CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB41303
COURSE NAME	:	PUBLIC SECTOR ACCOUNTING
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	23 JUNE 2026
TIME	:	9AM – 12PM
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 SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

Case: Sungai Kemuning Flood Mitigation Project

You are a finance officer at the Ministry of Natural Resources and Environmental Sustainability Malaysia. In 2022, the government approved the Sungai Kemuning Flood Mitigation Project in Kelantan with the following details:

Item	**Details**
Project Cost	RM80 million
Source of Funds	Federal Government allocation from tax revenue
Objective	To prevent annual flooding affecting 10,000 residents and 2,000 hectares of paddy fields
Implementing Agency	Department of Irrigation and Drainage (JPS)
Private Contractor	Air Murni Construction Sdn Bhd (appointed to build flood walls and deepen the river)
Completion Date	Scheduled for December 2024

Current Situation (March 2025):
The project is not yet complete. During a review, you discovered the following problems:

1. The project was approved without a proper feasibility study. Engineers now say the design is insufficient to handle major floods.
2. RM15 million has been paid to Air Murni Construction, but only 30% of the work is completed. Site inspections show poor workmanship.
3. Local residents were never informed about the project. Now, part of the flood wall blocks access to their farms.
4. Monthly progress reports were supposed to be submitted, but JPS officers did not enforce this requirement.
5. Bank Negara Malaysia has increased the Overnight Policy Rate (OPR) three times in the past year to control rising inflation.

Required:

Based on the scenario above, explain the following concepts in the context of the Sungai Kemuning Flood Mitigation Project:

a) What is meant by the public sector and why this project belongs to the public sector.
(5 marks)

b) The key difference between the objectives of the government agency (JPS) and the private company (Air Murni Construction) in this project.
(4 marks)

c) Define accountability and stewardship in the context of this flood mitigation project.
(4 marks)

d) Based on the problems discovered in the scenario, identify **FOUR (4)** examples where accountability or stewardship has failed. For each failure, explain why it is a problem for the public.
(8 marks)

e) Propose **TWO (2)** specific actions the Ministry should take to improve accountability for the remaining project funds.
(4 marks)
[25 marks]

Question 2

Case: Community Health Development Programme

The Ministry of Health Malaysia introduced a Community Health Development Programme aimed at improving preventive healthcare services through mobile clinics, vaccination campaigns, and digital health monitoring systems. The programme is funded through the national budget approved by the Ministry of Finance Malaysia. The budget allocation covers operational activities, programme expansion, and development of digital healthcare systems. The government is reviewing the programme's budget process, budget approaches, and performance management system to ensure better accountability and financial management. A recent internal performance review highlighted several weaknesses as follows:

- Budget allocations were mainly based on previous years' spending.
- Limited performance indicators were used to measure programme outcomes.
- Weak linkage between programme performance and budget allocation.
- Delays in financial reporting and monitoring of programme expenditures.
- Few welfare assistance payments issued under the programme remained uncollected for several years. These funds were subsequently classified as unclaimed money.

Required:

(a) Explain the budget process in the Malaysian public sector and how it supports the planning and implementation of government programmes.

(8 marks)

(b) Discuss **TWO (2)** budget approaches that could improve performance management in government programmes.

(8 marks)

(c) Evaluate how performance management systems improve efficiency and accountability in the programme, with reference to the case study.

(5 marks)

(d) Critically assess the importance of unclaimed money in the Malaysian public sector.

(4 marks)

[25 marks]

Question 3

Case: Home Affairs Ministry terminates IRIS RM1.12 billion NIISe contract

The Home Ministry (KDN) launched the National Integrated Immigration System (NIISe) project on April 8, 2021 to replace the 20-year-old Malaysian Immigration System (MyIMMs). Minister Datuk Seri Hamzah Zainudin said the government had approved a specific allocation to develop NIISe so that the country's immigration system remained relevant. He said these included aspects of the service delivery system to the people and also aspects of national sovereignty and security.

"NIISe is expected to be fully operational by 2024 and I am confident that with the implementation of this new system, the immigration service will continue to be strengthened to ensure national sovereignty and security. NIISe will modernise the Immigration Department services through applications with advanced and latest features," he said when launching the project here. He said the existing immigration system, MyIMMs, needed to be replaced with a more sophisticated, integrated and holistic immigration system equipped with the latest technologies such as Artificial Intelligence (AI), Internet of Things (IoT) and Big Data Analytics (BDA). Hamzah said IRIS Information Technology Systems Sdn Bhd (IRIS) would develop NIISe together with the ministry and other independent bodies in the next 54 months.

IRIS was initially awarded the RM1.16 billion NIISe contract back on March 1, 2021, during Tan Sri Muhyiddin Yassin's administration, for a period of 54 months till August 31, 2025.However, IRIS lost the RM1.16 billion contract to develop the NIISe after the Home Ministry terminated the job in August 2023 due to its failure to meet the project's planning schedule. The contract's termination came just over two and a half months after the deadline was extended by 12 months till August 31, 2026.In February 2023, it was reported that the Malaysian Anti-Corruption Commission was investigating the award of a government contract to a former prime minister's son-in-law. The contract in question was speculated to be for the development of NIISe.

Now, HeiTech Padu Bhd was awarded a revised RM1.05 billion contract in October 2024 to develop and implement this advanced, secure, and integrated system, which features AI, biometric technology, and the MyNIISe app for enhanced border control, with completion slated for 2029.

(Malay Mail, April 8, 2021, The New Straits Times, August 14, 2023 and October 13, 2025)

Required:

(a) The procurement processes depend on the type and amount of purchase. Briefly explain the process of procurement of works, supplies and services above the value of RM500,000.

(15 marks)

(b) Interference by politicians in government procurement can significantly distort how tenders and procurement processes are handled, leading to inefficiencies and reputational damage for the public sector. Describe **TWO (2)** impact of political interference that could affect the handling of government tenders and procurement.

(6 marks)

(c) Ethics in government procurement involves ensuring transparency, accountability, and fairness to maintain public trust, focusing on prioritizing collective benefits over personal gain. Suggest **TWO (2)** ways to Auditor General to strengthen ethics and accountability in government procurement.

(4 marks)

[25 marks]

Question 4

Case: Digital Welfare Payment Initiative Grant

The Ministry of Social Development Malaysia introduced the Digital Welfare Payment Initiative; a programme aimed at improving the delivery of financial assistance to low-income households through digital payment platforms.

To support the programme, the federal government approved a RM500 million development grant under the national budget. The funds were channelled through the Ministry of Finance Malaysia to several state agencies and local authorities responsible for implementing the programme.

The initiative aimed not only to distribute welfare payments efficiently but also to support the development of digital infrastructure and administrative systems required to manage the programme.

However, during the first year of implementation, several issues were reported:

- confusion among agencies regarding administrative authority and reporting lines.
- delays in recording welfare payments due to different accounting systems used by state departments.
- inconsistent monitoring of programme objectives and development outcomes.
- incomplete financial records and delayed submission of financial reports.

Following these issues, the National Audit Department Malaysia conducted an audit of the programme and identified weaknesses in financial management and monitoring practices. The audit findings were later reviewed by the Public Accounts Committee Malaysia in Parliament to determine whether public funds had been managed effectively and in accordance with government regulations.

The government has since requested a review to strengthen governance, accounting practices, and oversight mechanisms for federal grant programmes.

Required:

(a) Explain the Malaysian government administrative system structure. Discuss how it influences the implementation of federal programmes such as the Digital Welfare Payment Initiative.

(9 marks)

(b) Discuss **TWO (2)** roles of public sector accounting standards in Malaysia in ensuring proper financial reporting for programmes funded by federal grants.

(4 marks)

(c) Analyse **TWO (2)** auditing roles in the public sector that promote accountability and transparency in this case study.

(4 marks)

(d) Assess the effectiveness of parliamentary oversight process in strengthening accountability in public financial management.

(8 marks)

[25 marks]

END OF EXAMINATION PAPER