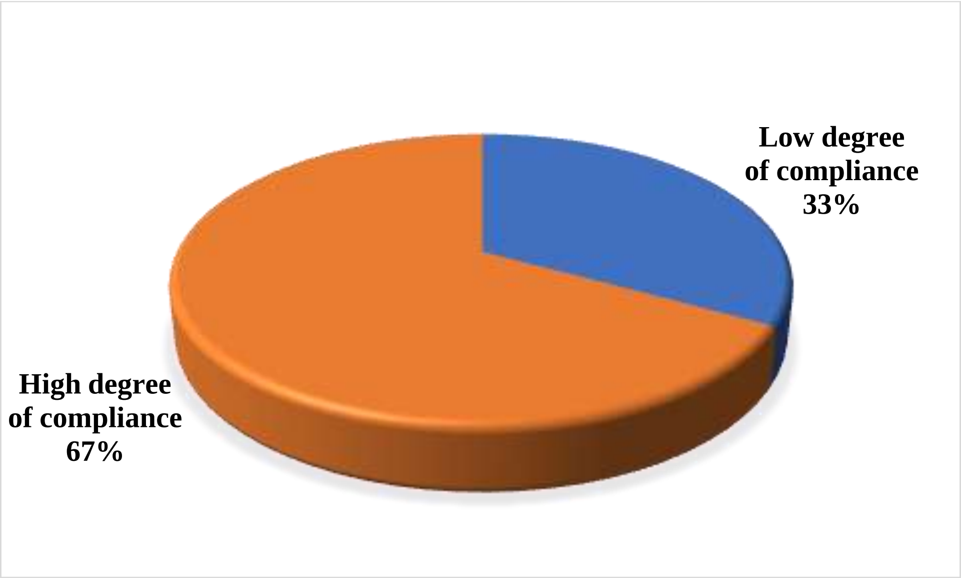


**Figure 1: Degree of compliance to IPSASs**

**Source: Authors Compilation using Stata 17**

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**Table 2: Regression Estimates Showing Effect of Compliance with International Public Sector Accounting Standards (IPSASs) on Quality of Financial Reporting in MDAs**

| | (1) Relevance . | (2) Neutrality | (3) Clarity | (4) Comprehensiveness | (5) Comparability | (6) Verifiability | (7) Timeliness |
|---|---|---|---|---|---|---|---|
| IPSAS compliance | 0.559*** | 0.550*** | 0.642*** | 0.635*** | 0.480*** | 0.565*** | 0.622*** |
| | (0.110) | (0.097) | (0.104) | (0.112) | (0.097) | (0.111) | (0.077) |
| No of years in the organization | 0.042 | 0.010 | 0.025 | 0.020 | 0.035 | -0.041 | 0.086 |
| | (0.080) | (0.074) | (0.052) | (0.054) | (0.058) | (0.052) | (0.057) |
| Academic Qualification | 0.053 | -0.018 | -0.013 | -0.029 | 0.018 | 0.081 | 0.072 |
| | (0.102) | (0.080) | (0.073) | (0.075) | (0.069) | (0.088) | (0.082) |
| Professional Qualifications | 0.028 | 0.016 | 0.053 | 0.023 | 0.009 | 0.104* | -0.063 |
| | (0.060) | (0.061) | (0.057) | (0.052) | (0.052) | (0.054) | (0.056) |
| Level in your Organisation | -0.028 | -0.022 | -0.026 | -0.008 | -0.007 | 0.014 | -0.068** |
| | (0.031) | (0.040) | (0.040) | (0.034) | (0.037) | (0.036) | (0.029) |
| Year of establishment | 0.049 | 0.060 | -0.006 | -0.002 | 0.035 | -0.014 | -0.058 |
| | (0.083) | (0.066) | (0.053) | (0.060) | (0.057) | (0.061) | (0.064) |
| Constant | -0.343 | -0.145 | -0.077 | 0.007 | -0.262 | -0.314 | 0.148 |
| | (0.413) | (0.332) | (0.323) | (0.338) | (0.311) | (0.341) | (0.377) |
| R-squared | 0.288 | 0.288 | 0.394 | 0.346 | 0.230 | 0.356 | 0.373 |
| F-test | 7.797*** | 7.129*** | 7.167*** | 6.354*** | 5.297*** | 5.660*** | 13.127*** |
| Akaike crit. (AIC) | 406.694 | 418.229 | 367.163 | 376.398 | 386.184 | 366.574 | 368.070 |
| Bayesian crit. (BIC) | 428.562 | 440.342 | 388.989 | 398.307 | 408.176 | 388.483 | 389.854 |
| Number of obs | 168 | 174 | 167 | 169 | 171.000 | 169.000 | 166.000 |

**Source: Authors Compilation using Stata 17** **** p<0.01, ** p<0.05, * p<0.1*

The analysis to assess the effect of IPSAS compliance on the quality of financial reporting was done using Ordinary Least Squares (OLS) regression. This is considered appropriate because of the continuous nature of the dependent variables. Each variable in the set of seven dependent variables reported in Models 1-7 of Table 2 represents a distinct dimension of the quality of financial reporting. The variables were obtained from a factor analysis including several questionnaire items The OLS results show that IPSAS compliance has a positive and statistically significant coefficient across all the seven models, indicating a robust positive relationship between IPSAS compliance and the quality of the organizations' financial reporting. This result suggests that organizations that comply with the IPSAS standards have a tendency to produce financial reports that fulfill the seven requirements of quality, that is, relevance, neutrality, clarity, comprehensiveness, comparability, verifiability and timeliness.

**Decision**: Therefore, the null hypothesis that the degree of compliance with IPSASs by MDAs does not significantly affect the quality of financial reporting is hereby rejected.

**Research Question**

Is it likely that the quality of public sector governance will determine the extent of compliance with accounting standards (IPSASs) in the preparation of financial reports of selected MDAs?

**Hypothesis**

The quality of public sector governance will not determine the extent of organization compliance with accounting standards (IPSASs) in the preparation of their financial reports

**Table 3: Test of Multi-collinearity**

| Variable | VIF | 1/VIF |
|---|---|---|
| officers_R~s | 3.09 | 0.323707 |
| Transparen~s | 2.97 | 0.337135 |
| Audit_func~n | 2.42 | 0.413329 |
| Fairness | 2.22 | 0.449898 |
| Responsive~s | 2.15 | 0.464691 |
| Compliance~s | 2.03 | 0.49282 |
| Risk_Manag~t | 1.94 | 0.515914 |
| Board_Effi~y | 1.81 | 0.553471 |
| Ownership_~s | 1.8 | 0.555172 |
| Accountabi~y | 1.67 | 0.598707 |
| Age | 1.27 | 0.789687 |
| Noofyearsi~n | 1.26 | 0.794213 |
| Gender | 1.05 | 0.951022 |
| Mean VIF | 1.97 | |

**Source: Authors Compilation using Stata 17**

Also, the study checked for multi-collinearity among the independent variables as one of the assumptions of classical linear regression. The table reveals the absence of multi-collinearity as the highest VIF is less than 10 as suggested by scholars (Shresta, 2021; Astivia & Zumbo, 2019).

**Table 4: Heteroskedasticity Test sing Cameron & Trivedi's Decomposition of IM-Test and Normality Test**

| Source | chi2($x^{2)}$ | df | P |
|---|---|---|---|
| Heteroskedasticity | 110.23 | 119 | 0.2952 |
| Jarque Berra Test | 43.49 | | 3.6e-10 |

**Source: Authors Compilation using Stata 17**

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The homoscedastic of the residual is yet another result of a classical regular least square. The study used white test that is Cameron & Trivedi's heteroskedastic which is superior when the error term is not normally distributed (Shresta, 2021, Astivia & Zumbo, 2019).

The model shows that there is no problem of heteroskedasticity as indicated by a p-value of 0.2952 which is greater than 5%. The study checked for normality of the residual. The result indicates that in all the models, the residual is not normally distributed as indicated by its significant p-value 3.6e-10 which is less than 5% level of significance. However, the sample size is moderate enough to address the non-normal residual.

**Table 5: Regression Estimates of the Relationship between Public Sector Governance and Extent of Compliance**

| | (1)<br>model 1 | (2)<br>Model 2 (robust) |
|---|---|---|
| Compliance with regulations | 0.32* | 0.32* |
| | (0.10) | (0.11) |
| Officers Responsibilities | -0.07 | -0.07 |
| | (0.11) | (0.11) |
| Fairness | -0.06 | -0.06 |
| | (0.08) | (0.07) |
| Accountability | 0.09 | 0.09 |
| | (0.09) | (0.09) |
| Board Efficiency | -0.21* | -0.21* |
| | (0.07) | (0.06) |
| Risk Management | 0.29* | 0.29* |
| | (0.08) | (0.08) |
| Audit function | 0.40* | 0.40** |
| | (0.12) | (0.17) |
| Transparency Openness | -0.07 | -0.07 |
| | (0.10) | (0.11) |
| Ownership inclusiveness | 0.15 | 0.15 |
| | (0.09) | (0.09) |
| Responsiveness | -0.05 | -0.05 |
| | (0.09) | (0.09) |
| Gender | 0.08 | 0.08 |
| | (0.09) | (0.09) |
| No of years in the organization | -0.05 | -0.05 |
| | (0.05) | (0.05) |
| Age | 0.07 | 0.07 |
| | (0.06) | (0.06) |
| Constant | -1.67* | -1.67* |
| | (0.31) | (0.30) |
| Observations | 281 | 281 |
| R-squared | 0.24 | 0.24 |
| F-stat | 6.51* | 5.04* |

Std errors in parentheses * p<0.01,**p<0.05,*** p<0.1; Dependent Variable=IPSASs Compliance

The table above shows the results of a multivariate analysis of the effect of the governance codes on IPSASs compliance. Both the dependent and the explanatory variables were derived as earlier described. Models 2 is a robust model that adjusted for potential residual misnomer such as heteroscedasticity. It can therefore be noted that the results of the two models were not different across the variables. Specifically, compliance with regulations positively and significantly influence IPSASs compliance. Officers' responsibility and fairness, however, negatively but insignificantly related with IPSASs compliance. With accountability positively but insignificantly affecting the compliance of the MDAs under review to IPSASs. Board efficiency is negatively but significantly affecting. IPSASs compliance. However, risk management and audit function positively and significantly affect IPSAS compliance. While transparency openness and responsiveness negatively but insignificantly influence IPSASs compliance. Ownership inclusiveness only positively but also insignificantly influence compliance to IPSASs. The essence of this question and analysis, is having established in hypothesis 2 that level of compliance with IPSASs will significantly enhance quality of financial reporting, the researcher intends to know whether public sector governance will affect compliance with IPSASs by the organizations.
This in agreement with the finding of other scholars (Okere et al., 2017, Muraina &Dagogo, 2020). The results show that the joint significance of the public governance code variables as shown by the F-stat values significance at 1% indicates that the standard of public governance by these MDAs significantly affect the extent of compliance with IPSASs in the preparation of their financial reports

**Decision:** Hence, the null hypothesis is that says public governance will not significantly determine the extent of the organizations compliance with IPSASs in the preparation of their financial reports is rejected.

## 5. Conclusion

From the empirical analysis of the data gathered, it is very clear that the level of compliance with IPSASs is high (67%) and this has very high positive effect on the quality of financial reporting among the institutions studied. It is also noted that corporate governance has positive effect on the level or extent of compliance with IPSASs which in effect improves quality of financial reporting.

## 6. Recommendation

It is therefore recommended that more effort should be made to improve the quality of corporate governance in all government institutions as this will have direct positive impact at improving the quality of financial reporting in the sector.

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