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MANAGEMENT ACCOUNTING KEY TO SMARTER PUBLIC SPENDING - ACCOUNTANT GENERAL NOR YATI

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PUTRAJAYA, May 6 (Bernama) -- Malaysia's public sector must fully embrace management accounting practices to enhance national financial governance, says Accountant-General Nor Yati Ahmad.

Speaking at the 2025 Management Accounting Seminar today, Nor Yati emphasised the need for ministries to strengthen the use of data-driven mechanisms to support more informed and strategic financial decision-making.

"Since its rollout in 2020, several ministries have implemented management accounting effectively. However, as of 2024, statistics show there is still room for improvement across various agencies," she said.

To address this, the Accountant General's Department of Malaysia (AGD) is urging all ministries and departments to adopt these practices to improve efficiency and service delivery, ultimately benefiting the public.

"Management accounting empowers ministries and departments to make better decisions based on available data, achieve best value for money, and optimise resource use, potentially transforming how public finances are managed.

"This initiative inadvertently reinforces our financial management ecosystem and paves the way toward more accountable and effective fiscal practices that support sustainable economic growth," she said.

Nor Yati further explained that mechanisms such as financial statement analysis, risk assessments, cost evaluations, performance measurements, and resource analysis can help ministries track and improve the efficiency of their programs.

"For example, ministries can assess utility expenses across offices and identify departments with unusually high electricity bills. With this data, cost-saving initiatives, such as switching to LED lighting or maintaining electrical equipment, can be implemented without compromising productivity," she said.

Citing international examples, Nor Yati highlighted how Australia's use of Performance-Based Budgeting links funding to core activities and key performance indicators (KPIs), enabling more effective policy oversight, while New Zealand's Whole-of-Government approach prioritises transparency and accountability by directly linking funding sources to program outcomes.

She also underscored the importance of data in providing insights into spending patterns, evaluating program effectiveness, and identifying areas for improvement in fiscal management.

"AGD is committed to supporting the government in managing expenditure effectively by developing financial strategies, evaluating investments, identifying waste, enhancing internal controls, and adopting risk-based project management," she said.

Meanwhile, Auditor-General Datuk Seri Wan Suraya Wan Mohd Radzi also noted the government's proactive move in amending the Audit Act 1957, a reform that broadens the audit scope and strengthens the management of public funds.

She said today's seminar, the first of its kind organised by AGD under the Ministry of Finance, themed 'From Data to Decision-Making', marks an important step in bolstering financial governance and integrity within the public service.

"This initiative reinforces our financial management ecosystem and paves the way toward more accountable and effective fiscal practices that support sustainable economic growth," she said.

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