

**REFORMS  
IN THE SARAWAK CITY COUNCILS  
WITH RESPECT TO  
ACCOUNTING AND IT IMPLEMENTATION**

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Dear Professor

**FINAL RESEARCH REPORTS ON “REFORMS IN THE SARAWAK CITY COUNCILS WITH RESPECT TO ACCOUNTING AND IT IMPLEMENTATION”.**

With reference to the above, enclosed are three copies of the final research report entitled, *“Reforms in the Sarawak City Councils with respect to accounting and IT implementation”* by a group of researchers at UiTM Sarawak.

Thank you.

Sincerely



**CORINA JOSEPH**  
Leader  
Research Project

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## ABSTRACT

This exploratory study aims to describe the reforms that have taken place and are currently taking place in the two of the Sarawak's city councils from 1999 to 2003. The study also aims to find out the implication of IT implementation on financial performance particularly on revenue, expenditure, management of account receivable and preparation of financial statement. It can be concluded that the reforms started in both councils in 2000 mainly due to the Y2K compliance and a directive from the agencies in Sarawak. The reform would continue further as there are few modules that are still under the trial process. This is in line with the government's aspiration to become a fully electronic government in 2008. The availability of an extensive website of both councils is very much appreciated as it would enable the public to make online payment, complaints and enquiries. Thus, the quality of services provided can be improved from time to time and simultaneously helps improve the level of accountability. The use of IT is found to have helped smoothen the preparation the financial statement. It is found that both the nature and type of qualification and audit lag have improved during the period under study. It is also found that IT helped the monitoring and controlling process of 'revenue in arrears' for Council B but no implication on management of account receivable for Council A. The IT implication on total revenue, net income and expenditure is not very clear or statistically confirmed. Accordingly, interview reveals that IT may help to identify and calculate the rates and amount of revenue in arrears or outstanding but more effort and follow up action by management is necessary.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background**

There are three types of councils; city councils, municipal councils and district councils – forming the local government system in Malaysia. In Malaysia, the Ministry of Housing and Local Government is responsible for implementing all laws pertaining to local government, the development of local government policy and the implementation of local government function. These powers are granted to the Minister as stated in the Federal Constitution and the Local Government Act 1976. There are three main laws governing local government in Peninsular Malaysia include: Local Government Act 1976 (Act 171), Street, Drainage and Building Act 1973 (Act 133) and Town and Country Planning Act (Act 172). Local government in Sabah operates under the Local Government Ordinance 1961, and in Sarawak the Local Authority Ordinance 1948, Kuching Municipal Ordinance 1988 and City of Kuching North Ordinance 1988. The Minister of Housing and Local Government is responsible for local government legislation for Peninsular Malaysia. In Sabah and Sarawak, the respective ministers with responsibility for local government deal with local government legislation.

In Malaysia, there are laws constituting the management of public funds such as the Financial Procedure Act 1957, which governs the control and management of public finances in Malaysia and the Audit Act 1957 that provides for the audit of the accounts of