

Issues and Challenges in Implementing International Public Sector Accounting Standards (IPSAS)

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Abstract

Purpose: This paper aims to identify the prerequisites as well as the issues and challenges in implementing the accrual basis International Public Sector Accounting Standards (IPSAS).

Methodology/Approach: Using the archival approach, this paper presents a review of past studies and published information on the issues and challenges faced by various developing countries in adopting IPSAS.

Findings: The challenges faced by countries in adopting IPSAS can be classified into three categories: (1) Resources which include a lack of competent accounting and finance staff, and a lack of IT facilities and IT support; (2) Accounting and reporting issues related to difficulties in the recognition and measurement of assets, liabilities, revenue and expenses; and (3) Top management commitment in ensuring successful change management programmes.

Research Limitations/Implications: This paper outlines the results of the preliminary phase, i.e., a review of previous studies, before a study to examine the issues and challenges in the adoption of accrual accounting and the Malaysian Public Sector Accounting Standards (MPSAS) in state governments in Malaysia is undertaken. Thus, the discussion in this paper is limited to the issues and challenges in adopting IPSAS.

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Practical Implications: This study shall provide guidelines for Malaysian state governments in promoting successful implementation of MPSAS.

Originality/Value: This paper provides the basis for the next phase of the study on state governments which includes questionnaire surveys and interviews.

Keywords: Accrual accounting, IPSAS, MPSAS, public sector, developing countries.