



# Insights and Experience on Insights from Implementation of Accrual Accounting in Australia and other countries

Day 1, Session Two.

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iii) Critical Success Factors in Implementing  
Accrual Accounting

# Critical Success Factors in Implementing Accrual Accounting

- Understand what are the drivers of change
- Commitment from all sections of Government
  - Political commitment
  - Bureaucratic commitment
  - Auditor General commitment

# Critical Success Factors in Implementing Accrual Accounting

- Reform framework supported by amended legislation
- Change management is absolutely critical factor
  - Communication and understanding across the public sector of reform objectives
  - Train early and train often

# Critical Success Factors in Implementing Accrual Accounting

- Stages of Change management
  - Awareness raising
  - Project planning
  - Education and training
  - Implementation support
  - Post implementation training
- Failure to address any of these will build barriers to implementation

# Critical Success Factors in Implementing Accrual Accounting

- Appropriate skill levels in key entities
  - Accountant General's Department
  - Auditor General's Department
  - Implementing entities
  - Public sector experience combined with accrual accounting experience
  - Training and recruitment
  - Dedicated client officers in agencies

# Critical Success Factors in Implementing Accrual Accounting

- Accounting Standards and policy framework must be in place
  - Malaysian version of IPSAS
  - Transitional accounting policies
    - Pre output budgeting
    - Staged implementation
  - Full adoption accounting policies

# Critical Success Factors in Implementing Accrual Accounting

- Capacity to respond to issues encountered by reporting entities
- Involvement and support of Auditor General in development of policy approaches from transition to full adoption of IPSAS

# Critical Success Factors in Implementing Accrual Accounting

- Project Management involves key people and relevant expertise
- Well understood Project Plan
  - Achievable steps
    - stage implementation
  - Project plan widely communicated
    - early training sessions
    - No surprises
  - Clear milestone deadlines

# Critical Success Factors in Implementing Accrual Accounting

- Early key steps
  - Identify assets and liabilities (can stage this)
  - Establish opening balances (can stage this)
  - Establish chart of accounts
    - Clearly understood account definitions
    - Determine boundaries between agency and central control over changes to chart
- Look for quick wins

# Critical Success Factors in Implementing Accrual Accounting

And finally,

- Public sector is not private enterprise, not a profit motive, but the motive is improved public service and efficiency in use of funds
- Documented philosophy, principles and framework guidances
- Care in use of terminology