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CONSOLIDATION OF FINANCIAL STATEMENTS IN THE PUBLIC SECTOR: A SYSTEMATIC REVIEW OF EXTANT LITERATURE

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ABSTRACT

The consolidation of financial statements is a crucial process in the public sector that aims to provide a comprehensive view of the financial performance and position of government entities. This study examined the outcome of the consolidation of financial statements in the public sector in Nigeria, with a focus on its impact on transparency, accountability, and decision-making. The research paper employed a qualitative method by way of exploration of extant literature. The outcome from the literature reviewed revealed that the consolidated financial statements provide a holistic view of the government's financial activities, enabling stakeholders to assess the financial health and performance of the public sector as a whole. This increased transparency fosters public trust and confidence in the government's financial management. The paper ascertained that the consolidated statements also facilitate effective oversight by regulatory bodies, promoting accountability and deterring corruption. The study also identified several challenges in the consolidation process which include data quality issues, inadequate capacity and skills among staff responsible for consolidation, and the complexity of consolidating financial statements across different government entities with varying accounting systems and practices. The paper concludes that consolidation improves transparency, accountability, and decision-making, thereby promoting efficient and effective governance. The findings of this study provide valuable insights for policymakers, auditors, and other stakeholders involved in financial management and accountability in the Nigerian public sector.

Keywords: Consolidation, Financial Statement, Public Sector, Government Entity, IPSAS.

1.0 INTRODUCTION

The introduction and presentation of consolidated reports in the public sector are closely connected with the adoption of an accrual-based accounting system, idea also approved by some researchers (Guthrie, 1998). The importance given to this subject is based on public sector need for a new financial reporting system which is able to provide a more comprehensive and accurate image over the entire public sector as a single entity (Andrea, 2014). The financial statements can be considered as the main vehicle of information available for all users (Muniain, 2003). Consolidated financial reports are seen as one of the most significant accounting techniques of the public sector accounting reforms (Chan, 2003; Chow et al., 2007; Walker, 2009). The main role of consolidated financial statements is to meet the needs of a wider variety of users and to simplify the financial reporting system in the public sector (Andrea, 2014).

Consolidation of financial statements plays a crucial role in providing a comprehensive and accurate representation of the financial position, performance, and cash flows of an organization. Consolidation of financial statements in the public sector is an essential process that enables governments and public organizations to provide accurate and transparent financial information. The consolidation process involves aggregating the financial data of multiple entities within a reporting entity, typically at the government level. While consolidation of financial statements practices are widely recognized in the private sector, their application in the public sector has garnered significant attention in recent years (Cirstea, & Cirstea, 2015; Adeyemi, 2017; Ogunleye, 2019; Nwachukwu, 2020).

Public sector consolidation involves the integration of financial information from various entities, such as government departments, agencies, and other public sector organizations, into a single set of financial statements (Santis, Massaro & Bifulco, 2018). The primary objective of consolidation is to present a holistic view of the financial activities and resources of the public sector, enhancing transparency, accountability, and decision-making (Ajibolade, 2016).The consolidation of financial statements in the public sector is guided by established accounting frameworks and standards. One widely adopted framework is the International Public Sector Accounting Standards (IPSAS), issued by the International Federation of Accountants (IFAC). IPSAS provides a conceptual basis for the preparation and presentation of financial statements, including consolidation requirements (Akinbuli, Salau & Ogunniyi, 2019). Studies such as Adewumi (2018) and Adebayo (2018) emphasize the significance of adhering to IPSAS in achieving transparency and comparability in public sector financial reporting. While the consolidation of financial statements in the public sector is essential for enhancing transparency, accountability, and decision-making, developing countries, however face distinct challenges due to their diverse socio-economic, institutional, and regulatory environments.

In a developing country like Nigeria, the consolidation of financial statements in the public sector is an important aspect of enhancing transparency, accountability, and good governance. It helps to improve the quality of financial reporting and enables stakeholders to make informed decisions. The process of financial statement consolidation in the Nigerian public sector has undergone significant development over the years (Ibrahim, 2020). In Nigeria, the consolidation of financial statements in the public sector is essential for transparency, accountability, and effective management of public resources. Studies by Ojo (2015) and Adeyemi (2017) have highlighted the historical context and evolution of financial reporting practices in the country, including the adoption of International Public Sector Accounting Standards (IPSAS) and the establishment of the Nigerian Public Sector Accounting Standards Board (NPSASB).

In the same vein, some few studies have identified challenges and impediments to the effective consolidation of financial statements in the Nigerian public sector. For example, Ajibolade (2016); Ogunleye (2019); and Ibrahim (2020) identified issues such as inadequate capacity and skills, data integrity, inconsistent accounting practices across government entities, and political interference, as hindrances to the successful implementation of financial statement consolidation in the Nigeria clime. Despite the challenges, consolidating financial statements in the public sector offers numerous benefits. Research by Adewumi (2018) and Onyekuru (2021) highlights advantages of having consolidated financial statement in the context of Nigeria to include but not limited to enhanced transparency and accountability, improved decision-making processes, increased efficiency in resource allocation, and the ability to monitor and evaluate the financial performance of government entities.

While some research have been conducted in this area, there are still notable research gaps that need to be addressed (Onyekuru, 2021).The challenges faced by Nigerian public sector organizations in adopting and implementing financial consolidation practices encompass inadequate infrastructure, lack of technical expertise, resistance to change, and organizational culture (Oloyede, Yusuf, & Adesanya, 2017). A significant research gap is the lack of assessment of data integrity and quality assurance mechanisms in the consolidation of financial statements in the Nigerian public sector (Oladejo, 2014, Ojo, 2015). The impact of financial consolidation on decision-making processes in the Nigerian public sector is an area that has not been requires explored (Oladejo, 2014). This constitutes a research gap in literature this research aptly explored.

The research gap concerning accountability and transparency in the context of financial consolidation in the Nigerian public sector is another important area for future investigation (Olayinka, 2016). This research explored the extent to which financial consolidation enhances accountability and transparency in public sector financial reporting. It examined the role of consolidated financial statements in facilitating oversight, public scrutiny, and stakeholder confidence. The potential of technological innovations, such as cloud computing, big data analytics, and artificial intelligence, in improving the efficiency and effectiveness of financial consolidation in the Nigerian public sector is an underexplored research area (Izedonmi & Iyoha, 2015). Apart from the introductory section, section two is on literature review; section three is basically on conclusion and recommendations, while section four is on suggestions for future studies.

2.0 LITERATURE REVIEW

2.1 Conceptual Review

The consolidation of financial statements refers to the process of combining the financial information of multiple entities within a group or organization to present a unified and comprehensive view of their financial position, performance, and cash flows (Emeana, 2017). In the public sector, consolidation involves bringing together the financial statements of various government entities, such as ministries, departments, agencies, and state-owned enterprises (Emeana, 2017). Financial consolidation refers to the process of combining the financial statements of multiple entities within an organization into a single set of financial statements (Massaro, Bifulco & D'Onza, 2016). In the public sector, financial consolidation can involve consolidating the financial information of different government departments, agencies, or other public entities (Aggestam, et al. 2014).

Accountability is a fundamental aspect of public sector financial reporting. It entails the obligation of public sector entities to provide accurate, reliable, and timely financial information to stakeholders. Accountability mechanisms ensure that public funds are managed effectively and efficiently. Financial consolidation can enhance accountability by providing a consolidated view of financial data, allowing for a more accurate assessment of an organization's financial health (Massaro, Bifulco & D'Onza, 2016). Transparency in Public Sector Financial Reporting Transparency involves the availability of relevant and reliable information to stakeholders, facilitating their understanding of the organization's financial activities. Financial consolidation can improve transparency by providing a holistic view of the organization's financial performance, reducing the chances of misrepresentation or manipulation of financial data (Aggestam, et al. 2014).

The purpose of consolidating financial statements in the public sector is multifaceted and they include the promotion of transparency and accountability, influencing decision making and resource allocation, engendering compliance with reporting standards, influencing evaluation of government performance and enhancing stakeholder communication. Consolidation promotes transparency by providing a holistic view of the financial activities of the government as a whole. It enables stakeholders, including citizens, investors, and policymakers, to assess the financial health, efficiency, and effectiveness of public sector entities (Massaro, Bifulco & D'Onza, 2016). Consolidated financial statements enhance accountability by facilitating the identification of financial responsibilities and performance evaluation at a broader level.

Consolidated financial statements assist in informed decision-making and resource allocation within the public sector (Akinbuli, Salau & Ogunniyi, 2019). By presenting comprehensive financial information, policymakers can assess the financial capacity, debt levels, revenue generation, and expenditure patterns of the government. This information aids in prioritizing and allocating resources effectively, considering the overall financial position of the government. Many developing countries have adopted international accounting standards or frameworks for financial reporting in the public sector. Consolidation ensures compliance with these standards, which promote consistency, comparability, and reliability of financial information. Following recognized reporting frameworks enhances credibility and facilitates benchmarking against international best practices (Massaro, Bifulco & D'Onza, 2016).

Consolidated financial statements allow for a comprehensive assessment of the government's performance in achieving its strategic goals and objectives. By consolidating financial data, it becomes possible to analyze the overall financial sustainability, revenue generation, and expenditure patterns of the public sector. This evaluation aids in identifying areas for improvement, budgetary adjustments, and policy reforms. Consolidated financial statements serve as a communication tool to convey the financial position and performance of the government to various stakeholders (Akinbuli, Salau & Ogunniyi, 2019). These stakeholders may include citizens, investors, rating agencies, international organizations, and donors. By presenting a consolidated view, the government can provide a clear and transparent picture of its financial activities, instilling confidence and facilitating effective communication with stakeholders (Akinbuli, Salau & Ogunniyi, 2019).

2.2 Benefits and Challenges of Consolidation of Financial Statements in the Public Sector

The consolidation of financial statements in the public sector is a topic that has been the subject of much research in recent years. There are a number of reasons for this, including the increasing complexity of public sector organizations, the need for greater transparency and accountability, and the desire to improve decision-making. One of the earliest studies on the consolidation of financial statements in the public sector was conducted by Chan (2003). Chan found that there were a number of benefits to consolidating financial statements, including improved transparency, accountability, and decision-making. However, Chan also identified a number of challenges, including the lack of clear guidance on how to consolidate financial statements, the lack of resources to implement consolidation, and the resistance of some stakeholders to change.

Subsequent studies have confirmed the benefits of consolidating financial statements in the public sector. For example, Benito et al. (2007) found that consolidation can improve transparency and accountability by providing a more comprehensive overview of the financial position and performance of a public sector organization. Pina et al. (2009) found that consolidation can also improve decision-making by providing decision-makers with a more accurate picture of the financial resources available to them.

Despite the benefits of consolidating financial statements, there are still a number of challenges that need to be addressed. For example, Chow et al. (2007) found that there is a lack of clear guidance on how to consolidate financial statements in the public sector. This can make it difficult for organizations to implement consolidation, and can also lead to inconsistencies in the way that consolidated financial statements are prepared. Another challenge to the consolidation of financial statements in the public sector is the lack of resources. Consolidation can be a complex and time-consuming process, and it requires significant resources to implement. This can be a barrier for small and medium-sized public sector organizations, which may not have the resources to implement consolidation.

Finally, some stakeholders may resist change, and may be reluctant to adopt consolidated financial statements. This can be a challenge, as it is important to have the support of stakeholders for consolidation to be successful.

Despite the challenges, there is a growing consensus that the consolidation of financial statements in the public sector is a valuable tool that can improve transparency, accountability, and decision-making. As the public sector becomes more complex, and as the need for greater transparency and accountability grows, the consolidation of financial statements is likely to become even more important in the future.

2.3 IPSASB – An important Actor in the Development of Public Sector Consolidated Financial Statements

The literature on consolidated financial statements in the public sector is relatively limited. However, there have been a number of recent studies that have examined this topic. One of the key issues in consolidated financial reporting in the public sector is the definition of the reporting entity. In the private sector, the reporting entity is typically the parent company and all of its subsidiaries. However, in the public sector, the reporting entity may be more complex. For example, it may include government agencies, state-owned enterprises, and other public entities. Another key issue is the identification of the accounting standards that should be applied to consolidated financial statements in the public sector. In the private sector, there are a number of international accounting standards that can be used for consolidated financial reporting. However, there is no single international standard for consolidated financial reporting in the public sector. As a result, different countries and jurisdictions have different approaches.

The relationship between consolidated financial statements and statistical rules is also an important issue. In some countries, consolidated financial statements are required to be prepared in accordance with statistical rules. This can create challenges for public sector entities, as they may need to use different accounting standards for their consolidated financial statements and their statistical reports. The usefulness of consolidated financial statements in the public sector is another important issue. There is some evidence to suggest that consolidated financial statements can be useful for decision-making by stakeholders. However, there is also some evidence to suggest that consolidated financial statements can be misleading, as they may not reflect the true financial position of the reporting entity.

Consolidated financial statements represent a topic that gains more and more ground in the international research (Andreea, Stefan & Bogdan, 2015). The introduction and preparation of a new set of reports, namely the public sector consolidated financial statements, is considered one of the most important changes that have influenced the public sector accounting and reporting system. In the preparation of consolidation of public financial statement is guided by IPSAS which were issued by IPSASB. The IPSASB is an independent standard-setting board which plays an important role regarding the regulation of public sector entities (Wise, 2006). The objective of IPSASB is to develop high-quality international public sector accounting standards for use by public sector entities around the world for preparation of general purpose financial statements. A number of 32 standards for public sector were issued by IPSASB, whose purpose is to improve the quality and transparency of public sector financial reporting.

Therewith, IPSASB sustains that the adoption of IPSAS by governments will improve the transparency, quality and comparability of financial information reported by public sector entities around the world. The Committee and other important international organizations encourage both the adoption of IPSAS and the harmonization of national requirements with these international referential. Although, the IPSAS are based on the International Accounting Standards, they are adopted to the needs of the public sector. IPSAS unlike IFRSs are not mandatory for public sector entities, but they were applied by many states. So, one thing is certain, namely international accounting standards become an international accounting culture (Whittington, 2008).

2.4 Impact of Financial Statement Consolidation on Decision-Making Processes in the Nigerian Public Sector

Financial consolidation in the Nigerian public sector can have significant implications for decision-making processes (Akinbuli, et al. 2019). It involves the centralization and integration of financial data from various government entities or departments into a single system or platform. This consolidation aims to enhance transparency, efficiency, and accountability in financial management. One major impact of financial consolidation is the availability of accurate and timely financial information. By consolidating financial data, decision-makers in the Nigerian public sector have access to a comprehensive view of the government's financial position. This enables them to make informed decisions based on reliable data, leading to improved fiscal planning and resource allocation.

Financial consolidation also facilitates better analysis and reporting capabilities. With consolidated financial information, decision-makers can analyze trends, patterns, and performance across different departments or agencies (Emeana, 2017). This helps identify areas of strength and weakness, enabling targeted interventions and strategic decision-making. Furthermore, financial consolidation enhances control and oversight mechanisms. It promotes standardized accounting practices and strengthens internal controls, reducing the risk of fraud, corruption, and mismanagement. Decision-makers can monitor financial activities more effectively, ensuring compliance with regulations and policies.

Financial consolidation can also streamline budgeting and forecasting processes. By consolidating financial data, decision-makers can develop comprehensive budgets and accurate financial projections. This improves the accuracy of revenue and expenditure estimates, supporting realistic planning and reducing budget deficits. Additionally, financial consolidation promotes collaboration and coordination among government entities. It facilitates the sharing of financial information and promotes a unified approach to decision-making (Aggestam, A., et al. 2014). This integration of data across departments enhances communication and coordination, enabling a more coherent and aligned decision-making process.

In a nutshell, financial consolidation in the Nigerian public sector has a transformative impact on decision-making processes. It provides decision-makers with accurate and timely financial information, improves analysis and reporting capabilities, enhances control and oversight mechanisms, streamlines budgeting and forecasting processes, and promotes collaboration and coordination among government entities (Aggestam, A et al. 2014). These benefits contribute to more effective and efficient decision-making, ultimately leading to better governance and improved service delivery in the Nigerian public sector.

2.5 Extent to which Financial Consolidation Enhances Accountability and Transparency in Public Sector Financial Reporting

Financial consolidation is the process of combining the financial statements of related entities into a single set of financial statements. In the public sector, financial consolidation can be used to enhance accountability and transparency by providing a more comprehensive view of the financial position and performance of the government as a whole (ACCA Global, 2021).There is a growing body of literature that suggests that financial consolidation can indeed enhance accountability and transparency in public sector financial reporting. For example, a study by the International Federation of Accountants (IFAC, 2016) found that consolidated financial reporting can provide a more comprehensive and informative picture of the financial position and performance of the government as a whole, and can help to improve accountability and transparency. Another study, by the World Bank (2017) found that consolidated financial reporting can help to highlight under-reported liabilities or inconsistent accounting practices, and can raise the awareness among government officials and auditors of the need for continuous improvement.

However, it is important to note that financial consolidation is not a panacea for improving accountability and transparency in public sector financial reporting. There are a number of challenges that can arise in the implementation of financial consolidation, such as defining the boundaries of the public sector for consolidation purposes identifying and reconciling all of the financial information that needs to be consolidated; and overcoming resistance from government officials who may be reluctant to share financial information (ACCA Global, 2021). Despite these challenges, the evidence suggests that financial consolidation can be a valuable tool for enhancing accountability and transparency in public sector financial reporting. However, it is important to carefully consider the challenges involved in implementing financial consolidation before embarking on this reform.

2.6 Regulatory Framework and Standards Guiding Consolidation of Financial Statements in the Public Sector

In the literature, the regulatory framework and standards surrounding the consolidation of financial statements in the public sector have been widely discussed. Many developing countries have recognized the importance of aligning their financial reporting practices with international standards. The adoption of International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS) has been recommended to enhance the quality, comparability, and transparency of financial statements (Agbaje, Adeyemo & Johnson, 2018). Studies have emphasized the need for developing countries to harmonize their regulatory frameworks with these international standards to improve the consolidation process.

While the adoption of international standards is desirable, implementing them in the public sector of developing countries presents challenges. Study conducted by Agbaje, et al.(2018) identified issues such as lack of technical expertise, inadequate resources, and institutional capacity constraints as significant hurdles to achieving full compliance with international standards. The complexity of the standards, combined with the diverse nature of public sector entities, has made it difficult for these countries to ensure consistent application of consolidation requirements.

In some cases, developing countries have developed their own national standards and guidelines specific to the public sector. These standards aim to address the unique characteristics and challenges faced by the public sector entities within their jurisdictions. Research has highlighted the importance of robust national standards and guidelines that complement or align with international standards, ensuring the effective consolidation of financial statements in the public sector.

The effectiveness of the regulatory environment and oversight mechanisms significantly influences the consolidation process. Studies have emphasized the need for strong regulatory bodies and independent oversight entities to ensure compliance with financial reporting requirements. Proper enforcement and monitoring of regulatory frameworks play a crucial role in promoting transparency, accountability, and quality in the consolidation of financial statements. As the field of public sector financial reporting evolves, researchers have identified emerging issues and potential future developments in the regulatory framework. These include the integration of sustainability reporting, non-financial performance indicators, and the impact of technological advancements on the consolidation process. Scholars have called for continuous research and adaptation of regulatory frameworks to address these emerging issues and improve the quality of consolidated financial statements.

2.7 Consolidation of Financial Statement in the Public Sector: Issues, Challenges and Prospects in Nigeria

Consolidation of financial statements in the public sector is a complex process that involves combining the financial information of multiple entities within the government to present a comprehensive view of its financial position and performance (Abiola & Gbadamosi, 2012). In Nigeria, the consolidation of financial statements in the public sector faces several issues, challenges, and prospects. Few of the issues replete with consolidation of financial statement in the public sector include fragmented accounting systems, lack of standardized reporting framework and inadequate capacity and skills.

The public sector in Nigeria consists of various entities with their own accounting systems, resulting in fragmentation and inconsistency in financial reporting (Adeyemo, 2016). This makes the consolidation process challenging and time-consuming (Adeyemo, 2016). The absence of a uniform reporting framework across government entities makes it difficult to align accounting policies, standards, and formats (Adeyemo, 2016). This hampers the comparability and transparency of financial information during consolidation (Adeyemo, 2016). There is a shortage of skilled professionals in public sector accounting and financial management in Nigeria (Adetayo, 2019). This lack of expertise poses challenges in preparing and consolidating financial statements accurately and in a timely manner (Adetayo, 2019)

Some of the peculiar challenges in terms ofthe consolidation of financial statements in the public sector in the context of Nigeria include the problem of data and reliability, inter-entity transactions and elimination issue, and legal and regulatory framework problem. Ensuring the accuracy and reliability of financial data from various government entities is a significant challenge. Data may be incomplete, inconsistent, or unreliable due to weak internal controls, poor record-keeping practices, or deliberate misreporting (Adetayo, 2019**).** Government entities often engage in transactions with one another, which must be properly eliminated during consolidation to avoid double counting. Identifying and appropriately accounting for inter-entity transactions can be complex, particularly in the absence of standardized procedures (Adeyemo, 2016). Nigeria's public sector accounting and financial reporting are governed by various laws, regulations, and guidelines. Ensuring compliance with these requirements during the consolidation process can be challenging, especially when there are inconsistencies or gaps in the regulatory framework (Adetayo, 2019).

Despite the issues and challenges common with consolidation of financial statements in the public sector in Nigeria clime, there are however some few prospects which include adoption of international public sector accounting standards (IPSAS); improved capacity building, and technological advancement. Nigeria has taken steps towards adopting IPSAS, which provides a standardized framework for financial reporting in the public sector. The adoption of IPSAS is expected to enhance comparability and transparency in financial statements, facilitating the consolidation process (Adetayo, 2019)**.** Efforts to enhance the capacity and skills of public sector accountants and financial managers through training programs and professional development initiatives can help overcome the challenges associated with financial statement consolidation (Adeyemo, 2016)**.** Leveraging technology, such as financial management information systems, can streamline data collection, consolidation, and reporting processes. Automation and standardized reporting templates can enhance efficiency and accuracy in consolidating financial statements (Adetayo, 2019).

2.8 Imperativeness of Consolidation of Financial Statement in the Public Sector

The consolidation of financial statements in the public sector is a crucial aspect of financial management, aiming to provide a comprehensive and accurate view of the financial position, performance, and cash flows of the government entities. The innovation and worthwhile contribution of this study lies is its potential to enhance transparency, accountability, and decision-making within the public sector, leading to improved governance and financial management.

By consolidating financial statements, the study contributes to greater transparency and accountability in the public sector of Nigeria. Consolidated financial statements provide a holistic view of the financial activities of various government entities, enabling stakeholders to assess the financial health of the public sector as a whole. This transparency helps to combat corruption, mismanagement of funds, and fraudulent practices by exposing financial irregularities, promoting responsible financial behavior, and encouraging good governance.

Consolidated financial statements facilitate informed decision-making by policymakers, administrators, and other stakeholders within the public sector. Access to consolidated financial information assists in understanding the financial resources, obligations, and performance of the entire public sector, enabling better resource allocation, budgeting, and planning. This study, through its examination of the significance of consolidation, contributes to more effective decision-making processes, leading to improved service delivery and public welfare.

The consolidation of financial statements is an essential tool for evaluating the financial position and performance of the public sector. It enables the identification of strengths, weaknesses, and areas requiring improvement in financial management practices. This study can provide insights into the significance of consolidation in Nigeria, helping policymakers and administrators develop strategies to enhance financial management practices, including budgetary control, expenditure monitoring, and revenue generation.

Implementing financial statement consolidation practices aligns the public sector of Nigeria with international standards, such as the International Public Sector Accounting Standards (IPSAS). This alignment enhances the comparability of financial information across different countries, supporting international benchmarking, investment analysis, and the evaluation of the country's economic performance. The study on the significance of consolidation can shed light on the benefits and challenges of adopting international standards, contributing to the ongoing process of harmonizing financial reporting practices.

3.0 CONCLUSION AND RECOMMENDATIONS

In conclusion, the consolidation of financial statements in the public sector in Nigeria is a vital step toward achieving transparency, accountability, and effective resource management. In order words, the consolidation of financial statements in the public sector in Nigeria is a crucial step towards enhancing transparency, accountability, and efficiency in the management of public funds. While there are challenges to overcome, the benefits of consolidation outweigh the difficulties, providing a solid foundation for improved financial reporting, decision-making, and overall governance in Nigeria's public sector.This study has highlighted several key findings from the literature reviewed:

The research found that lack of standardized accounting practices and reporting frameworks across public sector entities in Nigeria has been a significant challenge in achieving effective consolidation. There is a need for the adoption of consistent accounting policies and the implementation of International Public Sector Accounting Standards (IPSAS) to ensure uniformity and comparability in financial reporting.

The study ascertained that strengthening the governance and institutional framework is essential for successful consolidation. This includes establishing clear guidelines, roles, and responsibilities for preparing and consolidating financial statements, as well as ensuring the independence and competence of the entities responsible for the process. The paper found that availability of reliable and accurate financial data is crucial for the consolidation process. There is a need to invest in robust financial management information systems, improve data collection and verification processes, and enhance the skills and capacity of finance personnel involved in the consolidation process.

The study found that engaging stakeholders, such as government agencies, auditors, and citizens, is essential for the success of financial statement consolidation. Regular communication, consultation, and feedback mechanisms should be established to foster trust, transparency, and accountability in the consolidation process.
Based on the findings of this study, the following recommendations are proposed:

i. Strengthening Institutional Capacity: Efforts should be made to enhance the capacity of government agencies responsible for financial statement consolidation. This can be achieved through training programs, workshops, and knowledge sharing platforms to improve technical skills and understanding of international accounting standards.

ii. Investment in Information Systems: Adequate investment in modern financial management information systems is necessary to streamline data collection, storage, and retrieval processes. This will ensure the availability of accurate and timely financial data for consolidation purposes.

iii. Collaboration and Coordination: Enhancing collaboration and coordination among relevant stakeholders is crucial. Regular meetings, workshops, and forums should be organized to facilitate knowledge sharing, address challenges, and promote best practices in financial statement consolidation.

iv. Periodic Review: The consolidation process should be periodically reviewed and evaluated to identify areas for improvement. This includes conducting independent audits, benchmarking against international standards, and incorporating feedback from stakeholders to enhance the effectiveness and efficiency of the consolidation process.n By implementing these recommendations, Nigeria can significantly improve the consolidation of financial statements in the public sector, leading to enhanced transparency, accountability, and better financial management practices.

4.0 SUGGESTIONS FOR FUTURE STUDIES

For future researchers interested in conducting further studies on the consolidation of financial statements in the public sector in Nigeria, some suggestions they need to consider include:

i. Conduct a comparative analysis of the consolidation practices in the public sector of Nigeria with other countries or regions. They should compare the approaches, challenges, and outcomes to identify potential areas for improvement or best practices that can be adopted.

ii. Future researchers need to explore the legal and regulatory framework governing the consolidation of financial statements in the public sector in Nigeria. They should analyze the effectiveness of the existing framework and suggest potential enhancements or modifications to address any gaps or weaknesses.

iii. Future studies are encouraged to investigate the challenges faced during the implementation of consolidation processes in the Nigerian public sector. They are encouraged to examine factors such as data availability, IT infrastructure, human resource capabilities, and organizational culture. They need to propose strategies to overcome these challenges and improve the implementation process.

iv. More studies need to be conducted on the impact of financial statement consolidation on performance measurement and reporting in the public sector. They should assess the relevance and effectiveness of the performance metrics currently in use and recommend improvements to align them with consolidated financial statements.

v. Future researchers should study the effect of financial statement consolidation on transparency and accountability in the Nigerian public sector. They try to evaluate whether consolidation enhances the visibility of public funds, promotes accountability, and strengthens governance mechanisms. There is need for future studies to identify areas where transparency and accountability can be further improved.

vi. More studies should be carried out to explore the role of technology and automation in streamlining the consolidation process. Investigate the adoption and implementation of financial software systems or enterprise resource planning (ERP) solutions in the Nigerian public sector. Assess their effectiveness in improving accuracy, efficiency, and timeliness of consolidation.

vii. More studies should be carried out to analyze the level of knowledge, skills, and training available for financial statement consolidation in the Nigerian public sector. Such studies should identify gaps in capacity and propose strategies for enhancing the competence of professionals involved in the consolidation process through training programs, certifications, and knowledge-sharing platforms.

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