

# The Impact of the Current Operational Value (COV) on Public-Sector Asset Management: A Case Study of the Fire and Rescue Department of Malaysia under IPSAS 45 and 46

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## Abstract

**Purpose:** The current study seeks to explore the application of the current operational value (COV) in public-sector asset management by focusing on the Fire and Rescue Department of Malaysia, or *Jabatan Bomba dan Penyelamat Malaysia (JBPM)*, through the adoption of IPSAS 45 and IPSAS 46. The aims are to (i) analyse the technical implications of applying the COV, specifically for motor vehicles and operational equipment at the JBPM, and (ii) determine the impact of the COV on the financial statements of the federal government through simulation.

**Methodology:** A quantitative research design was employed to analyse the asset data of the JBPM, in which the data were gathered through document review and simulation.

**Findings:** The COV provided a more realistic valuation compared to the net book value by reflecting actual usage and remaining service potential. Technically, the COV supported more informed asset planning and performance monitoring. Financially, the COV assisted in altering how expenses and asset values could be reported without directly affecting cash flows, although the COV produce an influence on future capital decisions.

**Limitations:** The present study excluded property and plant from the investigation scope.

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This article is part of a research on The Impact of Current Operational Value (COV) on Public Sector Asset Management: A Case Study of Fire and Rescue Department of Malaysia (*Jabatan Bomba dan Penyelamat Malaysia*) Under IPSAS 45 and IPSAS 46 through *Geran Penyelidikan Perakaunan dan Kewangan Sektor Awam Tahun 2025* (JANM.600-21/1/7 Jld. 2 (83)).

**Practical Implications:** This study provides practical insights for the public sector. Applying COV allows asset valuations to reflect actual usage, improving financial information for budgeting, procurement, and maintenance planning. It supports efficient resource allocation, compliance with IPSAS 46, and enhances transparency and accountability in financial reporting. COV values also strengthen funding justification, investment decisions and inter-agency comparisons based on real asset conditions.

**Originality / Value:** As the COV remains relatively new in practice, the current study could offer several original insights into the technical and financial implications. The findings also provided guidelines to improve financial reporting and decision-making in the public sector.

**Keywords:** Current operational value (COV), Jabatan Bomba dan Penyelamat Malaysia (JBPM), IPSAS 45, IPSAS 46, public-sector accounting