



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE	: EAB41303
COURSE NAME	: PUBLIC SECTOR ACCOUNTING
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 24 JANUARY 2026
TIME	: 02.00PM - 05.00PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

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.**

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Budgeting is a crucial part of public sector management accounting. It involves planning, allocating, and controlling government resources to achieve policy objectives. Modern approaches such as program budgeting and performance-based budgeting focus not only on controlling expenditure but also on achieving measurable results, ensuring accountability, transparency, and efficient resource utilization. A results-oriented budget helps governments evaluate program effectiveness, prioritize resource allocation, and improve service delivery.

Required:

- (a) Define program budgeting and explain how it differs from traditional budgeting. (6 marks)
- (b) Explain performance-based budgeting and discuss its significance in public sector organizations. (6 marks)
- (c) Discuss **THREE (3)** advantages of using a results-oriented budget in the public sector. (6 marks)
- (d) The government aims to improve efficiency and accountability through modern budgeting techniques. Provide **SEVEN (7)** steps involved in preparing a public sector budget. (7 marks)
- [25 marks]**

Question 2

Case Study : According to the Auditor-General's Report, a Malaysian public university awarded more than RM66 million in tenders to companies that did not meet procurement committee recommendations. The audit found that procurement rules were breached, documentation was incomplete, and internal controls were weak.

Despite clear procurement guidelines issued by the Ministry of Finance, the university proceeded with contract awards without proper justification. These weaknesses raised concerns about financial accountability, compliance with regulations, and the effectiveness of internal and external audit mechanisms in public sector institutions.

The case also attracted public attention, as public universities are funded by taxpayers and are expected to uphold high standards of governance, transparency, and accountability.

Required:

- (a) Analyse how the failure to comply with procurement procedures undermines public accountability in publicly funded institutions. (4 marks)
- (b) How do financial audits and compliance audits help find mistakes in this university procurement case? (4 marks)
- (c) Despite clear audit findings, procurement irregularities still occur in public sector institutions. Critically discuss why audit mechanisms alone may not be sufficient to ensure accountability. (8 marks)
- (d) As a member of the Public Accounts Committee (PAC), propose **THREE (3)** actions that should be taken to ensure corrective measures are implemented and similar procurement failures do not recur. (9 marks)

[25 marks]

Question 3

Local governments in Malaysia play a vital role in delivering essential municipal services and managing public financial resources at the local level. As the third tier of government, they are responsible for maintaining public infrastructure, regulating development, and ensuring community well-being while collecting and allocating funds to support efficient service delivery and local development.

Required:

- (a) Explain the role of local governments in Malaysia. (2 marks)
- (b) Explain the functions of local governments in Malaysia, with specific focus on:
- i. Financial management responsibilities
 - ii. Service delivery responsibilities
- (3 marks)
- (c) Briefly explain **FOUR (4)** main sources of revenue for Malaysian local authorities, with explanations and examples. (10 marks)
- (d) Discuss **TWO (2)** major challenges together faced by local governments in managing finances effectively and suggest **TWO (2)** solutions for each challenge, supported with explanations and examples (10 marks)
- [25 marks]**

Question 4

The development of public sector accounting in Malaysia reflects continuous efforts to strengthen financial governance, enhance transparency, modernise reporting systems, and improve the efficiency and accountability of government operations in line with evolving public sector needs.

Required:

- (a) Define the term of accrual accounting. (1 mark)
- (b) Describe the key features of cash basis, modified cash basis, and accrual basis accounting used in the Malaysian public sector (6 marks)
- (c) Discuss **TWO (2)** benefits of implementing the Malaysian Public Sector Accounting Standards (MPSAS) in improving the reliability and usefulness of government financial statements. (4 marks)
- (d) Explain **THREE (3)** benefit of computerised financial management systems such as Human Resource Management Information System (HRMIS) and Inland Revenue Board of Malaysia (IRBM) Electronic Filing System (LHDN e-Filing) enhances internal control and financial accountability within government agencies. (6 marks)
- (e) Evaluate **TWO (2)** challenges faced by Malaysian government agencies in implementing accrual accounting and digital financial systems, and propose **TWO (2)** solutions to address these challenges. (8 marks)

[25 marks]**END OF EXAMINATION PAPER**