Current Practices and Issues in the Accounting for Government Infrastructure Assets

Che Ruhana Isa*, Haslida Abu Hasan, Zakiah Saleh

Universiti Malaya, Kuala Lumpur, Malaysia

*Corresponding Author Email: cruhana@um.edu.my

https://doi.org/10.58458/ipnj.v13.02.06.0097

Received: 26 June 2023  Reviewed: 4 September 2023  Accepted: 12 October 2023  Published: 15 December 2023

Abstract

Purpose: This paper aims to explore the current accounting practices and issues in accounting for infrastructure assets in Malaysian public sector organisations. Comparatively, this paper also provides an overview of current practices in other countries.

Design/ Methodology/ Approach: Data collection was through reviews of extant literature, accounting standards and guidelines by the Accountant General’s Department of Malaysia (AGD), including guidelines and government publications in other countries.

Findings: Accounting practice for infrastructure assets varies across countries. There is no specific accounting standard for infrastructure assets. Instead, most countries including Australia, Austria, Canada, France, New Zealand and Malaysia follow the accounting standards for property, plant and equipment to account for infrastructure assets. However, given the unique nature of infrastructure assets, there are issues in identifying what constitute infrastructure assets and determining which government organisations have control over their assets. In addition, challenges in recognition and valuation of infrastructure assets, which include initial and subsequent measurement, depreciation and disclosure also exist.

Practical Implications: The government’s spending for infrastructure assets represents a significant proportion of its budget. Therefore, accurate accounting treatments and reporting of the assets is pivotal. This paper aims

This article is part of a research on Public Sector Infrastructure Assets Recognition and Measurement: Issues and Best Practice, supported by the Accountant General’s Department of Malaysia through Geran Penyelidikan Perakaunan dan Kewangan Sektor Awam Tahun 2023 (JANM.IPNC.PD.100-3/3/2 Jld.6 (78)).

Current Practices and Issues in the Accounting for Government Infrastructure Assets 109
to present an update to policy makers and practitioners on current pertinent accounting standards, issues and accounting practices at the international level as well as at the Malaysian federal government.

**Originality/ Value:** Research on accounting for infrastructure assets is still limited. Findings from this research will add to the body of knowledge by highlighting the main issues and providing basis for further investigation.

**Keywords:** Infrastructure assets, definition, recognition, IPSAS17, MPSAS17.