Content Requirements for Narrative Reporting in the Public Sector:
A Contextual Perspective

Abstract

Purpose - Accounting literature is definite about the content and presentation of traditional financial statements, but the basic information to be provided in the narrative reports of public sector entities remains unsettled. This paper is an empirical investigation of the needs and expectations of stakeholders (primary users and preparers) regarding the content and presentation of narrative reports in the public sector of Nigeria.

Design/methodology/approach - The research employed a qualitative approach that draws on stakeholder and contingency theories to collect primary data through in-depth individual interviews using semi-structured questionnaires. Data were analysed by a thematic method using the NVivo 11 Pro software package.

Findings - The study reveals that financial statements constitute the statutory financial reports of public sector entities in Nigeria as narrative reporting is undeveloped, both as a concept and in practice. Stakeholders believe that narrative reporting is required to enhance the accountability usefulness of the annual financial reports published by the government and public agencies. Data analysis further reveals that public perception about the management of government financial resources influences the information needs of stakeholders regarding financial reporting. In addition, stakeholders consider the approved budget as the cornerstone of public financial reporting. Accordingly, users and other stakeholders expect public sector narrative reports to provide budget-based performance information that relates the accounting data presented in the financial statements to the key budgetary provisions, in both financial outlays and service delivery achievements. Stakeholders also expect narrative reports to be presented in plain language and provide information about the impact of financial decisions and actions on the basic socioeconomic variables that signpost citizens' wellbeing, such as education, healthcare, employment, security.

Practical implications - The study suggests that the inclusion of narrative information in the statutory financial reports of public entities in Nigeria is imperative and should engage the attention of policymakers and relevant regulatory authorities. In addition, a more elaborate systematic investigation of the information needs of stakeholders in Nigeria should be undertaken by relevant units of government.

Originality/value – This is the first documented research on narrative reporting and the information needs of a broad range of stakeholders in the public sector of Nigeria. The paper identifies the approved budget as the focal point of governmental financial reporting, and a clear linkage between budget provisions, accounting results, and service delivery achievements as the basic content of a narrative report in developing countries.

Keywords - Narrative Reporting, Content Requirements, Public Sector, Stakeholders' Information Needs, Contextual Perspective.

1. Introduction

The conceptualisation and practice of narrative reporting in both the public and private sectors are predicated on the need to supplement and complement traditional financial statements to achieve the objectives of financial reporting. For public entities, the Conceptual Framework for General Purpose Financial Reporting published by the International Public Sector Accounting Standard Board (IPSASB), suggests two objectives or purposes of financial reporting, namely, accountability and decision-making (IPSASB, 2014).

This paper focuses on the accountability purpose for two reasons. Firstly, prior studies (IPSASB, 2014; Samkin & Schneider, 2010; Mack, 2003; GASB, 1987, 1994) suggest that accountability or stewardship is the primary purpose of public sector financial reporting. Specifically, GASB (1987) states that accountability is the cornerstone upon which all other public financial reporting objectives should be built. Thus, the decision usefulness of public sector financial reporting could be considered as a positive function of the accountability usefulness. For example, report users could rely on their overall assessment of financial accountability of the government to make decisions regarding their voting preferences and willingness to invest in, lend or donate funds to public entities. It is contended that a public sector financial report that is not useful for accountability is unlikely to be useful for decision making. Secondly, although public accountability is a significant governance issue in all democracies (Dubnick & Frederickson, 2010), the effectiveness of financial reports as an instrument of financial accountability in the public sector is becoming a global concern.

It is acknowledged that the basic financial statements (BFS) or financial accounts provide rich information about assets, liabilities, revenue, and expenditure, thus providing useful disclosures for accessing financial strength. However, these accounts play a limited role in discharging public accountability because they are somewhat esoteric and provide little information about performance and impact (Gray, 1984; Torres & Peña, 2003; Mack, 2003;

Samkin & Schneider, 2010; Hooks, et al., 2012). Consequently, user-relevance judgment of public financial reports is gradually shifting from the financial data presented in the financial statements to narrative information about governmental activities and performance in relation to set goals and objectives (Hatry, et al., 1990; CIPFA, 2009).

Narrative reporting is used in the paper as a generic term for any disclosure mechanism that aims at enhancing the clarity and usefulness of General Purpose Financial Reports (GPFR) by providing explanations and insights about quantitative measures in the financial statements as well as non-financial information that users require to better understand the operations and performance of public entities. In this sense, all the contents of a GPFR other than the financial statements and notes thereto are classified as narrative report, irrespective of the appellation used by financial reporting regulatory institutions. For instance, a public sector narrative report is variously referred to as Service Performance Reports (NZASB, 2017), Other Reports (IPSASB, 2014), Service Efforts and Accomplishments (GASB, 1994), Management Discussion and Analysis (FASAB, 2012), Statement of Service Performance (IPSASB, 2013).

Based on the foregoing explanations, narrative information is not part of the BFS, but an essential part of financial reporting that is required to place the financial statements in an appropriate operational, economic, or historical context (FASAB, 2012), and without which information about governmental performance, the concept of accountability and the whole democratic process is simply a sham (Boyne & Law, 1991, p.179).

Notwithstanding the conceptual attributes and benefits associated with narrative reporting, the basic information to be disclosed in a narrative report, as well as the development of narrative reporting frameworks, are still evolving. Only a handful of models or frameworks exist in some developed jurisdictions to guide the operationalisation of the concept of narrative reporting by public entities. Romzek (2015) used the phrase 'hot rhetoric, cool theory and uneven practice' to describe the prevailing tendency among public administrators and researchers to place more emphasis on the evocative and conceptual dimensions of public accountability than the process of developing appropriate frameworks for demonstrating the concept in practice.

It is recognised that while some frameworks (or even formats) for preparing financial statements are accepted and applied across international boundaries, a model of narrative reporting may not be realistically applied across jurisdictions because of the compelling need to recognise country-specific contextual realities while interpreting and presenting non-financial variables. For example, financial report users differ in terms of their sophistication, and require distinctive information to meet their financial reporting needs (Elliot & Jacobson, 2004, cited in Birt, et al., 2017). As Wescott (2008, p.11) argues, important differences between developing and developed countries require that public financial management tools be used selectively, and adapted to local conditions.

This paper seeks empirical answers to the dual question: What are the basic information needs of report users and other stakeholders regarding narrative reporting in the public sector of Nigeria, and the primary factors that influence such needs? The significance of the research lies in the expectation that the findings would assist report preparers and policy makers to improve the mechanisms for effective communication of government's financial operations to stakeholders, thereby enhancing transparency, accountability, and public trust in governance.

Nigeria is chosen for the study because of her leading role in the socioeconomic and political affairs of Sub-Saharan Africa. Despite her current security and sectarian challenges, Nigeria is regarded as the giant of Africa because of its population (about 200 million), economy (the largest in Africa), and other considerations that influence international financial inflows through direct/portfolio investments, institutional lending, and donations (both multilateral and bilateral). However, despite Nigeria's adoption of public financial management (PFM) and procurement reform packages [like the International Public Sector Accounting Standards

(IPSAS)], the levels of financial accountability and public corruption are still perceived as unacceptable. These factors are discussed further in section 2.3 (The Nigerian setting for narrative reporting).

The paper is organised into four sections. The next section is the theoretical foundation and conceptual framework of the study, which discuses two management theories (stakeholder and contingency) that are used to support the concepts, ideas and presumptions that underpin and provide focus for the study. The Nigerian setting for narrative reporting is also examined in this section. Section three explains the methodology and methods adopted to collect and analyse primary data. The findings are discussed in section four, and the contribution and policy implications of the study are presented in the concluding section.

2. Theoretical foundation and conceptual framework

2.1 Theoretical support for the study

It is a common practice in academic research to rest the conceptual framework of an investigation on existing theory or theories, even if the research is intended to produce a new theory. Two management theories - stakeholder and contingency - provide theoretical support for the study. The key proposition in the stakeholder theory is that integrating the interests and needs of stakeholders into corporate decisions and actions is a strategic management model for creating value and sustaining organisational growth and development (Freeman, 1984).

In outlining how management can satisfy the interests of stakeholders, the theory suggests that organisations should develop certain stakeholder competences that include making commitment to monitor stakeholder needs and interests, and ensuring that those interests are addressed (Freeman, 1994), not only by way of feedback (consultation) but also through involvement, that is, reflecting such needs in critical policies, decisions and functions of the organisation (Friedman & Miles, 2006; Rixon, 2007). In the context of the study, the theory presupposes that stakeholders' information preferences should determine the content and presentation of the narrative component of general purpose financial reports.

Contingency theory is premised on the concept of situational approach to leadership and management, which suggests that the environment in which an organisation operates determines the best way for it to organise (Betts, 2003). Luthans & Stewart (1976, p. 183) define situational approach as "identifying and developing functional relationships between environmental, management and performance variables". Proponents of the theory believe that there is no one best way to organise, lead, act or take decisions; instead, the optimal course of action for achieving organisational goals is contingent upon the internal and external situations (Fiedler, 1964; Luthans & Stewart, 1976; Cherry, 2017).

Although the contingency theory was originally set forth as a leadership-effectiveness axiom, its basic premise regarding situational contingencies or contextualisation applies to all management activities that are aimed at achieving organisational goals, either with respect to systems design or those that require understanding and management of human judgment and expectations (for example, accountability reporting). Contingency theorists are united in their recognition of the significance of situational influences on the management of complex organisations as they suggest that managers must evaluate each situation and make decisions unique to those situations (Luthans & Stewart, 1976).

The key assumptions in the above theories are merged to provide academic support for the conceptual framework of this study, that is, the viewpoints, concepts, presumptions, and ideas that have been chosen to undergird the focus and determine the direction and methodology of the study.

2.2 Conceptual framework for the study

It is considered important to start the section with a description of the views adopted in the study about three concepts in public sector financial reporting - GPFR, BFS, and Narrative

Reports - and their linkage. Public sector GPFR are statutory annual financial reports prepared to meet the accountability and decision-making needs common to all categories of stakeholders (as distinct from special reports prepared for specific supervisory and regulatory authorities). The BFS or financial accounts are a set of accounting reports of an entity that provide information about the entity's operations and conditions relating to revenue, expenditure, assets, and liabilities.

Although GPFR and BFS are often used interchangeably by non-accounting experts, there is a fundamental difference between the two concepts that is acknowledged in this paper. A simple way to explain the distinction is to represent the concepts by a mathematical formula, thus: GPFR = BFS + Narrative Report. This representation is derived from the IPSASB Conceptual Framework which provides for the presentation within the GPFR, of additional information that enhances, complements, and supplements the financial statements (IPSASB, 2014, p. 19). Impliedly, the narrative report component of GPFR is expected to enhance the usefulness of public sector financial reporting by providing information about operational management and performance in terms of service delivery and accountability. Thus, the concept of general purpose financial reporting necessitates the addition of a narrative report to the BFS.

The study recognises that accounting information in the financial statements is generated through the application of generally accepted principles, practices, or standards, within or across jurisdictions. For example, the International Public Sector Accounting Standards (IPSAS), which are being promoted as a benchmark for improved quality of public sector financial information, prescribes the basic content and presentation format for public sector financial statements to be complied with by entities that adopt IPSAS. These standards are expected to be complied with irrespective of socioeconomic and cultural disparities.

In contrast, diversity in the level of economic, political, educational, and social development, as well as institutional arrangements and regulations have been identified by researchers as factors that influence financial reporting architecture (Luder, 1992; Scott, 2001; Hooks, et al., 2012; Izedonmi & Ibadin, 2013; Subroto, et al., 2014).

Guided by these research findings, as well as the central proposition in the contingency theory (explained in the preceding section), this study recognises that, in designing a narrative reporting framework, social context is as important as economic fact. Therefore, the socioeconomic, political, and cultural circumstances prevalent in a jurisdiction would influence the choice of information to be included in narrative reports prepared by public entities operating in the jurisdiction. Social discourse without context is like music without lyrics.

Another key viewpoint that is adopted in the study is that the narrative component of GPFR of public sector entities is prepared to respond to the information needs of stakeholders, namely, service recipients and resource providers - citizens, residents, institutional lenders, and donor agencies (IPSASB, 2014). Accordingly, the usefulness of a financial report lies in the relevance of the reports to the needs of these stakeholders. Furthermore, such needs should be ascertained through consultation with the stakeholders rather than the a priori judgment of policy makers. As Krambia-Kapardis & Clark (2010) admonishes, each country should carry out its own study to identify the information needs of relevant stakeholders and ensure that public interest is reflected in financial reporting frameworks.

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What constitute public interest are embedded in stakeholders' perception of their needs for improved and sustainable wellbeing, the provision of which is the primary function of the general government and other public sector entities (IPSASB, 2014). While the broad elements of wellbeing of citizens include welfare programmes and policing, public education, health, national security, and defense services (IPSASB, 2014), specific ingredients could vary from one jurisdiction to another, necessitating the adoption of a combination of contingency and stakeholder approaches in the study. As Jann (2017) opined, financial reporting would be an empty ritual if the reporting model is not able to provide the information that citizens collectively care about.

2.3 The Nigerian setting for narrative reporting

The Federal Government of Nigeria (FGN) is the case study for this study, and it is considered pertinent to briefly examine the practice of public financial reporting in the country and the prevailing socioeconomic factors that could influence public perception about financial accountability. A review of the reporting environment is significant because, as Hawashe, (2014) suggests, disclosure practices in corporate financial reporting ought not to be studied in isolation of country-specific conditions so that findings could be interpreted and understood within the proper context. This suggestion applies even more to public sector financial reporting. The paper agrees with Scott (2001) that how any country goes about implementing financial management reforms is very largely determined by factors in the culture and current circumstances of that country.

The traditional financial statements are the only financial reports which public entities in Nigeria are required, by law, to prepare and publish annually. Impliedly, the financial statements constitute the GPFR. These statements are currently prepared based on the principles, methods and procedures set out in the International Public Sector Accounting Standards (IPSAS) which the country adopted administratively in July 2010, and implemented from January 2014 (IPSAS NIGERIA, 2014).

Cash basis IPSAS was implemented in 2014 and 2015 fiscal years for both budgeting and accounting, but phased accrual accounting was initiated from 2016 fiscal year, while public budgets are still being prepared on cash basis. These reporting protocols apply to all tiers of government - federal, state, and local councils, and their agencies. But this study is about consolidated financial reporting by the federal government and its agencies, which could be considered as Whole of Government financial reporting.

Based on the literature reviewed for the study, there is neither a regime nor evidence of narrative reporting in the public sector of Nigeria. Moreover, there is no published empirical study focusing on users' information needs for financial reporting in the public sector to underpin the development of a narrative reporting framework. Thus, narrative reporting in the public sector of Nigeria can be described as undeveloped and unexploited, both in theory and practice. Yet, a framework of narrative reporting that reflects domestic conditions is imperative to address the rising public accountability concerns in the country.

It is acknowledged that researchers in the more advanced democracies in Europe and America (especially UK, US, New Zealand, Canada, and Australia) have conducted and published studies on performance reporting by public benefits entities (see Gray, 1984; Mayston, 1985; Hatry, et al., 1990; Boyne & Law, 1991; Miah, 1991; Connolly & Hyndman, 2003; Connolly & Dhanani, 2009; CIPFA, 2009;). These studies have provided stimuli and inputs for the development of some frameworks of narrative reporting (see GASB, 1999; FASAB, 2012; IPSASB, 2013, 2015; NZASB, 2017; UK FRC, 2014). Nonetheless, the disclosure requirements in such established models focus more on factors like risk and uncertainties, sustainability, efficiency, gender diversity, carbon emission, etc. which may not be of immediate concern to most stakeholders in Nigeria where the primary human needs are still scant.

There is, also, the unsettled issue of low fiscal discipline amongst Nigerian public officials which manifests in poor compliance to the approved budget, misappropriation, theft of public assets, and other forms of public financial corruption (Iyoha & Oyerinde, 2010). For example, in its 2019 corruption perception index published in January of 2020, Transparency International ranked Nigeria 146/180 (Transparency International, 2020). It is assumed that primary users in Nigeria would demand narrative reports that provide information which enhances transparency and budget compliance.

Public financial corruption is, undoubtedly, a great impediment to socioeconomic development in Nigeria. Accordingly, financial reporting mechanisms ought to pay greater attention to the reduction of corrupt practices in the public system than to the classical efficiency revolution of the New Public Management (NPM) ideology which narrative reporting models in advanced democracies seem to promote. The United Nations (2001, p. 95) acknowledges this submission when it remarked: “There are clear limits to how much the central agencies of governments in weak democracies can do to promote efficiency, given their level of development”.

3. Data collection and analysis

3.1 Data collection

Leveraging on the central propositions in the stakeholder and contingency theories (discussed in section 2.1), a qualitative research approach is adopted for the collection and analysis of primary data. In-depth personal interviews were conducted face-to-face and by Skype or telephone, using semi-structured questions specifically designed to obtain the perceptions, experiences, and expectations of each participating stakeholder regarding narrative reporting in the Nigerian public sector. The interviews were audio-recorded and subsequently transcribed with the aid of NVivo 11 Pro software package. Local secondary data on the topic was unavailable but published financial statements and relevant publications of the government were reviewed.

The population for the study consists of all preparers and users of government financial reports in Nigeria. Since it is not practicable to interview the entire population as defined, and relying on the researched benefits of using small samples in qualitative studies (Durst & Wilhelm, 2011; Noble & Smith, 2015), a sample of 25 interviewees was selected purposively across five stakeholder groups: (i) Government Accountants and Auditors; (ii) Financial Analysts (iii) Academics; (iv) Legislators; (v) Public Affairs Analysts (including civil society organisations and the media).

Government accountants and auditors are senior accountants from the offices of the Accountants-General and Auditors-General in Nigeria, including chief finance officers of federal government agencies. Although they are report preparers, their statements and views represent their personal (not official) perceptions as resource recipients. Financial Analysts are members of professional accountancy bodies (who also represent the interests of lenders, donors, and investors in government financial instruments). Academics and public affairs analysts are primary users who are assumed to be concerned about public accountability and financial reporting. Legislators are selected among members of finance and public accounts committees of the Nigerian Parliament, both present and erstwhile.

A strategic departure in this study from previous academic and professional research on financial reporting is the decision to include non-accounting experts as participants in the primary investigation conducted. The decision is premised on the belief that financial reporting in the public sector is meant to promote public accountability, a social topic that is not exclusive for accountants, but which requires an eclectic approach to study and understand. It is contended that issues relating to transparency and accountability in the management of public resource are of general concern to the public and affect citizens equally irrespective of professional or vocational competence. Although non-accounting experts may not possess the knowledge or skill required to interpret financial statements, they are assumed to be certain of their expectations about government accountability obligation to them for the management of public financial resources.

The sample grid in table 3.1 represents the distribution of the 25 interview participants in two categories and five stakeholder groups. Five participants were selected from each group. Thirteen participants (representing 52% of the sample) were selected amongst non-accounting experts, while 12 participants (representing 48 %) were accounting experts. There is, therefore, nearly equal number of accounting experts and non-accounting experts in the sample.

Table 3.1: Sample Selection Matrix (Sampling Grid)

Stakeholder Groups	**Accounting Experts**	**Non-Accounting Experts**	**Total**
Report Preparers and Auditors	5	0	5
Financial Analysts	5	0	5
Academics	1	4	5
Legislators	1	4	5
Public Affairs Analysts	0	5	5
Total	12	13	25

It is important to clarify that the stakeholder groups used for primary investigation is not based on any stakeholder classification model, such as the primary/secondary stakeholder typology suggested by Clarkson (1995), or the stakeholder salience framework proposed by Mitchell, et al. (1997). The underlying assumption in the study is that all stakeholders have equal stake, salience, or power with respect to the right to know how public financial resources are managed. Therefore, the stakeholder grouping/categorisation adopted is only purposed to ensure that the views of various interest groups in the population are represented.

In addition, the research is neither concerned about the proportion of the sample set that gives a response, nor the specific responses or ideas that an authoritative sub-set of the population hold about the research problem but is designed to achieve a synthesis of all responses to address the research question.

The consent of each interview participant was sought and obtained before the interview, through an information letter that clearly explained the nature and purpose of the study. To ensure that the identity of each interview participant was protected, references or code names (RP1, RP2, ………RP25) were used instead of real names, where RP represents Research Participant, and the integers 1, 2, …., 25 represent the place of a participant in the interview sequence. For example, RP1 is the code name for the first research participant to be interviewed. Pseudonyms were also avoided to forestall possible coincidence or presumption.

Interview questions (primary and secondary/follow-up) focused on the interviewees' understanding of public financial accountability, the importance of governmental financial reporting, and the information they expect to find in such reports. The age, qualifications, work experience and other demographic details about each of the 25 interviewees are presented in appendix 1.

3.2. Analytical method and procedure

The thematic analytical protocol suggested by Braun & Clarke (2006) was slightly modified and applied to analyse the interview transcripts that formed the dataset for the study. Thematic method involves using coding techniques to search for themes (patterned responses or clusters of ideas within a dataset) from which meanings can be teased out to address a research question. Interview transcripts were carefully read, and the NVivo 11 Pro software package was used to facilitate the coding procedure and search for themes that were considered relevant to the research question. Through reflective and inductive reasoning, final themes were developed and interpreted for implicit and explicit ideas and meanings that helped to address the research question.

4. Discussion of findings

All the 25 interview participants agree that BFS of public entities need to be supplemented with narrative reports to make GPFR understandable and useful to the primary users. Below are the specific responses of RP12 and RP14:

> The language of financial reporting has to be brought down to a level where an average enlightened person can understand and interpret it properly. The language of our financial

> reports is too technical for common understanding, because for people to react to issues, they need to fully understand what has been presented before them (RP12).
>
> As you know, every profession has its own jargon. But we must try to simplify the jargon so that people who are not experts in financial matters can understand and relate to what the financial experts are saying. The reports look more like a technical document that I find difficult to relate to. That's the challenge we need to sort out (RP14).

These views confirm that narrative reporting is undeveloped in the public sector of Nigeria but is required to enhance the accountability usefulness of financial reports. However, while 24 participants consider that narrative information should be presented as a component of GPFR, one of the interviewees argue that a statutory financial report should be presented only in a standardised accounting format to ensure comparability across jurisdictions, while a narrative report could be a separate document that could be included in the general accountability report of the government.

Regarding the basic information which a narrative report should provide, three final themes emerged from the analysis of research data, namely, simplified accounting information, budget information and service delivery achievements. These themes represent broad descriptions of the basic information which stakeholders consider relevant to their accountability needs and expect narrative reports to provide. These themes, constructed from child-themes or categories that emerged from data analysis, are explained below.

4.1 Simplified Accounting information

Data analysis reveals that accounting information is important to report users, but not in a technical format and as stand-alone report. Accounting information refers to financial data that is usually provided in the financial statements. Interview participants prefer that the number crunching (mathematical calculations and complex presentations) in the financial statements be reviewed and explained in a simple language to enable all users understand the facts being communicated. Numbers are necessary to convey a mental picture of the magnitude or size of financial transactions, effects, or condition, but standing alone, they are insufficient to demonstrate financial accountability.

Interview participants want narrative reports to fill the gap by providing simple analysis, interpretation, and explanation of material accounting information in the financial statements relating to revenue, expenditure, assets, and outstanding claims against assets, particularly, current and long-term obligations.

Extracts of direct statements of three interview participants on this theme:

> By the principles of democracy and good governance, I expect that by the time the financial statements are out, all the incomes earned, and expenditures made, would be fully explained, and reflected in the financial reports (RP9).
>
> As an accountant, I would like to see the naira and kobo[1] of the report. First, I would want to see the sources of revenue, the amount generated from these sources by the government. I would also like to see how the money was expensed (RP4).
>
> We need to be clear about the sources of revenue, and I would like to see how the revenues came in, because if I don't know how they came, I am unlikely to believe that the total you are telling me is the truth. Then, I also need to see how it was utilised, sub head by sub head: infrastructure, salaries and wages, sundry charges. Those are the information I would expect to see. I don't want to see blanket information about earnings and expenditure, I need to see the details (RP14).

This finding is consistent with the basic requirements in the dominant narrative reporting frameworks (for both corporate and public entities) which require that narrative information should include an analysis of the reporting entity's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated because of the year's activities (GASB, 1999; FASAB, 2012).

4.2 Budget information

The budget is uniquely important to the interview participants as the principal source of authority and control over the financial operations of general governments. The high frequency of this theme in the NVivo Word Tree in Appendix two reflects its significance to stakeholders.

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1. Naira and Kobo are the units of Nigerian monetary currency. Naira is the basic unit, equal to 100 Kobo

Based on the perceptions of the participants about budget and budgeting, the approved budget and a narrative report are inseparable because the latter is regarded as a descriptive record of the implementation of the former (in both amounts and programmes). Participants regard the budget as a primary reference document for narrative reporting, more so as the approved budget is an appropriation law, and compliance with legal requirements is an important element in the basket of stakeholders' needs and expectations. Furthermore, the approved budget, together with its supporting instruments, provide specific objectives and targets to be achieved in a reporting period. Therefore, interviewees expect a narrative report to also identify the key budget objectives and indicators (monetary and physical) against which actual performance can be assessed and judged.

Interview participants understand the approved budget not just as a document containing estimates of revenue, expenditure and intended programmes and projects, but a policy document prepared on the strength of key probabilistic economic and other conditions that underpin the estimates, including strategic considerations, all of which also require parliamentary approval in Nigeria. For example, the Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) both provide critical information about the conditions and projections that form the basis for determining the figures and values that are included in the budget.

By the provisions of the Fiscal Responsibility Act, 2007, the MTEF and FSP must be considered and approved by the Parliament before the budget they forerun can be presented for consideration. Narrative reports are expected to sufficiently relate to these conditions and projections to provide context for assessing actual performance.

Below are some direct statements of interview participants on this theme:

> *What comes to my mind when I think of public accountability is matching budgets with projects and making sure that moneys earmarked for projects are used for those projects without any embezzlement (RP18).*
>
> *My opinion is that we must prepare the financial reports in a manner that is easy to compare it to the budget. In other words, the reports should look more or less like budget performance*

> analysis. I am also of the view that the financial report and the budget should have the same structure for people to easily relate to them, understand and compare (RP14).
>
> Budget is like a promise; what is intended to be done. People understand budget as such and are happy to know what government wants to do. At the end of the period, even within the period, people would expect to see that those things are being done (RP11).
>
> So, I would suggest that the financial reports should provide as much detail as the budget, and possibly, both should be prepared in the same format (RP20).

The extracts above (specifically, RP14 and RP20) indicate that the GPFR should fully relate to the approved budget. The budget document usually contains both financial and non-financial (narrative) provisions, including clear statements regarding the objectives and targets to be achieved, and the description of services to be provided during the reporting period. Accordingly, the GPFR should provide financial information as well as information that explains the performance of the approved budget in respect of the non-financial expectations.

This finding emphasises the significance of budget information in public sector financial reporting, especially in jurisdictions where budget compliance is low, as is the case in Nigeria. The budget encapsulates the programmes expected to be realised using public revenues while the GPFR provides information on the actual performance. It is assumed that in a jurisdiction where budget discipline and individual accountability is high, report users may bother more about the social impact of economic policies than the nexus between the budget and GPFR. Thus, the finding justifies the adoption of a contingency approach in the study and partly answers the second part of the research question.

The finding also indicates that participants prefer budget-based performance indicators over the performance indicators recommended by established narrative reporting frameworks. For example, Statement of Concept No. 2 - Service Efforts and Accomplishment (GASB, 1999), Management Analysis and Discussion (FASAB, 2012), Statement of Service Performance (NZASB, 2017), Overview and Performance Analysis in Strategic Reports (UK FRC, 2014), Reporting Service Performance (IPSASB, 2015) all recommend the use of performance indicators whose relationship with the approved budget are neither stated nor assumed. This finding justifies the adoption of stakeholder theory in the study and partly answers the first part of the research question.

4.3 Service delivery information

Information about service delivery is a key accountability need of interview participants based on the frequency of the theme in the dataset (see appendix three). Participants were unequivocal that without adequate information about public goods and services procured with public revenue and delivered to citizens, a public financial report cannot be regarded as an accountability instrument. Service delivery achievements are the visible and invisible results of budget implementation. Visible results are verifiable physical outputs that are embedded in infrastructure, education, health, public transportation, and other socioeconomic activities of the government that citizens can see, use, or benefit from directly, while invisible results or outcomes are positive effects of public financial decisions and actions that citizens can experience or feel, such as security, literacy, longevity, et cetera. Governments provide these services because the economic incentives are not enough for private businesses to provide them at the quantity, quality, and price considered appropriate by public policy.

Interview participants regard evidence of service delivery as justification for public expenditure and emphasise that the quantum and quality of public goods and services available to citizens define their wellbeing, not the amounts reported in the financial statements as earned and spent. This viewpoint suggests that failure of service delivery, not paucity of resources, is the primary cause of poverty and economic hardship in Nigeria. Therefore, for financial reporting to demonstrate accountability, it is necessary that the reports provide information that evidences the actual delivery of goods and services that are envisaged in the budget. Research Participant number 22 (RP22) used the phrase “stomach infrastructure” as a metaphor for the primary human need that the budget and its implementation must realise, namely, basic food and nutrition.

Stakeholders interviewed also want service delivery disclosures to be coherently linked to accounting results, with explanations and justifications for public revenue and expenditure appropriately referenced to the approved budgetary provisions. Such relationship must transcend budgeted amounts to include related programmes, projects and outcomes which the budget is envisaged to achieve.

Adequate information about results achieved (including constraints and shortcomings) helps to build and sustain citizens' trust and confidence in government. Without adequate information about the outputs and outcomes from public expenditure, citizens may not be able to ascertain the extent to which budget objectives have been realised in the context of what they see and believe have been done, nor can they be convinced that public funds have been used judiciously. Service delivery achievement is so important to all the interview participants that some claimed that they may not bother about accountability reports if there is satisfactory evidence of the outputs and outcomes of public financial management.

Below are some extracts from the research interview transcripts.

> It is not enough to just report on how public money is earned and spent. It is also required that the amount spent should be justified by the volume of achievement, the volume of work done, because expenditure is not necessarily achievement. Right now, the reports do not provide information on results achieved; but they should (RP14).

> We expect the reports to state clearly and fully what has been achieved in terms of projects and services, and how they impact on the people. In specific terms, we need information about the level of poverty, crime rate, food security, infant mortality rate, literacy rate, life expectancy, employment, etc. compared to the figures in the previous year (RP16).

> So, my view is that, in addition to explaining cash revenue and expenditure, government's financial reports should provide adequate information about service delivery achievements as justification for public expenditure. Also, the impact of government expenditure on citizens' wellbeing should be highlighted in the reports (RP20).

> For invisible projects such as expenditure on security, the output could be evaluated by investigating the level of criminal activities in the society. If it falls within a particular period, it means that the objective of security spending is being achieved, and the money budgeted for security was actually spent for that purpose (RP11).

> What I am saying is that financial reporting should not be figures only. It should contain explanations about service delivery, 'stomach infrastructure' information, what the budget implementation has achieved in practical terms. It is not a matter of statistics, facts and figures (RP22).

This finding is consistent with the conclusion in the literature (Gray, 1984; Mayston, 1985; Campbell & Slack, 2008; Connolly & Dhanani, 2009; Krambia-Karpadis & Clark, 2010; IFAC, 2012) that without information on outputs and outcomes, annual reports of public entities play no role or a limited role in discharging accountability because service performance information is the core of stakeholders' needs.

Moreover, the study confirms that the information needs of primary users of public financial reports are situational, justifying the use of contingency theory in the study.

The strong interest in service delivery information by interview participants is predicated on the socio-cultural and political circumstances in Nigeria with respect to public financial management. It is logical to reason that, because stakeholders perceive that public funds are often diverted to private benefits by public officials, there is the tendency for financial statements to be cooked to mask financial malfeasance. Therefore, detailed information about the results achieved in terms of tangible outputs and the impact of government financial actions on citizens' wellbeing becomes pertinent and desirable, both as an assurance measure and a disincentive to financial corruption.

5. Conclusion

This paper is a qualitative investigation of the information which stakeholders (both users and preparers) expect to be provided in the narrative reports of public sector entities to enhance financial accountability in Nigeria, and the factors that influence such expectation. The study is predicated on the mutually reinforcing propositions in the stakeholder and contingency theories.

The ethical dimension of the stakeholder theory undergirds the adoption of an in-depth personal interview research method to ascertain the needs and preferences of preparers and users of public financial reports regarding narrative reporting. Furthermore, the decision to adopt a contextual approach is premised on the central proposition in the contingency theory, which suggests that environmental or situational factors influence the needs and expectations of stakeholders, thus, the content of narrative reports.

Primary data were collected through semi-structured interview with 25 participants who were purposively selected from five stakeholder groups: government accountants/auditors, financial analysts (who also represent lenders, investors, and donors), parliamentarians, academics, and civil society. Raw interview data was transcribed and coded using NVivo 11 Pro software package, and further analysed using thematic method to ease out themes.

Data analysis reveals that narrative reporting by public entities in Nigeria is undeveloped despite the theoretical significance of the concept in the accountability literature. As a result, the accountability usefulness of the financial reports of public entities is perceived to be low. In addition, public perception about the management of public financial resources influences the needs and expectations of relevant stakeholders regarding narrative reporting by public entities in Nigeria. Paucity of social services, inequality, social strife, ‘artificial poverty’ (poverty that is induced by poor management of resources) and other manifestations of hard socioeconomic conditions sustain (and often justify) suspicions of public financial impropriety, including financial corruption. Accordingly, stakeholders expect budget-based narrative reports that provide, in plain language, clear linkages between the planned outlays and programmes in the approved budget, accounting information provided in the financial statements, and service delivery achievements. The findings indicate that participants prefer budget-based performance indicators over the performance indicators recommended by established narrative reporting frameworks in advanced democracies.

Furthermore, the study reveals that stakeholders expect narrative reports to provide information on the impact of financial decisions and actions on the basic socioeconomic conditions that affect citizens' wellbeing, such as food security, corruption level, poverty rate, consumer goods inflation, infant mortality, crime rate, literacy level, youth employment, life expectancy. These indices are of immediate concern to stakeholders and influence their perception of government performance and public accountability.

The findings suggest that the inclusion of narrative information in the statutory financial reports of public entities in Nigeria is imperative and should engage the attention of policy makers and relevant regulatory authorities. The government is also encouraged to periodically conduct empirical studies to further ascertain what stakeholders need rather than relying on a priori theorising and research results from other jurisdictions.

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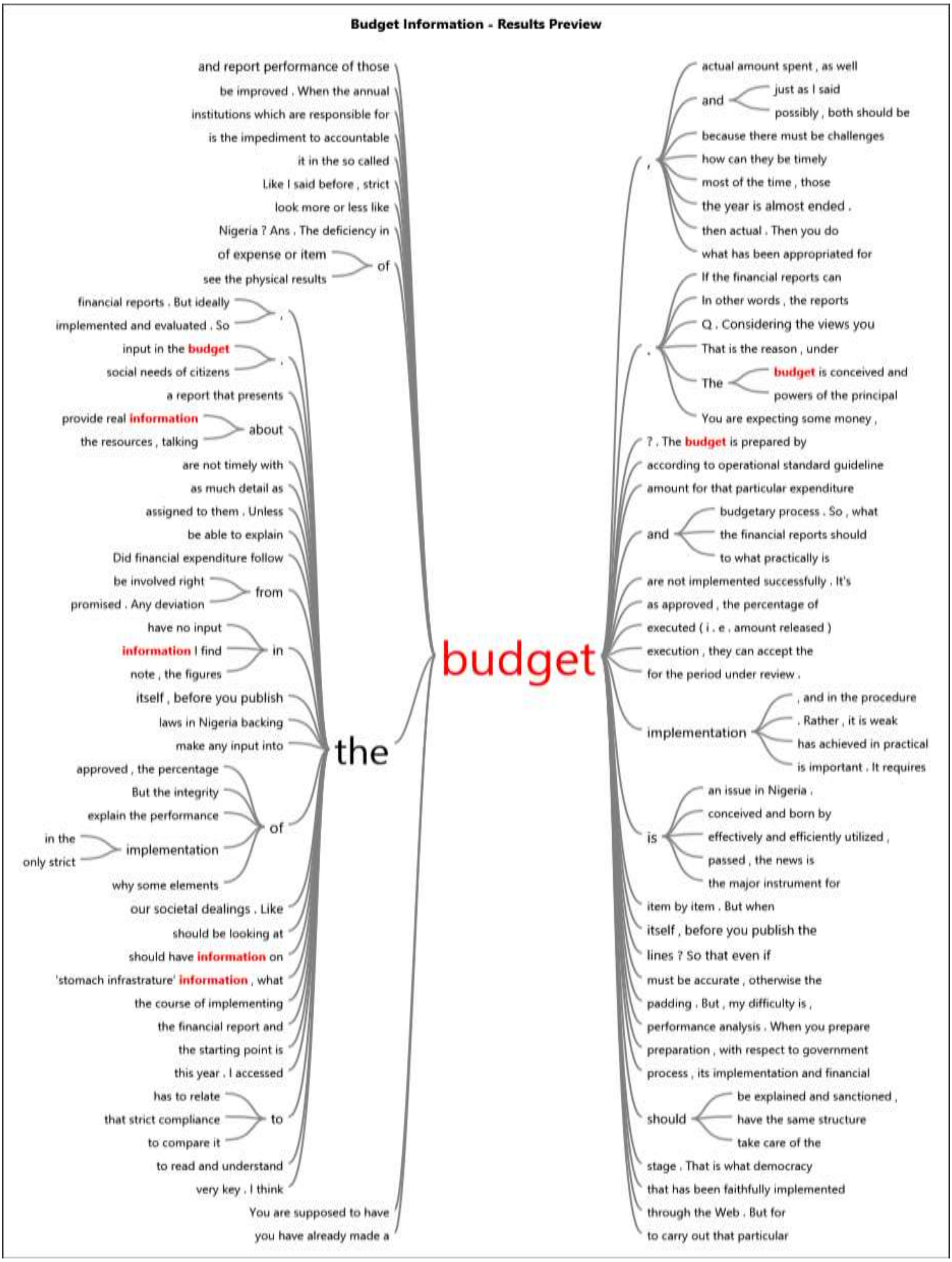
Appendix One: Demographic Information About Interview Participants

Reference	Stakeholder Group	Gender/ Age	Qualifications	Work Experience	Duration/time/ medium of Interview
RP1	Academia	Male 53	PhD Construction Engineering	30 years of academic work in UK, Hong Kong and Nigeria	48 minutes: 11:08-11:56 Face-to-face
RP2	Academia	Male 68	PhD English Education	36 years of administrative and academic work in Nigeria	40 minutes: 12:15-12:55 Face-to-face
RP3	Academia	Male 42	PhD Accounting, ACA	11 years of academic work in Nigeria	51 minutes: 17:10-18:01 Face-to-face
RP4	Government Accountants/ Auditors	Female 49	HND Accounting; MBA Management, ACA	19 years of corporate and public accounting	49 minutes 17:47-18:36 Face-to-face
RP5	Public Affairs Analysts	Male 52	Bachelor of Law (LLB)	29 years post-Bar	46 minutes: 16:22-17:08 Face-to-face
RP6	Government Accountants/ Auditors	Male 58	HND Accounting, FCA	26 years of public sector accounting	52 minutes 13:40-14:32 Face-to-face
RP7	Academia	Male 68	PhD	36 years of administrative and academic work in Nigeria	40 minutes: 12:20-13:00 Face-to-face

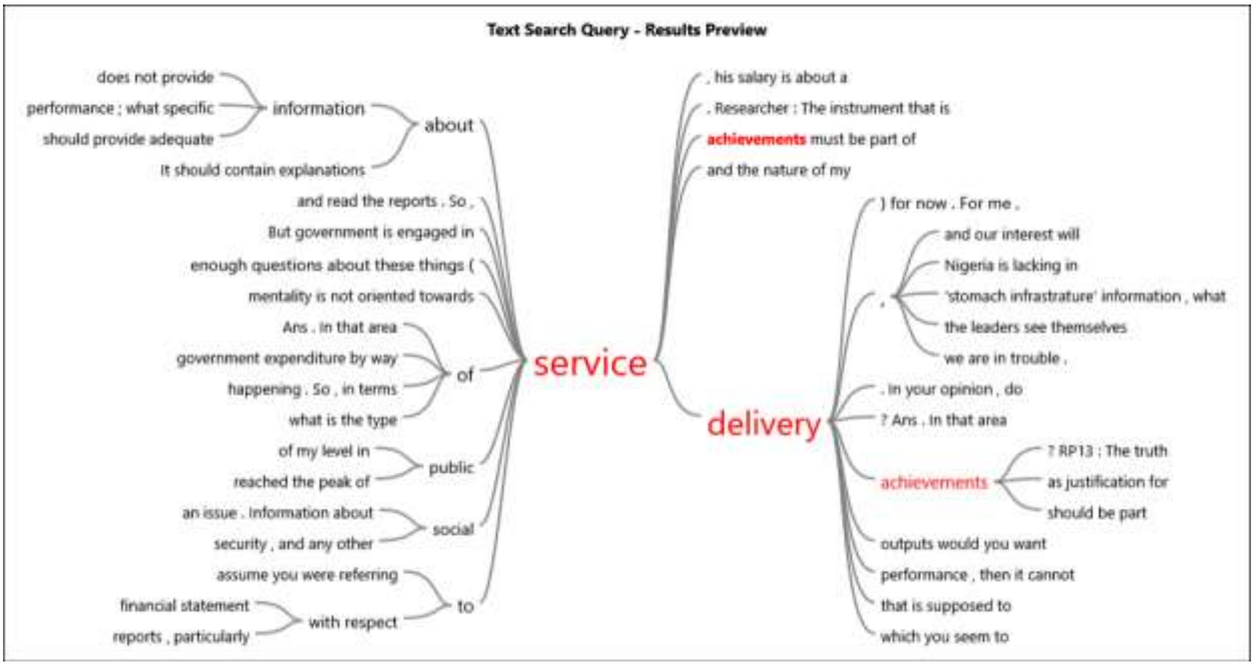
RP8	Government Accountants/ Auditors	Male 54	PhD (in view); MBA, FCA	30 years of corporate and public accounting	54 minutes 14:15-15:09 Face-to-face
RP9	Public Affairs Analysts	Male 54	LLM	21 years in legal practice and notary public	47 minutes: 22:05-22:52 Telephone/Skype
RP10	Public Affairs Analysts	Male 57	MBA (Bus Admin), FCA	34 years of corporate accounting and auditing	50 minutes: 21:23-22:13 Telephone
RP11	Government Accountants/ Auditors	Male	HND Accounting; MBA	12 years of public sector accounting	58 minutes: 17:25-38:03 Face-to-face
RP12	Legislators (Senator)	Male 54	MSc Industrial Mathematics	26 years of administrative and legislative service	53 minutes: 9:10-10:03 Face-to-face
RP13	Government Accountants/ Auditors	Male 52	PhD Accounting, FCNA, CPA (Ireland)	29 years of corporate and public accounting/ auditing	55 minutes: 19:18-20:13 Face-to-face
RP14	Legislators (Representative)	Male 52	Bachelor of Engineering	30 years of corporate and public service, including legislative work	54 minutes: 11:17-12:11 Face-to-face
RP15	Public Affairs Analysts	Male N. A	Bachelor of Law (LLB)	N. A	35 minutes: 13:35-14:10 Telephone
RP16	Financial Consultants/ Analysts	Male N. A	BSc Accounting; FCA	N. A	52 minutes: 18:08-19:00 Face-to-face
RP17	Public Affairs Analysts	Female 50	PhD, FNIVS	30 years of teaching and professional practice	47 minutes: 21:10-21:57 Face-to-face
RP18	Public Affairs Analysts	Male 58	PhD Public & Private Law	29 years of legal practice, public service, and academics	49 minutes: 10:10-10:59 Face-to-face
RP19	Financial Consultants/ Analysts	Male	FCIB, FCA	30 years of corporate accounting/ auditing, and	55 minutes: 20:45-21:40 Face-to-face

		58		public sector financial reporting	Telephone
RP20	Financial Consultants/ Analysts	Male 68	MBA Accounting &Finance, FCA	47 years of corporate and public accounting	46 minutes: 21:11-21:57 Telephone
RP21	Legislators (Representative)	Male 52	MBA Marketing, CNA	22 years in public service including legislative work.	38minutes: 9:45-10:23 Telephone
RP22	Academia	Male 60	PhD Public Policy and Strategic Studies	28 years of academic work in Nigeria	59 minutes: 14:20-15:19 Face-to-face
RP23	Government Accountants/ Auditors	Male 53	MBA, FCA	28 years of corporate and public accounting	57 minutes: 15:15-16:12 Face-to-face
RP24	Legislators (Senator)	63	B. Agric.	36 years of public service, including legislative work	36 minutes: 09:06-09:42 Telephone
RP25	Legislators (Representative)	52	HND Accounting, FCA	28 years of private sector accounting and legislative service	39 minutes: 11:40-12:19 Telephone

Appendix Two: NVivo Word Tree for budget information



Appendix Three: NVivo Word Tree for Service Delivery



Text Search Query - Results Preview
does not provide
performance ; what specific
should provide adequate
information
about
It should contain explanations
and read the reports . So ,
But government is engaged in
enough questions about these things (
mentality is not oriented towards
Ans . In that area
government expenditure by way
happening . So , in terms
what is the type
of
of my level in
reached the peak of
public
an issue . Information about
security , and any other
social
assume you were referring
financial statement
reports , particularly
with respect
to
service
, his salary is about a
. Researcher : The instrument that is
achievements must be part of
and the nature of my
delivery
) for now . For me ,
and our interest will
Nigeria is lacking in
'stomach infrastrature' information , what
the leaders see themselves
we are in trouble .
. In your opinion , do
? Ans . In that area
achievements
? RP13 : The truth
as justification for
should be part
outputs would you want
performance , then it cannot
that is supposed to
which you seem to