

UNIVERSITI TEKNOLOGI MARA (UITM)

CHALLENGES IN IMPLEMENTING
ACCRUAL ACCOUNTING
IN SABAH STATE GOVERNMENT

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ABSTRACT

Sabah State Government move towards implementing accrual accounting as a reform to improve management and delivery of the state public funds. Currently, Sabah State Government is practicing modified cash accounting basis to record and present their financial information to the stakeholders. However, the limitations of resources that contribute to implementing of accrual accounting in Sabah State Government have affected the readiness of implementation of accrual accounting. Thus, the purpose of this study is to determine the challenges in implementing accrual accounting and to find out what are the initiatives have been taken by Sabah State Government in implementing accrual accounting in Sabah State Government. The method of research in this study is by way of interviewing senior officers in Sabah State Treasury Department, State Computer Services Department and National Audit Department (Sabah Branch) that involve directly in the discussion and process of implementing accrual accounting in Sabah State Government. The findings from this research shows that human resource, insufficient training, problem of tracking back fixed assets costs, new accounting information system, top management and political leaders' commitment, cultural in public sector and policy become challenges in implementing accrual accounting in Sabah State Government. This study is significance to help Sabah State Government in identifying all the challenges in implementing accrual accounting to reduce the impact when implementation of accrual accounting and as a literature from the view of practitioners.

Keywords : public sector, Sabah State Government, accrual accounting, implementing, reform, challenges.

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