

Fund Accounting For Federal Government: Is It Still Relevant?

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Abstract

In the early days, the main purpose of public sector accounting was to demonstrate the legal and contractual provision of the government. It acts as the trustee to protect and manage public moneys and discharge accountability. Fund Accounting is used and defined as the rational resource to serve as a reliable control technique for those purposes. However, developments in governmental activities in recent years have raised concerns over whether the cash basis of accounting is sufficient and whether fund accounting is still relevant for present government accounting and financial reporting in the accrual accounting environment. Thus, the main objective of this paper is to provide an extensive review of literature for current developments in governmental fund accounting. The findings of this study, through extensive literature review, shall contribute to the empirical study to be conducted in order to support the revised fund accounting model for the Federal Government in Malaysia. This is done to achieve the control mechanisms of resource management and performance evaluation.

Keywords:

Government Funds, Fund Accounting, Accrual Accounting, Federal Government, Malaysia