UNIVERSITI POLY-TECH MALAYSIA

UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	**: PUBLIC SECTOR ACCOUNTING**
COURSE CODE	**: PSA4013**
DURATION	**: 3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : ____________________

ID. NO. : ____________________

LECTURER : ____________________

SECTION : ____________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 6 printed pages including the front page

QUESTION 1

A. A budget is an organisation's formal estimate of its revenues, expenses, cash inflows, and cash outflows for a future period. In other words, a budget can be defined as a detailed plan for acquiring and using financial and other resources over a specific period. In the public sector, a budget serves as a management tool that outlines the activities to be carried out during a fiscal year in order to achieve the objectives of the public sector.

The processes include the request and submission of budget proposals, examination of budget proposals, budget consultations, as well as the presentation and approval of the budget.

Required:

Explain these **FOUR (4)** processes of budgeting in the Malaysian government.

(12 marks)

B. In the public sector, budget approaches are mainly administrative in nature which is evident from the link between budget estimates and the objectives underlying the estimates. Nonetheless, budgets also have a political influence in the sense that budget is tool via which political objectives could be realized. It is important that the budgetary approach tremendously assists in translating the various policies into financial plans. Public sector budget falls primally into the following categories: Traditional Budgeting System (TBS); Programming and Performance Budgeting System (PPBS); Modified Budgeting System (MBS); and Outcome-Based Budgeting System (OBBS).

Required:

Describe the Programming and Performance Budgeting System (PPBS) and Modified Budgeting System (MBS).
(Students should describe based on the functions, advantages and disadvantages of each budgeting system)

(18 marks)

(Total: 30 marks)

QUESTION 2

The following information is the balances of accounts from the government as at 31 December 2025:

	Amount (RM)
Domestic private debt securities	320,480,000
Tax revenue	110,950,310,000
Revenue from federal territories	430,840,000
General deposits	101,230,000
Miscellaneous government trust fund	64,180,000
Housing loan trust fund	560,000,000
Payment for supplies and services	1,579,200,000
Revenue from fines and penalties	205,570,000
Special trust fund	190,840,000
External sukuk	340,460,000
Internal sukuk	104,920,000
Revenue from export customs duty	300,000,000
Purchase of financial instruments	620,610,000
Revenue from service charges	330,060,000
Treasury bills	500,760,000
Development trust fund	480,370,000
Project loans	280,110,000
Purchases of vehicle and machinery	1,980,570,000
Intra-government securities	62,280,000
Purchases of equipment	3,000,900,000
Payments of emolument	5,360,200,000
Revenues from license and permit	880,770,000
Government investment issues	101,430,310,000
Adjustment deposits	68,920,000
Payment for renovation of building	10,290,400,000
General trust funds	450,170,000
Market loans	230,180,000
Other operating expenditures	503,870,000
Sustainable development goals trust fund	220,590,000

Additional information:

Balance brought forward as at 1 January 2025 for Consolidated Revenue Account was RM50,980,000.

Required:

a. Determine the closing balance for the year ended 31 December 2025 for the following statements:

   i. Statement of Consolidated Revenue Account. (12 marks)

   ii. Statement of Consolidated Loan Account. (7 marks)

   iii. Statement of Consolidated Trust Account. (8 marks)

b. Justify **THREE (3)** importance of financial reporting in public sector. (9 marks)

c. Distinguish between the revenues from exchange transaction and revenues from non-exchange transactions in the Malaysian government concept. (4 marks)

(Total: 40 marks)

QUESTION 3

A. Accountability is a key principle in the Malaysian public sector as it ensures that public resources are managed transparently and responsibly to achieve national objectives. By upholding accountability, the public sector strengthens institutional integrity, reduces opportunities for corruption or misuse of power, and provides assurance that government programmes and policies are aligned with the broader interests of the people.

Required:

a. Explain any **ONE (1)** type of accountability in the Malaysian public sector.

(4 marks)

b. Describe **TWO (2)** challenges faced in enforcing accountability in the Malaysian public sector.

(6 marks)

B. *"Audit is the process by which a competent, independent person accumulates and evaluates evidence about quantifiable information related to a specific economic entity for the purpose of determining and reporting on the degree of correspondence between quantifiable information and established criteria."*

Arens et al. (1999)

These concepts of auditing can be also extended to the public sector. Furthermore, the public sector auditing focuses on making sure that the government manages public moneys with great care. The way public money is handled involves the process of planning, execution and control on how the resources such as assets are being used and then a financial information report will be prepared.

Required:

a. Describe **THREE (3)** objectives of auditing in public sector.

(9 marks)

b. Explain the following:

i. Performance Audit (Value-for-Money Audit).

ii. Audit of the Federal Government.

(5 marks)

c. Information Systems (IS) refer to an organized combination of people, processes, data, and technology that work together to collect, process, store, and distribute information for decision-making and control. While, Information Technology (IT), is a subset of IS and refers specifically to the hardware, software, networks, and infrastructure that enable the processing and communication of information. In public sector auditing, both are essential: IS ensures structured flow of information, while IT enables auditors to efficiently analyse and verify the reliability of that information. IS provides the framework and processes, while IT provides the tools and infrastructure. Despite these positive impacts, one should not neglect the fact that IS and IT have also caused negative impacts.

Consider **TWO (2)** negative impacts of IS and IT on the public sector auditing in Malaysia.
(6 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER