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APPLICATION OF FINANCIAL ACCOUNTING INFORMATION IN THE MANAGEMENT OF TERTIARY EDUCATIONAL INSTITUTIONS IN SOUTH-EAST NIGERIA

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Abstract
This study ascertained extent of application of financial accounting information in the management of tertiary educational institutions in South-East Nigeria. Two research questions guided the study and two null hypotheses were tested. Descriptive survey research design was adopted for the study. The population comprised 1535 account officers in all the 26 public tertiary educational institutions in South East, Nigeria. A sample of 317 account officers were sampled using Taro Yamane's formula through proportionate sampling technique. The instrument for data collection was a 48-item structured questionnaire. The instrument was validated by three experts. To determine the internal consistency of the instrument, Cronbach Alpha was used and obtained the reliability co-efficient values of 0.91 and 0.83 for clusters B1 to B2 with an overall co-efficient value of 0.87. Mean and standard deviation were used to answer the research questions, while ANOVA was used to test the null hypotheses at 0.05 alpha levels. The findings of the study revealed that account officers moderately applied cash flow statements and fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria. Account officers' institution type significantly influenced their mean ratings on the extent of application of cash flow statements in the management of tertiary educational institutions in South-East Nigeria, but did not significantly influence their mean ratings on the extent they applied fixed assets accounts in the management of tertiary educational institutions. The study concluded that financial accounting information in the management of tertiary educational institutions were not widely applied in South-East Nigeria. It was recommended among others that administrator/management of tertiary educational institutions should prepare financial accounting information and use same in their management of the institutions to prevent fraud. This will help in combating menace fraud in the institutions. Thus, the regular extent of application of financial accounting information should be encouraged.
Keyword: Financial Accounting Information, Cash Flow Statements, Fixed Assets Accounts

Introduction

Education is a major tool for transformation of individuals and nations. Higher education engenders in individuals a deposition of personal autonomy, responsibility and relevant forms of life, thought and action. According to Nwazor and Udegbunam (2016), higher education exercises a direct influence on national productivity, which to a very large extent determines the country's standard of living. It also helps in stimulating local economy as an engine of growth. This is why it is important for government at federal and state levels to redirect resources to making tertiary education available for the populace. Tertiary institutions as part of educational institutions are purposely established to meet the educational manpower and development needs of the nation. The nation as a system has to function at an optimal level when all the facets parts are functional.

Tertiary educational institutions are the post-secondary level of Nigeria's education system, which includes universities, polytechnics, colleges of education, colleges of technology, advanced teacher training colleges, correspondence colleges and such institutions as may be allied to them (Federal Government of Nigeria (FGN), 2014). These institutions may be publicly or privately owned and are meant to contribute to national development by developing physical and intellectual skills which will enable individuals to become self-reliant and useful members of the society. It is important to appreciate the fact that, for tertiary educational institutions to achieve their objectives effectively there is need to establish effective financial accounting information to furnish the management and stakeholders necessary data for decision making (Modibbo, 2015).

Financial accounting information is the combination of study and practice of accounting with the design, implementation and monitoring of information. Financial accounting information involves the disclosure of financial information to various stakeholders about the financial performance and financial position of organizations over a specified period of time (EduPristine, 2018). These stakeholders include investors, employers, members, creditors, the entire public, debt providers, governments, government agencies among others. The main objective of financial accounting information is to provide adequate and useful information for proper planning, control and decision making that will assist in achieving organizational short-term and long-term goals. These objectives can be achieved where information received is understandable, timely, accurate, complete and comparable (Fletcher and Ulrich, 2016). In the context of this research, financial accounting information is a statement which conveys to management, employers and interested outsiders a concise picture of the financial position of an institution.

Financial accounting information provides transparency and access to information concerning the operations of a company. With standardized accounting practices according to generally accepted accounting principles (GAAP), shareholders can compare the financial statements and performance of institutions with those of their organization peers. It can safely be asserted that reliable, relevant and adequate financial accounting information is not an end in itself but a means to an end in decision making to improve corporate performance and reduce fraud (Audu, 2020). The preparation of financial accounting information by tertiary educational institutions is the only means of communicating an institution's financial information to its diverse parties or stakeholders. Nwaiwu and Oluka (2017) noted that the manner in which an entity, whether private or public, business or educational, presents financial accounting information is of paramount importance as financial statements remain a central feature of financial information. Modibbo (2015) reported that most of the financial accounting information presented in tertiary educational institution lack proper internal transparency and accountability, delay in the presentation and preparation of annual financial statements, lack of proficiency and darth of experience in the rudimentary principles of government accounting.

More so, the financial accounting information prepared by most public tertiary institutions on the cash basis system of accounting lack disclosure of certain expenses that have earlier been prepaid or accrued. Therefore, the cash basis of accounting has not enabled tertiary institutions to capture all income especially prepaid tuition fees, caution deposits, development levies, identity card levies and other levies. This makes account officers in tertiary institutions not to report transactions that have entered into excess financial transaction above their financial budget. This is probably why tertiary educational institutions' financial accounting information are lacking both in accountability and transparency and fail to meet the diverse needs of the institutions, hence the need for standards guiding financial accounting information which would

remain comprehensive and convey the same information to users across various tertiary educational institutions in the world.

This is why, Nguyena and Nguyena (2020) viewed financial accounting information used in non-profit oriented organisationa (which educational institutions are part of) to include balance sheet, income and expenditure, statement of cash flow, fixed assets accounts, note to the accounts, memorandum statement of account of capital fund and recurrent fund, value added statement, income from academic operations, debtors and creditors account as well. Thus, financial accounting information used in this study is composed of two constructs namely cash flow statement and fixed assets accounts, because they appear to be exceptionally vital for every public educational institution to determine proper stewardship in fund disbursement and general resource management.

Cash Flow Statement (CFS) is one of the most useful financial statements because it provides vital information regarding a business entity's cash receipts and disbursements (Nwaiwu and Oluka, 2017). Nwaiwu and Oluka noted that information is divided into three sections-operating activities, investing activities and financing activities. The CFS does not suffer from the pitfalls of accrual accounting and historic cost basis of income statement and balance sheet. As such, it has information which is essential for a more efficient, effective and proper analysis of a firm's performance and future direction than accrual accounting based numbers in other financial statements. Cash has undeniable advantages and continues to be very important because without it, providing quality and complete public services is not possible. Ironkwe and Otti (2016) observed that information regarding cash flows allows users to establish how the entity in the public sector generates cash necessary to support the activity and how on cash is used. It is a unit that prepares and presents financial statements based on accrual accounting also prepare a cash flow statement and present it as an integral part of the financial statement in each period for which these statements are presented. Duru, Okpe and Chitor (2015) stated that operating and financing cash flows had significant positive effect on corporate performance in the food and beverages sector in Nigeria. Nguyen and Nguyen (2020) revealed that lack of information on the cash flow statement in both cases of positive and negative profits affects the comfort and confidence of credit officers in making decisions.

Furthermore, fixed assets represent the long-term tangible assets an institution utilizes to produce and deliver its products or services and manage its operations. Fixed assets are the assets held with the intention of being used on a continuous basis for the purpose of producing or providing goods or services and are not held for resale in the normal course of business (Satyanarayana, Sidhu and Naresh, 2015). Examples of such fixed assets include land and buildings, plant and machinery, motor vehicles, furniture and fixtures. In many capital-intensive industries including healthcare, fixed assets represent the largest item on the balance sheet. According to Tracet (2016), all the fixed assets should be valued and recorded in the financial statements as per the generally accepted accounting practices. Papapostolou and Mandilas (2014) reported that a clear relationship exists between revaluation of tangible fixed assets at fair value with the borrowing ability and the level of exports. The above financial accounting information are used to increase performance of financial statements in tertiary educational institutions. It also shows that educational institutions often have significantly less financial information recorded during the accounting process.

The influencing factors on the extent of application of financial accounting information in the management of tertiary educational institutions could be type of institution. The type of institution and ownership of institution are likely to affect account officers' mean ratings on the extent of application of financial accounting information. Type of institution in this study means universities, polytechnics and colleges of education. Account officers in this study are the

accountants in accounting units in tertiary educational institutions. Odimmega (2015) reported that there was a significant difference in the views of account officers in universities, polytechnics and colleges of education on the use of accounting techniques and standards. This may be as a result of inability of tertiary institutions to come up with enabling statutes or provide proper accounting information on the nature of financial statements to be compiled. Apart from this, the Governing Councils of these institutions circumvent the inability of the institutions to follow laid down guidelines and policies in applying accounting information while preparing financial statements. In view of this, it is appropriate for educational institutions to have an effective application of financial accounting information in the management of their activities. Specifically, the study determined the extent cash flow statements and fixed assets accounts are applied in the management of tertiary educational institutions in South-East Nigeria.

Statement of the Problem

Financial accounting information enables educational institutions to determine proper stewardship in fund disbursement and general resource management. Despite the importance of financial accounting information in the management of tertiary educational institutions in Nigeria, there are issues of fund mismanagement, misappropriation, corruption and fraud in the management of tertiary institutions. For example, in 2016, a range of fraud allegations ran through some Nigerian universities. Some top officials of federal Universities were arraigned in court charges of financial misappropriation. Following the slew of frauds, the Social Economic Rights and Accountability Projects (SERAP) in 2018 published a report entitled "Stealing the Future: How federal universities in Nigeria have been stripped apart by corruption." SERAP noted that there were allegations of corruption in several federal universities relating to the unfair allocation of grades, contract inflation, truncation of staff salary on the payroll, employment of unqualified staff, certificate scandal, examination malpractice, sexual harassment, and issuance of results to expelled students. In many cases, funds, often in substantial amounts, were allocated for infrastructural projects in various tertiary education institutions across the country. Shockingly, a significant number of those projects remain unexecuted or uncompleted, raising questions about the integrity and accountability of those responsible for managing the funds. All these notwithstanding, Nwaiwu and Oluka (2017) showed that lapses exist in the internal control system and several occurrences of fraud and misappropriation of funds in public tertiary educational institutions in Nigeria in general and South-East in particular. Laxity in revenue and expenditure management, inadequate payroll controls and weak internal control systems and other problems seem to point to the weakness of internal control systems leading to irregularities in financial management and financial accounting information in public tertiary educational institutions in South-East Nigeria. Thus, this study determined the extent of application of financial accounting information in the management of tertiary educational institutions in South-East Nigeria.

Research Questions

The following research questions guided this study:

1. To what extent are cash flow statements applied in the management of tertiary educational institutions in South-East Nigeria?
2. To what extent are fixed assets accounts applied in the management of tertiary educational institutions in South-East Nigeria?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

1. Account officers in tertiary educational institutions do not differ significantly in their mean ratings on the extent they apply cash flow statements in the management of tertiary educational institutions in South-East Nigeria based on the institution type (universities, polytechnics and colleges of education).
2. Account officers in tertiary educational institutions do not differ significantly in their mean ratings on the extent they apply fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria based on the institution type (universities, polytechnics and colleges of education).

Method

The study adopted descriptive survey design. The population of the study comprised 1535 account officers in all the 26 public tertiary educational institutions (ten universities, eight polytechnics and eight colleges of education) in South East geopolitical zone of Nigeria. A sample of 317 account officers was selected using Taro Yamane's formula through proportionate sampling technique. Data were collected using a 21-items structured instrument. The instrument was structured on a five-point rating scale on Very Highly Applied (5), Highly Applied (4), Moderately Applied (3), Lowly Applied and Very Lowly Applied (1). The structured questionnaire was validated by three experts-two in business education and one in measurement and evaluation all from Nnamdi Azikiwe University, Awka. Their comments enhanced the face validity of the instrument. To establish the internal consistency of the instrument, a trial-test was conducted. Data collected in the pilot test were analyzed using Cronbach Alpha to determine the internal consistency. Reliability coefficient values of 0.91 and 0.83, for cash flow statements and fixed assets accounts respectively with an overall coefficient value of 0.87 were obtained. Out of the 317 copies of the questionnaire distributed to the respondents in their institutions through direct approach which facilitated a response rate, 311 copies (representing 98 percent) of the instrument were retrieved with an attrition rate of seven copies (representing two percent) and used for data analysis.

Data collected regarding the research questions were analyzed using mean and standard deviation while AONVA was used to test the null hypotheses at 0.05 level of significance. In order to determine the extent of application of financial accounting information in the management of tertiary educational institutions in South-East Nigeria, a decision rule based on real limit of numbers was used such that ratings between 4.50-5.00 were regarded as very highly applied, items with mean ratings of 3.50-4.49 were considered as highly applied; items with mean ratings of 2.50-3.49 were considered as moderately applied. Furthermore, items with mean ratings of 1.50-2.49 and 1.00-1.49 were considered as lowly applied and very lowly applied respectively. In testing the null hypotheses, where the calculated p-value is less than the stipulated level of significance (0.05), it meant that there was a significant difference and the null hypothesis was rejected. Conversely, where the calculated p-value is greater than or equal to the stipulated level of significance (0.05), it meant that there was no significant difference and the null hypothesis was not rejected.

Results

Research Question 1. To what extent are cash flow statements applied in the management of tertiary educational institutions in South-East Nigeria?

Table 1: Account officers mean ratings on the extent they apply cash flow statements in the management of tertiary educational institutions

S/N	Cash flow statements	$\overline{X}$	SD	Remarks
1.	Revealing the causes of changes in cash balances between two balance sheet dates 2.60	0.52	Moderately Applied	
2.	Helping the management to evaluate its ability to meet its obligations	2.50	0.55	Moderately Applied
3.	Throwing more light on causes of poor liquidity in spite of good profits	2.70	0.48	Moderately Applied
4.	Throwing more light on causes of excessive liquidity in spite of heavy losses	1.69	0.62	Lowly Applied
5.	Helping the management in planning repayment of loans	2.54	0.50	Moderately Applied
6.	Providing information on a firm's liquidity and solvency	2.54	0.53	Moderately Applied
7.	Improving on the comparability of different firms' operating performance	2.50	0.55	Moderately Applied
8.	Indicating on the amount, timing and probability of future cash flows	3.50	0.45	Highly Applied
9.	Helping forecasting on the short-term financial decisions relating to liquidity	3.65	0.42	Highly Applied
10.	Helping to evaluate the company's liquidity position in terms of cash generation	3.54	0.43	Highly Applied
11.	Helping in payment of short-term obligations	2.54	0.53	Moderately Applied
	Cluster Mean	**2.75**		**Moderately Applied**

Data in Table 1 show that three out of the 11 items listed have mean ratings of 3.50 to 3.65 which indicate that cash flow statements are highly applied in the management of tertiary educational institutions. Seven items have mean ratings from 2.50 to 2.70 as moderately applied, while the remaining one item is lowly applied and have mean rating of 1.69. The standard deviation of 0.42 to 0.62 show that respondents are not wide apart in their mean ratings which indicate homogeneity. The cluster mean score of 2.75 indicate the extent apply cash flow statements are applied in the management of tertiary educational institutions in South-East Nigeria.

Research Question 2. To what extent are fixed assets accounts applied in the management of tertiary educational institutions in South-East Nigeria?

Table 2: Account officers mean ratings on the extent they apply fixed assets accounts in net assets/equity in the management of tertiary educational institutions

S/N	Fixed assets accounts	$\overline{X}$	SD	Remarks
12.	Ensuring existence of an up to date fixed asset Applied	2.50	0.62	Moderately
13.	Confirming provision for acquisition of fixed assets	4.20	0.41	Highly Applied
14.	Verifying improvement and maintenance of fixed assets Applied	2.70	0.54	Moderately
15.	Determining the depreciation charge of fixed assets Applied	2.69	0.55	Moderately
16.	Ensuring existence of fixed asset list Applied	2.64	0.58	Moderately
17.	Regulating update on valuation of revalued assets	1.74	0.69	Lowly Applied
18.	Determining accumulated depreciation of the assets in the fiscal year Applied	2.70	0.56	Moderately
19.	Determining current book values of the assets Applied	2.50	0.62	Moderately
20.	Determining depreciation amount of the asset by year	3.70	0.45	Highly Applied
21.	Determining the legal depreciation method rate and more	3.60	0.47	Highly Applied
	Cluster Mean	**2.90**		**Moderately Applied**

Data in Table 2 show that three out of the ten items listed have mean ratings ranging from 3.60 to 4.20 which indicate that fixed assets accounts are highly applied in the management of tertiary educational institutions. Six items have mean ratings ranging from 2.50 to 2.70 as moderately applied, while the remaining one item is lowly applied and has mean rating of 1.74. The standard deviation of 0.41 to 0.69 show that respondents are not wide apart in their mean ratings which indicate homogeneity. The cluster mean score of 2.90 indicate the extent fixed assets accounts are applied in the management of tertiary educational institutions in South-East Nigeria.

Hypothesis 1. Account officers in tertiary educational institutions do not differ significantly in their mean ratings on the extent they apply cash flow statements in the management of tertiary educational institutions in South-East Nigeria based on the institution type (universities, polytechnics and colleges of education).

Table 3: Summary of ANOVA on the extent of application of cash flow statements in the management of tertiary educational institutions

Source of Variance	Sum of Squares	Df	Mean Square	F-ratio	P-value	Remarks

Between Groups	39.438	2	19.719	5.903	.002	Significant
Within Groups	956.000	308	3.340			
Total	995.438	310				

As shown in Table 3, the F-ratio (df: 2/308) is 5.903 and the P-value (.002) is less than the stipulated 0.05 level of significance (P-value < alpha level). It therefore reveals that there is a significant difference in the mean ratings of account officers in tertiary educational institutions on the extent they apply cash flow statements in the management of tertiary educational institutions in South-East Nigeria based on the institution type. Therefore, the null hypothesis is rejected.

Hypotheses 2. Account officers in tertiary educational institutions do not differ significantly in their mean ratings on the extent they apply fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria based on the institution type (universities, polytechnics and colleges of education).

Table 4: Summary of ANOVA on the extent of application of fixed assets accounts in the management of tertiary educational institutions

Source of Variance	Sum of Squares	Df	Mean Square	F-ratio	P-value	Remarks
Between Groups	322.688	2	161.344	18.219	.126	Not Significant
Within Groups	2072.257	308	8.856			
Total	2394.945	310				

As shown in Table 4, the F-ratio (df: 2/308) is 18.219 and the P-value (.126) is greater than the stipulated 0.05 level of significance (P-value > alpha level). It therefore reveals that there is no significant difference in the mean ratings of account officers in tertiary educational institutions on the extent they apply fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria based on the institution type. Therefore, the null hypothesis is not rejected.

Discussion of Findings

Findings of the first research question revealed that account officers moderately applied cash flow statements in the management of tertiary educational institutions in South-East Nigeria. This implies that moderate extent on application of cash flow statements will positively influence cash flow accounting on financial performance in the management of tertiary educational institutions. This finding is in line with Duru, Okpe and Chitor (2015) who stated that operating and financing cash flows had significant positive effect on corporate performance in the food and beverages sector in Nigeria. The findings agreed with Nguyen and Nguyen (2020) that lack of information on the cash flow statement in both cases of positive and negative profits affects the comfort and confidence of credit officers in making decisions.

The findings of the study further revealed that there was a significant difference in the mean ratings of account officers in tertiary educational institutions on the extent they applied cash flow statements in the management of tertiary educational institutions in South-East Nigeria based on the institution type. This agrees with the findings of Odimmega (2015) who stated that there was a significant difference in the views of account officers in universities, polytechnics and colleges of education on the use of accounting techniques and standards. The reason for the similarities in test of hypotheses is because account officers in universities, polytechnics and

colleges of education often have significantly less financial information recorded during the accounting process.

Findings of the second research question revealed that account officers moderately applied fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria. This implies moderate extent on application of fixed assets accounts will not increase performance of financial statements in tertiary educational institutions. This finding is in line with Papapostolou and Mandilas (2014) who stated that a clear relationship between revaluation of tangible fixed assets at fair value with the borrowing ability and the level of exports. The findings agreed with Tracet (2016) that all the fixed assets should be valued and recorded in the financial statements as per the generally accepted accounting practices.

The findings of the study further revealed that there was no significant difference in the mean ratings of account officers in tertiary educational institutions on the extent they applied fixed assets accounts in the management of tertiary educational institutions in South-East Nigeria based on the institution type. This agrees with the findings of Odimmega (2015) who stated that there was a significant difference in the views of account officers in universities, polytechnics and colleges of education on the use of accounting techniques and standards. The reason for the similarities in test of hypotheses is because account officers in universities, polytechnics and colleges of education often have significantly less financial information recorded during the accounting process.

Conclusion

Based on the findings of the study, it is concluded that financial accounting information are not widely applied in the management of tertiary educational institutions in South-East Nigeria. The moderately applied shows that the issues of fund mismanagement, misappropriation, corruption and fraud in the management of tertiary institutions were not properly managed.

Recommendations

Based on the findings and conclusion of the study, the following recommendations are made:

1. Administrators/management of tertiary educational institutions should prepare financial accounting information and use same in their management of the institutions to prevent fraud. This will help in combating menace fraud in the institutions. Thus, the regular extent of application of financial accounting information should be encouraged.
2. Accounting educators should encourage their students on the need to always apply proper financial accounting information in their duties upon graduation. This will help them imbibe the tents of financial accounting information if wherever they may find themselves after graduation.

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