


THE REALTIONSHIP BETWEEN INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) AND THE QUALITY OF ACCOUNTING INFORMATION IN LIBYAN GOVERNMENT SECTOR

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 14 November 2022</p> <p>Accepted 16 January 2023</p>	<p>Purpose: The aim of this study was to determine the significance of using International Public Sector Accounting Standards (IPSAS) in impacting the quality of accounting information.</p> <p>Theoretical framework: Recent literature has revealed positive results in IPSAS and accounting information quality (Bakhtah & Ammar, 2019). However, because IPSAS is a relatively new product, there is still plenty to research and learn about it.</p>
<p>Keywords:</p> <p>Governance; Disclosure; IPSAS; Government; Quality of Information; Accounting.</p>	<p>Methodology: The study population included a number of board directors, non-audited members, internal auditors, accountants, and department heads from various branches of government in Libya's government sector. They were given 400 questionnaires, and the data was analysed using SPSS and PLS-SEM.</p> <p>Findings: The four independent factors (ensuring sound governance, disclosure, board of directors responsibilities, and shareholder rights preservation) had a substantial impact on the quality of accounting information among Libyan bank personnel.</p>
	<p>Research, Practical & Social implications: We propose a future research agenda and highlight contributions to knowledge, namely auditing literature and the quality of accounting information literature.</p> <p>Originality/value: The findings show that the adoption of IPSAS will have an effect on an external audit in Libya. IPSAS standardises external audit reports and has an impact on external audit notes. The implementation of IPSAS will result in the collaboration of Libyan audit firms with global audit firms to gain experience auditing IPSAS-prepared financial statements. This will improve the conclusions and knowledge of worldwide accounting standards of the external auditors.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i1.1264</p>

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O REALCIONAMENTO ENTRE AS NORMAS INTERNACIONAIS DE CONTABILIDADE DO SETOR PÚBLICO (IPSAS) E A QUALIDADE DAS INFORMAÇÕES CONTÁBEIS NO SETOR GOVERNAMENTAL LÍBIO

RESUMO

Objetivo: O objetivo deste estudo era determinar a importância do uso das Normas Internacionais de Contabilidade do Setor Público (IPSAS) para impactar a qualidade da informação contábil.

Estrutura teórica: A literatura recente revelou resultados positivos nas IPSAS e na qualidade da informação contábil (Bakhtah & Ammar, 2019). Entretanto, como as IPSAS são um produto relativamente novo, ainda há muito a pesquisar e aprender sobre ele.

Metodologia: A população do estudo incluiu vários diretores, membros não auditados, auditores internos, contadores e chefes de departamento de vários ramos do governo no setor governamental da Líbia. Eles receberam 400 questionários e os dados foram analisados usando SPSS e PLS-SEM.

Conclusões: Os quatro fatores independentes (garantia de boa governança, divulgação, responsabilidades do conselho de administração e preservação dos direitos dos acionistas) tiveram um impacto substancial na qualidade das informações contábeis entre o pessoal do banco líbio.

Pesquisa, implicações práticas e sociais: Propomos uma agenda de pesquisa futura e destacamos contribuições para o conhecimento, a saber, literatura de auditoria e a qualidade da literatura de informação contábil.

Originalidade/valor: As conclusões mostram que a adoção das IPSAS terá um efeito sobre uma auditoria externa na Líbia. IPSAS padroniza os relatórios de auditoria externa e tem um impacto nas notas de auditoria externa. A implementação das IPSAS resultará na colaboração de empresas líbias de auditoria com empresas de auditoria globais para ganhar experiência na auditoria de demonstrações financeiras preparadas pelas IPSAS. Isto melhorará as conclusões e o conhecimento das normas contábeis mundiais dos auditores externos.

Palavras-chave: Governança, Divulgação, IPSAS, Governo, Qualidade da Informação, Contabilidade.

RELACIÓN ENTRE LAS NORMAS INTERNACIONALES DE CONTABILIDAD DEL SECTOR PÚBLICO (IPSAS) Y LA CALIDAD DE LA INFORMACIÓN CONTABLE EN EL SECTOR PÚBLICO LIBIO

RESUMEN

Objetivo: El objetivo de este estudio era determinar la importancia de la utilización de las Normas Internacionales de Contabilidad del Sector Público (NICSP) para influir en la calidad de la información contable.

Marco teórico: La literatura reciente ha revelado resultados positivos en las IPSAS y la calidad de la información contable (Bakhtah & Ammar, 2019). Sin embargo, debido a que las IPSAS son un producto relativamente nuevo, todavía hay mucho que investigar y aprender sobre él.

Metodología: La población del estudio incluyó a varios directores de juntas directivas, miembros no auditados, auditores internos, contadores y jefes de departamento de varias ramas del gobierno en el sector gubernamental de Libia. Se les entregaron 400 cuestionarios, y los datos se analizaron mediante SPSS y PLS-SEM.

Resultados: Los cuatro factores independientes (garantizar una gobernanza sólida, divulgación de información, responsabilidades del consejo de administración y preservación de los derechos de los accionistas) tuvieron un impacto sustancial en la calidad de la información contable entre el personal de los bancos libios.

Implicaciones sociales, prácticas y de investigación: Proponemos una futura agenda de investigación y destacamos las contribuciones al conocimiento, a saber, la literatura sobre auditoría y la literatura sobre calidad de la información contable.

Originalidad/valor: Los resultados muestran que la adopción de las IPSAS tendrá un efecto sobre la auditoría externa en Libia. Las IPSAS normalizan los informes de auditoría externa y repercuten en las notas de auditoría externa. La aplicación de las IPSAS dará lugar a la colaboración de empresas de auditoría libias con empresas de auditoría mundiales para adquirir experiencia en la auditoría de estados financieros elaborados con arreglo a las IPSAS. Esto mejorará las conclusiones y el conocimiento de las normas contables mundiales de los auditores externos.

Palabras clave: Gobernanza, Divulgación, IPSAS, Gobierno, Calidad de la Información, Contabilidad.

INTRODUCTION

The International Public Sector Accounting Standards (IPSAS) have since become de facto international standards for determining government accounting policies and evaluating global transparency (Chan, 2008). A cost-benefit review of IPSAS implementation in Zimbabwe was carried out by Mhaka (2014) through a comparative examination of the existing cash accounting basis and the planned IPSAS-based accounting data. The research shows the problems present in cash-based accounting that would be overcome by IPSAS-based standards being implemented. He announced that the implementation of IPSAS will shift the basis for financial statements from prevailing cash accounting to cash accounting and accrual dependent on IPSAS and eventually to IPSAS based on absolute and complete accruals. The study maintains that this enables the reconciliation of budgeted and real results since it will be appropriate to match the planning of the budget with the complete accrual as well as the enhancement of current capability, facilitating the monitoring and comparison of the budget with the actual results, as well as enhancing the budgeting dependent on outcomes. Christiaens et al. (2021) analysed the degree to which IPSAS accrual accounting is embraced by European governments and how the various degrees of implementation can be clarified by means of a study of relevant experts. They demonstrate that the IPSAS and accrual accounting implementation mechanism may not have a standardised system, as well as that certain governments do use cash-based accounting with a smaller fraction adopting IPSAS. Most municipal and central governments use accrual accounting without taking into consideration IPSAS, which can be justified by the desire for accountability and performance. The study showed that the key reason for the use of IPSAS is that it provides uniqueness and practical know-how and claims that IPSAS's effectiveness depends heavily on establishing its capabilities and stressing the settings that need to be met.

The perceptions, advantages and difficulties of the implementation of International Public Sector Accounting Standards (IPSAS) in Libya were investigated by Ijeoma and Oghoghomeh (2014). Primary data was used in the thesis and the Chi-square test, Kruskal Wallis test and descriptive analysis were introduced. The results of the study show that IPSAS implementation is projected to improve the degree of openness and transparency in Libya's public sector. It has been observed that IPSAS implementation would boost comparability and international best practices. It has also been seen that the introduction of IPSAS-based standards would enable policy makers to obtain more meaningful knowledge and increase the consistency of Libya's financial reporting framework. A survey was undertaken by Alshujairi (2014) to

decide if IPSAS could be implemented by a developed country like Iraq as a way of strengthening the government accounting framework. The study used qualitative methods to collect the requisite data via a questionnaire, with the outcome of the survey showing that a significant number of respondents agree that an essential reform of the Iraqi government's accounting system is needed, citing the key reason for corruption. The outcome further underlined the need to increase openness, the efficiency of the accounting framework and political responsibility for people. Under this sense, by the implementation of IPSAS, Iraqi government accounting should be reformed because accrual accounting offers greater guarantee of financial transparency relative to cash or adjusted cash-based accounting.

The association between the declaration of IPSAS adoption and the perceived rate of corruption in emerging and industrialised countries has been examined by Atuilik (2021). The thesis employed a quasi-experimental research design to assess perceptions of corruption using the Corruption Perception Index (CPI) collected by Transparency International. The analysis shows that for developing countries that have declared the adoption of IPSAS, the levels of awareness of corruption do not vary substantially from the levels of suspected corruption for developed countries that have not announced the adoption of IPSAS. The outcome indicates a degree of heterogeneity for developed economies. He clarified that developed-country governments would not have anticipated the introduction of IPSAS to dramatically raise their corruption index scores, whereas developing-country governments are likely to anticipate changes in their ratings following the adoption of IPSAS. This is in line with Alshujairi's (2014) report, which offers proof that corruption is adversely impacting developed countries. A similar study was conducted by Trang (2012) which analysed whether or not the IPSAS can be run by the Vietnamese government accounting and describes the degree to which it can be implemented within the current setting in Vietnam. He measured the effectiveness and viability of the IPSAS for the accounting and financial reporting of the Vietnamese government and advocates that the shift from cash to accrual basis in accounting structures is generally an aspect of a larger range of their reforms, such improvements are increased in delegation, departments are guided to provide a service to people rather than comply with set laws, departments are directed to provide a service to citizens Udeh and Sopekan (2015) looked at IPSAS implementation and the consistency of news in the public sector. It has been noted that the implementation of IPSAS is supposed to increase the standard or consistency of Libya's public sector financial reporting. Compared to cash-based accounting, the research affirms that accrual-based IPSAS has the potential to boost financial statements.

Quality of accounting information are considered of great importance to financial statements for users of accounting information and the need for availability, this follows from the fact that the importance of accounting information system provides information to internal and external parties. Thus, the accounting information of great importance in guiding and rationalizing decisions (Al- Badiri, 2017). The subject of quality in accounting information is one of the most important concerns of institutions, organizations and bodies of different objectives and forms, furthermore, the information must be presented in a reliable and appropriate manner to serve the relevant parties. This can only be achieved by establishing uniform and binding standards and standards for professional institutions and practitioners seeks to achieve the requirements of proper measurement, accounting disclosure and transparency in the presentation of financial information (Madah, 2018).

There is no number or form specific to them and vary according to their purpose, therefore, the determination of the objectives of the financial reports is the starting point in the application of the utility of accounting information in rationalizing the decisions of beneficiaries which is good information is the most useful information in the field of rationalization of decisions, and it is also meant by the concepts of information quality for those characteristics that should be characterized by useful accounting information, which are useful for the preparation of financial reports in assessing the quality of information resulting from the application of alternative methods and accounting methods, and benefiting companies from it (Abdel Aziz, 2019).

In recent years, interest has increased in the issue of transparency and disclosure by stakeholders because of its role in providing the necessary information that will improve the understanding and importance of financial instruments and tools in joint stock companies, in order to provide specific information for extraction, and also, accounting policies. Accounting disclosure has been defined as “a presentation of the financial statements in clear accordance with the principles and terminology of management, which in turn results in the quality of financial reporting (Muhammad, 2018).

The importance of accounting and professional accounting thinking has increased in accounting and the factors affecting it, especially with regard to the financial statements where it is the means by which the internal and external parties are informed of the outcome of the activity of the establishment and expressed in significant accounting figures, the main purpose of the financial statements is determined as a source of investment and lending decisions by the relevant authorities therefore, the central problem lies in the financial information published

before the administration that it is prepared and engineered by the managers. Which raises the problem of the safety and reliability of such data as enterprises seek to show the best picture of its financial center in order to convince investors moreover, creditors over the more efficient use of assets entrusted with their conduct on the one hand and express its financial, economic and market hardness to send an implicit signal to the financial market in order to achieve excellence such as investment attractiveness and to achieve high financial and economic returns also, reduce the risk of investment in stock exchanges and financial markets by following all the methods of risk management, capital management, and provide all the information required for the partnership to the shareholders in the right time and form (Abdel Samad, 2018). Moreover, what they contain in violation of the truth, as well as among the most important factors of the collapse of companies are a lack of proper management control in practice, supervision, lack of experience, transparency and non-compliance with international accounting and auditing standards which achieve disclosure and transparency (Madah, 2018).

Often centered the outputs of the accounting information system (Accounting Information) About financial reporting which aims to demonstrate the performance of the establishment and its financial and non-financial expenses. Accordingly, and with a system that collects and handles operations data, it publishes the accounting information of interested parties. Any company depends in making its decision in all its business and non-commercial transactions on the credibility. They are provided correctly and have the quality of information fit and reliability helps to make the right decisions and stay away from improvisation and randomness (Ahmed , 2013).

There is no doubt the stability and development of the economy depends on the stability and development of Government Sectors in countries as they are also vulnerable to crises as a result of developments, such as implementing and improving performance, strengthening internal control, following up and implementing the strategy, defining roles and powers, and emphasizing the importance of transparency, disclosure and others (Somaya, 2017).

Government Sectors are distinguished from other business enterprises by their own nature. Which involve many risks that are at the core of its work and source of revenue and of a multitude of interested parties. Which interact with them according to their goals and directions on the other hand, this requires effective management practices in these Government Sectors. To deal with different levels of risk and to ensure the rights and interests of these parties. Therefore, ensuring the integrity of the government system, which is reflected on the stability of the economic situation in general Given the crises of the past two decades,

international bodies have sought to establish rules to regulate the standards of supervision and supervision in government entities, this is because the government sector is the mainstay of economic life (Kabyli, Budah, 2018).

Customer loyalty is recognised as crucial and an important outcome in marketing literature. Customers are becoming more knowledgeable and sophisticated in their approach to government transactions, demanding greater flexibility, personal service and value. Thus, it has become pertinent for retail Government Sectors to have a good understanding of the drivers of customer loyalty so that proper marketing strategies can be formulated for long-term relationship building and also to secure opportunities for growth and increased profitability. Empirical evidence is therefore needed to better understand how these corporate governance practices individually and collectively influence customer loyalty in Nigeria retail Government Sectors. (Obioha, O. O., & Garg, A. K, 2018).

THEORETICAL REFERENCE FRAMWEORK

By studying the theoretical model, the study will investigate the following hypotheses. There is a relationship between International Public Sector Accounting Standards (IPSAS) on the quality of accounting information:

There is a statistically significant relationship between the independent variable and the existence of a strong and effective basis on the dependent variable. The quality of the accounting information at the level of significance (0.05). This result confirmed each of studies such Abu Hammam, 2009; Al- Sheikh, 2012; Al- Weshih & Shaheen, 2017; Fateh Belwaheh, 2018; Abdul Halim, 2014; Shahid Al-Issa, 2018. In the study of Suwaydawi (2015), the alternative hypothesis was accepted. This means that there is a statistically significant effect between the two variables, and therefore:

The first hypothesis: there is a statistically significant relationship between the Ensuring a sound governance foundation and the quality of accounting information

There is a statistically significant relationship between the independent variable disclosure and transparency on the dependent variable, the quality of the accounting information at a level of significance (0.05). The relationship is strong between the two variables, as this result confirmed by many studies (Abu Hammam, 2009; Kabbajh,2008; Khalil, 2007; Al- Weshih & Shaheen, 2017; Abdul Halim, 2014; Shahid & Al-Issa, 2018; Ben Aichi Ammar, 2016; Gaddori, 2012). It was found in a study of Belwadeh 2008, where the

correlation coefficient was at 0,765 at a statistical significance level (0.000). Then in the study of Al- Swedawi 2015, it accepted the alternative hypothesis, this means that there is a statistically significant effect between these two variables, and therefore:

The second hypothesis: there is a statistically significant relationship between disclosure, transparency and the quality of accounting information

There is a statistically significant relationship between the independent variable and the responsibilities of the board on the dependent variable. The quality of the accounting information the relationship between the two variables is strong. Where it came in each of the following studies study of Ben Aichi Ammar 2016, study of Abdul Halim 2014, study of Abu Hammam, 2009, at the level (0.05), while the Study of Shahid, Al-Issa 2018, There is a significant statistical effect which indicates that Government Sectors apply the rules of governance. At the same time the study of Belwadeh 2008 The coefficient of correlation was at (0.752) and the significance level (0,000) while the results in the quality of the accounting information contained in the financial reports are a powerful tool for ensuring the application of governance. At the same time the study of Al- Swedawi 2015 the alternative hypothesis was accepted. This means that there is a statistically significant effect between the two variables, and therefore:

The third hypothesis: there is a statistically significant relationship between the responsibilities of the board of directors and the quality of accounting information

There is a statistically significant relationship between the independent variable and the rights of the stakeholders on the dependent variable. The quality of the accounting information at the significance level is (0.05). Where it came in the study of Abdul Halim, 2014 - and in the study Abu Hammam 2009 correlation coefficient was at (0.896). The level of significance at (0.000), which indicates the existence of a correlation with a statistical significance at (0.05). In the study of Shahid, Al-Issa 2018. There is a significant statistical effect which indicates that Government Sectors apply the rules of governance, while the study of Al- Weshih and Shaheen 2017. That all the paragraphs on dimension measurement were of significant importance, and the total computational average (4.04). By standard deviation (0.33), In the study of Al- Swedawi 2015, the alternative hypothesis was accepted. This means that there is a statistically significant effect on this variable, and therefore:

The fourth hypothesis: there is a statistically significant relationship between the preservation of stakeholders' rights and the quality of accounting information

There is a statistically significant relationship between the independent variable, the protection of rights and the fair and equal treatment of all shareholders on the dependent variable. The quality of the accounting information at a level of significance (0.05). The relationship is strong between the two variables, which came high in both studies Ben Aichi Ammar 2016 and Abu Hammam 2009. While the study of Al- Swedawi 2015, accepted the alternative hypothesis H_a , meaning that there is a statistically significant effect between the two variables, while the study of Abdul Halim 2014, and in the study of Belwadeh 2008, correlation coefficient (0.576) at the level of significance (0.036). The study of Al- Weshih and Shaheen 2017, where the relationship was strong between the variables that the value of R (.534). The coefficient of determination R^2 has been interpreted as representing (28.5%).

METHODS

Accountants, internal auditors, and audit committee members from Libyan banks were among those who responded. Data for this study were gathered using a self-administered survey purposive sampling method. The survey was performed from 20 December 2021 to 25 February 2022. Of the 400 questionnaires distributed, 314 were returned, representing a 78.5% response rate; 11 cases were outliers, yielding a total of 303 useable surveys with a 76% response rate. The sample size of 303 was deemed adequate for this investigation. The study sample size ($N=303$) met the 5:1 ratio required by (Hair, et al., 1998; Kline 2005).

RESULTS

The maximum of the employees in the Libyan banks are aged between 31 and above 40 years. But on the other hand, these findings, also direct that those who are amongst 20 - 30 and more than 50 years who are less than 30 years possess a lessen percentage with 33 and 19 respondents respectively or (10.9% and 6.3%). The educational level of the respondents in this study is the degree of Bachelor's which makes almost about 52% or 158 respondents of the population of the survey. In relation to the nature of the job of the respondents the maximum of the respondents are the accountants making a (54%) or 164 respondents. It also had internal auditors that made a total of 37 in numbers making up a percentage of 12.2% of the maximum number of the respondents. Considering the years of the experience the maximum of the respondents possesses an experience of 4 -10 years giving a total of 106 respondents in number

making a 35%. As all the respondents of the Libyan banks' units are a part this study; therefore, these units were categorised into three main groups. The maximum of the respondents represented financial sector made up 64.4% or 195 employees. The commercial sector is represented by 38 respondents of the minimum number of the respondents that makes a 12.5% and this evidently represents that out of 303 respondents, only 70 employees are related to the service sector making up a 23.1%. Table 1 and 2 show the response rate and normal distribution of the data.

Table 1 Summary of Data Collection and Response Rate

Responses	Total
Distributed questionnaires	400
Unreturned questionnaires	86
Returned questionnaires	314
Outlier	11
Usable questionnaires	303
Response rate	76%

Table 2 Skewness and Kurtosis for Variables.

Variables	Code	Skewness	Kurtosis
Quality of Accounting Information	QULT	-.299	1.210
Ensuring a Sound Governance	ENSU	-.471	1.177
Disclosure	DISC	-.877	1.174
Responsibilities of the board of directors	RESP	-1.008	1.128
Preservation of stakeholders' rights	PRSV	-.712	1.134

H1: Ensuring a Sound Governance had a significant and positive effect on Quality of Accounting Information

Table 3 and Figure 1 indicated that ensuring a sound governance was statistically significant and positive influence on quality of accounting information ($t = 2.403$; $P < 0.05$). Therefore, the hypothesis (H1) was supported. In addition, the path coefficient was 0.138, indicating a positive relationship. It means when ensuring a sound governance goes up by 1 standard deviation, quality of accounting information goes up by 0.138 standard deviations.

H2: Disclosure had a significant and positive effect on Quality of Accounting Information

The results indicated that disclosure was statistically significant and positive influence on quality of accounting information ($t = 4.178$; $P < 0.001$) as shown in Table q. Therefore, the hypothesis (H2) was supported. In addition, the path coefficient was 0.276, indicating a positive

relationship. It means when disclosure goes up by 1 standard deviation, quality of accounting information goes up by 0.276 standard deviations.

H3: Responsibilities of the board of directors had a significant and positive effect on Quality of Accounting Information

The results indicated that responsibilities of the board of directors were statistically significant and positive influence on quality of accounting information ($t = 2.514$; $P < 0.05$) as shown in Table q. Therefore, the hypothesis (H3) was supported. In addition, the path coefficient was 0.186, indicating a positive relationship. It means when responsibilities of the board of directors go up by 1 standard deviation, quality of accounting information go up by 0.186 standard deviations.

H4: Preservation of stakeholders' rights had a significant and positive effect on Quality of Accounting Information

Table 1 and Figure 1 indicate that the T-statistics and p-value of preservation of stakeholders' rights in prediction the quality of accounting information were ($t = 4.130$; $p < 0.001$). In other words, the path coefficient of preservation of stakeholders' rights in predicting for quality of accounting information is positively significant. Therefore, the hypothesis (H4) was accepted. In addition, the path coefficient was 0.276, indicating a positive relationship. It means when of preservation of stakeholders' rights goes up by 1 standard deviation, quality of accounting information goes up by 0.276 standard deviations.

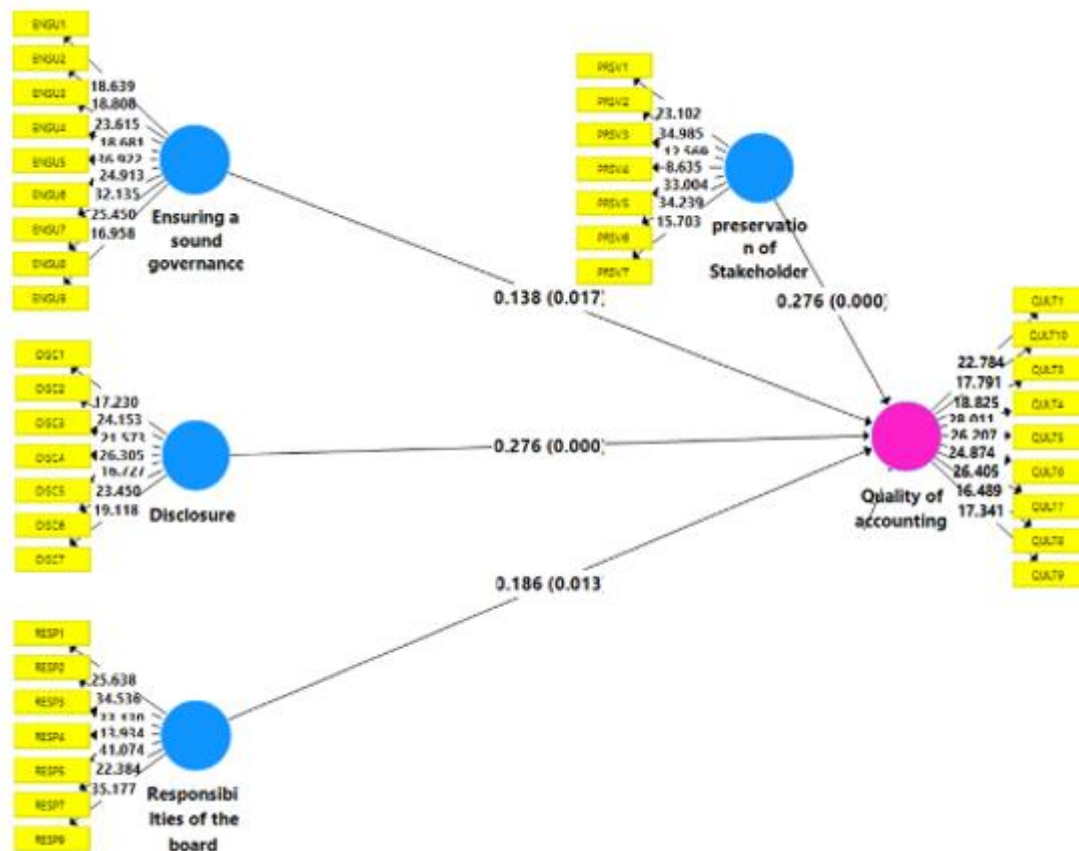
Table 3 Summary of Structural Model for Hypotheses Results

H. No	Exog.	Endo.	Estimated	STDE V	t-value (C.R)	Status	Result
H1	ENSU	QULT	0.138*	0.057	2.403	Sig	Supported
H2	DISC	QULT	0.276**	0.066	4.178	Sig	Supported
H3	RESP	QULT	0.186*	0.074	2.514	Sig	Supported
H4	PRSV	QULT	0.276**	0.067	4.130	Sig.	Supported

**Significant at $p < 0.01$, *Significant at Bootstrapping $p < 0.05$

Note: Quality of Accounting Information, ENSU: Ensuring a Sound Governance, FAIR: Fair Equal Treatment, QULT: Quality of Accounting Information, RESP: Responsibilities of the board of directors, PRSV: Preservation of stakeholders' rights

Figure 1: Structural Model



DISCUSSION

Many governments have embraced this policy in order to foster global economic stability and integration. Some have used convergence to achieve new standards that are the same or comparable to IPSAS (Winney, 2010), but others have embraced entire IPSAS (Daske et al., 2008, HanCFAh & Singh, 2012). IPSAS adoption was either enforced (Soderstrom and Sun, 2007, Wang, 2014, Ahmed et al, 2013) or optional by governments based on their interests and specific incentives (Orens & Crabbe, 2011, Christensen et al, 2015).

Many accountings literature research has indicated that eliminating IPSAS as worldwide standards can reduce disparities in financial reports between countries, support financial information comparability, improve transparency, and reduce information asymmetry (Yip & Young, 2012; Callao et al., 2007; Hodgdon et al, 2008; Mihai et al, 2012). Other studies indicate that adopting IPSAS will reduce the cost of obtaining financial information and that the cost of the transition to IPSAS is proportional to the benefits to users of financial statements to obtain quality information, regardless of the size and cost of adjustments between countries (Taylor, 2009, Mihai et al, 2012). According to studies, IPSAS give management with a

fantastic potential to reduce profit management and fraud (Rudra& Bhattacharjee, 2012; Tsalavoutas, 2009). Furthermore, each study (Alkhtani, 2010; Amin & Saleem, 2009; Chen & Jiang, 2010; Alali & Foote, 2012; Chua et al, 2012; Vieira et al, 2011; Agyei-Mensah, 2013; Stent et al, 2010) found that moving to IPSAS increases the quality of accounting information in financial reports. It also connects the moral compass to company performance and decision-making abilities.

Despite differences in the individual factors of each country and the degree of contribution to accounting quality, the current findings and study environments came to confirm the findings of most previous studies regarding the impact of IPSAS adoption on the quality of accounting information in company financial statements. Adopting IPSAS will improve the financial reporting quality in Libya. From precise and efficient financial statements, IPSAS provides dependable and objective accounting information. Simple, flexible, and relevant financial statements issued in accordance with IPSAS improve the ability of financial information for comparison between local companies and companies in other countries, ease of measurement, and improve the ability of explanatory information as an indicator of company performance, make financial information understandable, and unify the components of financial statements in all countries.

Adopting IPSAS improves financial reporting comparability, transparency, and disclosure, and gives a positive signal to investors about a company's financial performance (Abdul Hakim, 2013, Lee & Fargher, 2010). All studies (Seng Cheong et al., 2010, Armstrong et al., 2010) confirmed that IPSAS financial information is more suitable for investors to use when determining how to invest in capital markets since it provides real-time, trustworthy information. Furthermore, studies (Defond et al, 2011; Badr, 2013) suggested that differences in local standards among countries and firm characteristics influence the way IPSAS assesses investors to net income, and that countries with weak shareholder protection need to unite accounting standards (IPSAS) for access to investors and to promote the integration of local markets to global markets (Hope et al, 2006; Cai & Wong, 2010; Okpala, 2012; Irvine & Lucas, 2006; Defond et al, 2011). Adoption of IPSAS minimises firm capital expenses and information costs across borders, encourages international commerce, boosts trade interchange, and attracts foreign direct investment (Alhanasios, 2011; Gordon et al, 2012; Juna & Ammar, 2014; Marquez-RPLS, 2011; Alsaqqa& Sawan, 2013).

According to the findings of this study, applying IPSAS improves the clarity and transparency of accounting processes used to compile financial statements. IPSAS confirms

that using fair value accounting as a basis for financial measuring provides high-confidence information that contributes to the quality of financial statements reflecting the reality of the company's economic situation and positively impacts investor perceptions about the company's future vision for survival and continuation, thereby assisting investors in making better investment decisions. Furthermore, IPSAS raises the value of enterprises that use IPSAS standards, encouraging investors to invest in these companies. IPSAS decreases information asymmetry between contracting parties affiliated with the company, which simplifies investment measurement and classification, enables mergers with global corporations, and fosters and streamlines international trade.

Concerning the relationship between the external audit process and the transition to IPSAS, it was discovered that external auditors press their clients from companies to comply with IPSAS in the preparation of financial statements (Srijunpetch, 2004; Hassan, 2014; Joshi & Ramadhan 2002), despite the fact that local external auditors still need to acquire many skills for the disclosure requirements according to IPSAS and what requires it from a significant technical work (Boolaky, 2010; Albu, N & Albu, C, 2012). IPSAS influences fee auditing, according to studies (Abu Risheh & Al-Saeed, 2014; Vieru & Schadewitz, 2010; De George et al., 2012; Lin & Yen, 2011). The audit fee increased following the adoption of the IPSAS, and there are many interpretative determinants of the increase in audit fees, including the size of the company under audit, the complexity of the audit process, problems associated with some components of the financial statements, and industry type. Audit costs are higher for large IPSAS users than for smaller, simpler ones (Friis & Nielsen, 2010; Kim et al., 2012). Due to the fact that IPSAS requires a detailed statement, which increases audit time and effort, a study (Najihah, 2011) discovered that audit fees and delays increase, and that companies that have adopted a greater number of IPSAS pay higher audit fees and take longer to complete the external auditor's report. Another study (Yaacob & Che-Ahmad, 2012) discovered that the external auditor's notes and their changes are related to the adoption of IPSAS.

The conclusions of this study show that the adoption of IPSAS will have an impact on an external audit in Libya. Adoption of IPSAS for the first time increases the complexity of the external audit process, requiring external auditors to train on reviewing IPSAS-prepared financial statements, which raises expenses. IPSAS standardises external audit reports and has an impact on external audit notes. Following the introduction of IPSAS, Libyan audit firms collaborated with worldwide audit firms to gain experience auditing IPSAS-prepared financial

statements. This improved the conclusions and knowledge of international accounting standards of the external auditors.

The methods used by governments around the world to implement IPSAS differ from continent to continent and country to country, owing in large part to the driving reasons in a given country or set of countries (Alami & Ouezzani, 2014; Cerne, 2009). There are some challenges associated with the transition to IPSAS; each study (Ames, 2013; Zaidi & Huerta, 2014; Haruni, & Sentosa, 2014; Zehri & Chouaihi, 2013; Abdohmohammadi & Tucker, 2002) indicated that accounting systems and their development are subject to significant variables in response to changing economic conditions in the business environment. While many studies have found that accountants lack adequate qualifications and knowledge of IPSAS management and application (Parlakkaya et al., 2014; Street, 2002; Awayiga et al., 2010; Gallhofer et al., 2009), it also requires a high level of education, efficiency, and experience, as well as the ability to understand and interpret, exercise professional judgement, and address complex information. Studies have also confirmed (Saito et al, 2012; Wilson et al, 2013; Halbouni, 2005; IkpCFAn & Akande, 2012; Juckling et al, 2012; Zeghal & Mhedbhi, 2006) the lack of knowledge of accounting students and lecturers, as well as the urgent need to revise curriculum in institutions of higher education to integrate IPSAS and dimensions implementation.

Adopting IPSAS minimises the amount of time and money required to develop local accounting standards, therefore it is a reaction to changing economic conditions and cooperative collaborations between the Libyan Stock Exchange and other regional and global markets. According to this study, educational degree has little effect on IPSAS adoption in Libya. Due to a lack of curriculum changes in line with developments in international accounting standards, a lack of qualified academic staff to urge students and make them aware of the importance of applying IPSAS standards, a lack of training centres to provide IPSAS standards vocational courses, and a lack of university professors to prepare and establish research and scientific conferences in the field of IPSAS.

Changes in national accounting standards to international financial change standards have an effect on accumulated taxes, according to studies (Soderstrom, 2007; Burgstahler et al., 2006; Haverals, 2007). The study (Mulyadi et al., 2012) discovered that tax officers and the government had varying reactions to the influence of IPSAS on taxes. Some countries continue to use national GAAP for tax computations, while others amend tax laws to allow for IPSAS implementation (Mulyadi et al., 2012). According to one study (Elhakry, 2010; Jain, 2011), the plurality and variation of laws across nations may influence IPSAS adoption in countries where

certain laws provide guiding principles for the creation and audit of financial statements that contradict IPSAS. The findings show that the Libyan tax system influences IPSAS adoption in Libya due to significant disparities between Libyan tax laws and IPSAS, yet adopting IPSAS as the foundation for computing tax reduces tax rates. Furthermore, data indicate that the legal system influences IPSAS adoption in Libya due to constant changes in laws and the lack of an unified and efficient legal structure managing IPSAS implementation. The accounting laws of Libya are incompatible with IPSAS.

The march toward international accounting harmonisation and how local values impact financial disclosure should result in a better understanding of the function and influence of modern accounting practises (Finch, 2009). Even after the application of IPSAS, the impact of culture on financial disclosure persists, and the use of a single set of accounting standards does not eliminate the influence of culture on financial disclosure (Akman, 2011). Seid & Nuru (2019) suggested in their study that micro-finance is an important factor for accounting information like making Policies, legal and institutional frameworks for tax exemption and creating market channels. Bank should include stakeholders and experts having experience and specialization on pastoral matters. The study (Eghumike & Ogbodo, 2015) confirmed that cultural values have a significant predictive ability to identify and select technologies, as well as accountants' behaviour when performing their duties, as well as the impact on accounting judgments when interpreting and applying selected IPSAS containing expressions of uncertainty (Chand et al., 2012). Language influences IPSAS adoption, according to each study (Dowa et al., 2017; Evans, 2004; Larson & Street, 2004; Zeghal & Mhedhhi, 2006; Abd-Elsalam & Weetman, 2003). There is a positive association between the adoption of IPSAS and countries where English is the prevalent language. The findings show that culture influences accounting judgments when understanding and using IPSAS in Libya, that the English language impedes IPSAS adoption, and that there is a time lag between the introduction of new or revised IPSAS and its translation into Arabic.

The Study's Contributions

This work contributes to knowledge in numerous ways, most notably to auditing literature and the quality of accounting information literature. The study's contributions are separated into two categories: theoretical and methodological.

Contributions in Practice

The PLS-SEM approach is especially beneficial when the study's focus is on investigating the key sources of explanation for a certain construct, such as the success of SMEs (Ringle and Sarstedt, 2016). Furthermore, IPMA can aid managers and decision makers in prioritising their operations (Hair et al., 2013a). IPMA, for example, combines the total impacts of the structural model (importance) with the average values of the latent variable scores (performance) to identify critical regions for e-banking adoption. This is accomplished by treating the success of SMEs as an endogenous target variable. The results may reveal determinants of major relevance (constructs with a significant overall influence), but they may also indicate that the same determinants perform comparatively poorly (low average latent variable scores) (Ringle and Sarstedt, 2016).

Maintaining good governance has a statistically significant and positive impact on accounting information quality ($t = 2.403$; $P 0.05$). As a result, the initial hypothesis (H1) was demonstrated to be valid. Furthermore, the path coefficient was discovered to be 0.138, indicating a positive link between the two variables. This means that if the assurance of good governance increases by one standard deviation, the quality of accounting information improves by 0.138 standard deviations.

The findings indicated that disclosure had a statistically significant and positive impact on the quality of accounting information ($t = 4.178$; $P 0.001$). As a result, the alternative hypothesis (H2) was shown to be correct. Furthermore, the path coefficient was discovered to be 0.276, indicating a positive link between the two variables. This means that for every one standard deviation increase in transparency, the quality of accounting information improves by 0.276 standard deviations.

The findings indicated that the duties of the board of directors had a statistically significant and positive influence on the quality of accounting information ($t = 2.514$; $P 0.05$). As a result, the third hypothesis (H3) was demonstrated to be valid. Furthermore, the path coefficient was discovered to be 0.186, indicating a positive link between the two variables. It shows that as the obligations of the board of directors increase by one standard deviation, the quality of the accounting information increases by 0.186 standard deviations.

The T-statistics and p-value for predicting the quality of accounting information were ($t = 4.130$; $p 0.001$), indicating that stakeholders' rights were protected. To put it another way, the route coefficient of safeguarding stakeholders' rights in the process of projecting accounting information quality is highly positive and favourably significant. As a result, the fourth

hypothesis (H4) was validated. Furthermore, the path coefficient was discovered to be 0.276, indicating a positive link between the two variables. It demonstrates that increasing the level of protection of stakeholders' rights by one standard deviation resulted in an increase in the quality of accounting information of 0.276 standard deviations.

Contributions to Methodology

It adds to the auditing literature additional evidence on the impact of specific relevant elements on the quality of accounting information in Libya, such as audit team factors, audit office factors, and external environment audit factors. Audit committees, audit offices, and external surroundings are among these considerations.

In terms of accounting information quality, the study contributes to opening up a dialogue between Libya and other nations about the challenges that the audit profession faces. The quantitative research approach was used in this study, and it emphasises the contribution that might help enhance the quality of accounting information in Libya and other nations. We will use Integral Structural Equation Modelling (SEM-PLS) and personal questionnaires to improve the quality of the study's results. This was a cutting-edge statistical field that was entirely unique to this sector. " The investigation employed a technique known as structural equation modelling (SEM), which allows for the simultaneous investigation of all the components that comprise the conceptual framework. The most recent study used two unique types of group analysis using the SEM technique: measurement and structure models utilising covariance structure analysis to evaluate the impact of may be considered a research model in the Libyan environment. The implementation of SEM in research was an important methodological innovation because it resulted in an improvement in the overall quality of the research. This study contributes to the methodological viewpoint by using a survey questionnaire as a way of data collecting in order to answer problems raised by the questionnaire results. The utilisation of secondary data sources (Previous studies) In order to improve the reliability and credibility of the results, we used Confirmatory Factor Analysis (CFA) in PLS in addition to Confirmatory Factor Analysis (CFA).

The Study's Limitations

Researchers are responsible for honestly describing all aspects of their research, including any flaws or caveats. Cohen and colleagues (2007) This study, like all other types of research, has limitations, and any discussion of its findings would be incomplete if those

limitations on the research were not considered. Some of the restrictions it imposes are as follows:

First and foremost, the study was conducted utilising the mentioned auditor in Libya, which may make generalising the results problematic. However, due to the nature of different elements, or in other nations, such as developed countries, where the legal environment is different, this is less likely to be the field in other areas of auditing, such as laws and regulations.

Second, the study examined the most important elements of the three key variables, which were thought to represent groupings of influence factors on the quality of accounting information. There were three of them: organisational factors, scientific factors, and person factors. This study also investigated the impact of many impact factors on the quality of accounting information collected from the external environment. Internal support, internal training, managerial support, audit process planning, accepted Standards conformance with professional conduct principle, effective communication, competency, and amount of years of experience were among these criteria. Education and career progression, compliance with laws and regulations, membership in professional organisations, audit office size, areas of specialisation, independence, and audit cost In conclusion, despite the limitations stated above, the study has made a major contribution to the existing body of knowledge, notably in the subject of accounting information quality.

Recommendation

This study employed structural equation modelling to analyse quantitative data (SEM). PLS-SEM is acknowledged as a second generation statistical analytical tool; it includes a two-stage technique in which the measurement model is put via a setup procedure, and if the assessment of the measurement model is successful, the next step is to estimate the structural model. In general, SEM approaches are divided into two types: covariance-based SEM and component-based SEM. SEM based on covariance demands that the sample data under analysis be of normal distribution. PLS, on the other hand, makes no assumptions about data distribution, allowing it to operate effectively with unobservable elements and taking measurement mistakes into account (Aibinu and Al-Lawati, 2010). Because of its capacity to handle heterogeneous data with a small sample size, PLS is gaining traction as an alternative to covariance-based SEM analysis procedures (Rigdon, E. E., Ringle, C. M., & Sarstedt, M. 2010).

PLS offers several advantages that make it an appropriate analysis technique for our study. First and foremost, it is advised for exploratory research (Hair, J. F., Hult, G. T. M.,

Ringle, C., and Sarstedt, M. 2011). PLS is widely used in the literature, as evidenced by Yu (2012), Venkatesh et al. (2003), Zhu and Kraemer (2005), Lin and Lin 2008; Pu schel, and Oliveira et al (2014). Its popularity stems from its less restrictive nature when compared to other extensions of multiple linear regressions (Yu, 2012).

It is not required to start with EFA. I frequently do it to evaluate and comprehend the structure of the data, as well as to compare it to theory. However, the statistical purpose of EFA differs from that of CFA, and the findings of the two statistical methods frequently diverge. As a result, theory drives the development of measurement structures to test for reliability and validity."

The importance of focusing on the application of IPSAS, which includes defining the characteristics of these standards of credibility and public acceptance of financial information published by institutions, as well as the significance of these standards for accounting or auditing offices and those who benefit from financial reports.

- 1- In order to accomplish a smooth transition to the adoption of International Financial Reporting Standards, Libya's legislative authorities must work on the enactment of new legislation as well as amendments to existing laws.
- 2- The establishment of training centres, the organisation of workshops, and the use of accounting specialists in order to improve accountants' efficiency and prepare financial statements in accordance with IPSAS.
- 3- Encourage scientific research in the field of preparing and disseminating financial statements in accordance with IPSAS by focusing on conducting periodic studies; organise seminars and scientific conferences to identify the strengths and development of IPSAS while taking into account the privacy of the social and economic environment in the State of Libya. In preparation for this, it is crucial to remember that the State of Libya has passed legislation to protect its residents' personal information.
- 4- The work being done to update the curriculum and educational strategies for accounting specialisation in Libya's higher education sector increases lecturers' and accounting students' awareness of the current advances in international accounting standards in general, and IPSAS in particular.
- 5- Integrate Libyan audit firms with global audit firms to gain expertise in the audit of IPSAS-created financial statements, and compel auditors to obtain professional certifications awarded by specialised professional authorities in the field of IPSAS.

6- Charging and empowering the Libyan Association of Accountants and Auditors with building a wide framework for accounting in Libya to combine the various components of financial statements in accordance with IPSAS.

Future Prospects

The questionnaire sample for this study project included academics, accountants working for companies listed on the Libyan stock exchange, and external auditors. Additional research could look into whether the IPSAS are appropriate for use from the standpoint of external users like financial institutions and government bodies.

Investigating the repercussions that investors and financial experts think might result from applying International Financial Reporting Standards (IPSAS) to the Libyan stock market in order to improve its efficiency and stability. The study's findings should be validated or rejected by conducting additional research comparing firms in other industries or analysing studies from other nations with features similar to those in the current study.

As a result of the importance of having a high-quality audit, further research should be performed into various factors related to the quality of accounting information. These factors include customer satisfaction, customer loyalty, auditors changing employment, and auditor turnover. Another expansion that, if done appropriately, has the ability to provide more information about the subject of the audit endeavour is the incorporation of corporate governance characteristics into the study (e.g. quality and independence of management and board membership; internal audit considerations, and impact of some others factors such as ownership structure and E-commercial).

CONCLUSION

The purpose of this study was to determine the significance of using International Public Sector Accounting Standards (IPSAS) in impacting the quality of accounting information. The four independent variables (ensuring good governance, disclosure, board of director responsibilities, stakeholder rights preservation) were found to have a significant impact on the quality of accounting information among Libyan bank personnel. The findings show that the adoption of IPSAS will have an impact on an external audit in Libya. IPSAS standardises external audit reports and has an impact on external audit notes. The implementation of IPSAS will result in the collaboration of Libyan audit firms with global audit firms to gain experience

auditing IPSAS-prepared financial statements. This will improve the conclusions and knowledge of worldwide accounting standards of the external auditors.

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