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JABATAN AKALUNTAN NEGARA MALAYSIA
INSTITUT PERAKAUNAN NEGARA

IMPLEMENTATION OF ACCRUAL ACCOUNTING IN STATE GOVERNMENTS: EXPLORING THE STATUS, ISSUES AND CHALLENGES

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ABSTRACT

The research reported in this monograph aims to investigate the level of accrual accounting implementation at all state governments in Malaysia. In addition, the study explores the issues and challenges faced by the state governments related to their efforts in implementing accrual accounting and adopting the MPSAS. Specifically, the objectives are: (1) to assess the current state of accrual accounting implementation at the state governments, (2) to assess the current level of individual awareness and commitment to change towards accrual accounting among the state government accounting and finance staff; (3) to examine factors influencing the success of accrual accounting implementation and (4) to examine issues, challenges and factors influencing the success of full MPSAS adoption. Using the mixed method approach, a questionnaire survey and interview were conducted. Due to the COVID-19 pandemic, data collection was obtained online, using Google Forms for the questionnaire survey and Google Meet for the interviews. A total of 147 responses were obtained for the survey and 12 interview sessions were conducted with state treasurers. The results indicated that although all state governments had started implementing the MPSAS, only a few states had tried to generate financial statements that complied with MPSAS as it had not been made compulsory. Most states are still focusing on updating the information required by the iSPEKS and producing only the cash-based financial statements. Thus, the overall level of implementation is moderate. Commitment to change and readiness among the state governments are high. The main issues in ensuring successful implementation of accrual accounting and adoption of MPSAS are staff sufficiency and capability as well as training on MPSAS. This research adds to the literature on the state governments' effort to implement accrual accounting. It provides information for the AGD to plan and identify what assistance is necessary for the state governments in vouching for the successful implementation of accrual accounting and full adoption of MPSAS.

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LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
AASC	Accrual Accounting Steering Committee
AGD	Accountant General's Department
CGA	Controller General of Accounts
CIPFA	Chartered Institute of Public Finance and Accountancy
CTC	Commitment to Change
FCGO	Financial Comptroller General Office
GASAC	Government Accounting Standards Advisory Committee
GFMAS	Government Financial Management Accounting System
GFS	Government Finance Statistics
GRAP	Generally Recognised Accounting Practice
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IGAS	Indonesian Government Accounting Standards
iGFMAS	Integrated Government Financial & Management Accounting System
IMF	International Monetary Fund
IPN	Institut Perakaunan Negara (National Accounting Institute)
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standard Board
iSPEKS	Sistem Perakaunan Akruan Kerajaan Negeri (Integrated State Accrual Accounting System)
IT	Information Technology
MOF	Ministry of Finance
MPSAS	Malaysian Public Sector Accounting Standard
NAP	New Accounting Model (in Pakistan)
NEAC	National Advisory Economic Council
NEM	National Economic Model
NPM	New Public Management
NPSAS	Nepal Public Sector Accounting Standards
OECD	Organisation for Economic Co-operation and Development
PPK	Piawaiian Perakaunan Kerajaan (Government Accounting Standards)
SAEs	Self-accounting entities
SLPSAS	Sri Lanka Public Sector Accounting Standards
SRI	Strategic Reform Initiatives

Chapter 1: Introduction

1.1 Background

The New Economic Model (NEM) 2011-2020 was introduced in 2010 by the Malaysian government with the objectives of producing “high skill human capital, efficient public services, reinvigorated private sector and equal opportunity for all Malaysians” (National Economic Advisory Council, 2010, p. iii). One of the strategic reform initiatives (SRIs) under the NEM aimed to strengthen the public sector (SRI 4) through several policy measures. Accrual accounting is one of the policy measures for the transformation focusing on facilitating asset-liability management in the public sector. As many of the government’s assets and liabilities are long-term, involving very significant amounts, good asset-liability management is essential for public finance sustainability.

In Malaysia, the adoption of accrual accounting as the basis for financial reporting signifies the government’s effort to enhance transparency and accountability. To succeed in implementing accrual accounting, public sector organisations must be ready in terms of human resources, accounting systems, infrastructure and hardware supporting the effort. Governments across the globe have implemented accrual accounting at all levels – national, state, and local. The main implementation focus has been at the central or federal levels and followed by the other levels. Similarly, the Malaysian government approved the adoption of accrual accounting in 2011 across all government levels, starting with the federal government, followed by state and local governments. To ensure the quality of financial reporting and to harmonise public sector accounting at an international level, the International Public Sector Accounting Standards Board (IPSASB) has issued International Public Sector Accounting Standards (IPSAS) as the standard for the public sector accrual accounting. Together with the decision to adopt accrual accounting, the Malaysian government has also decided to adopt accrual-basis IPSAS. The Accountant General’s Department (AGD) has been tasked to develop the Malaysian Public Sector Accounting Standards (MPSAS) based on IPSAS.

The Accountant General’s Department (AGD) was responsible for spearheading the adoption with the initial target of full implementation in 2015 at the federal level. Although the full implementation or, in other words, the requirement to publish financial statements in compliance with MPSAS has been postponed several times, 2014 was the starting year for implementation of accrual accounting at the federal government, followed by the state governments in 2015. Both the federal and state governments started the implementation of accrual accounting by identifying assets and assessing valuation to get the opening balances. The responsibility to lead accrual accounting adoption lies with the state treasury at the state level. Similar to the federal governments, state governments have also had experience with the iGFMAS. However, studies on the state governments’ implementation of accrual accounting are limited. A study by Sariman, Mahadi, Mail and Noordin (2017) on three states, Selangor, Sabah, and Penang, found that these states have made some progress in accounting software development, awareness, and training for accounting staff, while little is known about the progress in other states.

1.2 Problem Statement and Justification for the Research

Based on the outcome of the Strategic Reform Initiatives related to Public Finance, the government of Malaysia decided to adopt accrual accounting for the federal government in 2011, with full implementation targeted for the year 2015. State governments were expected to implement accrual accounting after the federal government had done so, with the initial target set for 2016. However, the full implementation, including producing accrual-based financial statements, had been postponed several times. One of the reasons for the postponement is the delay in

tabling and getting Parliament's approval on the amendments to the Financial Procedure Act (1957). A study conducted by Isa, Saleh and Abu Hasan, (2013) on the move towards accrual accounting identified factors such as strong support from top management, availability of hardware, the readiness of accounting systems, sufficient accounting skills as being among the key success factors. The study also documented the need for enhanced awareness among all staff and detailed action plans to be prepared for each organisation.

Studies related to the implementation of accrual accounting in Malaysia vary from looking into specific accounting issues such as heritage assets (Basnan, Salleh, Ahmad, Harun and Upawi, 2015) to readiness (Azmi and Mohamed, 2014; Atan and Yahya, 2015). However, studies on state governments in Malaysia are limited. Sariman et al. (2017) only studied three states. The full implementation, including producing accrual-based financial statements, is postponed partly due to delays in tabling and getting Parliament's approval on the amendments to Federal Constitution and Financial Procedure Act. If the amendments to the relevant acts are passed by the Parliament in 2021, the federal government is expected to publish the accrual-based financial statements in 2022, with the state governments following suit in 2023. But the question remains: Are all state governments ready to adopt accrual accounting? What is the actual level of implementation across the state governments? Thus, to fill in the gap in the literature, this study aims to explore the level of implementation, issues and challenges faced by the state governments and their readiness to adopt MPSAS.

This study contributes to the body of knowledge by filling in the gap in the literature related to issues and challenges faced by the state governments in Malaysia to adopt accrual accounting. Understanding the challenges is important to ensure that state governments and the AGD strategise efforts to ensure the successful implementation of accrual accounting. With the huge expenditures incurred, the government must ensure that the implementation of accrual accounting will sustain into the future and accounting practice does not fall back on prior practice. The state treasurers may provide insights and suggestions on how best to implement accrual accounting in the state governments.

1.3 Research Questions and Research Objectives

The main aim of this study is to investigate the level of implementation of accrual accounting in all state governments of Malaysia. In addition, this study explores issues and challenges faced by the state governments in the effort. Specifically, this study seeks to answer the following research questions:

1. What is the current state of accrual accounting implementation in the state government?
2. What is the current level of individual awareness and commitment towards accrual accounting among state government accounting and finance staff ?
3. What are the factors influencing the success of accrual accounting implementation?
4. What are the issues, challenges and factors that influence the success of full adoption of MPSAS?

Therefore, the research objectives are:

1. To assess the current state of accrual accounting implementation at the state government.
2. To assess the current level of individual awareness and commitment to change towards accrual accounting among the state government accounting and finance staff.

3. To examine factors influencing the success of accrual accounting implementation.
4. To examine issues, challenges and factors influencing the success of full adoption of MPSAS

1.4 Scope of Research

Implementation of accrual accounting in the Malaysian government started with the federal government to be followed by the state governments. Since the decision to adopt accrual accounting was made in 2011, researchers have focused on the readiness and implementation issues in the federal government. State governments have been instructed to implement one year after the federal government started the data collection of assets in 2014, to prepare for the accrual accounting. However, very little has been studied about the adoption of accrual accounting at state levels. Thus, this study focuses on the status and challenges faced by all state governments in Malaysia. Throughout this report, the term IPSAS refers to accrual-basis IPSAS, while cash basis IPSAS will be specifically mentioned as such.

1.5 Methodology

To achieve the main aims of this research, a qualitative research method was conducted in two stages. The first stage involved a semi-structured questionnaire developed based on findings and suggestions from prior studies. Data from the questionnaire are analysed descriptively to identify the current state of accrual implementation, awareness, commitment, and readiness to adopt accrual accounting and MPSAS. In order to gain insights into the situation, interviews with the state treasurers were conducted. The questionnaires were sent to all thirteen states. Given the current COVID-19 pandemic, all data collection was done online – using Google Forms for the questionnaire and Google Meet application for the interviews.

1.6 Organisation of the Monograph

This monograph starts with an introduction in Chapter 1. This is followed by a review of the literature in Chapter 2, a discussion of the research methodology in Chapter 3 and a discussion of the findings from the questionnaire survey and interviews in Chapter 4. The monograph ends with a conclusion and recommendation in Chapter 5.

Chapter 2: Literature Review

This chapter provides an overview of the literature on the adoption of accrual accounting within the public sector. The first part of this chapter gives a brief review of the new public management initiatives, which has seen countries worldwide starting to adopt private-sector financial management practices in order to improve efficiency and effectiveness. This is followed by section 2.2, which discusses the movement toward accrual accounting and the introduction to the International Public Sector Accounting Standards (IPSAS). Experiences of a few selected countries in implementing accrual accounting are shared in Section 2.3. Next, the factors influencing the successful adoption of accrual accounting are discussed. Finally, an overview of the Malaysian experience in adopting accrual accounting and the development of the Malaysian Public Sector Accounting Standards is presented.

2.1 Public Sector and the New Public Management

Management innovation and change have been an agenda in businesses and government bodies and agencies. Lapsley and Wright (2004) wrote that developed and developing countries have been embarking on public sector management reforms since the 1980s. Hood (1991) wrote, “the rise of ‘new public management’ (NPM) over the past 15 years is one of the most striking international trends in public administration (p.3)”. The NPM reforms have been attractive to many governments because of their acclaimed benefits of improving efficiency, effectiveness and accountability in the public sector (Awio et al., 2007). Holmes (1992) claimed that the motives for reform in public sector administrative machinery were to modernise and improve economic performance.

According to Rhodes (1994), the management reforms were based on the belief that the public sector must follow private sector management, which involved changes in accounting systems. English (2003) wrote that reforms are closely related to the election of ‘market-oriented’ conservative governments in the late 1980s in Britain, labour or socialist administrations in Australia and New Zealand have also transitioned to this new system. Hood (1995) classified these changes as NPM policies. NPM is a term used to describe a set of widely similar administrative doctrines which has developed from the changes in public sector accounting in many Organisation for Economic Cooperation and Development (OECD) countries, in the late 1970s and has dominated those countries’ public administrative reform agenda (Hood, 1995; Pollitt, 1993; Ridley 1996). NPM is also considered as a series of activities crafted to establish the character of business management in the management of public services (Hall et al., 2003). NPM was the driver of various innovations in the public sector, including how the government accounts for their assets, liabilities, revenues, and expenses.

English (2003) wrote that the managerial reform movement has been supported and encouraged for several reasons: the vast and unmanageable size of the public sector, assembled on incorrect principles and requires reinvention and industrial renewal. The reform movement resulted in the application of several private sector techniques into government administration, for example, the economic theories to endorse purchaser/provider and policy/operations split, the funding of outputs to achieve outcomes and the introduction of tendering into the provision of services (Barton, 2001; English and Guthrie, 2001). Norman and Gregory (2003) highlighted that some of the key features of NPM are that it promises better efficiency within government organisations by allowing managers: i- the freedom to allocate resources while holding them responsible; ii- raises the importance to organise for results; iii- to clearly specify objectives, and iv- endorses the production of quality information about progress. Hood (1990) describes these reform features as clarity of objectives, freedom to manage, accountability,

sufficient information flows, and effective performance evaluation, which he called the 'NPM Manifesto'.

Several empirical studies have evidenced the public sector's improved performance resulting from NPM. Van Heiden (1998) found that implementing a better management information and control system (known as the 'BBI'-system) has contributed to a more favourable assessment of the eight Dutch municipalities' by its managers and politicians. Miah and Mia (1996) also claimed that the decentralisation of decision-making offices in the five Central Government Departments in New Zealand seemed to lead to an improved performance when the decentralisation efforts were associated with increased use of accounting control systems by district offices. Ogden (1995) also reported NPM success in their study on how accounting and accounting information has contributed to and shaped organisational change processes in the ten Regional Water Authorities of England and Wales. This assertion is confirmed by the Government White Paper of 1986 (paragraphs 35, 38), in which the Government had praised the Water Authorities for their "improved financial performance" and transformation into "ten modern businesses"; and were considered "capable of standing independently as commercially viable entities."

Bale and Dale (1998) reported the New Zealand NPM success story in improving both service delivery and efficiency as the system is wholly supported by departmental managers. The writers claimed that performance has generally improved alongside the development of performance-linked wage scales. Although the NPM's implementation cost is enormous, savings resulting from better cash management have been substantial enough to cover all the system's costs associated with the reforms. Moreover, the extensive unappropriated expenditures have disappeared and cost per unit of output has declined quite significantly in some cases (Deloitte, 1990).

However, several studies have also cast reasonable uncertainty on the effectiveness of NPM in enhancing organisational performance. For example, Jacobs (1995) study in New Zealand reported that most of the NPM reforms values introduced by a new system of delegated budgeting in a hospital appeared to be effectively resisted by the absorbing role of the clinical director. Pettersen (1995) also reported that budgeting control measures do not seem to have contributed significantly to reducing health care expenditures in Norway. Lapsley (1994) wrote about the decentralisation of National Health Service reforms which was aimed at introducing responsibility ('Grey Book' recommendations) accounting, suggesting that the decentralisation efforts in the central government as proposed in the Fulton Report (1968) and the Financial Management Initiative (1982), all in the UK, have initially been unsuccessful.

Peters (2001) and Fusarelli and Johnson (2004) forwarded several important questions: (i) does NPM, which stresses on satisfying individual needs, be able to adequately meet the public needs as a whole; (ii) or does NPM satisfy the common good and dilute the public purpose of public organisations? NPM ideals that weigh on privatisation and require public administrators to become entrepreneurs may conflict with democratic theory and public policy (Peters, 2001). Several commentators have highlighted that the NPM may not be adequate to guarantee the common good or meet the essential needs of society (Brown and Contreras, 1991). Fusarelli and Johnson (2004) also argued whether the education reforms based on market mechanisms are appropriate. Public school managers see such public institutions' mission as a moral one, focusing on cost and benefit analysis rather than economics. Fry (1989) forwarded that the public administrators' activities are quite different from those of the private sector administrators in that the latter's effectiveness is judged by the extent of its profit margin while the effectiveness of the former is difficult to measure.

Sawicky (1997) also supported the notion that markets and business organisations often fail miserably to promote social welfare as they do not often do well in satisfying public wants. He commented that contracting out educational services to private companies to date has not yielded any fruitful results in improving schools and the privatisation ideology, which suggests that business will always do better, is false. The author highlighted that private firms cannot operate effectively in the education sector where the educational outcomes are diverse and complex, neither easy to define nor measure to aid assessment and analysis.

The critics of NPM mourn over the collapse of the welfare state and point out that NPM has promoted inequality as market-type mechanisms produce market-niche-seeking behaviour by public service providers. For example, health care doctors may seek to avoid those socioeconomic groups most prone to illness. At the same time, good secondary schools may bias their entry requirements toward the children with parents from the higher socioeconomic groups (Pollitt, 1994). Critics, including Dunleavy and Hood (1994), maintained that NPM might promote self-interest and corruption as policymakers and senior bureaucrats opt for privatisation and contracting out because of increased opportunities for rent-seeking and other forms of misbehaviour. It is also argued that NPM has caused a decline in ethical standards in public life with the increased incidence of greed, favouritism and conflicting interests.

In less developed countries like Malaysia, NPM may also lead to more abuses and arbitrary use of discretion, for example, in contracting, where patronage systems are widespread and accountability mechanisms are weak. Pollitt (1994) observes that, in practice, NPM techniques may work better in some areas of the public sector than in others. One should bear in mind that the public service sector covers a wide variety of activities, some of which have high technological content while others have low; some are people-centric (e.g. health and education) and some are not; some are competitive, but for some it is very hard to remould them into a competitive set up.

The ability to sort out these differences is important, because they increase or decrease the probability of NPM being suitable in less developed countries or otherwise. For example, public sector reforms in less developed countries have been externally driven by donor institutions with stringent conditions and bound timetables (Uddin and Tsamenyi, 2005). Therefore, these countries have been adopting comprehensive reforms looking for quick positive results without taking into account the existing institutional and management capacities. This has not gone well, as in most cases, the administrative and management capacities have been overstretched by these reforms coupled with the volatile political environment existing in some of those countries.

Therkildsen (2000) wrote that a country should assess its current and foreseeable political and economic realities before adopting the wholesome NPM concept. Countries differ widely in terms of their institutional conditions and capacity to implement NPM reforms. Therkildsen (2000) recommends that in implementing NPM, less developed countries must be alert to operational reality, such as malfunctioning markets, scarcity of resources, and external dependence, which often play a significant role in negating the operation of NPM reforms. According to Larbi (1998), countries that want to implement NPM principles and practices in their public sector reforms have to critically consider and answer questions of how to implement rather than just focusing on what to implement. Hence the argument on the application of NPM to less developed countries should not be whether it is good or bad, right or wrong but needs careful consideration of the context and whether or not prevailing contexts or conditions are suitable (Caiden, 1994; Turner and Hulme, 1997). Adequate attention must also be given to appropriate arrangements for implementation other than focussing on the policy content (Brinkerhoff, 1996).

Hood (1990, p. 212-213) suggests that NPM deserves further inquiry and debate and discusses several possible 'loose ends' to the NPM, among others are: (i) concerns over losing traditional public service ethics, (ii) loyalty to the public service as a whole; and (iii) resilience to political crises when emphasizing on NPM.

2.2 The Shift Towards Accrual Accounting and IPSAS

Power and Laughlin (1992, p. 133) wrote that central to the change of modes in public management was a shift towards "accountingization" - the introduction of ever more explicit cost categorisation into areas where costs were previously aggregated, pooled or undefined. Norman (1995) wrote that governmental accounting plays a vital role in the reform as the means to measure and document achievement. The language of accountancy is negotiated to assume a similar role in a public service organisation (Lapsley, 1994). Therefore, significant accounting reforms have taken place in many countries in tandem with the public sector reforms (Guthrie, 1999). Parts of the changes include moving from traditional cash accounting to the business model of accrual accounting. Pollitt and Bouckaert (2004) reports a pattern of budgetary reform which begins with a traditional cash-based accounting system followed by a shift to the double entry bookkeeping with elements of cost analysis, modified cash or modified accrual basis, and later the application and development of full accrual accounts which emphasised on information related to performance. Baker & Rennie (2006) has classified the government accounting systems as ranging from cash to accrual accounting on a spectrum consisting of cash, modified cash, modified accrual, and full accrual accounting.

The introduction and acceptance of accrual accounting and financial reporting in the public sectors of many countries throughout the world do not come easy. There has been a lot of debate in support and against the accrual basis, either wholly or as part. In Malaysia, accrual accounting has been identified as one of the performance indicators for Public Sector Transformation that focuses on facilitating asset-liability management in the public sector. Cash-based accounting systems omitted assets and liabilities from the financial reports giving rise to concerns over risks of asset-liability management. Accrual accounting is also believed to provide a better picture of a government's financial position because government assets and liabilities are disclosed in financial reports. Good asset-liability management is critical for public finance sustainability as many of the assets or liabilities are long-term in nature and of very significant amounts. Accrual-based reporting reflects full cost service provision and enhances performance measurement and accountability (Saleh and Pendlebury, 2006).

However, it should be noted that the benefits of accrual-based reporting are yielded only to the extent that people use the information. There are costs associated with changing the accounting system and applying the accrual basis standards for the public sector. Challenges in changing the system include resistance from accounting staff, getting records, for example, assets are not accounted as such, determining the valuation basis and dealing with the complexity of the public sector in general. Enormous resources are required to implement the new system, including the cost of training and employing people with the right qualifications. Countries that have fully applied accrual accounting include Australia, New Zealand and the United Kingdom. The rate of full adoption between these countries differs as each country has to deal with issues such as required changes in the rules and legislation as well as acceptance of the policy-makers and implementers. Relative to Australia and New Zealand, the United Kingdom took more than 10 years to fully implement accrual accounting.

The success was not an easy achievement, but a sum of hard work and a huge budget – proper management and guidance, frequent and consistent communication and support

from the top have been identified as among the factors contributing to this success in Malaysia (Abu Hasan, Saleh, Isa 2013). Developing countries including South Africa, India and Jamaica, have started the process to adopt accrual accounting, while others such as Argentina, Albania and Pakistan have expressed intention to adopt accrual accounting but are still taking the 'wait and see' approach. Isa et al. (2013) reported issues related to managing change in the accounting system, which is uneasy as it involves change in culture, leadership style as well as structural in terms of equipment and facilities.

To ensure the quality of reporting and harmonisation among accounting practices across different governments, IPSASB has formulated and issued the IPSAS. Among the benefits of IPSAS adoption include greater accountability and transparency, improved efficiency and effectiveness in financial reporting and greater standardisation that will result in better decision making (ACCA, 2017). However, the level of adoption of IPSAS differs among countries. An analysis by the International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) (2018) shows that out of 150 jurisdictions, 25% of the governments published accrual-based financial reports, 45% are transitioning to accrual and 30% are still on the cash-basis. Of those that reported on the accrual basis, 51% make use of IPSAS in different ways. For example, adoption of IPSAS directly, implementing IPSAS through a national endorsement process or using IPSAS to develop their own national standards. Those not implementing IPSAS would either use national standards based on the International Financial Reporting Standards (IFRS) or develop other financial reporting standards.

The Malaysian government has taken the approach of developing national standards, MPSAS, which is based on IPSAS. Only minor changes were made to the IPSAS to adapt to the national circumstances (IFAC, 2013). There are two committees responsible for developing and implementing MPSAS – the Government Accounting Standards Advisory Committee (GASAC) and the Accrual Accounting Steering Committee (ACSC). GASAC is responsible for developing the standards, while ACSC approves the standards for application in preparing government financial reports.

Cash basis has been used to account for financial transactions of the federal government since Malaysia gained its independence. Subsequently, modified cash-based accounting was adopted in 1974 to cater to the need to have full cost information under the programme and performance budgeting system. However, as the size and activities of the government expanded and economic resources became limited, there was concern about financial accountability as well as efficiency and effectiveness of government service provisions. Information provided by the cash-based accounting was not sufficient to assess the government's financial performance. This led to the consideration for the adoption of accrual accounting which is argued to provide better financial reporting, reflect the financial position and full cost of service provision (Saleh and Pendlebury, 2006).

Efforts to adopt accrual accounting for the Malaysian federal government started in the 1990s. A group of personnel from the Accountant General's Department (AGD) visited the Australian government to learn from its experience in implementing accrual accounting. However, after the visit, the idea to adopt accrual accounting was not pushed forward. Later in early 2000, as part of the business reengineering process and information technology strategic plan, the need to adopt accrual accounting was again deliberated. The AGD put forward an accrual accounting migration conceptual plan to be implemented in 2008 (AGD Circular, Issue No. 1, 2003). Although the AGD obtained a system known as Government Financial Management Accounting System (GFMAS) that can cater to accrual accounting, the new accounting basis was not implemented. According to Saleh (2002), accounting change is challenging as the structural variables, the societal (professional accounting bodies), political (support from politicians) and administrative (Treasury and AGD), were not favourable to accounting innovation. In

addition, the lack of qualified professional staff was also found to be a barrier to the implementation.

In an analysis of the stimuli for change in the Malaysian governmental accounting, Saleh (2002, p. 208) concludes that “in order for Malaysia to be most favourable to major changes in governmental accounting, there is a need for strong influence from professional bodies, preferably with advisory responsibilities and accountants with knowledge of private-sector accounting.” The decision to adopt accrual accounting in 2010 came about following the involvement of professional stakeholders in the government strategic planning. In 2009, the government appointed economists, business leaders and corporate advisers to be members of the National Advisory Economic Council (NEAC) to advise them on a new national economic model. One of the issues highlighted in the NEM report is the need to have good asset-liability management to enhance government accountability and is critical for public finance sustainability. The current cash-based accounting does not capture information on assets and liabilities thus, it was decided that the government should adopt accrual accounting. Consequently, migration to accrual accounting is stipulated as one of the policy measures to stimulate reforms in the public sector (NEAC, 2010). Thus, the Malaysian government finally decided to embrace change in the accounting system because of strong professional influence.

As stated earlier, the adoption of accrual accounting is very costly. Thus, the change must be managed properly to ensure the successful implementation of accrual accounting. Since several countries have already adopted accrual accounting in the public sector, the Malaysian government could learn from these countries’ experiences. In the case of New Zealand (IFAC, 1994), the key factor in the successful implementation of the new financial management regime was attributed to support from leaders in the public sector as well as effective risk management. The government employed an intensive communication strategy to ensure change messages reached the intended targets and the reforms were fully understood and embraced by individuals affected by the adoption of accrual accounting.

In a study conducted for the Treasury Board of Canada, lessons to be learned from the Government of New South Wales, Australia and organisations that have fully implemented accrual accounting in Canada, among others, include the following:

- The need to first analyse the various options for implementation, followed by a strategic plan for introducing the selected option with full costs.
- As part of the preparation for conversion, the government should identify the accounting principles as well as introduce organisational and procedural changes that will take place.
- The need to manage resistance to change. According to the study, “changes not only involve implementing new systems but also a significant cultural change in the ways managers understand and use financial information and in how financial transactions are handled.” (Treasury Board of Canada, 1997)
- The need to ensure that everyone is involved and committed which require strong leadership.

Learning from the experiences of other countries in implementing accrual accounting, it is evident that the Malaysian government has to ensure the change process is appropriately managed to achieve its intended objectives. The following section discusses issues related to managing change.

The International Public Sector Accounting Standards Board (IPSASB) has formulated and issued the IPSAS to ensure the quality of reporting and harmonisation among accounting practices across different governments. Most of the IPSAS were adaptations of the International Financial Reporting Standards (IFRS) to the public

sector context. A new set of standards was developed for financial reporting issues not dealt with or not related to IFRS. IPSASB continues to encourage the adoption of IPSAS by governments across the globe by “developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector and raising awareness of IPSAS and the benefits of accrual adoption.” (IPSASB website).

Among the benefits of IPSAS adoption include greater accountability and transparency, improved efficiency and effectiveness in financial reporting and greater standardization that will result in better decision making (Association of Chartered Certified Accountants (ACCA), 2017). A publication by Deloitte lists the following as expected benefits of implementing accrual accounting IPSAS (Deloitte, 2015, p. 50):

- i. Availability of more comprehensive information for decision making
- ii. Improved stewardship of assets and liabilities
- iii. Increased transparency and accountability of the public sector
- iv. Better management of government resources enabling efficiency and cost-effectiveness
- v. Better consistency and comparability with other governments worldwide
- vi. Enhanced reporting of Government Finance Statistics (GFS) required by the International Monetary Fund (IMF).

The recent International Public Sector Financial Accountability Index developed by IFAC and CIPFA showed an increase (from 39% in 2018 to 49% in 2020) in jurisdictions reported on accrual accounting. The use of IPSAS by jurisdictions reported on accrual has also slightly increased from 51% in 2018 to 57% in 2020 (IFAC and CIPFA, 2021). Setting national standards is expensive; thus, most developing countries would adopt IPSAS either without modifications or modified for the local context. In addition, countries adopt IPSAS to gain international legitimisation and attract foreign investment. In the case of developed countries such as Canada, Denmark, France, and the US, they developed their own national standards. Australia and the United Kingdom developed national standards based on IFRS while Sweden, Switzerland and New Zealand developed national standards based on IPSAS.

Prerequisite to IPSAS adoption

In a study by ACCA that covers countries in Asia, Africa, South America, the Caribbean and Latin America and Europe, it was observed that the rate of progress on IPSAS adoption has been slow. It is found that full adoption and compliance with IPSAS were difficult. ACCA (2017) and IFAC (2020) recommended that countries should address the following factors to ensure the successful full adoption of IPSAS:

ACCA	IFAC
Stakeholder engagement	Strong political support at the highest level of elected officials. Commitment to implementation from senior appointed officials.
Structural and legal transformation	Legislation
Transformation and change management	Make the cultural and mindset change. Recognition that reform is for enhanced financial management, not merely a book-keeping exercise. Overcome resistance to change.
Skills capacity	Staff is open to training and will accept an accrual accounting perspective.
Cost	Initial budget and project budget.
Technology and infrastructure	Integration of information technology systems.
Implementation approach	Project planning and gap analysis
External support	External support.

Source: ACCA (2017) and IFAC (2020)

2.3 Experiences of Other Countries in the Adoption of Accrual Accounting and IPSAS

African countries have been recognised as the forefront of IPSAS adoption. They embarked on IPSAS adoption as part of their financial management reform programmes and several countries have formally adopted IPSAS as early as 2013 in the case of Tanzania. Others such as South Africa, Ghana and Nigeria have partially adopted the standards. On the other hand, Zambia began adopting cash basis IPSAS in 2016 and has expressed its commitment to full adoption by 2020. Zimbabwe has declared its intention to adopt accrual-basis IPSAS by 2021.

Tanzania was among the early full adopters of IPSAS in Africa and it was reported that it published 222 audited financial statements in 2016, out of which 24 had qualified opinions, 3 had observed opinions and 5 had disclaimers (ACCA, 2017). Its success is not without challenges. Among the challenges include improving the identification and recognition of intangible assets and reconciliation between cash books and bank statements. In addition, the weaknesses in the information technology (IT) system have led to the use of IPSAS cash accounting instead of IPSAS accrual accounting. More complications were faced due to the budget preparation on a cash basis, while the financial reporting framework was based on IPSAS accrual accounting, resulting in financial statements with some entries based on accruals and others on cash. Similar to many other countries, inadequate capacity building involved in preparing financial statements further aggravated the situation.

South Africa faced many challenges in its journey toward full adoption of IPSAS. It has partially adopted IPSAS, and full implementation can only be realised once the Financial Management Information System that supports Generally Recognised Accounting Practice (GRAP) is completed. It currently uses accrual accounting but is not fully compliant with the GRAP, resulting in significant problems with the quality of its public sector accounts. Among the main reasons for qualified, adverse and disclaimer opinion was inadequate or missing documentation for accounts disclosed in the financial statements. (Auditor-General of South Africa, 2017). Another challenge was manpower shortage.

Ghana and Nigeria have both adopted IPSAS in 2016, but the move toward full implementation has been hampered by the lack of accountancy capacity to cope with the demand for IPSAS full implementation. For Zambia, the main challenge in implementing IPSAS was the difficulties in collecting and accounting for revenue as well as the lack of information on expenditures, assets and liabilities. In the case of Zimbabwe, the government has targeted to fully implement IPSAS by 2021 to replace the cash accounting currently used by central government and local authorities. The challenges include governance weaknesses, reconciliations, lack of invoices and receipts, delays in submitting accounts and weak debt recovery systems (ACCA, 2017).

The implementation of IPSAS in Asia was triggered by the Asian financial crisis in the late 1990s. Due to the IMF and World Bank requirements, many countries started to embark on financial management reforms in their public sectors. The most significant movement towards IPSAS adoption happened around 2015/2016, with countries such as Indonesia, Malaysia and Jordan announcing their decision to adopt IPSAS. Indonesia started its public sector reform programme in 1999 and reported to fully implement IPSAS in 2015 in all entities. Full authority was given to the Ministry of Finance to oversee the process. Indonesia developed its own national standards with reference to IPSAS and by 2016, thirteen Indonesian Government Accounting Standards (IGAS) were issued, comprising four interpretations and nine technical bulletins (ACCA, 2017). Among the challenges reported by Indonesia is the underuse of IPSAS-based

reports for decision making, the rising accounting costs in which economic benefits remain unclear, the lack of competent staff who can operate the new accounting system and the costly implementation (Harun, Eggleton and Locke, 2021).

Jordan is one of the earliest adopters of IPSAS in the Middle East. Its Ministry of Finance (MOF) officially endorsed the adoption and implementation of IPSAS in 2015, a move from the modified cash basis public sector accounting standards (ACCA, 2017). The Jordan government prepared a five-year implementation roadmap under Jordan's Fiscal Reform Project. Among the reform projects that Jordan had implemented are "the adoption of cash basis IPSAS; a review and consolidation of tax legislation; the adoption of results-oriented budgeting; applying a new chart of accounts; applying a common data standard; moving to a Treasury single account; and establishing government financial management information system (ACCA, 2017, p.11). In 2015, the Jordan government issued its financial statement using both cash basis IPSAS and accrual IPSAS. Jordan claimed to be the first Arab country in the region to use full IPSAS while other countries were still implementing it. The key success factors in adopting IPSAS in Jordan include local legislation (with a clear road map and procedures), infrastructure (sufficient hardware and software, sufficient internal and external network facilities, continuous update of the systems and accounting records and forms that comply with IPSAS requirements), stakeholders (support from top management and related parties) and external support (from external experts and the professional bodies) and training (Abu Haija, AlQudah, Aryan and Azzam, 2021).

Nepal had partially adopted IPSAS type standards using cash basis IPSAS for its 16 government ministries. It started with the development of Nepal Public Sector Accounting Standards (NPSAS) by its Accounting Standards Board which stipulates the mandatory and non-mandatory parts for enhanced disclosures. All government entities were required to adopt NPSAS under the guidance of the Financial Comptroller General Office (FCGO). The central government first started the implementation, followed by other operational entities (Adhikari, 2015). The problems faced in the implementation of NPSAS include inadequately qualified staff, especially in finance and audit, lack of support from stakeholders, and difficulty in collecting the required data for disclosure of third-party transactions.

Sri Lanka embarked on IPSAS implementation based on a phased approach. Sri Lanka has issued 10 accounting standards out of the 32 IPSAS international standards, referred to as Sri Lanka Public Sector Accounting Standards (SLPSAS). However, the adoption of SLPSAS was not mandatory, resulting in a lack of full compliance in the financial reporting practices by its public sector agencies. However, Sri Lanka also faces challenges such as a lack of experienced staff, inadequate change management structures, failure by the governments to institute professional committees to oversee the reforms, and inconsistencies in the adoption process by the individual public entities (Wang and Miraj, 2018).

Other countries, including Bangladesh, Pakistan, and Vietnam, are in the process of implementing IPSAS. Bangladesh applies cash basis IPSAS in its reporting, but several factors hinder the implementation progress. The country's public sector entities and individual departments do not manage their own cash as it is managed centrally by the government. This has resulted in the accounting functions being categorised as a consolidated fund and a treasury fund (ACCA, 2017). Furthermore, the financial authority given to public sector entities through the budget is limited. All self-accounting entities (SAEs) report their financial transactions to the Controller General of Accounts (CGA), incorporating them into the monthly central accounts and the annual finance accounts. These factors have contributed to low-quality reports and lack of timeliness in reporting due to delays in documents submission to CGA by the SAEs. This, in turn, adversely affects the government's ability to monitor the implementation of the budget. Wang and Miraj (2018) reported that separate

accounting systems used by ministries and other government entities have compromised the overall quality and effective implementation of the IPSAS in Bangladesh, as well as the delayed production of financial reporting which impaired its timeliness and usefulness.

Pakistan has also made progress in IPSAS adoption by implementing cash basis IPSAS since 2006/07. It started with the development of the New Accounting Model (NAM). At present, the state and the federal government 's Financial Statements of Accountants General are prepared based on the cash basis IPSAS. Similarly, as Wang and Miraj (2018) reported, Pakistan faced data reliability issues because the data is provided by various entities, impairing the completeness and timeliness of the information. There are also inconsistencies in recognising and recording the financial transactions, the accounting staff is not adequately trained to adapt to the process in each of the phases, thus making it challenging to standardise the process. In addition, the government has yet to integrate the budgeting and accounting standards in a comparable manner. As such, it is difficult for stakeholders to hold specific entities responsible for how they spend public resources were among the challenges faced by Pakistan, as reported by Wang and Miraj (2018).

On the other hand, India has been using a combination of cash and accrual-based accounting (Narsaiah, 2019). Initial steps were taken toward IPSAS implementation in 2013, but the implementation was delayed as the Indian government wanted to ensure the challenges were addressed and a detailed roadmap had been outlined. Among the challenges faced by India, as found by Wang and Miraj (2018), are the difference in readiness by the entities within the Indian government and other public entities, scarcity of information on assets and liabilities across many public entities and lack of appropriate accounting policies. Furthermore, restructuring of the organisation, determination of the pilot implementation sites and a thorough execution plan have not been adequately designed and initiated to support the process.

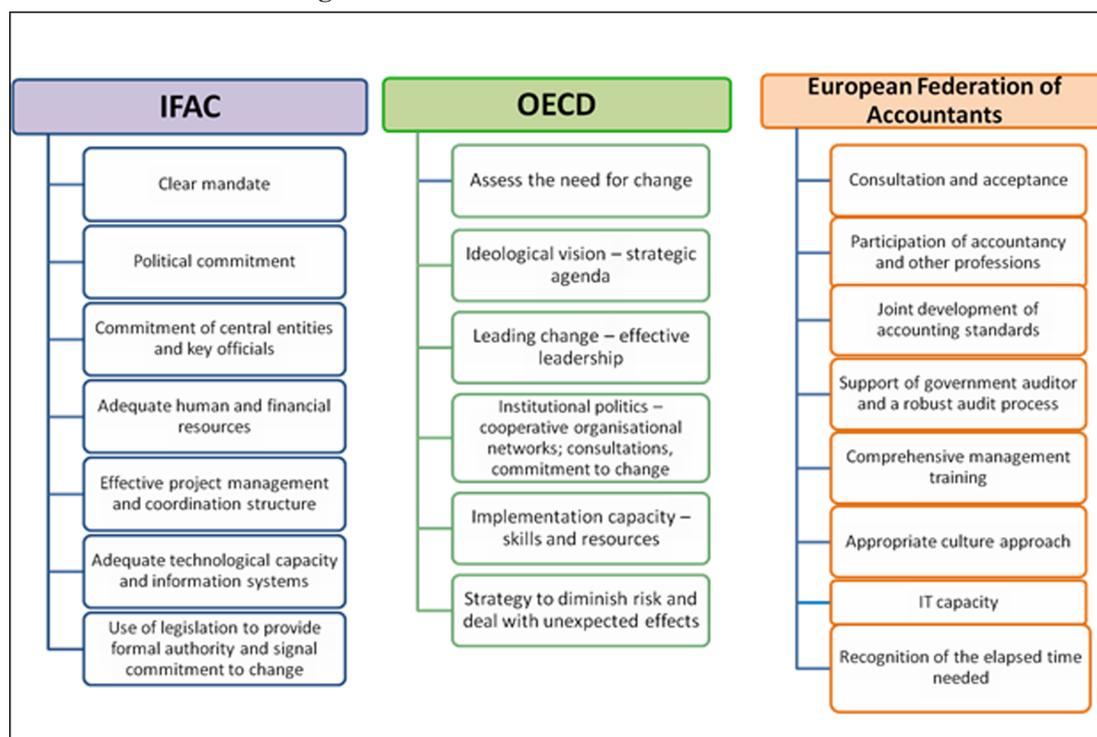
Malaysia's experience with IPSAS implementation started in 2011 with the government's announcement that the country would fully adopt IPSAS type standards by 2015. The Malaysian Public Sector Accounting Standards (MPSAS) were then developed together with change management programmes to facilitate the adoption of accrual IPSAS. Malaysia has faced many challenges in its journey toward IPSAS adoption, which has impeded its target for full implementation by 2015. The reporting of accrual-based financial reports has been postponed awaiting approval of amendments to the relevant acts. In addition to similar challenges faced by other countries related to lack of expertise, Malaysia also faced inadequate infrastructure and IT support as well as issues related to accounting recognitions and treatments.

2.4 Factors Influencing the Adoption of Accrual Accounting and IPSAS

Various agencies, researchers and professional bodies have conducted studies and reviews on the countries that adopted accrual accounting to understand the factors that might influence the successful implementation of accrual accounting. Figure 2.1 highlights a summary of factors as prerequisites for the successful adoption of accrual accounting identified by IFAC, OECD and the European Federation of Accountants. The pre-requisites highlighted by IFAC, OECD and European Federation of Accountants can be summarised into three categories:

- (i) resources;
- (ii) accounting and reporting issues; and
- (iii) commitment and awareness.

Figure 2.1: International Practice Guide



Source: Isa, Saleh and Hasan (2013, p. 33)

2.4.1 Resources

Having adequate resources is among the most important prerequisites in successfully implementing accrual accounting or IPSAS because it involves changing accounting techniques from simpler cash accounting to a more comprehensive accounting system. Both ACCA (2017) and IFAC (2020) have listed several key resources required, such as skills capacity, allocation of costs to cover the implementation as well as the upgrade in technology, infrastructure and the integration of accounting systems. The experiences of many countries have provided evidence of the importance of having adequate resources in ensuring the success of the accrual accounting implementation.

It has been reported that African countries were unable to migrate from IPSAS cash accounting to IPSAS accrual accounting due to the weaknesses in their IT system. Similar to many other countries, inadequate capacity building involved in preparing financial statements further aggravated the situation. South Africa recognised manpower as their resource challenge. Similar observations were documented in the case of Jordan. Jordan highlights their key success factors in adopting IPSAS being the infrastructure (sufficient hardware and software, sufficient internal and external network facilities, continuous update of the systems and accounting records and forms that comply with IPSAS requirements), and training (Abu Haija, AlQudah, Aryan and Azzam, 2021).

In the case of Sri Lanka, Wang and Miraj (2018) reported that problems with a lack of experienced staff have hindered the efforts in the implementation of accrual accounting and IPSAS. Inadequate training of accounting staff is also identified as one of the challenges faced by Pakistan. While in Bangladesh, the challenge is that separate accounting systems that are being used by ministries and other government entities have compromised the effective adoption of accrual accounting and IPSAS. This has resulted in delayed production of financial reporting, which has impaired its timeliness and usefulness (Wang and Miraj, 2018).

On the other hand, Indonesia’s government faced challenges in terms of the lack of usefulness of IPSAS-based reports for decision making as well as higher accounting

costs without clear economic benefits, although it claimed that it has fully implemented IPSAS. Indonesia also faced problems with inadequate competent staff (Harun, Eggleton and Locke, 2021). Malaysia also faced similar challenges with other countries. However, many of the challenges such as cost allocation for capacity building, IT infrastructure, integrated accounting systems, training to improve skills, hiring of expertise, seminars and workshops to enhance awareness have been made and the activities were delivered. Nevertheless, the skills capacity remains challenging as it requires time to develop alongside improvements during the implementation stages (Isa et al., 2013).

2.4.2 Accounting and Reporting Issues

Change to accrual accounting from cash basis accounting would require government entities to enhance and transform their financial accounting and reporting methods tremendously. Under accrual accounting, recognitions of assets, liabilities, revenues, and expenses need to be done more comprehensively. This is usually the most challenging stage in the implementation process. Many governments have reported difficulties in collecting the data, especially those who have not yet equipped themselves with systematic and sufficient records of accounting information.

For developing countries, the issues surrounding collecting this information have been reported as one of the main obstacles in their journey towards accrual accounting. African countries faced a huge challenge identifying and recognising intangible assets and reconciling cash books and bank statements. More complications were faced due to inconsistent accounting used in the budget preparation, which was based on cash basis, while the financial reporting framework was based on IPSAS accrual accounting. This has led to a mixture of cash and accrual entries in the financial statements (ACCA, 2017).

Similar challenges have also been documented in other African countries. For South Africa, inadequate or missing documentation for accounts disclosed in the financial statements was identified as the main reasons for qualified, adverse and disclaimer opinion (Auditor-General of South Africa, 2017). Similarly, Zambia and Zimbabwe reported the main challenge in implementing IPSAS was the difficulties in collecting and accounting for revenue as well as the lack of information on expenditures, assets and liabilities. Among the challenges faced were lack of invoices and receipts, delays in submitting accounts, reconciliations issues and weak debt recovery system. This was further aggravated by weaknesses in governance (ACCA, 2017).

Other developing countries, such as Nepal, reported difficulty collecting the required data for disclosure of third-party transactions as one of the main obstacles encountered in implementing the Nepal Public Sector Accounting Standards (NPSAS) (ACCA, 2017). In Bangladesh, its public sector entities and individual departments do not manage their own cash as it is managed centrally by the government, which has resulted in the accounting functions being categorised as a consolidated fund and a treasury fund (ACCA, 2017). Furthermore, the financial authority given to public sector entities through the budget is limited. All self-accounting entities (SAEs) report their financial transactions to the Controller General of Accounts (CGA), incorporating them into the monthly central accounts and the annual finance accounts. These factors have contributed to low-quality reports and lack of timeliness in reporting due to delays in documents submission to CGA by the SAEs. This, in turn, adversely affects the government's ability to monitor the implementation of the budget.

Similarly, in Pakistan, Wang and Miraj (2018) reported that the country faced data reliability issues because the data is provided by various entities, impairing the completeness and timeliness of the information. There are also inconsistencies in recognising and recording financial transactions. In addition, Pakistan's government has not yet integrated the budgeting and accounting standards. This led to difficulties in

holding specific entities accountable for their spending of public resources. Among the challenges faced by India was the lack of appropriate accounting policies and insufficient information on assets and liabilities across various public entities (Wang and Miraj, 2018).

Like many other developing countries that have been using cash accounting and new to accrual accounting, Malaysia also has been challenged with information scarcity to determine beginning balances for assets. Ismail, Abdullah and Zainuddin (2013) reported lack of staff competencies has caused difficulties in implementing IPSAS related to recognition, measurement and disclosure of property, plant, and equipment. Basnan et al., (2015) also reported the lack of expertise in recognising and measuring heritage assets, while Md Yatim and Norhashim (2016) highlighted major obstacles in implementing IPSAS related to obtaining the correct opening balance, particularly for assets.

2.4.3 Commitment and Readiness

Commitment from all staff, especially top management, has been recognised as a pivotal success factor for any change initiatives and organisational effectiveness (Isa et al., 2011). The success of any change program is dependent on employees' support and participation in the change initiatives. To help organisations to navigate the difficult and complicated change processes, it is very important to identify factors that will help organisations to garner support and commitment from their employees. Top management commitment, commonly referred to as tone from the top, has been identified as critical factors in determining the success of change programmes (Isa et al., 2013). Commitment to change is one of the well-known constructs developed to explain the behavioural support for organisational change (Meyer and Allen, 1991).

Commitment to change is defined as “a mindset that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative” (Herscovitch and Meyer (2002, p. 475). According to Herscovitch and Meyer (2002), commitment to change comprises three components of organisational commitment to change: Affective, Normative and Continuance commitment to change. Affective commitment to change is defined as “a desire to provide support for the change based on a belief on its inherent benefit” (Herscovitch and Meyer, 2002) or ‘want to change’ (Rashid, 2008). Normative commitment to change shows the “sense of obligation to provide support for the change.” In contrast, continuance commitment to change reflects “recognition that there are costs associated with failure to provide support for the change” (Herscovitch and Meyer, 2002) or ‘have to change’ (Rashid, 2008).

It was claimed that Jordan's successful implementation of IPSAS was due to significant top management commitment through the introduction of local legislation (with a clear road map and procedures), and stakeholder support (from top management and related parties) as well as external support (from external experts and professional bodies) (Abu Haija et al., 2021). On the other hand, countries like Nepal have been facing problems in the implementation of NPSAS due to the lack of support from stakeholders, including the top management. Senarath and Ukhate (2015, as cited in Wang and Miraj, 2018) reported that Sri Lanka was still working on implementing its 10 SLPSASs because its adoption had not been made mandatory, resulting in different execution stages among government entities. Similarly, the lack of delegation of authority has resulted in various accounting issues being faced by Bangladesh in its implementation of IPSAS (ACCA, 2017).

In the case of India, Wang and Miraj (2018) stated that the lack of top management support had resulted in the variance level of readiness amongst different entities within the Indian government. Furthermore, the implementation of IPSAS had been hindered by difficulties in organisational restructuring and identifying the pilot

implementation sites as well as inadequate execution planning. Similarly, Isa et al. (2013) found that inconsistent top management commitment in different ministries in Malaysia had slowed down progress in implementing accrual accounting. While several ministries had conducted awareness programmes, gap analysis, training and upskilling, improvement in the infrastructure and IT system, others had not made much progress as planned by the AGD.

In addition, other factors that have been identified in the literature as pivotal for the successful implementation of a change program are organisational and behavioural factors such as organisational support, leadership, the effectiveness of change message and information flow, attitude towards change, and employee participation. Successful and sustainable organisational change over the long term can be achieved only when the organisation can alter its employees' on-job behaviour appropriately (Choi, 2011). In the case of the change to accrual accounting, its successful implementation is dependent on the effective management of pertinent organisational and individual factors.

Among the factors include adequate and efficient organisational support that consists of information systems and human resources. The implementation of accrual accounting will require certain modifications to the current information and communication technologies (ICT) to support additional information needs under accrual accounting. Having an adequate number of well-trained and qualified accounting staff is another important factor. Armenakis and Harris (2002, p.70) argued that understanding the needs, efficacy, appropriateness, and top management support for the change, as well as the impact of the change on the employee, will influence how the change program is perceived which will then "shape an individual's motivations, positive (readiness and support) or negative (resistance), toward the change".

2.5 Malaysia's Experience in the Adoption of Accrual Accounting and MPSAS

2.5.1 Adoption of Accrual Accounting in the Malaysian Government

The Malaysian government has considered accrual accounting as early as the 1990s. The AGD visited Australia to learn about the country's experience in adopting accrual accounting. However, lacking support from the top, the idea of adopting accrual accounting was not pushed forward. Subsequently, the efforts toward the adoption of accrual accounting were brought up again in early 2000, when the government went through a business reengineering process and strategic information plan (Isa et al., 2013). An accrual migration plan was conceptualised through an AGD Circular (AGD Circular, Issue No. 1, 2003). But the plan to change the modified cash to accrual accounting did not materialise due to unfavourable structural variables, lack of support from the professional bodies, the politicians and the top management as well as lack of competent staff (Saleh, 2002).

The decision to adopt accrual accounting in 2011 came about after the involvement of professional stakeholders in the government's strategic plan, whereby, in 2009, the government appointed economists, business leaders and corporate advisers to be members of the National Advisory Economic Council (NEAC) to advise the government on a new national economic model (NEM). One of the issues highlighted in the NEM report is the need to improve asset-liability management to enhance government accountability and public finance sustainability. The cash-based accounting does not capture information on assets and liabilities and it was decided that the government should adopt accrual accounting. Consequently, migration to accrual accounting is stipulated as one of the policy measures to stimulate reforms in the public sector (NEAC,2010). The strategy in implementing accrual accounting in Malaysia involves

establishing policies and standards, amendment to the relevant rules and regulations (specifically the Financial Procedure Act 1957), and change management in ensuring the human resources are ready for the new system and the design and development process and technology.

One of the major acquisitions involving huge amounts of money is the development of a computerised accounting system. Two different systems were developed - the Integrated Government Financial & Management Accounting System (iGFMAS) for the federal government and the Integrated State Accrual Accounting System (Sistem Perakaunan Akruan Kerajaan Negeri, iSPEKS) for the state governments. The development of iGFMAS started in 2013, while the development of iSPEKS started in 2015. Both systems are capable of producing financial reports on both accrual and cash basis. iSPEKS is implemented on a pilot basis. As shown in Figure 2.2 below, it started with Johor in January 2017 and ended with Terengganu in April 2021. The implementation of iSPEKS affects the phase in which accrual accounting is implemented since MPSAS are embedded in the system. In order to use iSPEKS, the state governments have to start collecting information on assets and liabilities to enable opening balances. Thus, the earlier iSPEKS is being implemented, the faster implementation of accrual accounting and adoption of MPSAS would be.

Figure 2.2: iSPEKS Implementation Status



Source: AGD Website <https://www.anm.gov.my/en/accounting/accounting-system/ispeks>

When accrual accounting had just been adopted, a study was conducted by Isa et al. (2013) to examine the commitment to change. It was found that top management support and leadership were strong, but commitment and attitude towards change were modest. A later study found that issues, challenges and factors influencing accrual accounting implementation include human resource competency, software and technology capability and suitability of accounting policies and standards and effective communication (Yusof and Jaafar, 2018; Ahmad, 2016). The accountants faced challenges in implementing accrual accounting and adopting MPSAS. Mahadi, Noordin, Mail and Sariman (2014) suggested that Malaysia could learn from New Zealand, Australia, and the United Kingdom in overcoming implementation barriers, including challenges in recognising and valuing assets and liabilities, human competency and high implementation costs. In their study on the readiness of accountants in the federal government towards change, Ismail, Siraj and Baharim (2018) found understanding and having information about the change would positively affect readiness to change. Thus, it was recommended that the government continuously propagate the benefits of accrual accounting through workshops, seminars and campaigns.

2.5.2 Development of MPSAS

Accounting standards for the public sector are set by the Accountant General's Department (AGD). Under the modified cash basis, AGD has issued 9 Government Accounting Standards (Piawaian Perakaunan Kerajaan, PPK). In 2005, the Malaysian government adopted the cash basis IPSAS to "create some discipline around [the] procedures and was [considered] a positive transitional step" (IFAC, 2013). Subsequently, together with the decision to adopt accrual accounting, the Malaysian government also decided to adopt the accrual-based accounting standards, IPSAS, issued by IPSASB. The agreement between Malaysia and IFAC was signed in 2013.

The AGD is given the authority to set up accounting standards as stipulated in the Ministerial Function Acts 1969, in which AGD is given the authority to determine policy, system and control of public sector accounting. The process to establish MPSAS starts with a draft of the standards by the Accrual Accounting Implementation Team. This draft is based on IPSAS. Once the exposure draft is endorsed by the Government Accounting Standards Advisory Committee (GASAC), it would require approval from the Accrual Accounting Steering Committee (AASC). AASC would deliberate, approve and endorse recommendations made by GASAC. The next level of approval is with IFAC. Once approved by IFAC, then MPSAS will be published. MPSAS is effective from 2017 and applicable to the federal government on 1 January 2018. The state governments applied MPSAS when they implemented iSPEKS which, as shown in Figure 2.2, started with Johor in 2017. However, it should be noted that state governments are required to implement accrual accounting one year after the federal government. Given the amendment to the Financial Procedure Act is still on hold, there is no specific date yet for the state governments to produce an accrual based financial reporting officially.

Specific studies on accounting standards were undertaken by Ismail et al. (2013). They found difficulties implementing IPSAS related to recognition, measurement and disclosure of property, plant, and equipment. They recommended that AGD should provide intensive training to address the lack of staff competency before full implementation of accrual accounting. Basnan, Md. Salleh, Ahmad, Harun and Upawi (2015) investigated the challenges to recognize and measure heritage assets and found that staff competency is an issue that needs to be addressed. Another study that examined accounting practices was conducted by Md Yatim and Norhashim (2016), highlighting major obstacles related to obtaining the correct opening balance, particularly for assets.

There are not many documented studies on the development of accrual accounting at state governments nor any on the adoption of MPSAS. A study by Sariman et al. (2017) found a lot of similarities in terms of the implementation strategies taken by the federal and state governments. Although the state governments are expected to implement accrual accounting a year after the federal government, the study found that for the three states being studied i.e., Selangor, Sabah, and Penang, progress has been made in creating awareness, providing training for the accounting staff, and developing the accounting software. Mohd Ali, Abdullah, Ab Majid, Basri and Minhad (2020) study the implementation of accrual accounting in one state government in Malaysia. They discovered that although accounting staff in the state government have heard, understood and are ready for accrual accounting, more training is required.

Although the efforts to implement accrual accounting in the state governments have started as early as 2014, there is hardly any research conducted to understand the issues and challenges faced by the state governments. Importantly, whether the implementation has been successful. Based on the gap in the literature, this study is undertaken to explore the status, issues, and challenges in implementing accrual accounting and adopting MPSAS in the Malaysian state governments.

Chapter 3: Methodology

This chapter provides an outline of the research methods utilised in the study. It describes the mixed-method research design in Section 3.1 and information about the respondents, the criteria for inclusion in the study and their backgrounds in Section 3.2. The methods employed for this study and the development of the instrument is discussed in Section 3.3 and the data analysis method is shared in Section 3.4.

3.1 Research Design

This research employed the mixed-method approach combining the quantitative questionnaire survey and qualitative semi-structured interviews. According to Creswell and Clark (2007) mixed-method is most preferred to address a research problem; (i) when only one approach is inadequate by itself to address the research problem, (ii) when qualitative data can enhance quantitative design, or vice versa, (iii) when a need exists to explain the quantitative results, (iv) a need exists to first explore qualitatively. In this research, the mixed-method is appropriate. The interviews provide more insights into accrual accounting implementation at the state governments to complement data gathered from the questionnaire survey.

3.2 Respondents

Respondents to the study are staff at the state governments who are directly or indirectly involved in the implementation of accrual accounting and MPSAS. Staff involved in using the computerised accounting system, iSPEKS for all states except Sabah and Sarawak, which developed their own accounting system, are also included in the study. Since the questionnaire is conducted online and the total population is relatively small, sampling is not necessary. The link for the survey was distributed through email to all potential respondents. A supporting letter from National Accounting Institute (Institut Perakaunan Negara, IPN) accompanied the email to obtain participation from the respondents.

The target respondents for the interview are state treasurers who are tasked to spearhead the implementation of accrual accounting and MPSAS. Initially only the treasurers were invited to the interview sessions. However, some treasurers also included their assistants and accountants to provide information during the interview. Further details on the respondents are shared in Sections 3.3.1 and 3.3.2.

3.3 Data Collection Method

Two methods are employed in this study: a questionnaire survey and semi-structured interviews. Details on the methods are discussed below.

3.3.1 Questionnaire Survey

Data collection involved a questionnaire survey of the targeted respondents. An instrument adapted from Herscovitch and Meyer (2002) was used to measure the commitment to change. Specifically, the instruments measure 3 dimensions of commitment to change: i- affective, ii- normative and iii- continuance. The questionnaire also includes various measures for independent variables influencing the implementation of accrual accounting and MPSAS from other literature. Among others, the questionnaires sought respondents' perception of organisational readiness and factors such as training, guidance and rules, infrastructure, external support, top management and stakeholders; involvement and perceived benefits of MPSAS. Appendix I shows the questionnaire used in this study. The survey covered the implementers of accrual accounting in the state governments, particularly under the state treasury department.

There are six sections in the questionnaire:

Section 1 - Implementation of accrual accounting in the state governments

Section 2 - Commitment to change towards accrual accounting in the state governments

Section 3 - Organisational readiness in implementing accrual accounting

Section 4 - Issues, challenges and factors influencing the adoption of MPSAS

Section 5 - Advantages/Benefits of MPSAS

Section 6 - Demographic information

Due to the COVID-19 pandemic, an online survey using google form was most suitable for distributing and collecting respondents' responses. First, an email was sent to the state treasurer's office to establish contact, inform them about the study and get one resource person for future communication. Once contact is established, an email was sent to the resource person to forward the email to all personnel under the State Treasury office involved in the implementation of accrual accounting. All 13 states were involved in the questionnaire survey. The total number of population or potential respondents is around 500. The information is based on organisational charts or staff directory available on the state's websites. Up to 15 September 2021, 147 responses were collected. Assurance of confidentiality and anonymity is stated on the first page of the questionnaire. Respondents are assured that only aggregate results will be published, and no personal information of the respondents will be included in any publications related to the research. The respondents for the questionnaire survey from each state is shown in Table 3.3.1.

Table 3.3.1: Respondents to the Questionnaire Survey

States	No. of Respondents	Percentage
Johor	14	9.5%
Kedah	2	1.4%
Kelantan	16	10.9%
Melaka	8	5.4%
Negeri Sembilan	7	4.8%
Pahang	8	5.4%
Perak	9	6.1%
Perlis	35	23.8%
Pulau Pinang	4	2.7%
Sabah	1	0.7%
Sarawak	18	12.2%
Selangor	13	8.8%
Terengganu	12	8.2%
Total	147	100%

Source: Survey Data

3.3.2 Interviews

In addition to the questionnaire responses, interviews were conducted with the state treasurers. A semi-structured interview was employed where an interview guide was prepared and shared with the respondents. The interview guide was developed based on questions in the survey. Thus, section 1 to section 5 of the questionnaire is also included in the interview guide. The interview guide is shown in Appendix II.

Table 3.3.2: Respondents to the Interviews

States	No. of Respondents
Johor	1
Kedah	2
Kelantan	2
Melaka	3
Negeri Sembilan	3
Pahang	1
Perak	1
Perlis	3
Pulau Pinang	4
Sabah	-
Sarawak	2
Selangor	1
Terengganu	6
Total	29

The interview aims to complement, confirm, or add further insights to the findings obtained from the questionnaire survey regarding the accrual accounting and MPSAS implementation at the state governments. During the interview, probing questions were posted to gain further insights on the issues being discussed. A total of 29 respondents participated in the interview sessions, the number of respondents for each state is shown in Table 3.3.2 above.

The interview was conducted online using the Google Meet platform. In order to set the interview sessions, an email was sent to the resource person. Once the date and time was confirmed, a Google Meet calendar was created and the respective respondents were invited through email. Each interview session took about one hour. The online interviews were recorded using the Google Meet recording capability. Permission was obtained from the respondents to record the interview sessions. Written notes were also taken to ensure the completeness of the data.

3.4 Data Analysis Method

For the questionnaire survey, Google Forms allows the data to be captured in excel format. The data were then keyed into SPLS software and analysed. The analysis involved descriptive statistics, correlation and regression. Data from the interviews were transcribed and analysed descriptively to complement and support data from the questionnaire survey.

Chapter 4: Discussion of Results

This study aims to explore the following: (1) the current state of accrual accounting implementation; (2) the level of individual awareness and commitment towards accrual accounting, (3) the factors influencing the success of accrual accounting implementation and (4) the issues, challenges and factors influencing adoption of MPSAS. This chapter is organised along with these research objectives. Findings from the interviews are discussed to complement or support findings from the questionnaire survey.

4.1 Profile of Respondents

The survey was conducted in August and September 2021. As discussed in Chapter 3, the initial email was sent to the resource person in each state. The resource person then forwarded the email to all staff within the Treasury Department who are involved in the accrual accounting implementation. A total of 147 respondents completed the survey (Refer to Table 3.3.1 for the number of respondents from each state).

Semi-structured interviews were conducted with 12 states. The period of the interview session did not coincide with the availability of the Treasurer from Sabah. The interviews were completed on the 2nd of September 2021 with Kelantan and Terengganu. Respondents from each interviewed state comprised either the state treasurer or state treasurers accompanied by their assistant(s). A total of 29 respondents were interviewed. The number of interviewees from each state is shown in Table 3.3.2.

The profile of the survey respondents is shown in Table 4.1.1. More than 60% are aged over 35 years. 69.4% of the respondents are female. 38.8% of the respondents hold at least a bachelor's degree, with slightly more than half of them (56.5%) studied accounting. However, only 22 of the respondents (15%) are professionally qualified.

In terms of job position, 53 assistant accountants (36.1%), 41 finance administrative assistants (27.9%) and 30 accountants (20.4%) make up for 84.4% of the respondents. A total of 93 respondents (77.5%) have been working in their current position for more than 5 years, with more than half been working for more than 10 years. 77 of the respondents (52.4%) had working experience in the private sector. It should be highlighted that 54.4% of the respondents had attended more than four courses on accrual accounting. The profile shows that respondents to the questionnaire survey are aware and involved in the implementation of accrual accounting in the state governments.

Table 4.1.1: Profile of the respondents

Background Information		Frequency	%
Age (in years)	Below 25	2	1.4
	25 to 35	50	34.0
	36 to 45	64	43.5
	More than 45	31	21.1
Gender	Male	45	30.6
	Female	102	69.4
Highest academic qualification	SPM	23	15.6
	STPM/Diploma	67	45.6
	Bachelor's degree/ Advanced Diploma	46	31.3
	Master's degree	11	7.5

Background Information		Frequency	%
Area of academic study	Accounting	83	56.5
	Finance	13	8.8
	Business/Economics	17	11.6
	Others	34	23.1
Professional Certificate	MIA	15	10.2
	CIMA	1	0.7
	Others	6	4.1
	None	125	85.0
Position	Assistant (Penolong) accountant	53	36.1
	Finance administrative assistant	41	27.9
	Accountant	30	20.4
	Assistant (Pembantu) accountant	7	4.8
	Treasurer and assistant treasurer	5	3.4
	Administrative assistant	3	2
	Assistant auditor	2	1.4
	Information technology officer and assistant officer	2	1.4
	Others	4	2.7
Duration in current position	Less than 1 year	3	2.0
	1 – 5 years	43	29.3
	6 - 10 years	31	21.1
	More than 10 years	62	56.4
Working experience in the private sector	Yes	77	52.4
	No	71	48.3
No of accrual accounting courses attended	1 - 2 times	16	14.5
	3 - 4 times	27	24.5
	More than 4 times	62	56.4
	Never	5	4.5
Total		147	100

N = 147

Source: Survey Data

4.2 Current State of Accrual Accounting Implementation

One of the research objectives is to assess the current state of accrual accounting implementation in the state governments. The questions asked includes: i- the accounting standards referred to; ii- financial statements generated (cash or accrual basis); iii- whether iSPEKS (or their own computerised accounting system in the case of Sabah and Sarawak) has been fully functional; and iv- whether the staff are able to use the computerised accounting system. In addition, an overall view on the implementation level of accrual accounting and MPSAS were also asked.

Table 4.2.1 shows that all three standards, Government Accounting Standards (PPK), Cash Basis IPSAS and MPSAS, are referred to. The results show that both cash and accrual accounting are still being practiced. All interviewees confirm this fact. This situation is not surprising as the Financial Procedure Act 1957 has yet to be amended, therefore, all state governments are still required to publish the cash basis

financial statements. Based on the results, 70.1% of the respondents indicated the use of MPSAS, in which 49.7% only refer to MPSAS while 20.4% are using MPSAS with PPK and/or, Cash Basis IPSAS or all three standards. Clarification was obtained during the interviews. iSPEKS can generate both cash and accrual-based financial reports. Accounting entries are captured under the accrual basis and the system will transform the information to generate the cash-based financial statements. Thus, it is understood why almost half of the respondents no longer refer to PPK or Cash Basis IPSAS.

Table 4.2.1: Accounting Standards Being Referred To

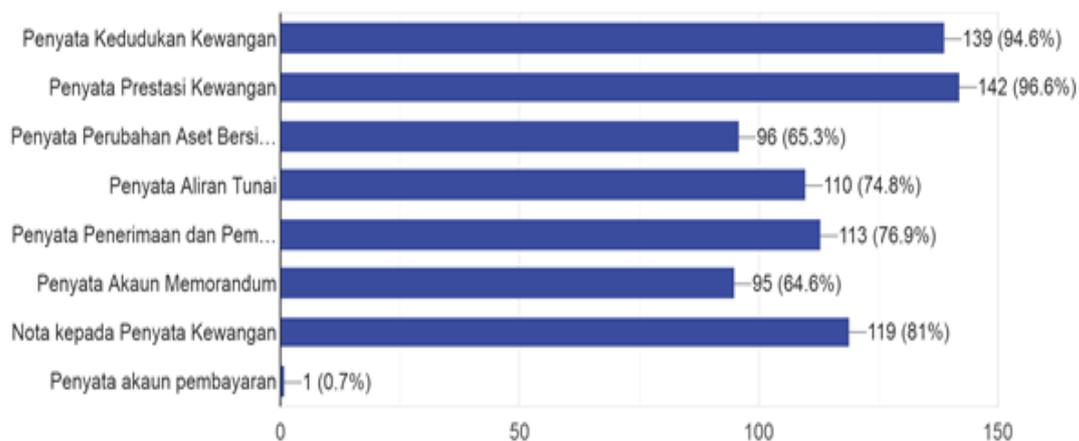
Accounting Standards	Frequency	%
PPK	37	25.2
Cash Basis IPSAS	7	4.76
MPSAS	73	49.7
PPK and MPSAS	10	6.8
Cash Basis IPSAS and MPSAS	6	4.1
PPK, Cash Basis IPSAS and MPSAS	14	9.5
Total	147	100.00

N= 147

Source: Survey Data

The financial statements generated by the state governments are shown in Figure 4.1. The state governments issue both cash and accrual-based financial reports. Among the financial reports, the highest frequency is the Statement of Financial Performance (96.6%) followed by the Statement of Financial Position (94.6%). The lowest frequency is the Statement of Payment (0.7%). According to all interviewees, state governments are still required to produce cash-based financial reports instead of accrual-based financial reports. Thus, most state governments focus on iSPEKS's module that produces cash-based financial statements. From the interview sessions, three out of 12 state governments had generated accrual-based financial reports from iSPEKS for internal purposes, including verifying whether their entries and the use of code of accounts are correct and for decision making. One other state is planning to check on accrual reporting before the end of 2021. Of those that have generated the accrual-based financial statements, they found that except for a few minor problems, iSPEKS is functioning well.

Figure 4.1: Financial Reports



The level of implementation of accrual accounting and adoption of MPSAS are assessed using questions related to iSPEKS and MPSAS. Table 4.2.2 shows the respondents' view on the stage of installation and use of iSPEKS (or the computerised accounting system in the case of Sabah and Sarawak), ability of staff to use the system, opinion on whether accrual has been fully implemented and whether MPSAS has been fully adopted.

As shown in Table 4.2.2 below, more than half of the respondents indicated that iSPEKS is fully functioning (63.9%), while only 14.9% of the respondents indicated that iSPEKS is not yet fully functioning. This is confirmed through interviews in which the respondents explained that those that have recently started, they must ensure that the new system can generate the cash-based financial statements to be tabled in the State Legislative Assembly. Besides, accrual-based statements are only required one year after the federal government.

76.1% of the respondents indicated that all relevant staff can use the system, which is very encouraging. Since the training on the use of the system is still ongoing, it is expected that the percentage of those that can use the system will increase. Overall, less than half (48.3%) indicated that accrual accounting had been fully implemented, while 54.5% of the respondents indicated that MPSAS had been fully implemented.

Table 4.2.2: Status of Accrual and MPSAS Implementation

	Frequency (%)		
	Agree	Neither Agree nor Disagree	Disagree
i. Computerised accounting system/ iSPEKS is fully functioning	63.9	21.1	14.9
ii. All relevant staff can use the computerised accounting system/ iSPEKS	76.1	12.9	10.9
iii. Overall, accrual accounting has been fully implemented at the state government	48.3	23.1	28.6
iv. Overall, MPSAS have been fully adopted at the state government	54.5	21.8	23.8

N= 147. Total is not 100% due to rounding errors

Source: Survey Data

As discussed in Chapter 2, the implementation of iSPEKS in 11 states was in stages. Johor, Perlis and Kedah started implementation in 2017, Perlis in 2018, Selangor, Negeri Sembilan, Melaka and Pulau Pinang in 2020 and finally Kelantan, Pahang and Terengganu in 2021. The level of implementation among early adopters (started using iSPEKS in 2017 and 2018) and late adopters (started in 2020 and 2021) is shown in Table 4.2.3. States that adopted later progressed slightly faster, 28.9%, with high levels of implementation by the late adopters compared to 18.8% by the early adopters. This is also observed from the interview sessions, where those that started earlier do not necessarily complete the implementation earlier as well. According to a few interviewees, most of the issues related to iSPEKS were resolved by the time the late adopters implemented the system. In addition, the ability to fully use iSPEKS depends, among others, on the number of staff, level of competency and size of the state governments.

Table 4.2.3: Time of Adoption and Level of Implementation

			IMPLEMENTATION			Total
			Low	Moderate	High	
ADOPTION	Early	Count	5	31	24	60
		% of Total	3.9%	24.2%	18.8%	46.9%
	Late	Count	1	30	37	68
		% of Total	0.8%	23.4%	28.9%	53.1%
Total		Count	6	61	61	128
		% of Total	4.7%	47.7%	47.7%	100.0%

N = 128

Source: Survey Data

4.3 Commitment Towards Accrual Accounting at State Government

Table 4.3.1 presents the frequencies of the responses from 147 respondents on each of the items in the Commitment to Change (CTC) measurement. There are 17 items in the CTC measurement, comprising 6 items for Affective, 5 items for Normative and 6 items for Continuance. Most of the items display the expected direction in the responses, where a high proportion of the respondents (more than 80%) agree with the statements. Items that are negatively worded (labelled R) are also rated in the expected direction where high levels of disagreement are displayed.

However, three items under the category of Continuance CTC show mixed responses where a high proportion of the responses can be found in both extremes ‘Agree’ and ‘Disagree’. Those items are:

- I have too much at stake to resist this change;
- It would be too risky to speak out against this change; and
- Resisting this change is not a viable option for me.

These mixed responses may suggest these could be due to the fact that respondents comprise both higher-level and lower-level accounting staff. It is expected that the level of Continuance CTC among the higher-level staff who are more senior in service is higher compared to those of the lower level. In addition, the implementation of accrual accounting is a top-down decision by the Ministry of Finance. There could be a possibility that the respondents view that they have to follow the directive despite their personal perception about the change.

Table 4.3.1: Commitment to Change

ITEMS		Frequency (%)		
		Agree	Neither Agree nor Disagree	Disagree
Affective	I believe in the value of this change.	93.9	6.1	0
	This change is a good strategy for this organization.	94.6	5.4	0
	I think the management is making a mistake introducing this change. (R)	3.4	15.0	81.6
	This change serves an important purpose.	91.9	6.3	1.8
	Things would be better without this change. (R)	9.5	28.6	61.9
	This change is not necessary. (R)	4.7	19.7	83.6
Normative	I feel a sense of duty to work toward this change.	91.8	8.2	0
	I do not think it would be right of me to oppose this change.	93.2	5.4	1.4
	I would not feel badly about opposing this change. (R)	10.9	17.7	71.4
	It would be irresponsible of me to resist this change.	83.0	10.9	6.1
	I do not feel any obligation to support this change. (R)	9.5	24.5	66
Continuance	I have no choice but to go along with this change.	81.7	12.9	5.4
	I feel pressure to go along with this change.	16.3	25.9	57.8

	I have too much at stake to resist this change.	35.4	25.9	38.7
	It would be too costly for me to resist this change.	61.9	25.2	12.9
	It would be too risky to speak out against this change.	29.9	37.4	32.7
	Resisting this change is not a viable option for me.	57.2	24.5	18.3

N= 147

Source: Survey Data

The descriptive statistics for the variable are shown in Table 4.3.2. The survey results indicate a moderate level of overall commitment to change with a mean of 3.80, which comprises three dimensions: Affective – want to change (mean 4.22), Continuance – ought to change (mean 3.78) and Normative – have to change (mean 4.20). The results show a positive perception of the adoption of accrual accounting and a high desire to change because the highest mean is shown for Affective commitment, followed by Normative and Continuance. The findings suggest that the respondents support the adoption of accrual accounting.

Table 4.3.2: Descriptive Statistics for Commitment to Change

	Min-Max	Mean	Standard Deviation
Commitment affective	3.00 - 5.00	4.22	0.58
Commitment continuance	1.83 - 4.50	3.78	0.63
Commitment normative	2.80 - 5.00	4.20	0.63
Commitment to change (overall)	3.00 - 4.53	4.07	0.52

N= 147

Source: Survey Data

4.4 Organizational Readiness in Implementation of Accrual Accounting

Table 4.4.1 displays the frequencies for the Organisational Readiness items, adapted from Lehman, Greener and Simpson (2002). There are five dimensions used to measure Organisational Readiness in this study: (1) Infrastructure, (2) Staff, (3) Training, (4) System and (5) Leadership. One item was added to the System dimension to reflect the use of the accounting system iSPEKS: “All accounting staffs have access to a computerized accounting system (iSPEKS or other computerised accounting system).”

The results indicate a high-level perception of all the items in each dimension of Organizational Readiness. The highest level of agreements can be found for the items related to adequate computing facilities (85.1%), computer facilities (91.8%) and computerised accounting software (87.7%) to support the implementation of accrual accounting. However, the lowest level of agreement (50.3%) is recorded for the statement, “We have sufficient staff with appropriate accounting qualifications to support the implementation of accrual accounting.” This suggests half of the respondents viewed that there is an inadequate number of qualified accounting staff to support the implementation of accrual accounting. This finding is consistent with the interview results, where a majority of the state treasurers indicated that they need more qualified staff to support accrual accounting. This is critical, especially in cases where more professional judgements are needed. In addition to the need for more accounting staff, the survey and interview results also reveal another area of concern faced by most state governments: the difficulty in getting access to past accounting records. This is evident when about 64.8% of the respondents agree with the following statement: “All previous years’ accounting data and records are easy to access.”

Table 4.4.1: Organizational Readiness

ITEMS		Frequency (%)		
		Agree	Neither Agree nor Disagree	Disagree
Infrastructure	Our office space is adequate to support the implementation of accrual accounting.	79.0	17.0	4.0
	Our computing facilities are adequate to support the implementation of accrual accounting.	85.1	9.5	5.4
	We have appropriate accounting software to support the implementation of accrual accounting.	83.7	10.2	6.1
Staff	We have sufficient accounting staff to support the implementation of accrual accounting.	67.1	27.9	15.0
	We have sufficient staff with appropriate accounting qualifications to support the implementation of accrual accounting.	50.3	32.0	17.7
Training	Staff training and continuing education related to accrual accounting are provided.	74.8	21.1	4.1
	Staff are given financial support to attend professional conferences.	66.7	27.9	5.4
	I feel immediate needs to get specialized training to implement accrual accounting.	86.4	12.9	0.7
	I feel an immediate need to send my staff to get specialized training to implement accrual accounting.	87.8	12.2	-
System	All accounting records in this department are computerized.	83.0	15.6	1.4
	All previous years' accounting data and records are easy to access	62.0	29.9	8.1
	All accounting staff are provided with computers for office work.	91.8	7.5	0.7
	All accounting staffs have access to computerized accounting system (iSPEKS or other computerised accounting system)	87.7	9.5	2.8
Leadership	There is a specific budget allocated for the implementation of accrual accounting.	83.7	15.6	0.7
	The leadership has a clear plan for the implementation of accrual accounting.	79.6	17.0	3.4
	Staff have been clearly informed of the change towards accrual accounting.	83.6	14.3	2.1

N= 147

Source: Survey Data

The descriptive statistic for Organisational Readiness is displayed in Table 4.4.2. Consistent with the results from the frequencies, the overall mean for this variable is 4.03/5, suggesting the respondents perceive a high level of readiness to adopt accrual accounting in their organizations. The highest level of readiness is shown for the

leadership dimension (mean=4.12), whereas the lowest level of readiness is for the staff dimension (mean=3.48). Again, these results are consistent with the findings from interviews. Many of the interviewees mentioned that the biggest obstacles they faced in their journey toward accrual accounting were inadequate qualified accounting staff. This problem is further compounded by the delay in the implementation date as well as staff rotation, which have resulted in ‘reform fatigue’ and the need for more new training or retraining programs.

Table 4.4.2: Descriptive Statistics for Organizational Readiness

	Min-Max	Mean	Standard Deviation
Infrastructure	1.33 – 5.00	4.04	0.76
Staff	1.00 – 5.00	3.48	0.95
Training	2.75 – 5.00	4.10	0.58
System	3.00 – 5.00	4.15	0.57
Leadership	2.00 – 5.00	4.12	0.74
Organisational readiness (overall)	2.12 – 5.00	4.03	0.53

N= 147

Source: Survey Data

4.5 Issues, Challenges and Factors Influencing the Implementation of MPSAS

Various studies conducted by accounting professional bodies as well as academia and governments have highlighted factors influencing the implementation of IPSAS. Adapting the factors introduced by Abu Haija et al. (2021) on Jordan’s experience, this study surveyed factors of training, guidelines and legislation, infrastructure, external support and stakeholder engagement. Thus, this section presents responses related to the factors surveyed. Table 4.5.1 presents the findings on training aspects.

A high majority of respondents, 95.9%, agree that training in MPSAS is needed to enable staff to understand the accounting standards, and 74.1% agree that staff is kept updated regarding the MPSAS. Although they are kept updated on the MPSAS adoption, the level of understanding and ability to apply the standards to the government’s accounting items are still insufficient. From the interviews conducted, respondents expressed the need for skill set or skilled human resources. The majority, 68.0%, agree the accounting and finance department comprises trained staff, while 68.1% agree the department gets assistance from well-trained people in the MPSAS implementation. Many of the staff have attended more than one training since the beginning of the accrual accounting implementation agenda in early 2000 for the initial target implementation of 2015 at the federal government. The iSPEKS is not up and running until 2017, the knowledge seems to fade without application or trial run. With the iSPEKS installed in 2017 and requirements to identify, evaluate and record assets, liabilities, expenses and revenues, accounting and finance staff realized the problems they are facing and their need for more training. Thus, during interviews as well as the open-ended responses from questionnaire surveys, many have indicated the need for training on MPSAS to refresh and the critical of having skilled accounting staff. Training also shall include support staff because their appointment at state governments comes from various levels and those who have not had exposure to accounting or MPSAS. Respondents also highlighted the need to have continuous training relevant to current needs and troubleshooting problems. Interview responses also indicated that state governments with more skilled staff, including accounting trained head of treasurer, fare better in implementing MPSAS through iSPEKS.

Table 4.5.1: Training

		Frequency (%)		
		Agree	Neither Agree nor Disagree	Disagree
i.	Training in MPSAS is needed to enable the staff understand the standards	95.9	4.1	
ii.	Staff are kept updated regarding the MPSAS	74.1	19.7	6.1
iii.	The accounting and finance department comprises trained staff	68.0	23.8	8.1
iv.	The accounting and finance department get assistance from well-trained people in the implementation of MPSAS	68.1	23.8	8.1

N= 147

Source: Survey Data

Table 4.5.2 below is on the guideline and regulations supporting the implementation of MPSAS. The majority of respondents agree to have a clear road map for adopting MPSAS (73.3%) and availability of periodical reports which includes the completion stage of MPSAS implementation (60.6%). The intention to adopt accrual accounting has been communicated across since 2000 where awareness campaign, training and planning has also been initiated. Various circulars instructing on the move towards accrual accounting, training of staff and securing the infrastructure were made to accommodate the change of the accounting system. Thus, there is no doubt why the majority feels the road map, guidelines and regulations are clear. The initial target implementation in 2016 (a year after the Federal Government in 2015) has been moved several times, now been set to 2023. This situation has pushed accounting staff to be ready at all times.

Table 4.5.2: Guidelines and Legislation

		Frequency (%)		
		Agree	Neither Agree nor Disagree	Disagree
i.	Related parties had a clear road map including all steps and procedures for adopting MPSAS	73.3	25.2	5.5
ii.	Related parties issued a periodical report which includes the stage of completion on MPSAS implementation	60.6	29.3	10.2
iii.	Related parties corrected and mitigated the deviations in the adoption process for MPSAS	66.0	27.2	6.8
iv.	Related parties issued a periodical report including the deviations	57.2	34.7	8.2
v.	State government has statutory enactment to adopt MPSAS	65.3	29.3	5.4

N= 147

Source: Survey Data

Although the legislation has not been mandated for presenting accrual MPSAS-based financial reports, all state governments have prepared themselves via the accounting system, iSPEKS. The system is developed for accrual-based MPSAS accounting but allows for concurrently producing the modified cash-based reports. Thus, it is worth noting that the MPSAS has gradually been implemented at the state governments since the iSPEKS was introduced in 2017. This also allows state governments ample time to prepare themselves towards reporting using MPSAS based

when the time comes. Having iSPEKS up and running also allows state governments to spot issues with the system and take remedial action evidenced in the majority agreement with the deviations in the MPSAS adoption process being corrected and mitigated (66%) and periodical reports, including the deviations are available (57.2%).

All state governments in Malaysia are subject to the Financial Procedures Act. Thus, there is no need to amend any laws or enactment at the state level regarding the implementation of MPSAS. The majority of respondents, 65.3%, agree the state government has statutory enactment to adopt MPSAS, except for some confusion with the unavailability of laws enacted on the reporting of financial affairs using MPSAS. At present, the financial reports are produced on a modified cash basis. Interviews revealed that some states have started to print reports on accrual-based for internal uses as well as to confirm the accuracy of the double entries.

Nevertheless, several states such as Pahang, Kelantan, Terengganu, Melaka and Sarawak are quite behind in the running of iSPEKS. Sarawak has not experimented with the accrual accounting system as their software is still in development process. While Pahang, Kelantan, Terengganu and Melaka only installed their iSPEKS in 2021. Johor and Perlis were pioneered in using iSPEKS (starting in 2017), while many other states started in early 2020. Selangor and Penang, though they started a little later than the piloted states, showed advanced development where they have already produced financial reports using accrual-based MPSAS for internal uses, although it is not required yet.

Table 4.5.3 is on the infrastructure available to support MPSAS implementation, mainly about the computer hardware and software. The majority agree that the hardware and software are sufficient (81.6%). Responses from interviews also indicate that these aspects are sufficient, except that some of the hardware now needs replacement as it becomes obsolete. During the early announcements of accrual accounting implementation, departments and units were asked to conduct gap analysis to identify their needs and obtain the facilities. Sufficient internal networks to facilitate MPSAS adoption also obtained a majority agreement, 81.7%, while external networks obtained a slightly lower majority of 65.3%. Interviewees mentioned that they did have problems with the system and networks during the early days of using it. Many of the issues have been solved while they were experimenting with it and the system is much better now. Some states that adopted iSPEKS later enjoyed the privileges of having fewer issues compared to the pilot states. Respondents also suggested that a post-mortem be done to evaluate the system and take remedial action.

Table 4.5.3: Infrastructure

	Frequency (%)		
	Agree	Neither Agree nor Disagree	Disagree
i. This organization has sufficient hardware and software to implement MPSAS	81.6	16.3	2.1
ii. This organization has sufficient internal networks to facilitate the adoption of MPSAS	81.7	17	1.4
iii. This organization has sufficient external networks with the AG office to facilitate the adoption of MPSAS.	65.3	28.6	6.1
iv. The computerised accounting systems are continuously updated to comply with the requirements of MPSAS implementation	68.7	25.2	6.1
v. The accounting records and information are adjusted to comply with MPSAS implementation	73.4	21.1	5.4

N= 147

Source: Survey Data

The majority also agreed that iSPEKS are continuously updated to comply with requirements (68.7%), as well as the accounting records and information are adjusted to comply with MPSAS implementation (73.4%). Respondents also wrote about the challenge of getting the accounting data right due to a lack of understanding of MPSAS. Nevertheless, it was resolved through communication with other state governments that have had experience or feedback from the AGD office. Though some respondents mentioned the difficulties of having different accounting software at state governments, the iSPEKS, while at federal government iGFMAS.

Table 4.5.4 is on the external support. The majority agree that they cooperate with external experts to help in MPSAS adoption (68.7%), to train their employees on MPSAS implementation (64.6%), cooperate with professional bodies to help them understand and apply MPSAS (62.6%) as well as recruit well-qualified people to help the employees understand and apply MPSAS (61.2%). Although it is not yet optimum, the effort in engaging experts and professionals to help with MPSAS has been done continuously. Interviewees express the need for MPSAS experts to help train their employees.

Table 4.5.4: External Support

	Frequency (%)		
	Agree	Neither Agree nor Disagree	Disagree
i. This organization cooperates with external experts to help in MPSAS adoption	68.7	27.2	4.1
ii. This organization cooperates with external experts to train the employees on MPSAS implementation	64.6	30.6	4.8
iii. This organization cooperates with professional bodies to help the employees to understand and apply MPSAS	62.6	32.7	4.8
iv. This organization recruits well-qualified people to help the employees to understand and apply MPSAS	61.2	34	4.8

N= 147

Source: Survey Data

Table 4.5.5 is on the stakeholder engagement. The majority agree that the top management has clear objectives and strategies (71.4%), seek to promote the concept and importance of transforming to MPSAS (71.4%) and mitigates the obstacles of the transformation (73.4%). The majority of the state governments were proactive towards MPSAS and eager to use its reports. Many of the heads of treasury and accountants are very committed to implementing MPSAS, which has encouraged other staff to be motivated. A majority also agreed on delegation of authority to use professional judgement in adopting MPSAS (61.9%) and highlighted concerns over the insufficient skilled staff. The majority (71.4%) agree that the top management and related parties are leading the transformation of organisational culture towards adopting MPSAS. A slightly lower majority agree (61.2%) on the amendment of local legislation. Interviews confirmed that state governments do not have to amend any state laws in the implementation as the FPA has stipulated that the state governments will follow the federal government. Some respondents wrote on the need to have clear policies for the adoption of MPSAS in the state governments, as well as the importance of having a monitoring unit to oversee the adoption and provide feedback.

Table 4.5.5: Stakeholder Engagement

	Frequency (%)		
	Agree	Neither Agree nor Disagree	Disagree
i. Top management has clear objectives and strategies for MPSAS implementation	71.4	25.2	3.4
ii. Top management and related parties seek to promote the concept and importance of transforming to MPSAS	71.4	23.8	4.8
iii. Top management and related parties mitigate the obstacles of transforming to MPSAS	73.4	23.1	3.4
iv. The application of MPSAS requires delegation of authority to use professional judgement in adopting MPSAS	61.9	30.6	7.5
v. Top management and related parties lead the transformation of organizational culture in line with the requirements of MPSAS	71.4	25.9	2.8
vi. Top management and related parties seek to amend the local legislation in line with the requirements of MPSAS implementation	61.2	32.7	6.1

N= 147

Source: Survey Data

In summary, Table 4.5.6 shows the overall mean and standard deviations for all factors elaborated above. The mean is closer to 4, indicating agreement with all the factors, strengthened by the standard deviation below 1. Therefore, it can be said that training, guidance and rule, infrastructure, external support and well as top management and stakeholders' involvement are on the encouraging side for the adoption of MPSAS.

Table 4.5.6: Mean Analysis: Overall Factors

	Min-Max	Mean	Standard Deviation
Training	2 - 5	4.01	0.64
Guidance and rule	1.8 - 5	3.72	0.76
Infrastructure	1 - 5	3.91	0.70
External support	1 - 5	3.79	0.79
Top management and stakeholders' involvement	1 - 5	3.83	0.75

N= 147

Source: Survey Data

4.6 Perceived Benefits of MPSAS

Table 4.6.1 presents the frequency of statements on the benefits of MPSAS adoption. This section fetches very high agreement on all statements. A high majority agree with MPSAS's ability to help state governments produce more comprehensive financial reports for users (89.1%) and promote transparency and accountability in financial reporting (89.1%). Higher agreement obtained on questions about: i- using MPSAS provides detailed information on assets and liabilities (87.7%); ii- improves performance evaluation of each unit and department (84.3%); iii- improves performance comparison of each unit and department (86.4%); iv- improves cost

control of each unit and department (85.7%); v- speed up (81.6%); and vi- ease the process of obtaining information (83%).

Table 4.6.1: Benefits of MPSAS

	Frequency (%)		
	Agree	Neither Agree nor Disagree	Disagree
The transition to MPSAS helps the state government to produce more comprehensive financial reports to the financial statements' users	89.1	10.9	-
The transition to MPSAS promotes transparency and accountability in financial reporting	89.1	10.9	-
Using MPSAS provides detailed information on assets and liabilities of the state government.	87.7	12.2	-
Using MPSAS helps the state government to improve performance evaluation of each unit and department.	84.3	14.3	1.4
The transition to MPSAS helps the state government to improve performance comparison of each unit and department.	86.4	12.9	0.7
The transition to MPSAS helps the state government to improve cost control of each unit and department.	85.7	13.6	0.7
The transition to MPSAS helps the state government to obtain financial information of each unit and department much faster.	81.6	17	1.4
The transition to MPSAS helps the state government to obtain financial information of each unit and department much easier.	83	16.3	0.7
The transition to MPSAS helps the state government to obtain feedback on performance of each unit and department.	82.3	17	0.7
The transition to MPSAS boosts the confidence of investors in the state government's economic performance	82	16.3	0.7
The transition to MPSAS helps the state government to reduce the risks of bribery and fraud in the state government.	78.2	20.4	1.4

N = 147

Source: Survey Data

82.3% agree that MPSAS helps the state government to obtain feedback on the performance of each unit and department when before MPSAS, the data was diluted across departments and units. 82% also agree that MPSAS boosts investors' confidence in the state government's economic performance as well as supports the state government in reducing the risks of bribery and fraud (78.2%).

In the questionnaire surveys, respondents were also asked to write about the main challenges they faced in adopting MPSAS. Many have responded to the challenge of having to understand and apply MPSAS without proper training, training was held years earlier which is no longer relevant today, limited staff as well as the lack of skill and knowledge, lack of guidance in determining the coding for accounting items and unavailability of data for old assets. Some commented on the lack of commitment from top management, which imposed all financial responsibilities on irrelevant staff. Respondents suggested a top-down approach from management to ensure full

commitment at the working level, the implementation by phases, and provide a special portal guiding the adoption of MPSAS such as identifying the coding of accounts for MPSAS.

Table 4.6.2: Mean Analysis: Benefits of MPSAS

	Min-Max	Mean	Standard Deviation
Benefits of MPSAS	3-5	4.27	0.65

N= 147

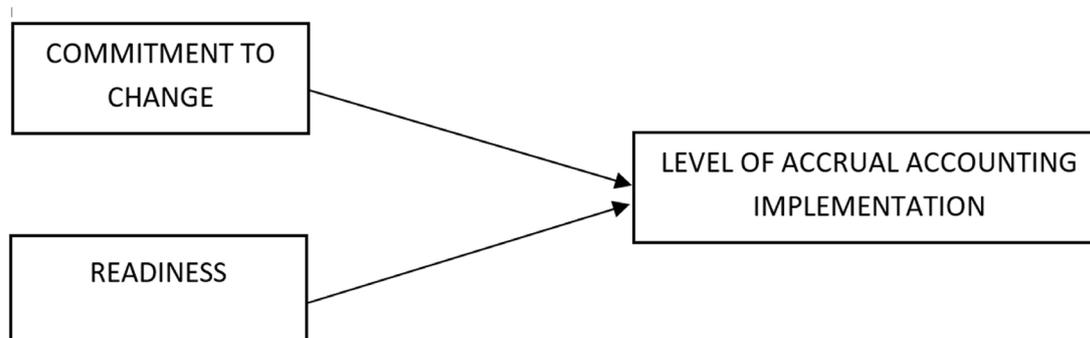
Source: Survey Data

In summary, Table 4.6.2 shows the overall mean and standard deviations for all the statements on the benefits of MPSAS. The mean is 4.27 and the standard deviation is 0.65, indicating high agreement on all statements about the benefits of MPSAS. It can be concluded that respondents did not doubt the benefits that will be derived from the adoption of MPSAS as compared to the cash-based accounting system.

4.7 Determinants of Accrual Accounting Implementation

In this study, two factors have been identified as essential determinants of accrual accounting implementation. Figure 4.7.1 displays the accrual accounting implementation model developed in this study. We used the partial least squares (PLS) technique to test the model. PLS is a second-generation multivariate technique that can simultaneously evaluate the measurement model (the relationships between constructs and their corresponding indicators) and the structural model to minimise error variance (Hair Jr, Hult, Ringle, & Sarstedt, 2014). Following the suggestions of Hair et al. (2014), we used the bootstrapping method (500 resamples) to determine the significance levels for path coefficients.

Figure 4.2: The Determinants of Accrual Accounting Implementation Model



Measurement model

In the first step, we examined a convergent validity: the degree to which multiple items to measure the same concept are in agreement. Consistent with Hair, Black, Babin, Anderson, and Tatham (2010), we used outer loading and average variance extracted (AVE) to test convergent validity. The recommended scores are >0.5 for outer loading and the AVE. In the first test results, we found that some indicators of the constructs have scores that were lower than 0.5. According to Hair Jr et al. (2014), to increase the AVE and Composite Reliability (CR) scores, outer loadings between 0.40 and 0.70 should be considered for removal. Hence, we eliminated the indicators that had the low outer loading scores i.e., COM-AF5,6, COM_CON2,4,6, COM_NOR6, READ_ORTR2,4, READ_ORSY2,3,4, and READ_ORTR3. Once eliminated, we re-tested the data. In Table 4.7.1, it can be seen that all the items' loadings are higher than 0.5. It also can be seen in Table 4.7.2 that all items had an AVE score that agreed with the rule of thumb required, which is higher than 0.5 (Barclay, Higgins, & Thompson, 1995; Fornell & Larcker, 1981). Hence, the convergent validity of the data is fulfilled.

Figure 4.3: Measurement Model

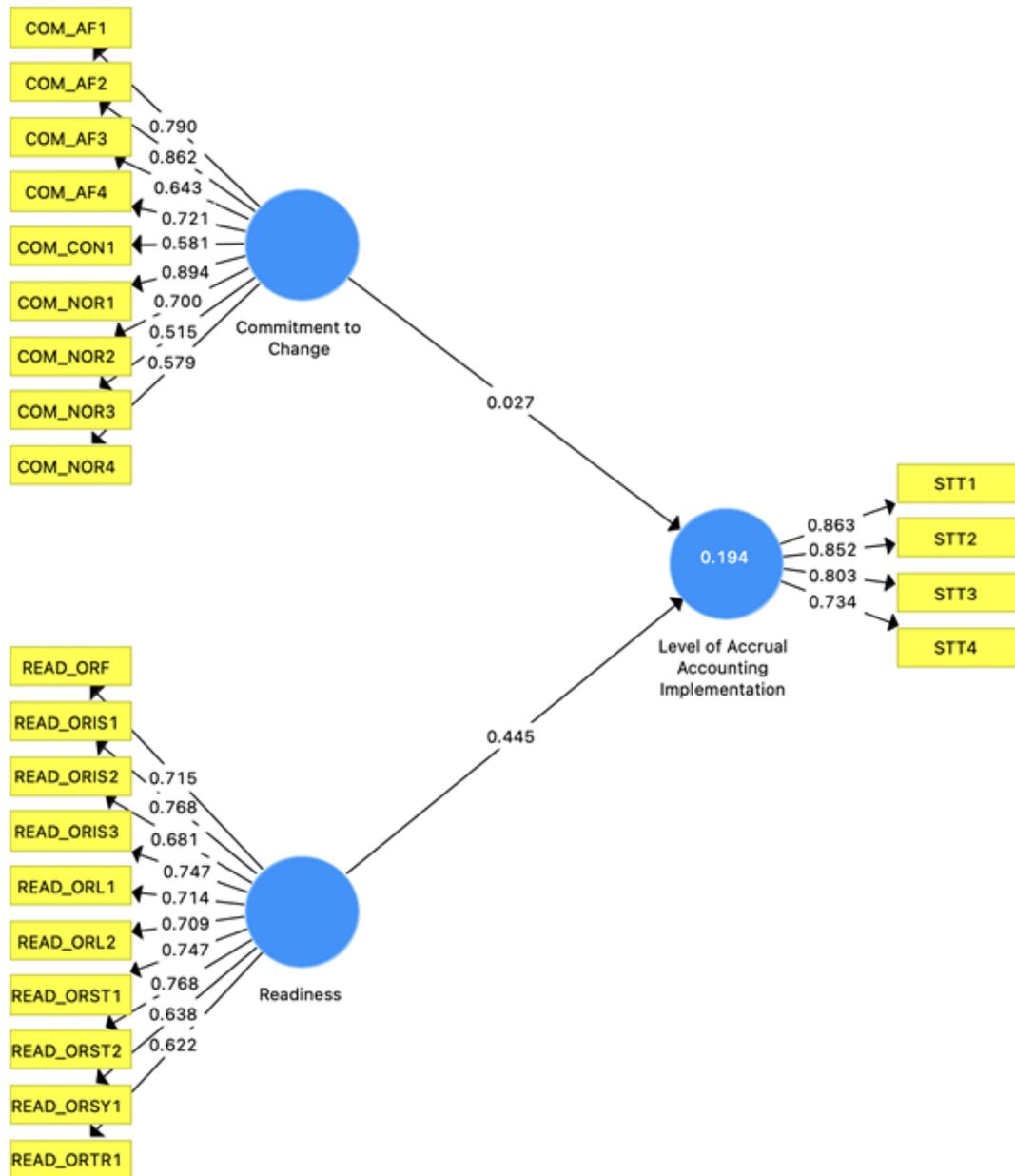


Table 4.7.1: Outer Loading

Indicators	Commitment to Change	Level of Accrual Accounting Implementation	Readiness
COM_AF1	0.790		
COM_AF2	0.862		
COM_AF3	0.643		
COM_AF4	0.721		
COM_CON1	0.581		
COM_NOR1	0.894		
COM_NOR2	0.700		
COM_NOR3	0.515		
COM_NOR4	0.579		
READ_ORF			0.715
READ_ORIS1			0.768
READ_ORIS2			0.681
READ_ORIS3			0.747

READ_ORL1			0.714
READ_ORL2			0.709
READ_ORST1			0.747
READ_ORST2			0.768
READ_ORSY1			0.638
READ_ORTR1			0.622
STT1		0.863	
STT2		0.852	
STT3		0.803	
STT4		0.734	

Notes:

COM-AF = Affective commitment to change
 COM-CON = Continuance commitment to change
 COM-NOR = Normative commitment to change
 READ-ORF = Organization Readiness - Funding
 READ-ORIS = Organization Readiness - Infrastructure
 READ-ORL = Organization Readiness - Leadership
 READ-ORST = Organization Readiness - Staff
 READ-SY = Organization Readiness - System
 READ-ORTR = Organization Readiness - Training
 STT = Level of accrual accounting implementation

Table 4.7.2: Construct Reliability and Validity

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Commitment to Change	0.879	0.898	0.503
Level of Accrual Accounting Implementation	0.834	0.887	0.664
Readiness	0.895	0.911	0.508

In the next stage, we test the discriminant validity of the measures, that is, the degree to which items differentiate among constructs or measure distinct concepts. It was assessed by seeing the correlations between the measures of potentially overlapping constructs (Compeau, Higgins, & Huff, 1999). According to Table 4.7.3, the correlation score on the construct to the construct itself is higher than that of other constructs. The results of the discriminant validity test can also be seen from the cross-loading scores, where the loading indicator on the construct itself is higher than the loading on other constructs (Table 4.7.4). Therefore, it can be concluded that the discriminant validity of all constructs is established (Gefen & Straub, 2005).

Table 4.7.3: Discriminant Validity - Fornell-Larcker Criterion

Construct	Commitment to Change	Level of Accrual Accounting Implementation	Readiness
Commitment to Change	0.709		
Level of Accrual Accounting Implementation	0.155	0.815	
Readiness	0.289	0.453	0.713

Moreover, to assess the inter-item consistency of our measurement items, we referred to Cronbach's alpha and composite reliability values. From Table 4.7.2, it can be observed that all alpha scores are above 0.6 as required (Chin, Marcolin, & Newsted, 2003). The composite reliability scores higher than 0.7 are considered acceptable; hence, it is concluded that the measurements of the current research are reliable (Fornell & Larcker, 1981).

Table 4.7.4: Discriminant Validity - Cross-Loading

Indicator	Commitment to Change	Level of Accrual Accounting Implementation	Readiness
COM_AF1	0.790	0.124	0.184
COM_AF2	0.862	0.101	0.184
COM_AF3	0.643	0.097	0.112
COM_AF4	0.721	0.054	0.261
COM_CON1	0.581	0.121	0.183
COM_NOR1	0.894	0.185	0.308
COM_NOR2	0.700	0.051	0.203
COM_NOR3	0.515	0.010	0.154
COM_NOR4	0.579	0.050	0.275
READ_ORF	0.349	0.181	0.715
READ_ORIS1	0.188	0.232	0.768
READ_ORIS2	0.210	0.337	0.681
READ_ORIS3	0.271	0.403	0.747
READ_ORL1	0.417	0.199	0.714
READ_ORL2	0.416	0.298	0.709
READ_ORST1	-0.021	0.416	0.747
READ_ORST2	0.015	0.429	0.768
READ_ORSY1	0.359	0.223	0.638
READ_ORTR1	0.176	0.266	0.622
STT1	0.220	0.863	0.382
STT2	0.222	0.852	0.398
STT3	-0.003	0.803	0.383
STT4	0.005	0.734	0.302

Structural model

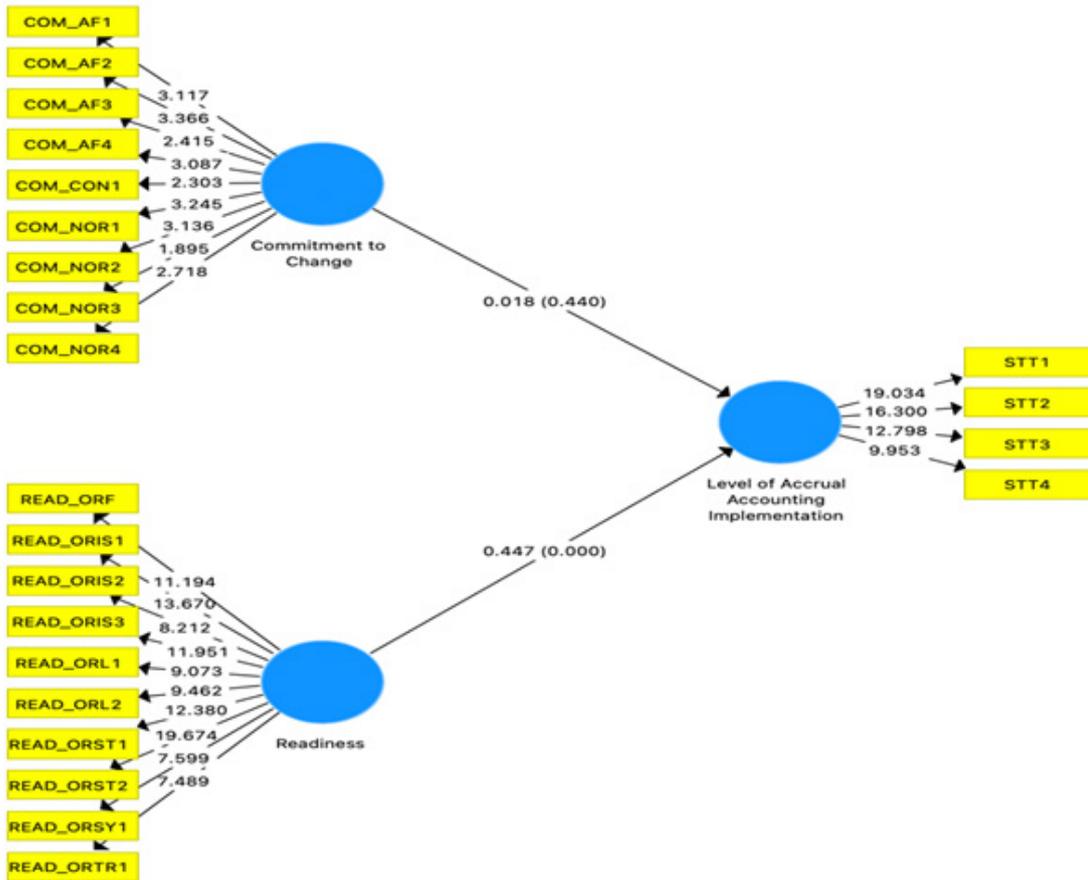
To evaluate the structural models' predictive power, we calculated the R². R² indicates the amount of variance explained by the exogenous variables (Barclay et al., 1995). The exogenous variables together explained 19.4% of the variance (refer to Figure 4.7.3). Using a bootstrapping technique with a re-sampling of 500, the path estimates and t-statistics were calculated for the hypothesized relationships (refer to Figure 4.4). The results shown in Table 4.7.5 indicate Organizational Readiness has a significant relationship with the Level of Accrual Accounting Implementation, whereas Commitment to Change does not.

Table 4.7.5: Relationship among the main variables

Relationship	Coefficient	SD	T Statistics	P Values
Commitment to Change -> Level of Accrual Accounting Implementation	0.018	0.122	0.150	0.440
Readiness -> Level of Accrual Accounting Implementation	0.447	0.071	6.337	0.000*

*Significant at alpha 1%

Figure 4.4: Bootstrapping test result (correlation)



Chapter 5: Conclusions and Recommendations

5.1 Summary

This study focuses on the implementation of accrual accounting and MPSAS adoption at the state governments in Malaysia. Literature review shows that although the initial efforts to embark on implementing accrual accounting at the state governments started in 2014, there is hardly any study undertaken to look into the issues and challenges faced by the state governments. Using a mixed-method approach, combining questionnaire survey and semi-structured interviews, this study is conducted with the following objectives:

1. To assess the current state of accrual accounting implementation at the state government.
2. To assess the current level of individual awareness and commitment to change towards accrual accounting among the state government accounting and finance staff.
3. To examine factors influencing the success of accrual accounting implementation.
4. To examine issues, challenges and factors influencing the success of full adoption of MPSAS

The results show that all state governments have started using accrual accounting with the support of a dedicated computerised accounting system developed by AGD, namely the iSPEKS (except for Sabah and Sarawak, which developed their own accounting system). As is usually the case, there were problems related to the system at the beginning. However, Bahagian Khidmat Perunding (BKP) and the vendor managed to solve most of the issues. The implementation stage differs among the state governments from completion of data collection to the finding of the opening balances of assets and liabilities to the ability to generate accrual-based financial reports from the system.

Awareness was created much earlier through various means of communication, including workshops and briefings. The level of commitment is high, while organisational readiness is very encouraging. Each state government put a lot of effort into ensuring the successful implementation of accrual accounting and adoption of MPSAS.

Factors influencing the success of accrual accounting and MPSAS are similar. The level of accrual accounting implementation has a significant relationship with organisational readiness to change. However, commitment to change was found to be an insignificant determinant of the level of accrual accounting implementation. With respect to MPSAS adoption, the most critical success factor is staff skill, followed by team working and commitment among the staff in the accounting and finance department, top management support and encouragement, frequent refresher courses on MPSAS and adequate infrastructure support.

5.2 Conclusions and Recommendations

This study suggests that the state governments are ready and committed to ensuring the successful implementation of accrual accounting. The various training and communication programs on accrual accounting have shown encouraging impacts on the commitment and readiness of staff. However, the delayed implementation of accrual accounting has dampened the enthusiasm toward accrual accounting. The initial implementation date was targeted for 2016. However, the date is pending approval of the amendment to the Financial Procedure Act, which has not been tabled in Parliament. During the early days of the announcement, higher-level accounting staff were eager and excited about the new accounting system and its benefits.

The postponement of mandatory reporting based on accrual and MPSAS and uncertainty of the exact implementation date have caused fatigue among the accounting staff. Staff who have been trained before would need to be retrained after several years. In addition, the implementation of accrual accounting by state governments is challenged by an insufficient number of qualified accounting staff. Furthermore, the practice of rotation of accounting staff every 3-5 years has added to the difficulty in fulfilling the necessary skill requirements at each state government.

In view of the above, the following recommendations are proposed. There should be well-planned programs to address to manage reform fatigue effectively. The state governments should have well planned training programs to improve the skills for the accounting staff and all support staff.

Issues regarding the adoption of MPSAS are almost similar at all government levels, including the state governments. Accounting and finance staff face similar problems in recognising the accounting items or coding. Thus, having specific guidelines using diagrams for step-by-step instructions on aspects of MPSAS would be very helpful. The guidelines or frequently asked questions can be placed on a website for ease of reference. This could also overcome the lack of expertise to refer to when needed.

The new financial reporting using MPSAS accrual-based would be comprehensible mainly by the accounting trained individual, whereas stakeholders and users of the financial reports comprise those from various backgrounds. Therefore, it will be wise for state governments to consider alternative presentations alongside the financial statements to present similar information that is more comprehensible for decision-makers.

5.3 Implications

This study contributes to the body of knowledge by filling in the gap in the literature on a study focusing on state governments in Malaysia while relating to experience in other countries. It provides evidence that the factors influencing the successful implementation of accrual accounting and the accrual-based accounting standards are similar at any level of government. This will be a good lesson for the implementers of accrual accounting in the public sector. This study also forwards several recommendations based on its findings which can help state governments to consider remedial measures. The findings and recommendations also help the AGD to further strengthen their strategies to support the implementation of MPSAS at various government levels.

5.4 Limitations and Suggestions for Future Research

Given the short period for this study and the COVID-19 pandemic, the best alternative to distribute a questionnaire survey is online via Google form. However, the researcher cannot determine whether the right person is answering the survey.

Though comprising all accounting and finance staff, respondents for the survey come from several levels and backgrounds who may have different comprehension of the questions distributed. Interviews have helped a great deal to further understand the issues faced by state governments in the implementation of MPSAS.

Future research should consider users of the accrual-based financial reporting, views of the members of parliament and state legislative assembly and comparative study between federal and state governments. MPSAS is also applicable to federal agencies, statutory bodies, local authorities and other government entities not set up under the Companies Act. Studies can be conducted to assess the adoption of MPSAS in these organisations or how they make a transition from MPERS to MPSAS.

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Appendix I

Questionnaire Survey

8/26/2021

PELAKSANAAN PERAKAUNAN AKRUAN PERINGKAT KERAJAAN NEGERI: MENEROKA STATUS TERKINI, ISU DAN CABARAN

PELAKSANAAN PERAKAUNAN AKRUAN PERINGKAT KERAJAAN NEGERI: MENEROKA STATUS TERKINI, ISU DAN CABARAN

Tuan/Puan yang dihormati,

Kajian ini merupakan sebahagian daripada projek penyelidikan bertajuk Implementation of Accrual Accounting in State Governments: Exploring the Status, Issues and Challenges. Kajian ini disokong dan dibiayai oleh Jabatan Akauntan Negara Malaysia.

Soal selidik ini mengambil masa antara lebih kurang 30 minit. SEMUA MAKLUM BALAS AKAN DIANALISIS SECARA AGREGAT DAN TIADA MAKLUMAT PERIBADI AKAN DIKAITKAN DENGAN MAKLUM BALAS INDIVIDU.

Maklum balas daripada Tuan/Puan adalah amat penting dalam memastikan kejayaan kajian ini. Sebarang pertanyaan boleh dikemukakan kepada saya atau ahli penyelidik lain seperti yang tertera di bawah:

1. Profesor Dr Che Ruhana Isa, emel: cruhana@um.edu.my
2. Dr Haslida Abu Hasan, emel: haslida@um.edu.my
3. Nur Intan Liyana Razali, Penolong Penyelidik, emel: intanliyana3010@gmail.com (Tel: 014 722 5141)

Perhatian dan kerjasama daripada Tuan/Puan amat kami hargai dan didahului dengan ucapan terima kasih.

Profesor Dr Zakiah Saleh
Ketua Penyelidik
Tel: 013 3692919 atau emel: zakiahs@um.edu.my

* Required

BAHAGIAN 1:
PELAKSANAAN
PERAKAUNAN
AKRUAN
PERINGKAT
KERAJAAN NEGERI

Berhubung dengan pelaksanaan perakaunan akruan, sila jawab soalan berikut dengan menandakan kotak yang paling sesuai dan nyatakan pandangan anda bagi pernyataan di bawah dengan skala 1 = Sangat tidak bersetuju kepada 5 = Sangat bersetuju:

(1) Sangat Tidak Bersetuju (2) Tidak Bersetuju (3) Neutral (4) Bersetuju (5) Sangat Bersetuju

<https://docs.google.com/forms/d/13xbyQf5a420oTjKZ7R-o7DgNmU4x0emUtORcKWWryg/edit>

1/27

1. Piawaian perakaunan manakah yang dirujuk untuk menyediakan Penyata Kewangan? *

*

Check all that apply.

- Piawaian Perakaunan Kerajaan (PPK)/Government Accounting Standards;
 International Public Sector Accounting Standards (IPSAS) berasaskan tunai;
 Malaysian Public Sector Accounting Standards (MPSAS)

2. Apakah laporan yang dikeluarkan? Tanda semua yang berkenaan: *

Check all that apply.

- Penyata Kedudukan Kewangan
 Penyata Prestasi Kewangan
 Penyata Perubahan Aset Bersih/Ekuiti
 Penyata Aliran Tunai
 Penyata Penerimaan dan Pembayaran Wang Tunai
 Penyata Akaun Memorandum
 Nota kepada Penyata Kewangan

Other: _____

3. Sistem perakaunan berkomputer (ISPEKS atau sistem perakaunan akruan berkomputer seumpamanya) telah berfungsi sepenuhnya. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Setuju	<input type="radio"/>	Sangat Bersetuju				

4. Semua kakitangan mampu menggunakan sistem perakaunan berkomputer (ISPEKS atau sistem perakaunan akruan berkomputer seumpamanya). *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

5. Secara keseluruhan, perakaunan akruan kerajaan negeri telah dilaksanakan sepenuhnya. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

6. MPSAS telah digunakan sepenuhnya di peringkat kerajaan negeri. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

**BAHAGIAN 2: KOMITMEN
KEPADA PERUBAHAN KE
ARAH PERAKAUNAN
AKRUA DALAM KERAJAAN
NEGERI**

Berhubung dengan komitmen terhadap pelaksanaan perakaunan akruan, sila nyatakan pandangan anda bagi pernyataan berikut menggunakan skala 1 = Sangat tidak bersetuju kepada 5 = Sangat bersetuju:

(1) Sangat Tidak Bersetuju (2) Tidak Bersetuju (3) Neutral (4) Bersetuju (5) Sangat Bersetuju

7. Saya percaya perubahan kepada perakaunan akruan adalah amat bernilai. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

8. Saya rasa bertanggungjawab untuk bekerja ke arah perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

9. Saya tiada pilihan selain perlu untuk bergerak seiring dengan perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

10. Perubahan ini merupakan strategi terbaik dalam pemantapan perakaunan kerajaan negeri ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

11. Saya tidak patut menentang perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

12. Saya berasa tertekan untuk mengikuti perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

13. Saya berpendapat bahawa pihak pengurusan membuat keputusan yang salah dengan melaksanakan perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

14. Saya tidak akan rasa bersalah untuk menentang perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

15. Banyak yang perlu saya pertaruhkan (at stake) jika menentang perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

16. Perubahan ini membantu kerajaan negeri untuk mencapai matlamat yang penting. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

17. Adalah satu tindakan yang tidak bertanggungjawab jika saya menentang perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

18. Adalah terlalu berisiko (costly) kepada saya jika menentang perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

19. Keadaan akan menjadi lebih baik tanpa perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

20. Adalah terlalu berisiko untuk saya menyuarakan tentangan terhadap perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

21. Perubahan ini adalah sesuatu yang tidak perlu. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

22. Bukanlah kewajipan saya untuk menyokong perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

23. Menentang perubahan ini bukan pilihan yang sesuai bagi saya. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

**BAHAGIAN 3:
KESEDIAAN
ORGANISASI DALAM
PELAKSANAAN
PERAKAUNAN AKRUAN**

Berhubung dengan pelaksanaan perakaunan akruan, sila nyatakan sejauh mana anda bersetuju atau tidak dengan pernyataan di bawah menggunakan skala 1 = Sangat tidak bersetuju kepada 5 = Sangat bersetuju:

(1) Sangat Tidak Bersetuju (2) Tidak Bersetuju (3) Neutral (4) Bersetuju (5) Sangat Bersetuju

24. Organisasi ini mempunyai ruang pejabat yang mencukupi untuk menyokong pelaksanaan perakaunan akruan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

25. Organisasi ini mempunyai kemudahan peralatan komputer mencukupi untuk menyokong pelaksanaan perakaunan akruan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Sangat Bersetuju					

26. Organisasi ini mempunyai perisian perakaunan yang bersesuaian untuk menyokong pelaksanaan perakaunan akruan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

27. Organisasi ini mempunyai kakitangan perakaunan yang mencukupi untuk menyokong pelaksanaan perakaunan akruan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

28. Organisasi ini mempunyai kakitangan berkelulusan perakaunan yang mencukupi untuk menyokong pelaksanaan perakaunan akruan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

29. Latihan dan pembelajaran berterusan berkaitan perakaunan akruan untuk kakitangan ada disediakan. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

30. Kakitangan diberi sokongan kewangan untuk menghadiri persidangan profesional.

*

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

31. Latihan yang khusus untuk pelaksanaan perakaunan akruan perlu dibuat dengan segera. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

32. Kakitangan perlu dihantar mengikuti bengkel dan latihan pelaksanaan perakaunan akruan dengan kadar segera. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

33. Semua rekod dan maklumat perakaunan jabatan ini disimpan secara berkomputer.

*

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

34. Semua rekod dan maklumat perakaunan terdahulu mudah diakses. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

35. Semua kakitangan perakaunan mempunyai kemudahan komputer untuk tugas pejabat *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

36. Semua kakitangan perakaunan yang terlibat mempunyai akses kepada kemudahan aplikasi perakaunan berkomputer (ISPEKS atau sistem perakaunan akruan berkomputer seumpamanya). *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

37. Belanjawan yang khusus telah diperuntukkan untuk pelaksanaan perakaunan akruan. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

38. Pucuk kepimpinan mempunyai pelan yang jelas untuk untuk pelaksanaan perakaunan akruian. *

Mark only one oval.

1	2	3	4	5		
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

39. Kakitangan telah dimaklumkan dengan jelas terhadap perubahan ke arah pelaksanaan perakaunan akruian. *

Mark only one oval.

1	2	3	4	5		
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

**BAHAGIAN 4 : ISU, CABARAN
DAN FAKTOR YANG
MEMPENGARUHI
PELAKSANAAN PIAWAIAN
PERAKAUNAN MPSAS**

Berhubung dengan pelaksanaan MPSAS, sila nyatakan sejauh mana anda bersetuju atau tidak dengan pernyataan di bawah menggunakan skala 1 = Sangat tidak bersetuju kepada 5 = Sangat bersetuju:

(1) Sangat Tidak Bersetuju (2) Tidak Bersetuju (3) Neutral (4) Bersetuju (5) Sangat Bersetuju

LATIHAN

40. Latihan mengenai MPSAS diperlukan supaya kakitangan memahami piawaian tersebut. *

Mark only one oval.

1	2	3	4	5		
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

41. Kakitangan diberi maklumat terkini mengenai MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

42. Jabatan perakaunan dan kewangan terdiri daripada kakitangan yang terlatih. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

43. Jabatan perakaunan dan kewangan mendapat bantuan daripada pakar rujuk MPSAS yang terlatih. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

GARIS PANDUAN DAN PERUNTUKAN UNDANG-UNDANG

44. Pihak berkaitan mempunyai panduan yang jelas mengenai langkah dan prosedur untuk melaksanakan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

45. Pihak berkaitan mengeluarkan laporan berkala mengenai tahap pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

46. Pihak berkaitan melakukan penambahbaikan dan pembedahan dalam menghadapi isu berkaitan pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

47. Pihak berkaitan mengeluarkan laporan berkala mengenai isu yang dihadapi dalam pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

48. Kerajaan negeri mempunyai peruntukan undang-undang untuk melaksanakan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

INFRASTRUKTUR

49. Organisasi ini mempunyai perkakasan dan aplikasi perakaunan berkomputer yang mencukupi untuk pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

50. Organisasi ini mempunyai sokongan jaringan komputer dalaman yang mencukupi untuk membantu pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

51. Organisasi ini mempunyai sokongan jaringan komputer luaran dengan Jabatan Akauntan Negara yang mencukupi untuk membantu pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

52. Sistem perakaunan berkomputer (iSPEKS atau sistem perakaunan akruian berkomputer seumpamanya) dikemaskini secara berkala bagi mematuhi keperluan pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

53. Penambahbaikan dibuat kepada penyimpanan rekod dan maklumat perakaunan bagi mematuhi keperluan pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

SOKONGAN LUARAN

54. Organisasi ini bekerjasama dengan tenaga pakar dari luar bagi membantu pelaksanaan MPSAS. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

55. Organisasi ini bekerjasama dengan tenaga pakar dari luar untuk melatih kakitangan dalam pelaksanaan MPSAS. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

56. Organisasi ini bekerjasama dengan badan profesional bagi membantu kakitangan memahami dan mengaplikasikan MPSAS. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

57. Organisasi ini melantik individu yang berkelayakan untuk membantu kakitangan memahami dan mengaplikasikan MPSAS. *

Mark only one oval.

1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sangat Bersetuju

PENGLIBATAN PENGURUSAN ATASAN DAN PIHAK BERKEPENTINGAN

58. Pengurusan atasan mempunyai objektif dan strategi yang jelas dalam pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

59. Pengurusan atasan dan pihak berkaitan berusaha untuk mempromosikan konsep dan kepentingan transformasi ke arah MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

60. Pengurusan atasan dan pihak berkaitan berperanan dengan baik dalam mengurangkan cabaran terhadap perubahan ini. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

61. Kakitangan perlu diberikan autoriti untuk menggunakan pertimbangan profesional dalam melaksanakan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

62. Pengurusan atasan dan pihak berkenaan menerajui transformasi budaya kerja organisasi selari dengan keperluan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

63. Pengurusan atasan dan pihak berkaitan telah berusaha untuk meminda peruntukan undang-undang selari dengan keperluan pelaksanaan MPSAS. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

**BAHAGIAN 5:
KELEBIHAN/MANFAAT
MPSAS**

Berhubung dengan MPSAS, sila nyatakan pandangan anda mengenai pernyataan berikut dengan menggunakan skala 1 = Sangat tidak bersetuju kepada 5 = Sangat bersetuju:

(1) Sangat Tidak Bersetuju (2) Tidak Bersetuju (3) Neutral (4) Bersetuju (5) Sangat Bersetuju

64. Peralihan kepada MPSAS membolehkan kerajaan negeri mengeluarkan pelaporan kewangan yang lebih komprehensif kepada pengguna penyata kewangan. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

65. Peralihan kepada MPSAS mengalakkan ketelusan dan akauntabiliti dalam pelaporan kewangan. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

66. Penggunaan MPSAS memberikan maklumat yang terperinci mengenai aset dan liabiliti kerajaan negeri. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

67. Penggunaan MPSAS membantu kerajaan negeri untuk menilai prestasi setiap unit dan jabatan dengan lebih baik. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

68. Peralihan kepada MPSAS membantu kerajaan negeri untuk membuat perbandingan prestasi setiap unit dan jabatan dengan lebih baik. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

69. Peralihan kepada MPSAS membantu kerajaan negeri mengawal kos di setiap unit dan jabatan dengan lebih baik. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

70. Peralihan kepada MPSAS membantu kerajaan negeri mendapatkan maklumat kewangan setiap unit dan jabatan dengan lebih pantas. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

71. Peralihan kepada MPSAS membantu kerajaan negeri mendapatkan maklumat kewangan setiap unit dan jabatan dengan lebih mudah. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

72. Peralihan kepada MPSAS membantu kerajaan negeri untuk mendapatkan maklumbalas mengenai prestasi setiap unit dan jabatan. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

73. Peralihan kepada MPSAS menambah keyakinan pelabur terhadap prestasi ekonomi kerajaan negeri. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

74. Peralihan kepada MPSAS dapat mengurangkan risiko rasuah/penipuan kewangan di dalam kerajaan negeri. *

Mark only one oval.

	1	2	3	4	5	
Sangat Tidak Bersetuju	<input type="radio"/>	Sangat Bersetuju				

75. Adakah anda bersetuju jika satu perisian ringkas atau diagram berbentuk 'web based' dibangunkan untuk menentukan tatacara perakaunan yang sesuai bagi setiap MPSAS? *

Mark only one oval.

- Ya
 Tidak
 Tidak pasti

76. Sila nyatakan pandangan atau cadangan anda mengenai pelaksanaan perakaunan akruan dan MPSAS dalam kerajaan negeri. *

77. Sila nyatakan cabaran paling utama yang anda hadapi dalam pelaksanaan perakaunan akruan dan MPSAS. *

**BAHAGIAN 6:
MAKLUMAT
DEMOGRAFIK**

Sila jawab yang berikut dengan menandakan kotak yang paling sesuai atau mengisi maklumat yang diperlukan:

78. Jabatan: *

79. Negeri: *

Mark only one oval.

- Perlis
- Kedah
- Pulau Pinang
- Perak
- Kelantan
- Terengganu
- Selangor
- Pahang
- Negeri Sembilan
- Melaka
- Johor
- Sarawak
- Sabah

80. Jawatan: *

81. Gred Jawatan: *

82. Tempoh Perkhidmatan Jawatan Terkini: *

Mark only one oval.

- Bawah 1 tahun
- 1-5 tahun
- 6-10 tahun
- Lebih 10 tahun

83. Bilangan kursus perakaunan akruan yang pernah dihadiri: *

Check all that apply.

- 1 - 2 kali
- 3 - 4 kali
- Lebih 4 kali
- Tidak pernah

84. Pencapaian Pendidikan Tertinggi: *

Mark only one oval.

- Sijil Pelajaran Malaysia
- STPM/Diploma
- Ijazah Sarjana Muda/Diploma Lanjutan
- Ijazah Sarjana
- Ijazah Kedoktoran

85. Latar Belakang Pendidikan: *

Mark only one oval.

- Bidang Perakaunan
- Bidang Kewangan
- Bidang Perniagaan/Ekonomi
- Lain-lain

86. Sijil Profesional Perakaunan (Tanda semua yang berkaitan): *

Check all that apply.

- MIA
- MICPA
- ACCA
- ICAEW
- CIMA
- CPA Australia
- CIPFA
- Lain-lain
- Tiada

87. Pengalaman kerja dalam bidang perakaunan di sektor swasta: *

Check all that apply.

- Ada
- Tiada

88. Umur *

Mark only one oval.

- Bawah 25 tahun
- 25 hingga 35 tahun
- 36 hingga 45 tahun
- Atas 45 tahun.

89. Jantina *

Mark only one oval.

- Lelaki
- Wanita

Terima kasih atas kerjasama yang tuan/puan berikan.

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Google Forms

Appendix II

KOD PROJEK GA003-2021

Interview Guide

Implementation of Accrual Accounting in State Governments: Exploring the Status, Issues and Challenges

Researchers

Professor Dr Zakiah Saleh
Professor Dr Che Ruhana Isa
Dr Haslida Abu Hasan

Overview:

State governments are supposed to fully implement accrual accounting a year after the federal government. However, the full implementation at the federal government has been delayed due to problems related to issues including commitment, accounting system, resources and infrastructure. This study focuses on the implementation of accrual accounting and MPSAS at the State Governments.

Objectives:

1. To assess the current state of accrual accounting implementation at state government.
2. To assess the current level of individual awareness and commitment to change towards accrual accounting among the state government accounting and finance staff.
3. To examine factors influencing the success of accrual accounting implementation.
4. To examine issues, challenges and factors influencing the success of full adoption of MPSAS

Temu Bual bagi Kerajaan Negeri _____

Tarikh: _____ Masa: _____

Maklumat Latar Belakang

Nama: _____

Jawatan: _____

Tempoh berkhidmat di jawatan semasa: _____ (tahun)

Latar belakang pendidikan: Bidang Perakaunan / Bukan Perakaunan

Pencapaian pendidikan tertinggi: **Bachelor's degree**/Master/PhD/Professional qualification

Pengalaman kerja sebelum ini:

Jawatan: _____

Tempoh: _____

Sektor: Kerajaan / Semi-kerajaan / Swasta

BAHAGIAN 1: PELAKSANAAN PERAKAUNAN AKRUAN

1. Pandangan anda berhubung dengan jenis-jenis laporan
 - Tahap keperluan atau laporan-laporan lain yang anda kira lebih sesuai
2. Apakah laporan kewangan yang dikeluarkan melalui sistem perakaunan berkomputer (iSPEKS)?
3. Masalah/isu berkaitan sistem perakaunan berkomputer
 - Sistem berfungsi sepenuhnya?
 - Staf mampu menggunakan sistem tersebut?
 - Sistem sesuai
 - Apakah tarikh sasaran (*target date*) dan garis masa (*timeline*) yang ditetapkan?
 - Apakah bentuk bantuan/sokongan yang disediakan oleh JANM bagi sistem iSPEKS (*response time, access to system support etc.*)
4. Tahap pelaksanaan perakaunan akruan
 - adakah telah dilaksanakan sepenuhnya?
 - Adakah JANM menetapkan tarikh pelaksanaan?
 - Bagi kerajaan negeri ini, bila dimulakan dan bila selesai sepenuhnya?
5. Pelaksanaan MPSAS
 - adakah semua MPSAS telah digunakan?
 - jika belum, MPSAS mana yang telah digunakan?

BAHAGIAN 2: KOMITMEN KEPADA PERUBAHAN KE ARAH PERAKAUNAN AKRUAN DALAM KERAJAAN NEGERI

1. Tahap komitmen oleh pengurusan atasan (*top management*) dan pelaksana?
2. Jika ada perbezaan/gap tahap komitmen, apakah sebabnya dan apakah langkah yang diambil untuk mengatasinya?
3. Tahap pelaksanaan di negeri-negeri adalah berbeza.
 - Apakah faktor yang mempengaruhi pelaksanaan?
 - Adakah kerajaan negeri diberi autonomi untuk menentukan bila pelaksanaan akruan dan MPSAS mula dijalankan.
 - Apakah kesan/implikasi terhadap kerajaan negeri jika pelaksanaan tidak mengikut tempoh ditetapkan?
 - Adakah terdapat perancangan dan pengurusan risiko - unit khusus?
4. Pengaruh persekitaran politik terhadap pelaksanaan perakaunan akruan.
 - Siapakah yang berpengaruh dalam melaksanakan agenda perakaunan akruan dan MPSAS?
 - Adakah perubahan dalam pucuk pimpinan kerajaan mempengaruhi pelaksanaan
 - Apakah pandangan anda berkaitan dengan sokongan daripada ahli dewan undangan negeri atau exco berkaitan terhadap perakaunan akruan/ MPSAS
 - Adakah MPSAS digunakan oleh badan berkanun kerajaan negeri dan entiti di bawah kawalan kerajaan negeri.

BAHAGIAN 3: KESEDIAAN ORGANISASI

1. Apakah kesan PKP ke atas pelaksanaan perakaunan akruan?
2. Adakah peralatan komputer dan perisian mencukupi dan tersedia?
3. Adakah kakitangan diberikan latihan dan pendedahan yang sesuai?
4. Staf perakaunan mencukupi - Akauntan, Penolong Akauntan dan Pembantu Akauntan.
5. Staf Bahagian Kewangan dilibatkan dan diberikan latihan Perakaunan akruan/ MPSAS
6. Adakah peruntukan kewangan disediakan/ mencukupi?

BAHAGIAN 4: ISU, CABARAN DAN FAKTOR YANG MEMPENGARUHI PELAKSANAAN PIAWAIAAN PERAKAUNAN MPSAS

LATIHAN

1. Adakah pendedahan dan latihan berhubung dengan MPSAS yang telah diberikan kepada semua kakitangan sesuai dan mencukupi?
2. Siapakah yang memberikan latihan tersebut?
3. Adakah semua kakitangan perakaunan yang terlibat mempunyai akses kepada aplikasi perakaunan (iSPEKs); jika BDR, adakah boleh akses dari rumah?
4. Aplikasi perakaunan yang digunakan mematuhi keperluan MPSAS
5. Penggunaan MPSAS memerlukan professional judgement.
 - Adakah staf perakaunan mempunyai autoriti untuk membuat keputusan sendiri mengenai tatacara perakaunan yang sesuai
 - Perlukah JANM menyediakan perisian ringkas atau web-based diagram sebagai rujukan bagi semua kerajaan negeri?
6. Adakah anda menghadapi masalah dengan sistem perakaunan berkomputer (iSPEKs etc) dan cadangan untuk penambahbaikan sistem iSPEKs

GARIS PANDUAN DAN PERUNTUKAN UNDANG-UNDANG

1. Adakah garis panduan disediakan oleh JANM ataupun pengurusan atasan kerajaan negeri?
2. Jenis laporan berkala yang disediakan berhubung kemajuan pelaksanaan perakaunan akruan?
3. Adakah terdapat peruntukan undang-undang khusus berkenaan dengan pelaksanaan perakaunan akruan bagi kerajaan negeri?
4. Di peringkat kerajaan persekutuan, pindaan undang-undang masih belum dibawa ke Parlimen, menyebabkan pelaporan kewangan berasaskan akruan belum boleh dibentangkan di Parlimen. Adakah situasi yang sama berlaku di peringkat kerajaan negeri?

SOKONGAN LUARAN

Adakah kerajaan negeri bekerjasama dengan pihak luar- badan profesional, universiti dan lain-lain

BAHAGIAN 5: KELEBIHAN/MANFAAT MPSAS

Secara keseluruhan, apakah pandangan atau cadangan anda mengenai pelaksanaan perakaunan akruan dan MPSAS dalam kerajaan negeri serta manfaat dan cabaran yang dihadapi.

Antara cabaran-cabaran/isu pelaksanaan, yg mana merupakan faktor yang paling critical?



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