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**CGA Accounting Research Centre and The AFI Section
DISTINGUISHED SPEAKER SERIES**

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Noel is Professor of Management Accounting and Subject Leader in Accounting in the School of Management and Economics at Queen's University Belfast, N. Ireland, UK. A Fellow of the Chartered Institute of Management Accountants (UK), he was awarded a PhD by the Queen's University of Belfast for his research in not-for-profit organizations. His main research interests centre on performance measurement, performance reporting and management accounting in not-for-profit organizations (public sector organizations, charities and credit unions have provided a particular focus for his research). He is joint editor of the *Irish Accounting Review*, the official journal of the Irish Accounting and Finance Association, and a member of the editorial boards of *Research in Healthcare Financial Management and Financial Accountability & Management*.

Topic: «*Accruals accounting in the public sector: a road not always taken*»

Abstract:

The introduction of accruals accounting in the UK's central government in the early years of this decade, and in government within Northern Ireland (NI) as part of the UK, is seen by many as an aspect of an ongoing New Public Management (NPM) agenda designed to achieve a more business-like and performance-focused public sector. Its use in the UK can be seen as part of an international trend where government accounting in a range of countries has moved from its traditional cash base to a more commercial accruals base. In the Republic of Ireland (RoI) there were clear indications that government accounting would follow, for similar reasons, a comparable path to that pursued by the UK, and many other western democracies, and systems were established to facilitate this. In this presentation the experiences of the UK (and NI as part of the UK) and the RoI are examined. Through extensive document analysis and interviews with 35 key actors this presentation tracks the history of this move from cash to accruals in both NI (where a functioning system was established) and the RoI (where, despite early clear indications that accruals accounting would be introduced, change was significantly less extensive).

TIME: 2.00 -3.30 p.m. Monday , November 30, 2009

PLACE: Desmarais, Room 7136

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Details:

This presentation is based on a paper being prepared by professor Hyndman in collaboration with Ciaran Connolly. The objective of the paper and this presentation is to investigate the action of the Republic of Ireland and Northern Ireland with respect to their choice of accrual or cash accounting.



The move from cash to accruals in Northern Ireland followed very much the UK experience with cash accounting was used until 1999, the move to accruals was announced in 1994. Resource accounting with some accruals was introduced in 2001-2002 and resource budgeting followed in 2003-2004. It was considered mandatory.

In the Republic of Ireland the move from cash and appropriation accounting to the New Public Management approach was a somewhat slower and more tentative one. An early as 1991, a study only looked at accruals. In 1994 and 1995 a program of Strategic Management Initiative was launched with a pilot project in one department to present some accrual information. In 1996 a study suggested going for accruals in five years and in 1997 departments were told to produce strategy statements. In 1999 a Management Information Framework was made a requirement for each department and while accrual accounting was encouraged, local variations were allowed. Finally, in 2002, two reports were issued both encouraging accruals accounting and performance information. There was some doubt expressed by managers that government decision-making would be enhanced.

It should be noted that the method of this study involved many series-structured interviews in both the Republic of Ireland and in Northern Ireland.



In Northern Ireland there was little demand on use for the New Public Management idea. Politicians and managers found the whole process very confusing. Using accruals for budgetary control reports really could not be archived. Cash accounting was used because departmental management could not understand accruals. On the cost-benefit side of things there was much doubt whether better decisions were being made despite the creation of many more jobs for accountants.

For the Republic of Ireland the results were pragmatic in nature. Managers were not convinced of the benefits and there were too few accountants to make the system work. The realities of resource accounting and budgeting were not achieved.

Generally, the initial enthusiasm for New Public Management and accruals did not survive. Cost-benefit consideration had a lot to do with the demise. Political, ideological and cultural rationals tended to dampen the early enthusiasm. Are accruals really a better way toward better decisions. The jury is still out.