



An investigation of Factors Affecting the Implementation of SLPSAS in Sri Lanka: A Comparative Study between Government Universities and Divisional Secretaries in Galle District

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Abstract

One of the main objectives of applying the accounting standards is to furnish a framework and basis for improving governmental accountability through improved accounting and financial reporting in the public sector institutions, which are currently using cash basis accounting instead of accrued basis accounting. Though some of the countries in the world have been able to fully implement these accrued based accounting systems, Sri Lanka has not been able to fully comply with such a system yet. Hence, the problem of the study can be identified as “what are the factors affecting the implementation of Public Sector Accounting Standards (SLPSAS) in Sri Lanka?”. Therefore, the objectives of this study are to identify the factors affecting the implementation of SLPSAS, to measure the level of compliance and to find out the impact of the factors affecting the level of compliance in implementation of SLPSAS in Sri Lanka. The sample of the study was derived from the total population of 19 Divisional Secretariat Offices (DSOs) in Galle district and 15 government universities in Sri Lanka, since the study focuses on both populations. A sample of 15 DSOs and 12 universities were selected randomly based on the probability proportionate sampling technique. The level of implementation was assessed by using an adoption rate of compliance with the number of SLPSAS introduced, whereas four factors for the implementation were identified as the independent variables based on literature. Four hypotheses were tested and multiple regression was used to investigate the impact of those factors on the level of implementation of SLPSAS in the selected organizations. The compliance level of implementation of SLPSAS in universities was around 27%, whereas in DSOs it was around 21%. Further, regression results indicated that only two factors, namely the Political & Beurocratic support, reporting the betas of 0.441 and 0.418 at 99% significance level, and the Willingness to change, reporting the betas of 0.402 and 0.401 at 95% significance level show significant impacts on the Degree of implementation of SLPSAS in universities and divisional secretariets respectively. Hence, it is concluded that adoption of SLPSAS in the public sector is at an infant stage (below 30%) at present in case of implementation of SLPSAS and the commitment on the government side (Political and Beurocratic support) as well as attitudinal changes from the employees’ side are paramount importance to improve the level of implementation of SLPSAS. These findings are most valuable for both policy makers and practitioners to understand the cultural and structural issues and current developments and influential aspects



of the implementation of SLPSAS broadly in Sri Lanka. The sample of this study was limited to, government universities and divisional secretaries in Galle District and a larger sample including DSOs in other districts would enhance the generalization of the results, which could serve as a direction for further research.

Key words: *Accrued Basis, Accounting Standards, Divisional Secretaries, SLPSAS, Universities*

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