

The Role of Public Sector Managers on IPSAS Adoption Process *(Malaysian Experience)*

Wan Selamah Wan Sulaiman

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Santiago, Chile

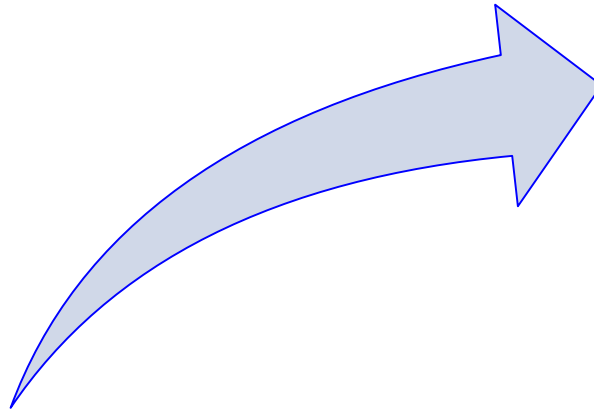
Presentation Outline

- **Introduction**
 - Migration From Modified Cash Basis to Accrual Basis of Accounting
 - National Transformation Programme
 - Organization Chart
- **The role of Public Sector Manager in the Implementation Strategies**
 - Policy and Standards
 - Laws and Regulation
 - Process and Technology
 - Human Resource
- **Critical Success Factors**
- **Challenges**

INTRODUCTION

MIGRATION FROM MODIFIED CASH BASIS TO ACCRUAL BASIS OF ACCOUNTING

Current
**Modified
Cash**



Future
**Accrual
Accounting**

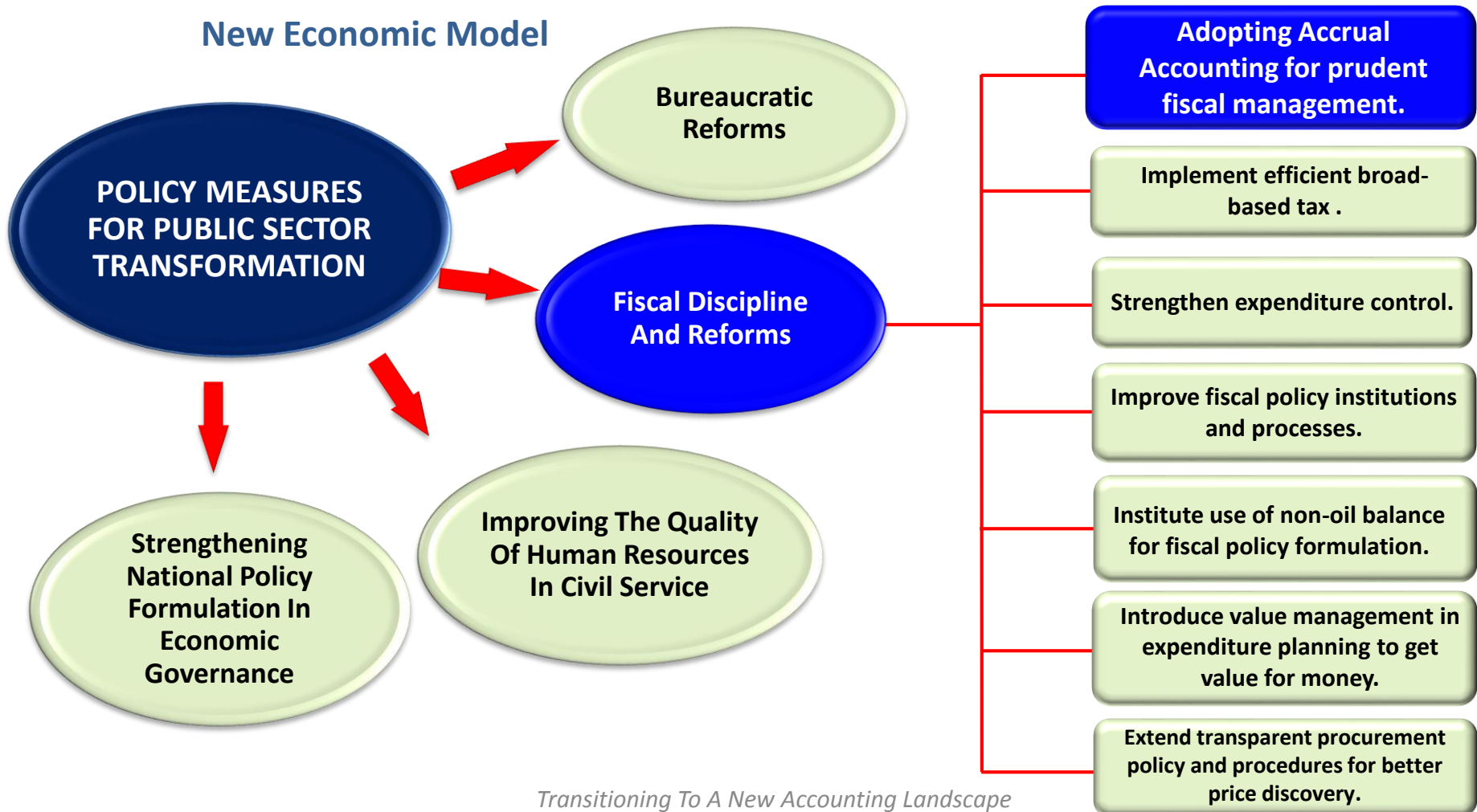
- **Prudent fiscal management**
- **Enhance accountability & transparency**



INTRODUCTION

NATIONAL TRANSFORMATION PROGRAMME

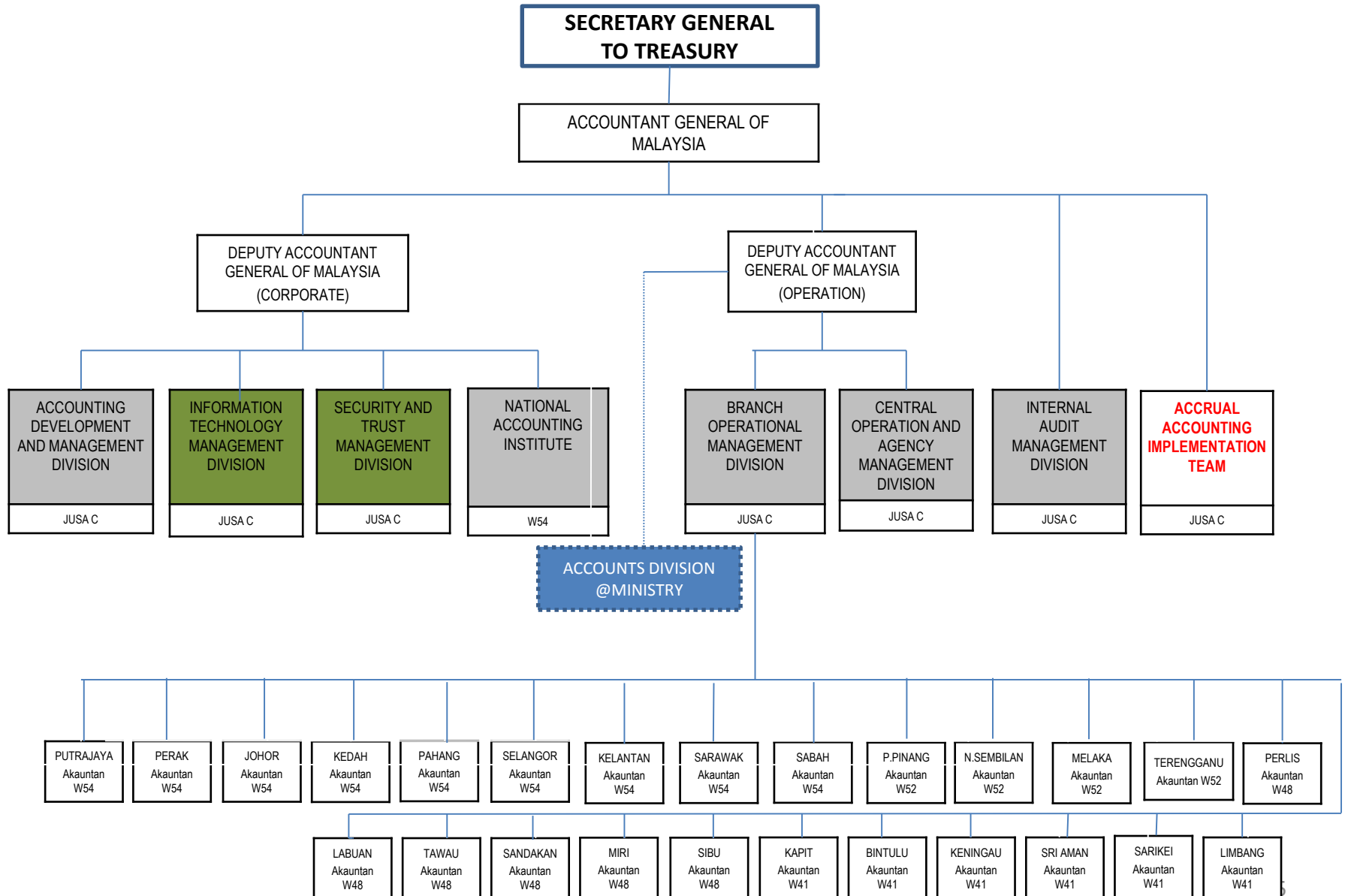
New Economic Model



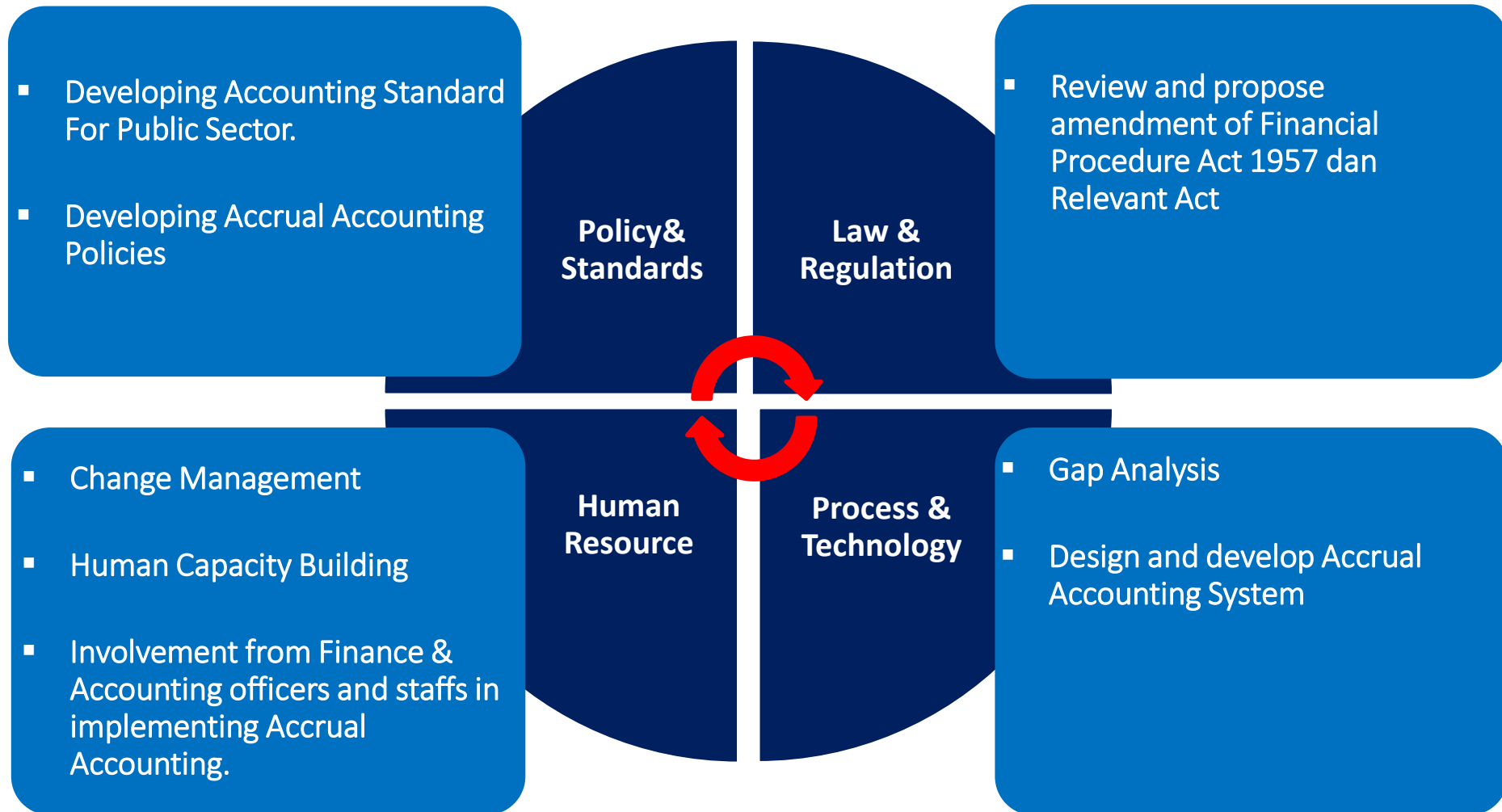
Transitioning To A New Accounting Landscape

INTRODUCTION

ORGANIZATION CHART



The role of Public Sector Manager in the Implementation Strategies



IMPLEMENTATION STRATEGIES .. Cont.

STANDARDS AND POLICY – Setting of Own Accounting Standards (MPSAS)

Governance Structure

Secretariat

- Accounting General's Department of Malaysia
- to draft accounting standards with the help of interest groups

GASAC

- to endorse draft MPSAS to be issued as Exposure Draft (ED)
- to endorse Exposure Draft (ED)

Accrual Accounting Steering Committee

- to approve the ED as MPSAS

Accrual Accounting Steering Committee (AASC)

Chair

- Accountant General

Members

- Deputy Accountant General (Corporate)
- Deputy Accountant General (Operation)
- Directors from all the Division of Accountant General's Department
- 5 Chief Accountants from Self Accounting Department (Ministry/Department)

MPSAS Development Status

EXPOSURE DRAFTS(ED): 31

APPROVED MPSAS: 21

ED1: Presentation of Financial Statements
 ED2: : Cash Flow Statement
 ED3: Property, Plant & Equipment
 ED4: Accounting Policies, Changes in Accounting Estimate and Errors.
 ED5: Revenue from Exchange Transaction
 ED6: Inventories
 ED7: Revenue from Non-Exchange Transaction (Taxes and Transfer)
 ED8: Presentation of Budget Information in Financial Statement
 ED9: Net Effect of Changes in Foreign Exchange Rates
 ED10: Leases
 ED11: Investment Property
 ED12: Provision, Contingent Liabilities and Contingent Asset
 ED13: Impairment of Non-Cash –Generating Asset
 ED14: Employee Benefits
 ED15: Impairment of Cash-Generating Assets
 ED16: Intangible Assets
 ED17: Event After the Reporting Date
 ED18: Financial Instrument: Presentation
 ED19: Consolidated and separate Financial Statement
 ED20: Investment in Associates
 ED21: Amendment to MPSAS 17
 ED22: Borrowing Costs
 ED23: Interest in Joint Ventures
 ED24: Agriculture
 ED25: Construction Contract
 ED26: Service Concession Arrangement: Grantor
 ED27: Financial Instrument: Recognition & Measurement
 ED28: Related Party Disclosure
 ED29: Disclosure of Financial Information About the General Government Sector
 ED30: Financial Instrument: disclosure
 ED31: Borrowing Cost

MPSAS1: Presentation of Financial Statements
 MPSAS2: Cash Flow Statement
 MPSAS17: Property, Plant & Equipment
 MPSAS3: Accounting Policies, Changes in Accounting Estimate and Errors.
 MPSAS9: Revenue from Exchange Transaction
 MPSAS12: Inventories
 MPSAS23: Revenue from Non-Exchange Transaction (Taxes and Transfer)
 MPSAS24: Presentation of Budget Information in Financial Statement
 MPSAS4: Net Effect of Changes in Foreign Exchange Rates
 MPSAS13: Leases
 MPSAS16: Investment Property
 MPSAS19 : Provision, Contingent Liabilities & Contingent Assets
 MPSAS21: Impairment of Non-Cash Generating Asset
 MPSAS25: Employee Benefits
 MPSAS26: Impairment of Cash Generating Assets
 MPSAS31: Intangible Assets
 MPSAS6: Consolidated and separate Financial Statement
 MPSAS14: Event After the Reporting Date
 MPSAS28: Financial Instrument: Presentation
 MPSAS 7: Investment in Associates
 MPSAS 5: Borrowing Cost

IMPLEMENTATION STRATEGIES .. Cont.

LAWS AND REGULATION

- ☐ Federal Constitution, Financial Procedure Act 1957 and relevant acts have been reviewed
 - ☐ No proposed amendment for Federal Constitution
-
- ☐ Proposed amendment for Financial Procedure Act 1957, Unclaimed Moneys Act, Housing Loan Act 1971 and National Trust Fund Act
 - ☐ First reading in Parliament on 7th October 2014

IMPLEMENTATION STRATEGIES..cont.

PROCESS AND TECHNOLOGY

Development of 1GFMAS System

POLICY AND
IMPLEMENTATION
OF 1 GFMAS
MEETING

Developing Chart of Account

KICK OFF
1GFMAS

Kick off 1GFMAS development

BLUE
PRINT
1GFMAS

Discussion with System Integrator (SI) for 1GFMAS Blueprint

IMPLEMENTATION STRATEGIES

HUMAN RESOURCE

Ministry's Accounting Division Function

ACCOUNTING DIVISION

MANAGEMENT ACCOUNTING

- ❖ Cost Accounting
- ❖ Financial Analysis
- ❖ Resource Accounting
- ❖ Investment

CONSULTATION

- ❖ Advisory
- ❖ Accrual Accounting Subject Matter Expert
- ❖ Accounting training

ACCOUNTING AND FINANCE

- ❖ Emolument
- ❖ Receipt and Payment
- ❖ Receivable and Payable
- ❖ Subsidiary Account
- ❖ Imprest, Trust and Deposit
- ❖ Preparation of Financial Statement
- ❖ Bank reconciliation
- ❖ Capitalization of Asset and Inventory
- ❖ Other Asset and Liability Accounting
- ❖ Bulk Payment
- ❖ Cheques, TT and EFT Management
- ❖ Technical Assistance to Responsibility Centre

MONITORING

- ❖ Responsibility Centre Inspectorate
- ❖ Asset Verification
- ❖ Revenue Verification
- ❖ Trust and Deposit Verification
- ❖ Inspectorate Analysis Report
- ❖ Risk Management (Finance)
- ❖ Receivable and Payable Management

ADMINISTRATION & FINANCE

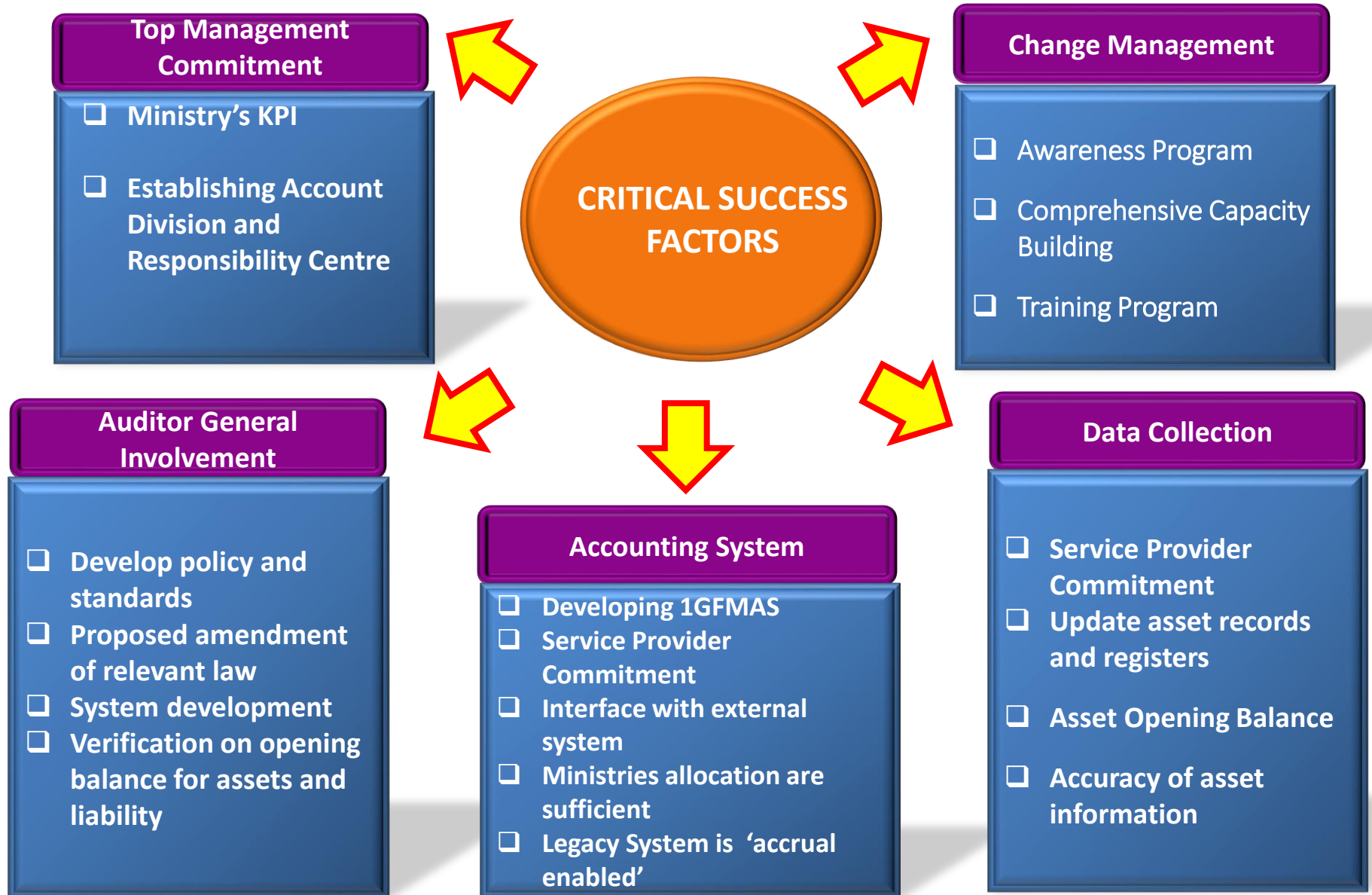
- ❖ General Admin
- ❖ Finance
- ❖ Human Resource
- ❖ Asset Management

Legend:

■ New Function

■ Existing Function

CRITICAL SUCCESS FACTORS



Challenges

