

# Strengthening Public Sector Operational Asset Management through Current Operational Value (COV) under IPSAS 45 and 46: An Audit and Risk Framework

Zam Zuriyati Mohamad, Azni Suhaily Samsuri, Suhaili Mohd Hussin\*,  
Tengku Rahimah Tengku Arifin, Siti Subaryani Zainol

*Universiti Tunku Abdul Rahman, Perak, Malaysia*

\*Corresponding Author: [suhaili@utar.edu.my](mailto:suhaili@utar.edu.my)

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## Abstract

**Purpose:** This study examined the application of Current Operational Value (COV) in public-sector asset management, specifically focusing on the Fire and Rescue Department of Malaysia (JBPM) under International Public Sector Accounting Standards (IPSAS) 45 and IPSAS 46. The study aimed to develop a framework for implementing COV, which emphasises audit and risk management to improve the decision-making processes.

**Methodology:** Qualitative data were collected through semi-structured interviews with representatives of JBPM, accountants, and auditors from the Ministry of Housing and Local Government (KPKT). Thematic analysis was utilised to identify the impact of COV across financial reporting and risk management.

**Findings:** The findings highlighted six (6) focus areas where COV can strengthen asset management, namely financial reporting, risk management, resource allocation, investment decisions, budget planning, and compliance. The COV enhances the accuracy and transparency of financial information by aligning asset values with actual usage and service potential, further facilitating risk-based auditing and lifecycle monitoring, improving resource distribution and budget forecasting, and supporting compliance with IPSAS standards through standardised training and reporting practices.

**Limitations:** The study focused on operational assets and excluded property and plant.

**Practical Implications:** The proposed framework provides public sector managers and auditors with guidance to improve accountability, optimise resource utilisation, and support evidence-based decision-making.

**Originality/ Value:** This study is among the first to integrate COV into audit and risk management in Malaysia, contributing to more transparent and efficient public-sector asset management.

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

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