



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

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**FINAL EXAMINATION  
MARCH 2025 SEMESTER**

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**COURSE CODE** : EAB41303  
**COURSE NAME** : PUBLIC SECTOR ACCOUNTING  
**PROGRAMME NAME** : BACHELOR IN ACCOUNTING (HONS)  
**DATE** : 28 JUNE 2025  
**TIME** : 2.00 PM – 5.00 PM  
**DURATION** : 3 HOURS

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**INSTRUCTIONS TO CANDIDATES**

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1. Please **CAREFULLY** read the instructions given in the question paper.
  2. This question paper has information printed on both sides of the paper.
  3. This question paper consists of **FOUR (4)** questions.
  4. Answer **ALL** questions.
  5. Please write your answers on the answer booklet provided.
  6. All questions must be answered in **English** (any other language is not allowed).
  7. This question paper must not be removed from the examination hall.
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**THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

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(Total: 100 marks)

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

### Question 1

The traditional budget is also known as the line-item budget or standard-object budget. The presentation of the traditional budget is based on line-item, or on the nature of income and expenditure. The Financial control is focused solely on minimising expenditures and controlling inputs.

Gombak major towns and cities are maintained by local government organisations (LGO), which are funded by central government. The LGOs submit a budget each year which forms the basis of the funds received. You are provided with the following information as part of the 2025 budget preparation.

#### Overheads

Overhead costs are budgeted on an incremental basis, taking the previous year's actual expenditure and adding a set % to allow for inflation. Adjustments are also made for known changes. The details for these are:

| Overhead cost category | 2024 Cost (RM) | Known changes | Inflation adjustment between 2024 to 2025 |
|------------------------|----------------|---------------|-------------------------------------------|
| Property cost          | 120,000        | None          | +5%                                       |
| Central wages          | 150,000        | Note 1 below  | +3%                                       |
| Stationery             | 25,000         | Note 2 below  | 0%                                        |

Note 1 : One new staff member will be added to the overhead team; this will cost RM12,000 in 2025

Note 2 : A move towards the paperless office is expected to reduce stationery costs by 40% on the 2025 spend

**Required:**

- (a) Calculate the overhead budget for the year 2025.  
(6 marks)
- (b) Briefly explain **FOUR (4)** rationales behind the introduction of traditional budgeting to public sector entities.  
(8 marks)
- (c) Explain how the traditional budgeting (incremental budgeting) has been implemented as a tool to determine the allocation of resources for each item in the budget.  
(5 marks)
- (d) List **SIX (6)** shortcomings of traditional budgeting as a budgeting tool.  
(6 marks)
- [25 marks]**

**Question 2**

Auditing is a crucial aspect in maintaining public accountability and in practicing better governance especially when public auditors are entrusted with handling public funds. The Audit Act 1957 (Amended 1978) provides for the audit of the accounts of the Federation, the states, and other specified authorities and bodies.

**Required:**

- (a) List **SIX (6)** steps in the auditing process for public sector agencies.  
(6 marks)
- (b) Explain the difference between internal audit and external audit as per public sector practices.  
(6 marks)

- (c) Explain **FIVE (5)** main roles and responsibilities of auditing in the public sector.

(10 marks)

|            |  |
|------------|--|
| Oversight  |  |
| Detection  |  |
| Deterrence |  |
| Insight    |  |
| Foresight  |  |

- (d) List **THREE (3)** powers of the Auditor General in performing his audit functions as provided by section 7 of the Audit Act 1957.

(3 marks)

**[25 marks]**

### Question 3

Performance management in the public sector of Malaysia is a critical system designed to ensure that government agencies effectively achieve their goals and deliver quality public services. It involves setting clear performance targets, monitoring progress, evaluating outcomes, and taking corrective actions to improve efficiency and effectiveness.

#### Required:

- (a) Discuss the importance of performance management in the Malaysian public sector. Highlight its key components and explain how they contribute to improved public service delivery.

(10 marks)

- (b) Evaluate the role of the Malaysian Administrative Modernization and Management Planning Unit (MAMPU) in implementing performance management systems within government agencies. How does MAMPU ensure effectiveness in public sector performance?

(10 marks)

- (c) Explain how the Balanced Scorecard is used as a tool for performance management in the Malaysian public sector and discuss how it helps achieve public sector goals.

(5 marks)

**[25 marks]**

#### Question 4

Public sector accounting enhances efficiency and effectiveness by ensuring that public resources are planned, managed, and reported in a transparent and accountable manner. Through accurate financial recording and performance measurement, it supports informed decision-making, prevents misuse of funds, and promotes optimal allocation of resources.

#### Required:

- (a) Discuss how accountability and auditing can enhance efficiency and effectiveness in public sector accounting. In your answer, provide how the process of accountability and auditing could give challenges to government agencies operations.

(10 marks)

- (b) By linking budgeting to outcomes and monitoring expenditures against results, public sector accounting enables government entities to deliver better services while minimizing waste and maximizing public value. Outcome Based Budgeting also faces many shortcomings despite of advantages.

Explain **FIVE (5)** possible shortcomings of Outcome Based Budgeting.

(10 marks)

- (c) Unclaimed money in Malaysia, such as dormant bank accounts, uncollected dividends, and unclaimed salaries, highlights the significance of accurate financial tracking and timely reporting within the public sector accounting framework.

Briefly explain what is meant by unclaimed money in the context of public sector accounting in Malaysia. State **TWO (2)** examples of unclaimed money and explain how it is managed under the law.

(5 marks)

**[25 marks]**

**END OF EXAMINATION PAPER**