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Influence of Corporate Governance Practices on Quality of Financial Reporting in the Nigerian Public Sector

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Abstract

Purpose: This study assessed the influence of corporate governance (CG) practices on quality of financial reporting (QFR) in public sector institutions in Nigeria.

Methodology: Descriptive research design and survey method was used to collect data from a total of two hundred and ten (210) senior level officers from finance and accounts, internal audit and senior management staffs from related departments of ten (10) public sector entities were sampled and selected using Multi-Stage sampling method. Relevant information was elicited from selected personnel using structured questionnaire. Data analysis involved descriptive and inferential statistics using Stata. In determining the relationship between corporate governance and quality financial reporting (QFR), some principles of good governance as listed by Organization of Economic Corporation and Development (OECD) were regressed against the characteristics of quality financial reporting as identify in the accounting framework.

Findings: It was discovered that some of the corporate governance principles like compliance with regulations, fairness, effective risk management, good internal auditing and ownership inclusiveness do positively and significantly influence quality of financial reporting. Characteristics like officer responsibility, openness and responsiveness shows weak influence. Gender and other demographic characteristics also have weak effect on QFR. Even the level of awareness of application of corporate governance principles to public sector is low and this affects compliance.

Recommendation: The study recommend creation of better awareness and compliance with CG principles will help to improve quality of financial reporting in the public sector

Keywords: *Corporate governance, financial service, public institutions, compliance*

1.0 INTRODUCTION

Corporate governance is a globalized concept that is applicable to most organizations both in the private and public sector of developed and developing nations. It is of particular importance to institutions in the business world especially to multinational organizations (Marshall, 2020). Corporate Governance has been described a legal concept that has to do with the collection of processes, methods and relations by which a corporate entity affairs is operated and controlled (Kiranmai & Mishra, 2022). It is one of the means through which the objectives of different organizations are set and pursued in relation to regulatory, social and market environment in such a way that the interest of various stakeholders align with the objectives of the organizations (Nakpodia et al., 2018). As a concept, corporate governance is applicable to private, government as well as not to profit organizations (NGO's). Corporate governance is also applicable to small, medium and large scale organizations no matter what their principal activities are since all of them manage and control resources towards achieving desired goals.

Corporate governance can also be viewed as the relationship that exist between the Board of Directors, owners or shareholders and other interested parties and the effect on strategies and performance of the entity. It is examination of the activities of the Board and identify monitoring indices on how they can be held accountable for their decisions and actions (Stafford & Stapleton, 2017, Prasad & James, 2018). According to Organization of Economic Co-operation and Development (OECD), good corporate governance helps policy makers to evaluate and improve the legal, regulatory and Institutional framework with a view to supporting economic efficiency, sustainable growth and financial stability in any system (OECD, 2016).

Although the concept of corporate governance came into limelight in developed economies due to some form of financial abuses which facilitate fraudulent financial reporting to cover up in countries like USA, UK and Italy because of certain private companies not only illegally involved in politics but also unethically financing it. Similar or related scandal or characteristics were also observed in developing countries like Nigeria. The Financial Reporting Council of Nigeria (FRCN) issued some clear codes or principles in the year 2018 which are similar to the one already identified by OECD as basic or standard principles of good governance (FRCN, 2018). These principles could serve as a basis for measuring the quality of governance in any organization include; fairness, accountability, transparency, compliance with regulations, board members' compositions, clearly defined responsibility of participating officers, strategic alliance or collaborations, risk management and internal audit effectiveness.

On the other hand, the quality of a financial report or information is determined by the extent of its compliance with the qualitative characteristics stated in the accounting framework issued by International Accounting Standard Board (IASB) which include; understandability, relevancy, reliability and comparability. Such report must also be accurate, comprehensive, be without bias, timely and prepared in compliance with relevant accounting standards. Financial reporting is one of the major forms of accountability or feeding interested parties back on the performance of the organization as a whole and that of its constituents like the Board and other active agents who are actively involved in running the affairs of the organization over the period being reported on. Financial information must not only be detailed, it must be presented as soon as possible after the period covered because in most cases, it is the only available medium through which some stakeholders can access the organization performance and take economic decision.

Many scholars have studied the interaction or the influence of corporate governance on the quality of financial reporting in the past. However, it was observed that most of these studies focused on the impact corporate governance on the financial performance or reports of private sector organizations which is okay for some developed economies where the private sector are the major drivers of the nations' economic activities. However, in a developing country like Nigeria where the public sector is one of the most dominant sectors that drive the economy, it constitutes a significant part of the nation's Gross Domestic Product (GDP).

An attempt to bridge the aforementioned gap is the underlying reason for this study. The main objective of the study was to determine the effect of corporate governance on the quality of financial reporting in the Nigerian public sector. The study's specific objectives aimed at determining the extent of awareness about and compliance of public sector institutions in Nigeria with standard corporate governance principles, as well as ascertaining the impact of corporate governance principles on the quality of financial reporting at public sector institutions in Nigeria.

2.0 REVIEW OF LITERATURE

Corporate governance is the system through which an organization is directed and monitored at the highest level in order to achieve its objectives and meet the necessary standards of responsibility, integrity and openness. It is a set of tools, procedures, laws, systems and decisions that ensure discipline, credibility, transparency and fairness in the utilization of the economic resources available to the organization. Corporate governance is understood as the process of decision making and the process by which decisions are either implemented or not in an organization (Kemei & Mweberi, 2017). 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 (Rughoobur, 2018)

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. Governance in the public sector includes various types of mechanisms particularly structures that clarify the responsibility of the various stakeholders as regards the organization approach. It is also used to improve monitoring of managers to address agency problems within a firm (IFAC, 2012) The corporate governance literature consists of research on the correlations between management, board of directors, audit committees, and external auditors and measures indicative of accounting quality in financial reporting (Patrick, 2021). OECD highlighted some principles which can help policymakers evaluate and improve the legal, regulatory, and institutional framework for corporate governance, in other to support economic efficiency, sustainable growth, financial stability and other economic variables.

2.1 Characteristics of Good Public Sector Governance

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 (IFAC, 2012)

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. 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 (Prasad et al., 2018).

Some of the characteristics of good public sector governance system according to OECD and brief explanation of them are as follows includes; Compliance with Rules of Law or Regulations: - It is essential that all the rules and regulation enacted by government and organization be complied with impartially. Participation of officers: This implies that everyone must be given opportunity to voice their opinions, through appropriate media, institution or representation, and must even be given right to freedom of association. Fairness: This is another means of saying there must be objectivity and without bias in decision making. Accountability: Every public sector entity has the full responsibility to give account of their stewardship to the teeming public.

Risk Management: Appropriate facilities must be put in place to tackle risk or unexpected event or occurrence such that its effect on the organization will not be too much as to have grave impact on the organization. Ownership and inclusiveness: Good governance will ensure that there is justice and everyone is given opportunity to share in the fortune of the organization as to improve their welfare.

Other qualities identify together with their meanings are responsiveness: There must be process in place that will ensure that every stakeholder need or questions are attended to promptly. Consensus Orientation:-In a situation where every one wishes cannot be accommodated in a decision process, at least the decision must be such that it can be acceptable to every one without any harm to anyone. Effectiveness and Efficiency: Decision making process in public sector organization must be such that is efficient and effective to meet organization need with optimal utilization of resources. Transparency: This is an attitude of openness. It is built on the freedom of information i.e. processes and necessary information are easily accessible to those who are concerned and that information are adequate so that the process or decision can be properly understood. Strategic Focus or Vision: One of the primary responsibilities of the Board of any of any public sector organization is strategic planning. They have to determine the mission, vision and value statements for the organization. It will help the organization to know where it is going or what it is aiming at and how to get there or achieve it. It includes setting of action plans, budgets, operating plans, analysis of those plans, reporting mechanism and other things. Short and long term direction of the organization must be properly and systematically planned for, standard of achievement must be set as a basis to check performance.

Nigeria has a legal framework derived from British Common Law and similar commercial codes to deal with shareholders' rights and minority protection. The main corporate code is the Companies and Allied Matters Act of 2004 which requires, among other things, that directors of every company must prepare and present financial statements, which include (e.g. five-year summaries, balance sheets, now statement of financial position, profit and loss accounts, now statement of financial performance, statement of cash flow and in some cases, value added statement) on an annual basis. It further gives layouts of different disclosure prerequisites like the disclosure of director's emoluments and any interests the directors have in transactions with the organization. Corporate governance can either be strong or weak, depending on the strength of its impact in achieving the organization goals.

Strong governance spurs managerial conduct towards improving the business and directly controls the conduct of managers to guarantee that the privileges of partners are ensured and their view or perceptions noted and the other way around. Likewise, strong or weak corporate governance is a function of the internal mechanism of corporate governance. Investment of investors in the corporate administration framework serves a method for getting the directors to pursue their interest (maximizing returns) in a fair manner. Such investments are clear in the structure of the board (i.e. its size and independence), the versatility of the board (i.e. director's qualification, capability, and experience) and audit quality. Shareholders invest in these key areas of the corporation to add value to the corporate governance system which is expected to improve performance and also improve the quality of financial reports as proposed by the regulators. Be that as it may, when the quality of the information in the financial report is high, at that point shareholders' confidence on these reports additionally assumes to be high and vice versa.

It has also been established that financial accounting information plays a central role in the efficient and effective resources utilization to optimize operations (Kotogeorgis, 2018) Therefore, quality financial report is one of the reports that are expected from government institutions as part of their stewardship (Goel, 2018). There is intense public interest in how resources are utilized by public institutions, particularly with increasing globalization and advance in technology. The need for cooperation and collaborations both locally and internationally have also increased relevant stakeholders who require financial reports to make informed business decisions. These stakeholders include but not limited to, bankers and other providers of capitals, management, employees, local communities, government through her agencies like the tax authorities, regulatory bodies, anti-corruption agencies, pressure groups, competitors, regional and international organizations such as World Bank, New Partnership for Africa Development (NEPAD), African Union (AU), Economic Community of West African States (ECOWAS), Donor agencies, policy makers, political parties, local and foreign partners, researchers, members of the executives and various committees of the National Assembly that have oversight functions on public institutions(Osadchy, 2018). Since Financial Information is needed by many people for different purposes, it has to be provided in such a way that the needs of every user are met (Al-Shatnawi, 2019). Financial Report is the summary of a corporate entity operation over a period usually a year expressed in financial term. This is in line with both the statutory and moral duty of every legal organizations to be produced over a stipulated period (Kachouri & Jarboui, 2017).

In public sector, quality financial report is not only key to efficient and effective utilization of scarce government resources and proper accountability by the nation's economic managers but also one of the public or stakeholders' expected form of accountability. Quality financial report is a financial report that has all the qualitative characteristics identified in the accounting framework prepared by the International Accounting Standard Board (IASB) which include understandability, relevancy, reliability and comparability. It must also be accurate, comprehensive, objective or fair, timely and be prepared in compliance with relevant accounting standards (Khalid et al., 2016). Quality financial report in the public sector institutions must in addition to the above have management assertion and certified to have been prepared in compliance with the International Public Sector Accounting standards (IPSASs) issued by the International Federation of Accountants (IFAC). It must also be affirmed to show true and fair view of its statement of performance, financial position and of its cash flow by an independent person licensed by a recognized professional Accounting body, and is ethically qualified to do so (Koech et al., 2016). Management ineffectiveness and inefficiency have been advanced by practitioners and researchers of public sector enterprises as the bane of development in Public Sector dependent economy. There is also a general opinion that most of the public organizations are either non accountable or have poor accountability culture hence fail to deliver on the purposes for which they were established.

3.0 METHODOLOGY

The descriptive research design and survey method of data collection was employed in the study using questionnaire as an instrument. Survey research design was considered appropriate in this case because it helps in collecting primary data from a large audience using a self-constructed questionnaire as instrument. The questionnaire was appropriately designed to address specific research questions and elicit relevant variables of interest.

The study was conducted among ten (10) selected public sector institutions in South-West Nigeria. The selected institutions are Obafemi Awolowo University, Ile Ife, University Teaching Hospital, Ibadan, Nigeria Natural Medicine Development Agency, Lagos, Federal Read Maintenance Agency, Federal pay offices, National Horticultural Research Institute, Federal College of Forestry Ibadan, Institute of Agricultural research and Training, Ibadan, Nigeria Institute of science Laboratory Technology and the Obafemi Awolowo University Teaching Hospital. Multistage sampling technique was employed in the selection of 210 respondents with an average of 21 people selected from each organization.

Structured questionnaire was administered to the Finance and Accounts, Internal Audit and some other relevant and experienced senior level management staff from Budget, Planning and Statistics, Procurement and the Chief Executive office in their respective institutions, was properly validated and reliability of its constructs and variables verified. Data collected was analyzed using descriptive and relevant inferential statistics techniques. Descriptive statistics such as frequency counts, percentage distribution as well as mean and standard deviation were carried out on the formulated specific objectives of the study. On the other hand, multiple regression analysis including ordinary least square was used to analyze the formulated hypotheses.

4.0 RESULTS AND DISCUSSIONS

4.1 Descriptive Analysis of Demographic Information

Table 1 shows the demographic information of the respondents. It can be observed that about 6% had secondary school certificate and at least A 'Level/ND/NCE category. This is followed by the majority (62.75%) who had HND/BSc while one in five (21.5%) had MBA/MSC/MPA/MPHIL. Lastly, the remaining 3.9%, had PhD. Likewise, in relation to professional qualification, well above average but majority (55.88%) had ACA while very few (2.94%) had ATS. The ratio of male to female seemed close with the latter taking 52% while the former was 48%. Two in five (41%) respondents were between the ages of 40-49% while three in ten (31.37) were 50 and above. Majority (78%) were in finance department and 47.06% of whom are in the accountant/finance officer category. Also, majority (58.8%) falls between level 7 and level 12 while majority of the organization has been in existence for more than 30 years.

Table 1: Demographic information

Variables	Freq.	Percent
Educational qualification		
GCE,O'LEVEL,NECO,NABTEB, ETC.	12	5.88
A'LEVEL/ND/NCE	12	5.88
HND/BSc	128	62.75
MBA/MSC/MPA/MPHIL	44	21.57
PhD	8	3.92
Professional qualification		
ACA	76	55.88
ANAN	20	14.71
ATS	4	2.94
Other	36	26.47
Gender		
Male	96	48.00
Female	104	52.00
Age		
20-29 Years	4	1.96
30-39 Years	52	25.49
40-49	84	41.18
50 and above	64	31.37
Department in organization		
DG/CEO	4	2.00
Finance & Account	156	78.00
Internal Audit	12	6.00
Table 1 (Cont'd)		
Others	28	14.00
Cadre		
Accountant/Finance officer	96	47.06
Internal Auditor	16	7.84
Executive Officer (Accounts)	60	29.41
Executive officer (Audit)	8	3.92
Others	24	11.76
Level in organization 1		
Below 7	24	11.76
7-9	72	35.29
10-12	72	35.29
13-15	36	17.65

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Age of Organization		
Below 10 Years	12	5.88
10-20 Years	12	5.88
21-30Years	60	29.41
Above 30 Years	120	58.82

Source: Author computation from field work (2021)

Table 2: Correlations matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1)corporate governance	1.000											
(2)external influence	0.113	1.000										
(3)qualification and experience	0.315*	-0.048	1.000									
(5)quality reporting	0.669*	0.067	0.346*	0.346*	1.000							
(6)corpgov_ prof ethics	0.434*	0.214	0.127	0.127	0.615*	1.000						
(7)gender	-0.062	-0.023	-0.240	-0.240	-0.050	-0.217	1.000					
(8)age	0.085	0.224	-0.032	-0.032	0.088	0.013	0.048	1.000				
(9)cadre	0.292*	0.123	0.135	0.135	0.250	0.157	0.107	0.119	1.000			
(10)level in organization	-0.088	0.002	-0.114	-0.114	-0.073	0.063	-0.309*	0.386*	0.052	1.000		
(11)age of organization	0.017	-0.083	0.074	0.074	0.130	0.143	0.028	0.133	-0.224	0.118	1.000	
(12)years in organization	0.002	0.013	-0.060	-0.060	-0.160	-0.018	-0.203	0.419*	-0.109	0.384*	0.250	1.00

* shows significance at the 0.05 level

The variables in the study may be associated in one way or the other and it is expected to establish such relationship formally. This would help in avoiding possible collinearity in the subsequent analysis. Therefore, Table 2 below shows the correlation coefficient establishing the direction and strength of association among the variables of interest. It can be observed that corporate governance shares both positive and negative relationship with the other variables. Among these corporate governance, is only negatively related to gender and level in organization though significantly related with the former. However, corporate governance is positively related to other variables. In all, the correlation coefficient are moderately low across variables making the system devoid of possible Multicollinearity problem. Are the officials of federal Ministries, Departments and Agencies aware of public sector governance codes and to what extent are the entities complying with the codes?

Research Hypothesis 1

There is no significant relationship between the level of awareness of public sector governance codes and extent of compliance

Table 3: Distribution of responses of respondents on the awareness of the governance codes

S/N	Level of awareness and compliance to public governance code/element	Mean	Sd	Decision
1	How will you rate the level of awareness of public sector governance codes among public sector entities players	2.23	0.85	Low
2	How will you rate the extent to which the level of awareness affects compliance	2.37	0.91	Moderate

Source: Stata 17 output (2021)

Table 3 shows the distribution of responses of respondents on the awareness of the governance codes. It can be shown that the average response to the statement "*How will you rate the level of awareness of public sector governance codes among public sector entities players*", the respondents reported it's low. However, when asked how the perceived level of awareness affects compliance, the respondents typically claimed it was on average. Specifically, to evaluate the level of awareness to the compliance code, the overall response was dichotomized into low and high level of awareness by recalibrating the scale into two levels of measurement. The responses that shows high level of response, that is, above the mean response of 2.23 were assigned 1 (which connotes high awareness) and zero otherwise (See figure1 for the graphical illustration). Similarly, in examining the rate of compliance that was informed by the level of awareness, the response above the mean score of 2.37 when responding to the statement *"How will you rate the extent to which the level of awareness affects compliance"* showed a 64% which is adjudged as the compliance level of 64% and intuitively interpreted as rather low.

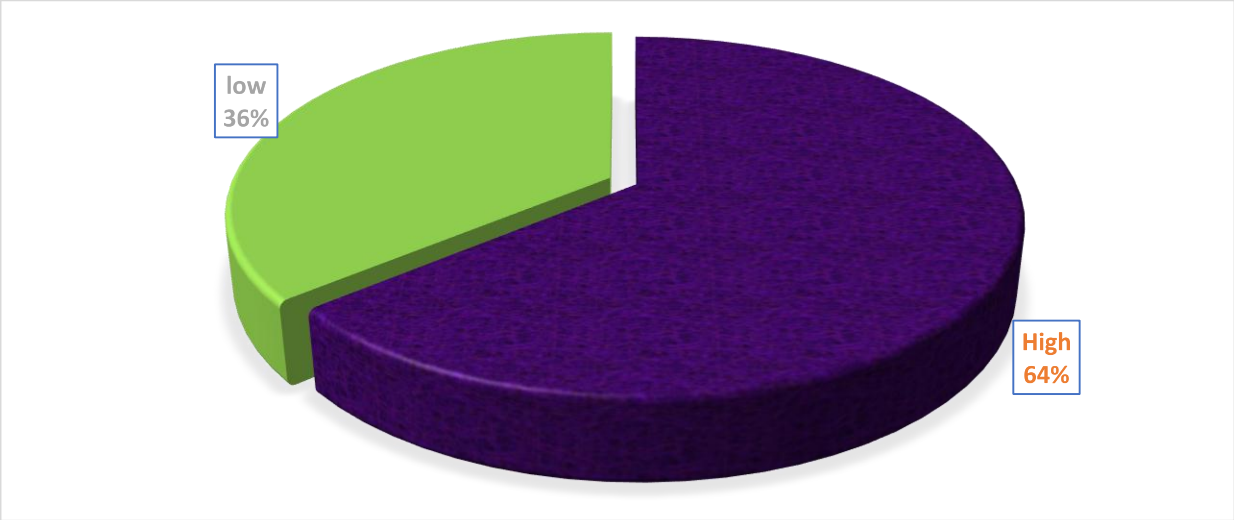

Figure 1: Level of awareness

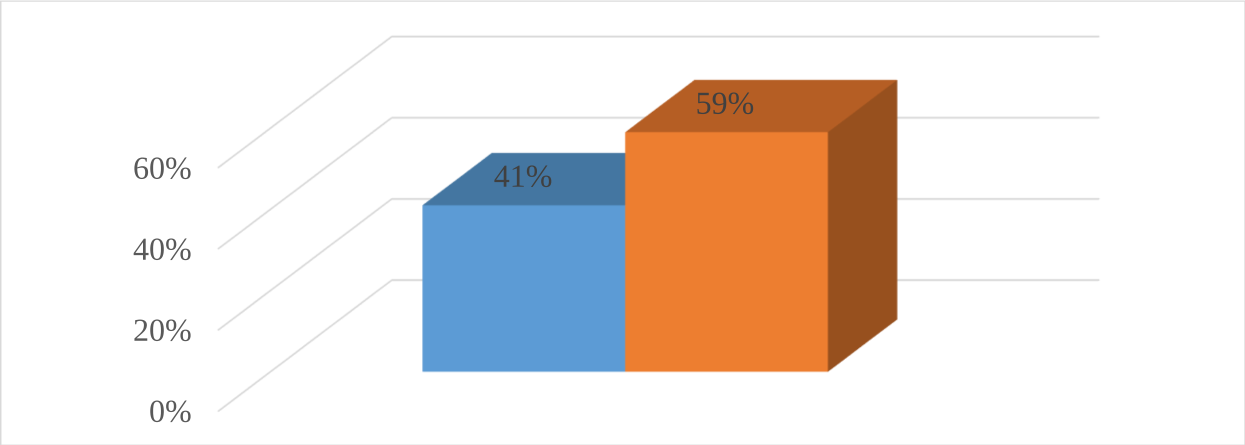

Figure 2: Extent of effect of awareness on compliance

Source: Authors' compilation using Stata 17

Decision: The level of awareness is low and this moderately affect the extent of compliance, this shows that there is a significant relationship between the level of awareness and extent of

Objective 2

What effect does public governance have on the quality of financial reporting in the selected public sector organizations in Nigeria?

Table 4: Showing regression estimates of the public governance on the quality of financial reporting

Variables	Relevance	Neutrality	Clarity	Comprehen-siveness	Comparability	Verifiability	Timeliness
Compliance with regulations	0.29*	0.40*	0.31**	0.28**	0.22***	0.23***	0.13
	(0.11)	(0.12)	(0.12)	(0.14)	(0.12)	(0.13)	(0.13)
Officers Responsibilities	-0.05	-0.00	-0.16	-0.15	-0.25**	0.01	-0.12
	(0.11)	(0.12)	(0.13)	(0.12)	(0.12)	(0.12)	(0.13)
Fairness	-0.04	0.16**	-0.01	0.14***	0.12	0.05	-0.02
	(0.08)	(0.07)	(0.07)	(0.08)	(0.10)	(0.09)	(0.10)
Accountability	0.10	0.09	0.26**	0.20**	0.34*	0.12	0.02
	(0.09)	(0.09)	(0.10)	(0.09)	(0.12)	(0.08)	(0.09)
Board Efficiency	-0.16***	-0.17**	-0.24*	-0.17***	-0.19**	-0.20**	-0.08
	(0.08)	(0.08)	(0.09)	(0.09)	(0.09)	(0.09)	(0.08)
Risk Management	0.22**	0.23**	0.35*	0.16***	0.21**	0.10	0.26*
	(0.09)	(0.09)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)

Audit function	0.45*	0.24	0.51*	0.46*	0.34**	0.75*	0.49*
	(0.17)	(0.17)	(0.19)	(0.18)	(0.16)	(0.17)	(0.16)
Transparency Openness	0.02	-0.01	-0.15	-0.13	-0.25***	-0.14	0.02
	(0.11)	(0.15)	(0.13)	(0.13)	(0.13)	(0.13)	(0.12)
Ownership inclusiveness	0.25*	0.15	0.28**	0.19***	0.14	0.26**	0.06
	(0.09)	(0.11)	(0.11)	(0.11)	(0.11)	(0.10)	(0.10)
Responsiveness	0.05	-0.05	-0.07	0.13	0.25**	-0.11	0.04
	(0.08)	(0.08)	(0.10)	(0.11)	(0.11)	(0.10)	(0.11)
Gender	-0.07	0.04	0.06	-0.17***	-0.07	-0.04	-0.03
	(0.10)	(0.09)	(0.10)	(0.10)	(0.10)	(0.10)	(0.11)
Years in the organization	0.04	-0.04	-0.02	-0.03	0.05	-0.08***	-0.02
	(0.04)	(0.04)	(0.05)	(0.05)	(0.07)	(0.04)	(0.06)
Age	-0.16**	0.02	0.02	0.03	-0.01	0.06	0.03
	(0.07)	(0.05)	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)
Constant	-1.69*	-2.13*	-2.18*	-1.91*	-1.78*	-1.86*	-1.60*
	(0.36)	(0.29)	(0.30)	(0.29)	(0.30)	(0.34)	(0.34)
F stat	8.61*	9.08*	6.19*	6.32*	5.56*	6.23*	4.16*
R-squared	0.37	0.36	0.33	0.35	0.28	0.35	0.21

Robust standard errors in parentheses

** $p<0.01$, ** $p<0.05$, *** $p<0.1$*

In other to determine the effect of public sector governance principles or codes observance policy on the quality of financial reporting in selected ministries, department and agencies in Nigeria, each of the variables in the explanatory mix, that is the items representing each of governance code variables were averaged as not all fulfilled the rule of thumbs posited by scholars. To conduct exploratory factor reduction, each construct must not be less than three items. In this light sum score method was adopted to reduce each set of items into various constructs that measure governance code in the public sector. However, since the outcome variables met this criterion, exploratory factor analysis was adopted to generate factor scores representing each outcome variables measuring quality financial reporting. For model adequacy, the KMO values for model 1-7 were more than the 0.6, which shows model adequacy across the model as revealed in the table. Table 4 shows the results of a multivariate analysis of the effect of the governance codes on reporting quality measures. In essence, models 1 to 7 show the arrays of outcomes representing financial reporting with the public sector governance codes as the explanatory mix.

It can be observed that compliance with regulations consistently positive and significantly drive quality of financing across the models except when regressed with timeliness where it was not significantly influencing financial quality. By implication, compliance with regulations is a key driver of financial reporting quality among the MDAs under review. Officers' responsibility did not only negatively influence quality financial reporting; it was consistently insignificant across all models. This implies that officers' responsibility might not be a major consideration when it comes to major governance codes that sufficiently influence the quality financial reporting among the Nigerian MDAs. It can however be noted that fairness positively but insignificantly driving quality financial reporting across the models. Ensuring fairness in reporting is unequivocally important in ensuring quality financial reporting most especially public sector governance process.

Similarly, accountability positively and insignificantly drives quality financial reporting among the unit of analysis. In other words, accountability expectedly moves in the same direction with the quality financial reporting, though also not necessarily a major factor to explain quality financial reporting in the context under consideration. In relation to board efficiency, across the models (except the model 7), it is both negative and significantly affecting quality financial reporting. Whereas risk management, audit function and ownership inclusiveness positively and significantly influence quality financial reporting. However, transparency openness and responsiveness show weak evidence in affecting quality financial reporting. Lastly, all the demographic factors showed weak evidence of effect on quality financial reporting. Using the f-stat results, it can be concluded that across the models, the governance code variables had joint significance in predicting the quality of financial reporting at 1% level of significance.

CONCLUSION AND RECOMMENDATION

From the study it is observed that the level of awareness of corporate Governance principles or process among Public Sector players is low and this has negatively affected the level of compliance. However, it was discovered that introducing corporate governance concept and principles into public sector organizations in Nigeria has significant positive impact on the quality of financial Reporting in the sector.

It is therefore recommended that the Federal Government of Nigeria should create more awareness through advertisement, training and direct consultation through the issuance of circulars to that effect by appropriate regulatory Agency of Government like the Financial Reporting Council of Nigeria so that the full benefits of introducing Corporate Governance into the Public Sector can be achieved.

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