



Determinants of Lower Level Adoption of Sri Lanka Public Sector Accounting Standards (SLPSAS) in Sri Lanka (with Special Reference to the Divisional Secretariats in Galle District)

Deepal A. G.

*Department of Accounting and Finance, Faculty of Management and Finance,
University of Ruhuna, Sri Lanka*

Corresponding author: deepalguru@mgt.ruh.ac.lk

ABSTRACT

Ministry of Finance expected that the introduction of Sri Lanka Public Sector Accounting Standards (SLPSAS) would lead to a significant improvement in the quality of financial accounting and financial reporting in the public sector institutions in Sri Lanka. 10 SLPSAS have already been issued and the literature clearly demonstrates that while the international and national agencies have propagated to adopt SLPSAS, the related reforms have not been gone beyond the trial/ proposal stage in Sri Lanka even though it has been made mandatory to adopt with effect from 2011. Hence, the problem of the study can be identified as why public sector entities have not been able to fully adopt SLPSAS to date. Accordingly, the main objectives of this study are to measure the degree of adoption of SLPSAS at present and to find out the causes for the delay in adoption of SLPSAS in Divisional Secretaries (DSs) in Galle District. A sample of 15 DSs was selected randomly based on the probability proportionate sampling technique and primary data were collected through a researcher- administered questionnaire. The level of adoption was measured using an adoption rate of compliance whereas the determinants and impact for the lower level of adoption were identified by using the regression analysis. Hence, adoption of SLPSAS in public sector is at a toddler stage, and four factors have impressed a significant impact on such of adoption of SLPSAS in DSs in Galle District including unwillingness to change, inadequate training and development for the staff, lesser financing for the adoption and weak political and bureaucratic support from the government. These findings are mostly valuable for policy makers, implementors, and practitioners to understand the cultural and structural issues, current developments and challenges, and influential aspects of the implementation of SLPSAS in Sri Lanka. In case of further researches, it is highly recommended to study the adoption of SLPSAS in government, provincial councils, local authorities, non-profit making statutory authorities and, universities to have a better understanding of the current practice of SLPSAS in the country in a broader perspective.

Keywords: *Divisional Secretaries, Lower Adoption, Public Sector Accounting Standards, Sri Lanka*