

Adoption of Sri Lanka Public Sector Accounting Standards in State Universities: Analysis of Benefits and Challenges: A Case Study of University of Peradeniya, Sri Lanka

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Abstract

In recent years, the introduction of Sri Lanka Public Sector Accounting Standards (SLPSAS) and its adoption to the state university system has become a topic to be discussed and debated. Sri Lanka Public Sector Accounting Standards were embraced by standard setters and policy makers upholding its marvelous benefits in the area of transparency and accountability which protect the public interest. However, adopting SLPSAS is not a quick task but have to face many challenges to achieve objectives. Therefore, the aim of this study is to contribute to some scholarly views on the benefits and challenges in adopting Sri Lanka Public Sector Accounting Standards to the university system with the perception of Bursars and Auditors of University of Peradeniya and its affiliated three Postgraduate Institutions, Postgraduate Institute of Agriculture, Postgraduate Institute of Science and the Postgraduate Institute of Humanities and Social Sciences. Research objectives of this study are to identify the benefits and challenges in implementing Sri Lanka Public Sector Accounting Standards within the university system. The research questions are what are the benefits in implementing Sri Lanka Public Sector Accounting Standards and what are the challenges faced by financial officers in implementing Sri Lanka Public Sector accounting standards. An attempt was made to answer them by a survey design collecting data by using a five-point Likert Scale Type Questionnaire. A sample of 30 Bursars and Auditors carders attached to University of Peradeniya was taken into consideration. Structured questionnaire and direct interviews were conducted to collect primary data and annual reports, financial statements, audit reports and three volumes of Public Sector Accounting Standards were used to gather secondary data. The analysis was done by using IBM Statistical Package of Social Sciences (SPSS). Descriptive statistics were used mainly in analyzing data. Findings of the study said that enhancement of comparability of financial statements over different periods and different entities with similar nature is the main advantage to be concerned. The most critical challenge is the lack of training. Perception of the Bursars and Auditors with regard to implementation of Sri Lanka Public Sector Accounting Standards to the university system, is positive. The implication of this findings is that feedback from practitioners should be taken to amend or adjust Sri Lanka Public Sector Accounting Standards to Sri Lankan context by the relevant authorities and standard setters. Therefore, this study recommends to arrange more awareness and training programmes with practical sessions to the relevant carders. This piece of literature is useful for potential researchers to make the findings generalization with the wider aspects and Standard setters can use them to make the standard more effective.

Keywords: Accountability, Perception, Bursars and Auditors, Sri Lanka Public Sector Accounting Standards, public interest

INTRODUCTION

Interest in International Public Sector Accounting Standards (IPSAS) and its adoption has gone up sharply at present throughout the world due to more concern on sovereign debt crises arisen with public finance management. It is a critical point in developing an economy. International Public Sector Accounting Standards are the only internationally recognized standards for accounting by public sector entities and where possible and appropriate based on International Financial Reporting Standards (IFRS) but also deal with public sector specific issues untouched by IFRS. International Public Sector Accounting Standards have been appraised by many jurisdictions given its numerous benefits in the area of transparency and accountability. Different countries adopted IPSAS to their country context and encounter many positives and negatives in transition and implementation. Sri Lanka Public Sector Accounting Standards developed by Public Sector Accounting Standards Committee with the direction of Institute of Chartered Accountants of Sri Lanka are largely based on International Public Sector Accounting Standards. Sri Lanka Public sector Accounting standards were introduced in 3 phases. Out of 32 International Public Sector Accounting Standards, four were introduced in 2009, another six were introduced in 2012 and last 10 standards were in 2018 in Sri Lankan context. These can be summarized as follows.

SLPSAS 1 – Presentation of Financial Statements (IPSAS 1)

SLPSAS 2 – Cash Flow Statements (IPSAS 2)

SLPSAS 3 - Accounting policies, Changes in Accounting estimates & errors (IPSAS 3)

SLPSAS 4 – Borrowing Cost (IPSAS 5)

SLPSAS 5 - The effect of changes in Foreign Exchange Rates (IPSAS 4)

SLPSAS 6 – Events after the Reporting date. (IPSAS 14)

SLPSAS 7 - Property, plant and Equipment (IPSAS 17)

SLPSAS 8 - Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)

SLPSAS 9 - Inventories (IPSAS 12)

SLPSAS 10 – Revenue from Exchange Transactions (IPSAS 9)

SLPSAS 11 – Revenue from non – exchange transactions (IPSAS 23)

SLPSAS 12 – Leases (IPSAS 13)

SLPSAS 13 – Investment Property (IPSAS 16)

SLPSAS 14 – Related party disclosures (IPSAS 20)

SLPSAS 15 – Presentation of Budget Information in Financial Statements (IPSAS 24)

SLPSAS 16 – Construction Contracts (IPSAS 11)

SLPSAS 17 – Segmental Reporting (IPSAS 18)

SLPSAS 18 – Agriculture (IPSAS 22)

SLPSAS 19 – Employee Benefits (IPSAS 25)

SLPSAS 20 – Intangible Assets (IPSAS 31)

The main objective of introduction of Sri Lanka Public Sector Accounting Standards is to make quality financial reporting with better transparency and accountability respecting to public interest. Furthermore, it is expected to facilitate sound financial management, promote better decisions, provide information about the affairs of the government, achieve uniformity and comparability, encourage international best practices and promote excellence in financial reporting.

Sri Lanka Public Sector Accounting standards are designed to apply to the general-purpose financial statements of all public sector entities that adopt accrual basis of accounting. Public sector entities include government, provincial councils, local authorities, non-profit-making statutory authorities and universities. In such point, universities are expected to shift accrual basis accounting and to follow SLPSAS. The responsibility of providing quality financial statements disclosing and satisfying public interest is with Bursars of Universities and internal Auditors should support in behind the screen and external Auditors should open eye on their performance. In that view, the general objective of the research is to assess the benefits and challenges of implementing Sri Lanka Public Sector Accounting Standards in Sri Lankan Universities through the perception of Bursars and Auditors involved in this task.

University of Peradeniya

The University of Peradeniya, the successor of the University of Ceylon, established in Colombo on 1st July 1942, is the oldest and largest residential university in the country. University of Ceylon moved to Peradeniya on 06th October 1952 and marked the formal establishment in Peradeniya, Kandy spreading over 775 Hectares of land set in a salubrious climate blessing with natural beauty surrounding the mountain range of Hanthana. The university is consisted with 9 faculties of Agriculture, Allied Health, Arts, Dental Sciences, Engineering, Management, Medicine, Science and Veterinary Medicine and Animal Science. There are three Postgraduate Institutes in three major disciplines. As a residential University, it provides accommodation for 70% of the internal student population maintaining 21 Halls. Currently, there are 13000 student population and staff strength of 3500 spread across academic, administrative and service divisions. There are around 8500 postgraduate students too. The Centre for Distance and Continuing Education Center caters another 25000 students offering external degrees. The central administration of the University encompasses 8 administration divisions, a finance division, an internal audit division, 9 service divisions and 9 centers/units. Academic programmes are supported by Library network, Information Technology

Centre, Career Guidance Unit and English Language Teaching Units. The graduation number per annum is 3500.

Financial Performance

The total recurrent expenditure for the year 2018 was Rs. 7,025,927,807.95 and Rehabilitation and capital expenditure was Rs. 1,435,614,395.00 and more than 100 capital projects are ongoing at present. But the total income for the year 2018 was Rs. 6,360,676,852.22. The total asset base valued at Rs. 14500 million and Rs. 1300 million liabilities.

With this background it shows the challenges in handling public funds laid down on Bursars' hands.

PROBLEM JUSTIFICATION AND PROBLEM STATEMENT

Justification of the research issue:

Before 2009, mainly cash basis was followed in maintaining financial records and most of the schedules and data requested by the higher authorities were also on cash basis. It was not mandatory to follow accrual basis. When identifying the income from postgraduate programmes run by faculty levels, cash basis was followed. But with the recent development in the public sector, it encourages the government organizations to follow Sri Lanka Public Sector Accounting Standards. The sudden movement with existing capacity and resources creates a gap between theory and practice.

The adoption process of new accounting practice can be both a complex and controversial endeavor given the involvement of various stakeholders (Adhikari et al.,2015). The ways by which accounting innovations are diffused among the complex public sector organizations is an area that has not been considered in research on public sector reforms despite the importance and appropriateness of such innovations to the organization (Lapsley, 2000). Senerath and Ukwate (2015) stated that the non-mandatory nature of the adoption process with respect to 10 SLPSAS makes it challenging for the Auditor General to oversee the implementation process since entities are at different stages of the execution process. Further they added it in 2018 that a 10 International Public Sector Accounting Standards in Sri Lankan approach is still being implemented and adopted in Sri Lanka but the government did not put it mandatory for public entities to adopt the system. Wickneswaran (2018) emphasized that there is a problem in the public financial management, budget preparation and implementation in Sri Lanka and further added that there is a problem in the current public sector accounting practices and implementation of public sector Accounting standards in Sri Lanka. Mahdavi & Namazi (2012) stated that Accounting Academics and practitioners of Shiraz University as well as practitioners of Shiraz Medical Sciences University demand that special accounting and

auditing standards be promulgated. Achura (2009) reported that serious consideration is being given to the need to be more accountable for the often vast amounts of investment in resources of the command of governments. Olamide (2010) added that the major corporate collapses and related frauds which occurred in Nigeria and around the world have raised doubts about the credibility and financial practices of institutions.

PROBLEM STATEMENT

Public sector accounting practices are not fully covered by Sri Lanka Public Sector Accounting Standards. Introduction of phase by phase in different areas badly affected the uniqueness in financial statements. The complexity in descriptive explanations are impracticable. Within diversified academic and non -academic activities related to national and international contexts, Bursars in the university system faced lot of problems in recognition of double entries, calculations in impairment losses and fair values, income recognition, employee benefits calculations and provisions in actuarial methods etc. It is difficult to make complete change so quickly with university working environment, available equipment, knowledge of Information Technology and capacity of human resources. It requires proper training and knowledge to implement them. So, it creates a gap between theory and practice in implementation of Sri Lanka Public Sector Accounting standards and it is a problem to be addressed.

RESEARCH QUESTIONS AND OBJECTIVES

Research questions:

Based on the research justification and statement of problem, research questions can be developed in the following manner.

In terms of perception of Bursars and Auditors in the University of Peradeniya and its three affiliated Postgraduate Institutes,

Are the university financial officer's familiar with Accrual Accounting?

What do they expect in adopting Sri Lanka Public Sector Accounting Standards?

What are the challenges and barriers in implementing Sri Lanka Public Sector Accounting Standards?

Research objectives:

This study intends to achieve following objectives.

To analyze the importance of implementing the Sri Lanka Public Sector Accounting Standards

To identify the practical issues, face by the university Financial Officers in implementing Sri Lanka Public Sector Accounting Standards.

To investigate the barriers and limitations of these standards

SIGNIFICANCE OF THE STUDY

The aims of this study are to identify the difficulties and highlight the importance with the implementation of Sri Lanka Public Sector Accounting Standards to the university system through the perception of University financial officers. The study is of benefit to the society because it will solve the challenges encountered within the capacity of relevant authorities. The areas going to be marked to improve would promote transparency and accountability to the public interest. Donors would be more interested in offering grants to the university system if it is more transferable. This study would make easier the oversight function of Auditors. The critical areas of implementing Sri Lanka Public sector Accounting Standards would be highlighted and remedial actions would be introduced.

SCOPE OF STUDY

In the beginning of this study, there are enough resources to make it success. There are sufficient numbers of Bursars and Auditors available in the University of Peradeniya and its affiliated Postgraduate Institutions to represent the qualified reasonable sample of the selected population. Further, there are more researches on International Public Sector Accounting Standards and their applicability in different country context to review.

LIMITATIONS OF THE STUDY

There is no research without limitations. Followings are the limitations of this study.

Research is limited to University of Peradeniya and three postgraduate institutes affiliated it due to practical reasons. So, it is difficult to generalize my findings.

There are more than 200 Bursars and Auditors are attached to the University system, but I considered only 30 bursars and auditors as my sample.

The third phase of 10 Sri Lanka Public Sector Accounting Standards were introduced in 2018 and they are not so familiar to more financial officers.

Limited time available for this study also a limitation.

LITERATURE REVIEW

Sri Lanka Public Sector Accounting Standards are fundamentally based on the concept of accrual accounting. Under accrual accounting, transactions and other events are recognized in financial statements when they are occurred not when cash or cash equivalent is received or paid. Those information are more useful to users for accountability purposes and as input for decision making. That gives more complete picture of the government and its activities.

In the recent past, the Association of Public Finance Accountants in Sri Lanka which became the public sector wing of the Institute of Chartered Accountants of Sri Lanka in 2012 has initiated accrual accounting practices to the public sector in the country.

Sri Lankan university system has used mixed accounting system with cash and accrual-based accounting both. Pure cash basis highly concern about liquidity and it didn't give a picture of true and fair view of the entity. For more transparency and show accountability, it introduced pure accrual based accounting system followed by the International Public Sector Accounting Standards which we adopted to Sri Lankan context as Sri Lanka Public Sector Accounting Standards.

Importance in adopting public sector accounting standards

Ijeoma.N.B., Oghoghomeh.T, (2014) has pointed out that the adoption of international public sector accounting standards in Nigeria is expected to impact operating procedures, reporting practices, there by strengthening good governance and relations with the government and the governed. According to Hussein Salia & Williams Abayaawien Atuilik (2018), International Public Sector Accounting Standards application in Liberia improves the quality and reliability of government accounting information, aligns government financial accounting with best international standards, stimulates public – private sectors partnerships and increases government accountability and transparency within the economy. Chen (2012) posits that the incidents of institutional frauds and irregularities are mainly false financial reporting, inflated revenues, assets embezzlement and irregular transactions; and maintain that these have been on the increase globally, thus, providing reason for the need for adopting more suitable accounting standards capable of curtailing such menace. Chan (2003) argued that effective government accounting systems lead to improve government accountability as these accounting systems provide the flat form for the generation of financial reports for assessing government's ability to meet its responsibilities and thereby help attract funding to itself. Furthermore, it is well established that public interest is best served if public sector financial information generated for users is readily understandable, relevant, reliable and comparable to other public sector information produced elsewhere. This is only feasible where government financial statements are prepared in compliance with IPSAS as the basis of preparation will be consistent for

all adopting governments (Legenkova, 2016; Mack & Ryan,2006). Bellanca and Vandernoot (2014) are of the view that those countries with better IPSAS compliance rate often demonstrate better government policy decision making, better resource allocation, great transparency and increased accountability among government officials compared to countries without IPSAS compliance. Okere Wisdom, Eluyela Damilola, Basseg Inemesit and Ajetunmobi Opeyemi (2017) said that implementation of IPSASs by public sectors in Nigeria will impact positively on reliability, credibility and integrity of financial reporting and promote uniform chart of financial reporting by the three tiers of the government. Further it helps to facilitate efficient internal control and result based financial management in the public sector. This study made use of survey research design. O. Ademola, Abimbola, A. Adegoke, Kolawole and A.Oyeleye,Olufunke (2017) evaluated the impact of International public sector accounting standards on the financial accountability of selected local governments of Oyo State, Nigeria. They identified variables of corruption reduction, transparency and accountability and found the impact of usage of International Public Sector Accounting Standards on them.The methodologies applied for this survey was five point lickert scale questionnaire which was administered on sample of 105 Accountants and Internal Auditors in the public sector. It found that adoption of IPSASs increases the level of accountability, transparency and reduces corruption in the selected local governments. This implicit that the economy of Nigeria will be better off if IPSASs are fully adopted and implemented. Furthermore, supporting to implementation of public sector accounting standards, Tower (1993) argued that accounting has an important impact on societal welfare because it promotes 'efficiency and equity' through the provision of accountability information transparently in the form of financial and non-financial reports to legitimate stakeholder groups. Josedilton Diniz (2015) highlighted the advantages of implementation of International Public sector Accounting Standards in Brazilian Public Accounting. 108 respondents were taken as a sample and used a questionnaire based on five theoretical approaches. The perception of the standards, the interpretation of the standards, the cost benefit of the implementation and the educational responsibility were the independent variables. Advantages of the implementation of International Public sector Accounting Standards was the dependent variable. This study confirmed that implementation and application of International Public Sector Accounting Standards will be useful for public Management as they will solve serious problems in that area. Grater comparability of the statements, reduction of possible frauds and increased credibility of information providing a better decision making by the public administration.

Challenges in implementing new public sector accounting standards

Though there are benefits with the implementation of IPSAS in the relevant country context, challenges are there behind to make it success. Atuilik (2017); Atuilik, Adufula & Asare(2016) highlighted that the challenges presented as impediments against successful IPSAS implementation can thus be summarized as follows ; IPSASs are too complicated ; there is a shortage of professionals with IPSAS expertise with IPSAS knowledge; significant additional cost of implementation; conflict with local laws ; differences in implementation process and strategy ; and lack of clear implementation guidelines. Hussein Salia & Williams Abayaawien Atuilik (2018) highlighted the benefits and at the same time showed that lack of International Public Sector Accounting Standards experts, conflict between IPSAS and existing laws, and high cost of transition from existing accounting practices to IPSAS represent threats to realizing the full benefits of IPSAS. Nagalingam Nagendrakumar, (2016) explained that it is not adopted Sri Lanka Public Sector Accounting standards in Trincomalee Urban council as they also use Wickramanayake's system of Accounting which is based on accrual basis but as a ruled based system. They consider that system is easier and more familiar to them and showed that they are reluctant to change. Sri Lanka Public Sector Accounting Standards also based on accrual basis, but it is a principle-based method. So, the SLPSAS are advisable to be practiced by the local governments provided that the local governments are equipped with the professional skills since of the lack of knowledge in professional judgements under the principle based SLPSASs. Further it has been claimed by the researchers that the rationale for adopting accrual accounting in the public sector is grounded on neo institutional theory (Pina, Torres, & Yetano, 2009; Pollanen & Loiselle-Lapointe, 2012). A number of countries face the problem in reforming the public sector accounting. Russia targeted a nine months transition period of reformation of accounting. During that time, the authority gave opportunity for the accounting staff to get adopted with the proposed system. However this period was recognized as a critical period for the accounting staff and was identified as "real hell" for the public accountants (Tomoshenko & Adhikari, 2010; Adhikari et al. 2012). Janardanam (2016) explains that no country in South Asia is fully complaint with the cash basis International Public Sector Accounting Standards and he further stated that the process of implementing IPSAS is long and there are some obstacles such as cultural, communication, expertise, laws and regulations factors. The study argues that the major requirement to achieve the tectonic change of implementing IPSAS is a serious commitment at the top levels of government from both political and administrative angles. Joshi P.I., Wayne J.B. and Jasim A. (2008) stated that poor training as a major challenge in implementing public sector Accounting Standards based on a research done as an evidence from Bahrain. Babathunde (2017) explained that transition to International Public Sector Accounting Standards has been challenge and the trend must be

reversed. It tried to find out the factors that contribute to the slow implementation of international Public Sector Accounting Standards in Nigeria based on cross sectional analysis survey design used to answer the questionnaire. A sample of 232 respondents drawn from the accounting and auditing carders in the public sector were used to conduct this study. According to the survey it found that political buy-in of all the government functionaries as a collective decision was a significant factor for the slow implementation of International Public sector Accounting Standards in Nigeria. Abesinghe (2016) pointed out that the accrual basis in the current accounting framework does not work because it does not address the political interest dominating over public sector organization. This study was carried out as a qualitative case study at the Colombo Municipal Council. Mahdavi and Namazi (2012) pointed out in their research that accounting academics and practitioners of Shiraz University as well as practitioners from Shiraz Medical Sciences university demanded that special accounting and auditing standards be promulgated to universities due to barriers in implementation. Vicknaeswaran (2018) said that overall current public sector accounting practices and the implementation of Sri Lanka Public Sector Accounting Standards are not in effective and efficient position based on the perception of government accountants. They have suggested that proper awareness and training on public sector accounting standards implementation will lead to effective and efficient usage of the standards and accrual basis adoption in the public sector. According to Duc P., Bruno M. & Meropy B. (2014) Educate financial staff was the major challenge in implementing IFRS in Vietnam. Zhuquen (2018) identified the barriers in implementing Public Sector Accounting Standards in South Asian Countries as lack of experienced staff, delay in provision of information by the public entities and lack of defined implementation time frame.

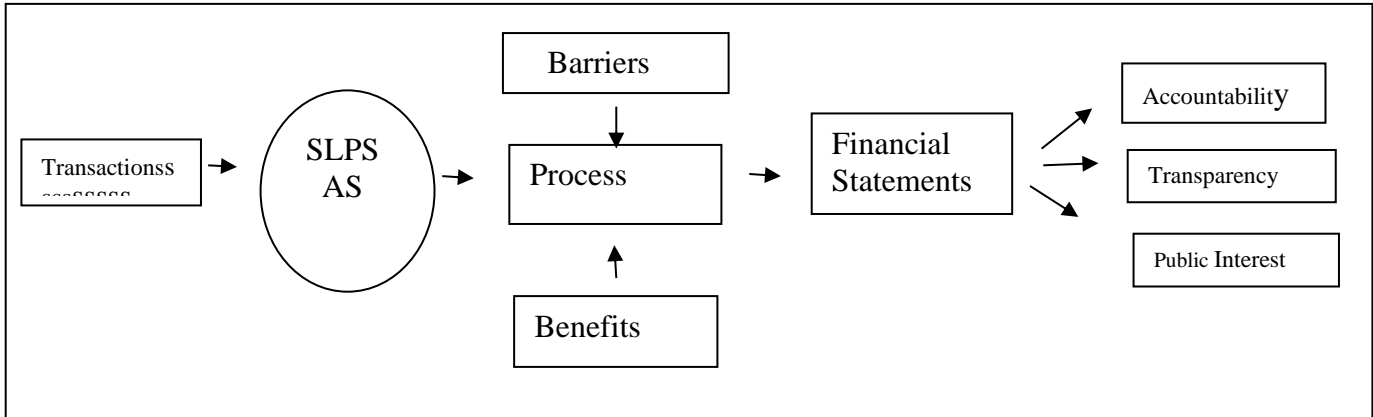
RESEARCH DESIGN AND METHODS

Population and study sample

Population is Bursars and Auditors in the Public University System in Sri Lanka. As all the universities have to follow the same accrual accounting system and Sri Lanka Public Sector Accounting Standards, Bursars and Auditors attached to University of Peradeniya.

Conceptual diagram

Figure 1 : Conceptual Diagram



Sample size and selection of sample

Sample size is 30 Bursars and Auditors in the University of Peradeniya and is based on involvement in preparation of financial statements and application of Sri Lanka Public Sector Accounting Standards.

Sources and collection of data

Semi structured questionnaire and direct interviews were conducted to collect primary data. Annual Reports, Financial Statements, Audit Reports and three volumes of Sri Lanka Public Sector Accounting Standards were used to gather secondary data.

Data analysis strategies

IBM Statistical package of Social Sciences (SPSS) is used for data analysis. To describe data descriptive statistics are used mainly.

DATA ANALYSIS

Research instrument

The research instrument is a five point Likert Scale type of questionnaire. It has been designed to be straight forward and concise. It covers the area of knowledge, competency, benefits and issues in implementing Sri Lanka Public sector Accounting Standards. The questionnaire asks the respondents to give their perception freely.

The questionnaire contains a set of questions classified into four sections. They are to test the knowledge of accrual accounting, importance of Sri Lanka Public sector Accounting Standards, challenges in implementing and bio data of the respondents.

Five-point Likert scale is outlined describing Strongly Disagree =1, Disagree=2, Undecided = 3, Agree=4 and Strongly Agree = 5.

Table 1 : Administration of questionnaire in the University of Peradeniya

Capacity of the Respondents	Selected Sample	No.of Questionnaire copies distributed	No. of questionnaire copies received and analysed
Bursar	01	01	01
Deputy Bursars	06	06	06
Senior Assistant Bursars	09	09	09
Assistant Bursars	06	06	06
Internal Auditors	04	04	04
Government Auditors	04	04	04
	30	30	30

The initial copy of the questionnaire was reviewed by the qualified Chartered Accountant attached to University of Peradeniya. His input was incorporated into the redesigned questionnaire. Pilot survey was done with three Assistant Bursars and it took nearly 15 minutes to fill the questionnaire. The responses were analyzed by using descriptive statistics in the form of frequencies. The analysis of data collected were done by using IBM Statistical Package for Social Sciences (SPSS) version 23.

Table 2 : Analysis of respondents based on work stations

DEMOGINFO_Workstation				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Accounts	22	73.3	73.3	73.3
Internal_Audit	4	13.3	13.3	86.7
Govt_Audit	4	13.3	13.3	100.0
Total	30	100.0	100.0	

73% of the respondents selected from the Accounts Divisions as they directly involved in preparation of Final Accounts.

Figure 1 : Analysis of respondents based on work stations

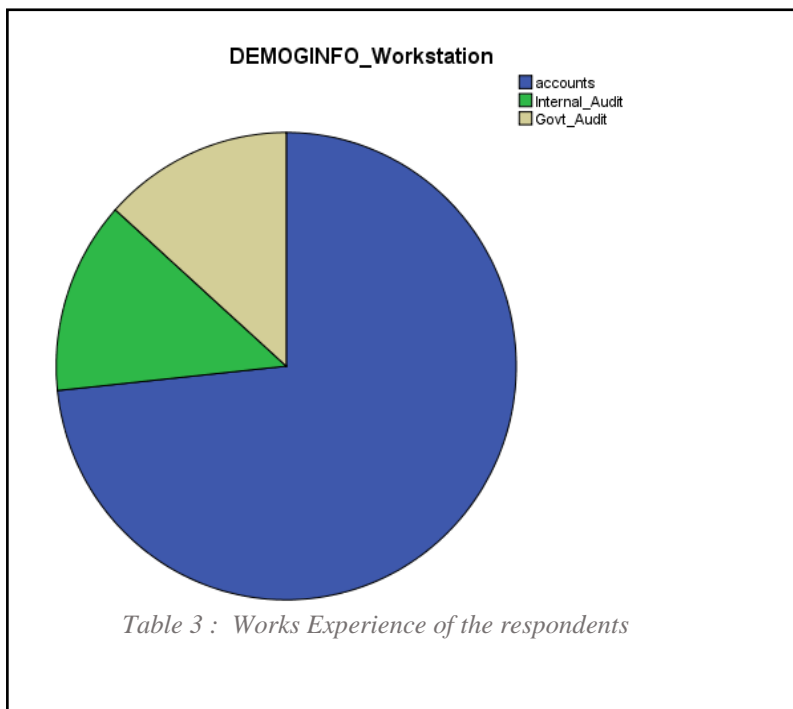


Table 3 : Works Experience of the respondents

		EMOGINFO_Work_Experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5 years	8	26.7	26.7	26.7
	6-10 years	9	30.0	30.0	56.7
	11-15 years	7	23.3	23.3	80.0
	>15 years	6	20.0	20.0	100.0
	Total	30	100.0	100.0	

Figure 2: Work Experience of the respondents

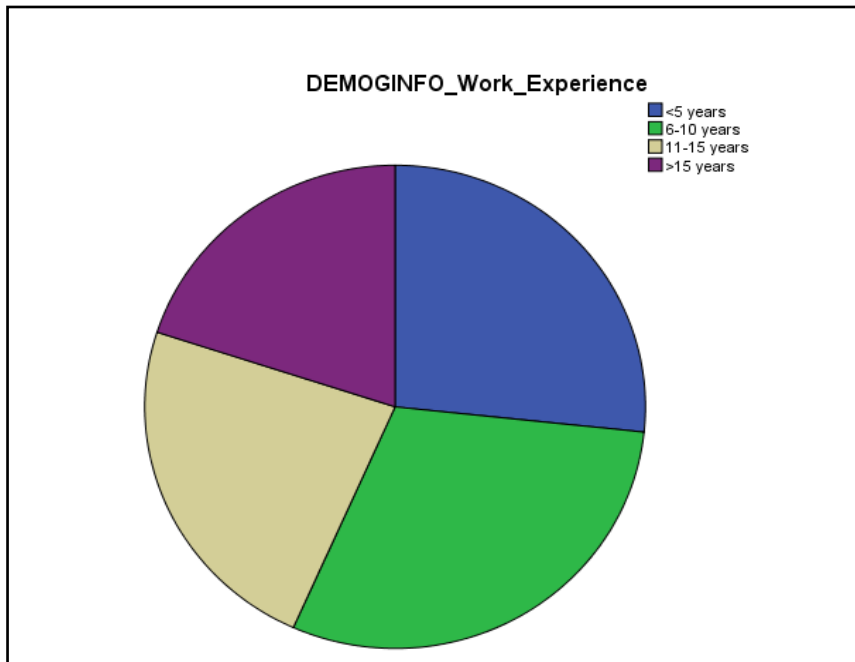


Table 3 shows the works experience of the respondents. The table and the graph show that 43.3% of the respondents have worked more than 11 years in public sector accounting. This shows the strength of the sample.

Table 4: Academic Qualifications of the Respondents

DEMOGINFO_Academic_Qualifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Validity	Postgraduate	11	36.7	36.7	36.7
	Graduate	16	53.3	53.3	90.0
	Diploma	3	10.0	10.0	100.0
	Total	30	100.0	100.0	

Figure 3: Academic Qualifications of the Respondents

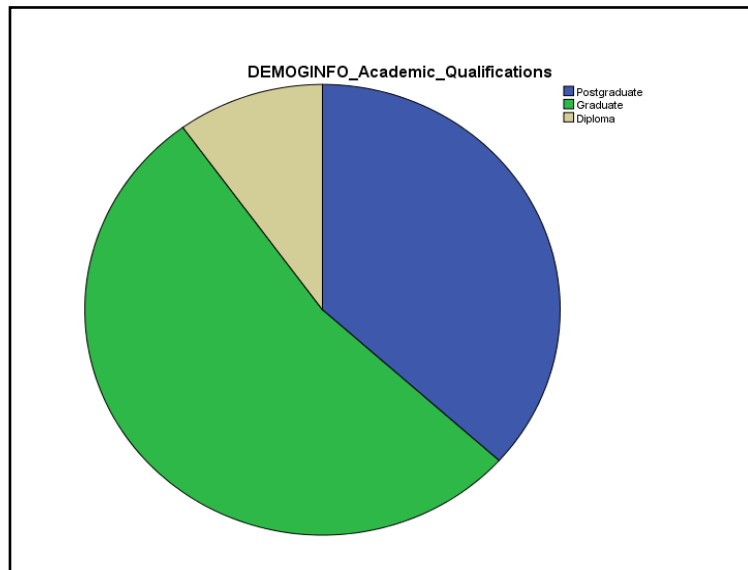


Table 4 and figure 3 depicts that 90% of the respondents have bachelor’s degree and Postgraduate degrees. Only 10% of them has Diploma qualifications but that also Diploma in Accountancy which is now equal to B. Com degree. So, all the respondents are well educated.

Table 5: Professional Qualifications of the Respondents

DEMOGINFO_Professional_Qualifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACA	7	23.3	23.3	23.3
	CIMA	1	3.3	3.3	26.7
	Dip. in Accountancy	7	23.3	23.3	50.0
	AAT	15	50.0	50.0	100.0
	Total	30	100.0	100.0	

Figure 4: Professional Qualifications of the respondents

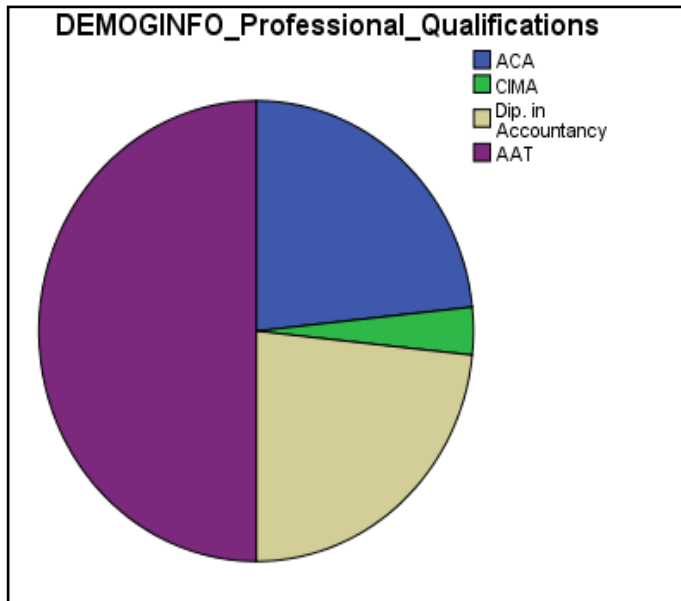


Table 5 and figure 4 depict that 50% of the respondents have achieved ACA, CIMA and Diploma in Accountancy qualifications and 50% have AAT qualifications. This indicates that all the respondents from Accounts and Audit Divisions are with enough professional qualifications at their levels.

As there is a qualitative aspect in this survey, this study has been done as a mixed research. To collect the qualitative data interviews were conducted with related respondents. The interviews aimed to collect personal and professional views were approximately 16% of the questionnaire respondents. Only the respondents who have given their consent to interview were contacted. The selection of the Bursars and Auditors who should be interviewed was considered the following criteria:

Their willingness to make interviews

The availability of the interviewee during the period covered.

The knowledge and exposure in SLPSAS

The level of involvement in preparation of Final Accounts.

Selected five respondents were interviewed and it was assisted to make in collection with the data available in the answered questionnaire.

Quantitative analysis

SPSS data set design:

Variables were designed for each question in the questionnaire except for the question number 26. The questionnaire was consisted with four sections i.e. knowledge in Accrual Accounting,

Advantages of SLPSAS, Challenges in implementing and demographic questions. SPSS variables were recognized with a prefix which would help to identify the area of questions. The prefixes were AA for Accrual Accounting, SLPSA for Sri Lanka Public Sector Accounting Standards advantages, CH for challenges questions and Demo for demographic questions.

General Questions:

The first question identifies whether the University of Peradeniya as a whole and faculties and divisions separately use Accrual accounting. They replied that they use Accrual Accounting and the respond rate is 100% agreed.

Table 6: Usage of Accrual Accounting

Accrual_Accounting_Usage				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	30	100.0	100.0	100.0

In the second question, it was aimed to show the application method in preparation of budgets and it shows that 80% of the respondents follow Accrual basis, 6.7% applies cash method and modified or mixed method is used by another 13.3%.

Table 7: Method of Budget preparation

Budget_Preperation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Accrued	24	80.0	80.0	80.0
Cash	2	6.7	6.7	86.7
Mixed	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Specific Questions:

From the question number 3 onwards specifically related to the perceptions of Bursars and Auditors of University of Peradeniya.

Table 8: Acrual Accounting applicability

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q. 3 Improves the Decision making	30	4	5	4.43	.504
Q.5 Compels to plan for the settlement of liabilities	30	4	5	4.27	.450
Q.4 Increase the Accountability	30	2	5	4.20	.664
Q.6 Better financial Performance management	30	2	5	4.17	.699
Q.8 Few qualified Accountants	30	1	5	3.93	1.112
Q.7 Easy as Cash accounting	30	2	5	3.63	1.129
Valid N (listwise)	30				

Decision Making and Accountability

Decision making and Accountability are represented by the question no.3 and question no.4 in the above table. The importance in applying accrual accounting in decision making were accepted by the 100% of the respondents and it is reflected by the highest mean value of 4.43 and less than 1 standard deviation.

93.3% of the respondents agreed or strongly agreed that accrual accounting increases the accountability of the public sector universities and it was reflected by the third highest mean value of 4.20 and less than 1 of standard deviation. To protect accountability, it should be disclosed liabilities of the university as accrued expenditure.

Acknowledge and plan for the settlement of liabilities

Accrual Accounting compels public universities to acknowledge and plan for the settlement of their liabilities. One of the major draw backs of the cash basis is that until the making of settlement in paying cash, the expenditure cannot be seen though it was a liability during the period concerned. But accrual accounting evaluates the entity's ability to settle the liabilities. The mean for this judgement was 4.27 and it is almost 100% agreed to that point showing less than 1 standard deviation.

Better Financial performance Management of the Government Resources

Accrual accounting budgeted for effective utilization of government resources. The responding rate for supporting this as agreed by 90% of the respondents.

Qualified Accountants

Public Universities have few qualified Accountants with experience in accrual accounting. Earlier most of the qualified Chartered Accountants were served in the private sector due to recognition, remuneration and other cash and non-cash perks. Very few Chartered Accountants were joined to public sector and that also due to personal commitments. It has now been changed and more qualified people are there in the University system. That's why very few agreed on that matter. Only 66.7% agreed the point and it carries low level mean as 3.93 and more than 1 standard deviation.

It is easy working with Accrual Accounting once fully implemented

When fully implemented, working with accrual accounting is easy as working with cash accounting. But only 66.6% respondents were agreed to that. Accrual accounting is still complicated to the users due to complexity in transactions of the university system. That measure has lesser mean and more than 1 standard deviation, and it shows that practitioners are not considering it in one voice.

Descriptive Statistics for SLPSAS data

This section shows the response analysis of the section 2 of the questionnaire on the advantages of the implementing Public Sector Accounting Standards.

Table 9: Advantages of Implementing Sri Lanka Public Sector Accounting Standards

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Q.9 Enhance the Comparability	30	3	5	4.63	.615
Q12 Improve the transparency in financial reporting.	30	3	5	4.53	.571
Q.11 Improve the Assets Management	30	2	5	4.30	.702
Q.10 Clear formats for preparation of Cash Flow statements	30	2	5	4.10	.759
Q.15 Enhance the Decision Making capacity	30	3	5	4.07	.640

Q13 Better budgetary control	30	2	5	4.03	.718
Q.16 Improve the Internal Control systems	30	2	5	3.83	.791
Q.14 Better resource allocation	30	2	5	3.53	.973
Valid N (listwise)	30				

Enhance the comparability:

Introduction of International Public Sector Accounting Standards was mainly based on the enhancement of quality and comparability of the financial statements over different periods and different entities in the similar nature. Sri Lanka Public Sector Accounting Standards are also the same adoption in Sri Lankan context. So, within the university system also it has to maintain comparability and it would be. This matter considered as the major advantage by the highest number of respondents (Highest mean 4.63) with a less than 1 standard deviation.

Improve the transparency and accountability in financial reporting:

The main objectives of introducing SLPSAS are improve transparency and enhance accountability to stakeholders. More than 90% of bursars and auditors agreed that SLPSAS should be followed to achieve accountability and transparency and it was supported by a higher mean value of 4.53 with less than 1 standard deviation.

Improve the Asset Management:

Adoption of Sri Lanka public sector Accounting Standards has improved the asset Management through recognition, measurement, valuation and reporting. The standard on Property, Plant and equipment provided the way of recognizing, measuring, valuing and reporting the non-current assets. This standard would improve the stewardship of the assets. A mean value of 4.30 showed a higher response rate in favorably.

Preparation of Cash Flow Statement is clearer:

Preparation of cash flow statements has become easier with the introduction of formats and related disclosures in the Sri Lanka Public Sector Accounting Standard. Specific formats, technical jargons, methods of preparation and disclosures are described clearly in the standard. Out of 30 respondents nearly 90% agreed with that. The above table shows that mean is at 4.10 which is in a higher capacity.

Enhance the decision-making capacity:

Accrual Accounting based SLPSAS addressed all the areas of public sector accounting system. If these standards are followed, more information can be collected to the government as well as to the entities themselves. Based on the provided information by the University of Peradeniya and other universities, Ministry of Higher Education makes decisions on preparation of budgets, resource allocation, carder revisions, course revisions and issuing circulars etc. More than 90% of respondents agreed on this and it was confirmed by the 4.07 of higher mean value with less than 1 standard deviation.

Better budgetary control:

Based on SLPSAS, it has to be identified income recognition policy for each university/higher educational Institutes also. Cost also should be measured within the student’s academic duration as stipulated. Actual Income and expenditure and budgetary allocation should be shown with each item and clarifications should be given for insignificant deviations. So the budgets preparation and control is more easier with SLPSAS 15. This measure has a higher mean of 4.03 showing it as one of the significant matter.

Improve the internal control systems:

Internal control systems on assets and liabilities through SLPSAS is vital. Stakeholders more concern on the funds allocated to the universities are used for that particular votes. Government can identify if there is any misuse of government assets through internal control systems. Verifications of inventories and stocks at the yearend are internal controls highlighted in the SLPSAS. But its worth is less in the perception of university financial officers. Only 63% agreed on that showing the lower mean value of 3.83.

Better Resource Allocation:

Resource allocation would be more reasonable with the identification of the areas to be addressed. Poor responses for that matter. The lowest mean value for this item i.e. 3.53.

Challenges

Table 10: Descriptive Statistics for challenges in implementing SLPSAS

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Q.19 Lack of training	30	2	5	4.43	.817

Q.25 Public sector issues not covered by SLPSAS	30	3	5	4.07	.691
Q.18 Resistance to change	30	2	5	4.07	1.015
Q.22 Poor support from other divisions	30	1	5	3.97	1.159
Q.24 Complicated calculations for Retirement Liabilities	30	2	5	3.90	1.062
Q.20 Difficulties in valuation of non current assets	30	1	5	3.83	1.177
Q.17 Lack of adequate Resources	30	1	5	3.70	1.179
Q.21 Inadequate Financial_Systems	30	1	5	3.63	1.098
Q.23 Complexity in understanding	30	1	5	3.43	1.223
Valid N (listwise)	30				

Lack of Training:

Majority of the respondents (87%) believe that training the staff is very important in accrued accounting and Sri Lanka Public Sector Accounting Standards. Though it is a pressure on budget as training cost, without the application of SLPSAS, it can't go ahead. Poor training creates more errors and finally leads to qualified audit opinion. The highest mean value of 4.43 and less than 1 standard deviation shows that it is the most critical factor from the practitioners' point of view.

Some public sector issues are not covered by SLPSAS:

There are some issues related to preparation of financial accounts where no solutions have been made in SLPSAS yet. For example, it has to be shown spent of capital grant separately in financial statements but the way of doing is not disclosed. There is a problem with calculating spent and unspent grant amounts accurately. Calculation of actuarial valuation for provision for gratuity is recommended but it has to obtain the service of a Professional firm for calculations. Sabbatical leave provisions are asked to calculate but it is complicated with large number of academics and administrative and take more time to adopt. Sri Lanka Public Sector Accounting Standard no. 10 says that income recognition policy should be developed and follow. But there is no unique method has

been introduced to follow. In that case, different methods will be applied by each university and comparability may be badly affected. The mean value of 4.07 shows that there are areas where poor support from SLPSAS.

Resistance to change:

University system earlier deals with cash accounting. It is so simple, and staff used to work with that. With the introduction of SLPSAS, they are reluctant to change. The mean value of 4.07 shows that it is a critical factor.

Poor support from other divisions:

If there is no support from other divisions in the university, only the accounts department cannot perform well. From the student registration up to the graduation, academic process is continued. From the filling of vacancies up to the retirement of an employee academic and nonacademic establishments divisions should be processed. In accounting, all the financial and non-financial aspects to be taken into account. In providing information to final accounts, all the divisions and faculties should be collaborated. 80% of the respondents agreed on it. The mean value of 3.97 showed that it is affectable thing.

Calculation of employee benefits, pension and retirement liabilities have become more complicated:

It is difficult to make calculations and accounting for pensions and retirement benefits as per Sri Lanka Public Sector Accounting Standard no.19 due to lack of prior experience in actuarial valuations. It has to be obtained the service of a Professional firm at a big cost in each year to get the actuarial valuation of gratuity provisions. Sabbatical leave provisions and calculations are not commenced by any university yet. Nearly 67% of respondents considered it as a challenge. It has a mean value of 3.9 considering it as the 4th factor.

Difficulties in valuation of assets:

Respondents mostly believe that it would be hard to make valuation of fixed assets. It is more time-consuming task in case of University of Peradeniya. Calculation of historical cost, market value or fair value and keeping accounts accordingly would not be an easy task. Once in every 3 to 5 years, non-current assets should be valued and taken to accounts. But in the University of Peradeniya with 1200 acres land, billions of rupees worth buildings, plant and machinery, teaching and office equipment and furniture and fittings valuation normally takes more than 2 years. More than 800,000 books and periodicals in 10 libraries in number verification is very difficult. 77% of participants agreed on that.

Lack of adequate resources:

In implementing accrued based SLPSAS, it is required properly designed MIS system and skilled workforce and redemption of agreed fund allocations. Otherwise it would not be effective. 70% of the respondents agreed on it. But it has a low mean and more than 1 standard deviation and it showed as an insignificant factor.

Inadequate financial systems:

To apply accrual accounting and SLPSAS, proper financial system to be there in the entity. Streamlined efficient system of recording, analyzing, communication of financial data would be required. Only 70% agreed on it. A lower mean value of 3.63 and more than 1 standard deviation shows that it is not a critical factor.

Complexity in understanding:

Sri Lanka Public Sector Accounting Standards are translation of International Public sector accounting standards and there are points be difficult to understand and apply. Only 50% of respondents agreed on that matter. Lower mean value and more than 1 standard deviation says that it is not too complex.

Qualitative Analysis

Qualitative data were gathered from the questionnaire and mainly from the semi structured interviews. They were conducted with the focus group of Bursars, Government auditors and Internal Auditors who are directly involved in application of Sri Lanka Public Sector Accounting Standards. Qualitative data is normally subjective, enriched with deep ideas and conveyed or presented in wordings. The value of the qualitative data collection is, it allows the researcher to uncover information which are unexpected but highly related to the research objectives.

This chapter present the analysis of the data collected through the interviews from the selected individuals from the above qualified respondents.

Table 11 : Analysis of Interviewees background

Rank	Academic qualifications	Professional qualifications	Experience

Deputy Bursar/ PGIS	MBA	ACA	More than 10 years
Senior Assistant Bursar/ Research	MBA	CBA	More than 10 years
Deputy Internal Auditor	MBA	CBA	More than 15 years
Deputy Bursar / Fin. Admin.	MBA	ACA	More than 10 years
Deputy Bursar / Local supplies	MBA	CBA	More than 15 years

To get their own perception regarding the advantages and mainly challenges they encounter, interviews were conducted.

Table 12: Summary of the Interview outcomes

Questions	Respondents				
	Deputy Bursar/PGIS	Snr. Asst. Bursar	Deputy Internal Auditor	Deputy Bursar/ Fin. Admi.	Deputy Bursar/Local Supplies
View of adoption of Accrual Accounting	Apply in Significant extent	Apply in Significant extent	Apply in all activities	Application is less	Application is less
Benefits i.	Enhance the Comparability	Enhance the Comparability	Fair presentation of financial reporting	Enhance the comparabili ty	Enhance the Comparabilit y
ii	Improves the Decision making	Easy preparation of Cash flow statement	Enhance the Comparability	Improves the Decision making	Improves the Decision making
Challenges i	Lack of training	Lack of training	Revaluation of fixed assets	Less training	Poor Training
ii	Poor support from others	Revaluation of fixed Assets	Poor Training	Revaluatio n of assets	Less support from other divisions

Perception	Application is good with more clarifications	Adoption is very good	Adoption is good	Should make mandatory	Should follow with adjustments
Recommendations	Relevant standards should be simplified	Proper MIS system should be developed	Should familiar with them	Improve awareness	More training

CONCLUSION & RECOMMENDATIONS

Conclusion

The respondents of this survey view on the benefits of implementation of SLPSAS and strongly agreed that the comparability of financial reports within various periods and similar entities as a major factor. This was supported by the questionnaire analysis by obtaining the highest mean of 4.63 and less than 1 standard deviation. Further interviews conducted with the practitioners justified the comparability as the most advantageous point. This result was supported by former research done by Joshi, P.L., Wayne G.B., Jasim A. (2008) as an evidence from Bahrain. While analyzing the advantages of the implementation of IPSAS in Brazilian public accounting, the researcher found out that comparability of financial statements as the key element (Josediton D., 2015). Ijeoma N.B., (2014) said that respondents agreed that the adoption of International Public Sector Accounting Standards (IPSAS) will enhance comparability. The research done by Hussain S. and Atuilik W.A. (2018) said that comparability of financial statements has the highest mean value of 4.43 in descriptive analysis of advantages of implementing IPSAS.

The major challenge highlighted in this study is poor training. It was supported by Joshi P.L., Wayne G.B., & Jasim A. (2008). Educate financial staff was the challenging factor agreed by majority (83.1) in the survey on perception of the IFRs implementation Challenges in Vietnam by Duc P., Bruno M. & Meropy B. (2014). Further research of perception of the adoption of International Public Sector Accounting Standards by Local authorities in Kenya highlighted that Low skilled personnel on IPSAS and need for regular training is the major challenge. Wickneswaran, A. (2019) confirmed that Proper training should be provided.

Overall, this survey indicates that the mean of all the benefits are more than 3.5 and interviews also more supportive though there are challenges and it confirms that Bursars and Auditors have positive

perception in adopting the Sri Lanka Public Sector Accounting Standards to the University system. My research findings confirmed the results of earlier researches done within that area.

Implications and recommendations of the study

This study recommends that Institute of Chartered Accountants of Sri Lanka and other authorized wings in implementing Sri Lanka Public Sector Accounting Standards should consider holding awareness programmes among financial professionals as well as other related information providers. As policy makers University Council, University Grants Commission and Ministry of Higher Education should consider the practical issues of the Bursars and Auditors in the University System and recommend solutions for them having negotiate with Standard Setters.

They should consider regular training on Sri Lanka Public Sector Accounting Standards so as to bridge gaps that could have been created by future improvements of Sri Lanka Public Sector Accounting Standards. In this regard, Staff Development Centers of Universities can organize effective training programmes for Administrative and Financial officers accompanied with their Management Assistants.

As Practitioners, Bursars and Auditors of the University system should bring up their practical issues together to make a unique solution.

Adoption and application of Sri Lanka Public Sector Accounting Standards should be made mandatory for all the government authorities and state universities with relevant modifications and follow up measures should be adopted.

FURTHER STUDIES

The current study focused on the benefits and challenges in adoption of Sri Lanka Public Sector Accounting Standards considering only the perception and ideas of bursars and auditors in the University of Peradeniya. Further research studies can embark with effects of Sri Lanka Public Sector Accounting Standards on financial performance of Universities in Sri Lanka, widening the respondent's categories up to Academia and Accounting Professionals levels to make the opinion generalized.

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