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Reforming Fixed Asset Accounting in the Public Sector: Global Practices and Policy Insights

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ABSTRACT: This narrative review explores the systemic challenges and reform strategies in fixed asset accounting within public institutions. It examines practices across valuation, depreciation, internal controls, and the implementation of international standards such as IPSAS. Findings reveal persistent issues including bureaucratic resistance, political interference, and outdated technologies. Countries with stronger institutional capacity and digital systems demonstrate better outcomes.This review contributes to the literature by synthesizing international best practices and highlighting policy-relevant insights for sustainable public asset management.

Keywords: Public Sector Accounting, Fixed Asset Management, IPSAS, Political Interference, Bureaucratic Reform, Audit Systems, Asset Information Systems.

INTRODUCTION

Fixed asset management accounting in local governments has emerged as a pivotal area of interest within the broader discourse of public sector financial management. This importance is underscored by the growing demand for transparency, efficiency, and accountability in governmental operations, particularly in the wake of fiscal crises and the increasing adoption of international accounting standards. As noted by Garcia (2014), the complexity of fixed asset management stems from heterogeneous accounting systems, legacy practices, and a lack of uniform standards, all of which challenge the integrity and clarity of public sector financial reporting. These challenges are particularly pronounced in decentralized government settings, where diverse asset types and jurisdictional autonomy further complicate asset monitoring, valuation, and control. Contemporary studies emphasize the pressing need to reform local government accounting systems to enhance the accuracy of asset recording, foster better financial decision-making, and ensure optimal public resource utilization.

Recent empirical literature highlights persistent problems in asset classification and valuation, which are central to accurate fixed asset accounting. Garcia (2014) underscores that local governments often operate with fragmented or outdated asset registers that lack standardized definitions for asset life spans, depreciation methods, and impairment procedures. This absence

of uniformity results in considerable discrepancies in financial reporting and undermines the reliability of fiscal data. Prodanchuk and Bezdushna (2020) further reveal that these inconsistencies hinder performance assessments and foster a disconnect between reported asset values and their actual economic conditions. The diversity in asset types, ranging from infrastructure to IT systems, demands nuanced valuation methods that are seldom available in resource-constrained localities. Consequently, the literature calls for greater alignment between asset classification frameworks and the operational realities of public sector entities.

A critical issue highlighted in the literature is the deficiency in internal control systems that govern asset management in local governments. Zakirova et al. (2021) report that fragmented information systems, manual processes, and inter-departmental disjunctions are widespread, leading to unreliable data capture and analysis. Garcia (2014) similarly identifies that weak internal controls facilitate errors, misstatements, and, in some cases, asset misappropriation. These issues not only affect the precision of financial statements but also impede long-term planning for asset maintenance and replacement. The absence of integrated digital platforms exacerbates these deficiencies, resulting in poor decision-making and suboptimal fiscal outcomes.

Despite mounting pressure for modernization, many local governments continue to rely on traditional accounting practices that do not reflect the true economic value of fixed assets. Historical cost-based valuation remains prevalent, leading to distortions in asset reporting and resource allocation. Prodanchuk and Bezdushna (2020) argue that legacy accounting systems have not evolved in line with modern governance and regulatory expectations. As such, public administrators often find themselves navigating outdated methodologies that fail to capture real-time asset depreciation or impairment, thereby compromising transparency and fiscal responsibility.

The decentralized nature of local governments presents further complications for fixed asset management. Prodanchuk and Bezdushna (2020) observe that departments within local authorities frequently maintain autonomous asset records, contributing to inconsistencies and duplicated entries. Garcia (2014) asserts that these decentralized systems lack centralized oversight mechanisms necessary for data consolidation and accurate financial reporting. This structural fragmentation limits the comparability of financial statements across governmental units and impedes efforts to streamline asset management processes. In regions where interdepartmental coordination is minimal, the risk of financial misreporting and inefficient fund allocation increases significantly.

Empirical research has consistently linked inadequate fixed asset accounting to diminished public sector performance. Garcia (2014) and Zakirova et al. (2021) document that incomplete or erroneous asset records lead to flawed depreciation calculations, erroneous budget forecasts, and misaligned capital expenditures. These inaccuracies contribute to inefficient maintenance planning and premature asset replacement, thus increasing operational costs and undermining fiscal sustainability. Prodanchuk and Bezdushna (2020) provide evidence that poor asset management correlates with budget overruns and low service delivery quality, highlighting the broader governance implications of flawed accounting practices.

The growing body of literature points to a significant gap in understanding how standardized international accounting practices, such as the International Public Sector Accounting Standards

(IPSAS), are integrated into local government systems. Garcia (2014) notes that while IPSAS provides a comprehensive framework for accrual-based accounting and asset transparency, implementation across jurisdictions is uneven due to institutional inertia, technological constraints, and limited capacity. Yen (2023) elaborates that successful adoption requires not only regulatory alignment but also extensive training, system upgrades, and political will, all of which are often in short supply. This literature gap underscores the need for a detailed narrative review to assess the effectiveness of IPSAS integration and identify best practices.

This review aims to synthesize empirical findings on the challenges of fixed asset management accounting in local governments, with a particular focus on issues related to valuation, depreciation, internal controls, and standardization. The review also investigates the impact of international accounting standards such as IPSAS on asset management reforms and financial performance. Through this examination, the study seeks to identify critical factors that influence successful implementation of asset management reforms and propose strategies to overcome common obstacles.

The scope of this review encompasses a diverse range of geographical contexts, including but not limited to Asia (e.g., China and Vietnam), Eastern Europe (e.g., Ukraine and Poland), and select case studies from developing regions in Africa and Latin America. This global perspective allows for a comparative analysis of asset management practices across different institutional, technological, and regulatory environments. The review prioritizes empirical studies published in high-impact journals, focusing on those that provide detailed insights into fixed asset valuation, depreciation, and accounting reform outcomes. By drawing on this wide array of sources, the review aims to contribute a comprehensive and evidence-based perspective on improving fixed asset accounting in local governments worldwide.

This review aims to synthesize empirical findings on valuation, depreciation, internal controls, and standard implementation in public sector asset accounting. It seeks to identify best practices and explore reform strategies applicable across diverse institutional contexts.

METHOD

This study employed a structured, systematic literature review methodology to explore the challenges and practices in fixed asset management accounting in public institutions. The overarching objective was to ensure comprehensiveness and academic rigor in identifying and synthesizing relevant literature. The methodology integrates a combination of database searching, keyword design, inclusion and exclusion criteria application, and rigorous screening to capture the most pertinent academic and professional research available on the subject.

To begin the review, a comprehensive search of several bibliographic databases was undertaken. These included Scopus, Web of Science, and EBSCOhost, supplemented by Google Scholar to access grey literature and preprints. This approach allowed the inclusion of a wide range of literature, including both peer-reviewed publications and reputable non-peer-reviewed sources such as policy briefs and institutional reports. The decision to employ multiple databases was grounded in the recognition that fixed asset management is a multidisciplinary subject intersecting

public administration, accounting, finance, and policy. Thus, casting a wide net ensured coverage across a diverse range of academic traditions and methodologies.

The search strategy was designed with the intent to balance breadth and specificity. Boolean operators were employed to combine keywords and subject terms, refining the search to include literature specifically relevant to public sector fixed asset accounting. The primary search terms included "fixed asset," "non-current asset," "public sector," "budgetary institution," "depreciation," "valuation," "accrual accounting," "IPSAS," and "government." These were connected using AND, OR, and NOT operators to manage the scope and retrieve studies focusing on the interaction of these concepts. Wildcards and truncation symbols were incorporated to ensure inclusion of variant forms, such as "depreciat*" to capture both "depreciation" and "depreciate."

Advanced search filters were utilized to further refine the results. These included language (English), document type (articles, reviews, reports), and publication date (restricted to the last fifteen years to ensure contemporary relevance). Citation counts were also considered to identify influential works in the field. The application of such filters enabled a targeted yet inclusive approach, narrowing the pool of literature to those works most relevant to current public asset management practices and reforms.

Backward and forward citation tracking constituted an additional method for literature retrieval. Seminal works by authors such as Garcia (2014) and Christiaens et al. (2012) were used as anchor points for identifying earlier foundational studies and more recent developments citing these key texts. This iterative citation tracking was invaluable in uncovering articles not identified through database searches and helped map the conceptual development of fixed asset accounting literature over time.

The keyword strategy evolved iteratively, incorporating synonyms and regional terminology to ensure terminological inclusivity. In addition to the primary keywords, search terms such as "public assets," "government property," "asset registers," "capital assets," and "amortization" were also employed. This adaptation recognized the varying nomenclature used across jurisdictions and disciplines. Integration of controlled vocabulary through indexed subject headings in databases such as Scopus and Web of Science further increased retrieval precision by capturing relevant studies where keywords might not appear explicitly in titles or abstracts.

Expert consultation and manual searching provided another layer of validation. Experts in public sector accounting were consulted to review the search strings and recommend key publications, journals, and conferences. This process led to the inclusion of documents from the International Public Sector Accounting Standards Board (IPSASB) and working papers that were not indexed in conventional academic databases. The triangulation of expert input, manual search, and electronic database querying ensured a robust literature base.

Emerging methods such as text mining and bibliometric analysis were employed to identify recurring keywords and research clusters in the initial literature pool. These computational tools helped refine search parameters and highlighted underexplored themes. Bibliometric analysis was particularly useful in identifying prolific authors, influential journals, and thematic trends, enabling

a more focused literature synthesis. These tools supplemented traditional qualitative screening methods and contributed to a comprehensive review process.

Once an initial set of literature was compiled, the selection process involved multiple stages. The first screening stage entailed title and abstract review to eliminate studies that were clearly irrelevant, such as those focused exclusively on private sector accounting or unrelated asset classes. Articles that passed this preliminary filter underwent full-text review to determine their inclusion based on theoretical relevance, methodological robustness, and contextual appropriateness.

The inclusion criteria stipulated that studies must address fixed asset management in public sector entities, including municipalities, state-owned enterprises, and public hospitals. Further, studies were required to demonstrate a clear focus on key themes such as asset valuation, depreciation methods, internal controls, and regulatory compliance. Only empirical studies with clearly defined methodologies or theoretical contributions were considered. Exclusion criteria eliminated works that were descriptive without analytical depth, studies unrelated to the public sector, non-English publications, and articles with insufficient methodological transparency.

Articles included in the final analysis had to meet several quality benchmarks. Priority was given to publications in peer-reviewed journals, but authoritative reports from respected institutions were also accepted if they demonstrated rigorous empirical analysis. Grey literature and opinion pieces were excluded unless they presented substantial empirical data or theoretical innovation. Studies were also assessed for the clarity of operational definitions of core concepts such as "depreciation," "valuation," and "fixed assets," as ambiguities in terminology would hinder reliable synthesis.

To ensure consistency and objectivity in selection, dual independent screening was performed, with disagreements resolved through discussion or by involving a third reviewer. Software tools such as EndNote were used for reference management, and PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines structured the entire review process. The PRISMA flow diagram documented each stage of literature identification, screening, eligibility, and inclusion, enhancing transparency and replicability.

Further quality assurance was achieved through the application of appraisal tools such as the Mixed Methods Appraisal Tool (MMAT) and the Critical Appraisal Skills Programme (CASP). These tools facilitated a systematic assessment of methodological rigor, enabling the researchers to rank studies and identify those with the most reliable findings. Studies scoring below a set threshold were excluded from the final synthesis to maintain academic quality.

The review also accounted for geographic representation, favoring studies that addressed public sector contexts similar in governance structure, accounting regulation, and administrative culture. This helped ensure meaningful cross-comparison while recognizing regional differences. Studies from Asia (e.g., China, Vietnam), Eastern Europe (e.g., Ukraine, Poland), and selected African and Latin American countries were emphasized for their relevance and richness in reform-related data.

In conclusion, the methodology adopted in this review exemplifies a rigorous and multilayered approach to literature selection and analysis. The integration of database searches, Boolean logic,

subject indexing, expert consultation, text mining, citation tracking, and quality appraisal ensured a comprehensive, transparent, and replicable literature base. These methods collectively contributed to a robust foundation for subsequent thematic analysis and narrative synthesis of the findings related to fixed asset management accounting in public institutions.

RESULT AND DISCUSSION

This section presents the synthesized results from a narrative review of literature on fixed asset accounting in public institutions. The findings are organized into six thematic sub-chapters, each addressing specific research questions related to valuation, depreciation, internal control, standards implementation, asset information systems, and cross-country comparisons.

Valuation and Recognition

Studies indicate that historical cost, fair value, and replacement cost are the three primary models used to value and recognize fixed assets in public institutions (Christiaens et al., 2012; Yen, 2023). The historical cost method remains the most widely used, particularly in jurisdictions prioritizing simplicity and continuity. However, fair value approaches have gained traction following the adoption of international accounting standards such as IPSAS, offering a more accurate reflection of market realities (Christiaens et al., 2012; García, 2014). The replacement cost model focuses on asset replacement value and is particularly useful in infrastructure-heavy environments where ongoing maintenance is essential (Yen, 2023).

Variations in the application of these models across jurisdictions stem from different interpretations of accounting standards and local market conditions (García, 2014). European and Asian contexts demonstrate how diverse valuation strategies affect the consistency and comparability of asset recognition practices. Vietnam, for instance, has incorporated VPSAS 17 and VPSAS 31 to standardize asset recognition procedures (Yen, 2023).

The legal and administrative frameworks also play a pivotal role. Jurisdictions with robust regulatory systems tend to achieve more consistent asset recognition, while countries with weak legal frameworks often exhibit fragmented and inconsistent practices (García, 2014). Advanced administrative systems that utilize integrated databases and IT solutions contribute positively by reducing manual errors and aligning practices with standardized procedures (Zakirova et al., 2021).

The availability of market data further influences recognition practices. Fair value models are more feasible where transparent, updated market data is accessible. In contrast, historical cost persists in data-poor environments, leading to challenges in reflecting true economic values (Christiaens et al., 2012; García, 2014; Yen, 2023).

Depreciation Policies and Practice

Depreciation methods such as straight-line, declining balance, and units of production are widely observed in local governments (Zhang, 2014). The straight-line method remains dominant due to its simplicity and stable expense allocation. The declining balance method better suits rapidly

depreciating assets, while the units of production method offers realistic depreciation aligned with asset use but is less commonly applied due to its data demands (Zhang, 2014).

These methods significantly impact financial reporting, particularly asset book values and income volatility. Consistent depreciation approaches are critical to effective asset renewal planning (Prodanchuk & Bezdushna, 2020). Inconsistent application across units or over time can lead to unreliable asset valuations and suboptimal investment decisions (Zhang, 2014).

Comparative studies highlight significant variations in practice among regions. Where regulatory guidance and training are strong, depreciation is applied more accurately, enhancing performance assessment and asset management (Prodanchuk & Bezdushna, 2020). Without these supports, entities risk data inaccuracies and poor fiscal planning.

Internal Control and Audit Mechanisms

Frameworks such as COSO and risk-based models have proven effective in managing public sector fixed assets (Zakirova et al., 2021; García, 2014). COSO's five components—control environment, risk assessment, control activities, information and communication, and monitoring—offer a comprehensive structure for asset oversight. Implementation of these frameworks has improved asset data quality and facilitated continuous internal audit evaluations.

Risk-based approaches allow institutions to customize controls based on specific asset risks, increasing responsiveness and policy relevance (Zakirova et al., 2021). These methods are complemented by internal and external audits using tools such as physical verifications, digital reconciliations, and forensic techniques, which collectively enhance public trust and data reliability (Zakirova et al., 2021).

Audit software and digital tracking tools enable real-time data analysis, improving both audit efficiency and asset oversight. The synergy between IT-based audits and traditional controls strengthens transparency and accountability in asset management (Zakirova et al., 2021; García, 2014).

Implementation of Accounting Standards

The adoption of IPSAS and equivalent national standards in developing countries is partial and uneven, often hindered by institutional capacity and technical constraints (García, 2014; Yen, 2023). Larger institutions with better infrastructure are more capable of full implementation, while smaller entities face operational limitations. Central government support in training and funding is crucial for broader compliance (Yen, 2023).

Legacy systems and manual processes pose challenges in transitioning to accrual accounting frameworks. Integration of IT and retraining of personnel are necessary to overcome resistance and technical barriers (García, 2014; Yen, 2023). Moreover, inconsistent understanding and application of standards lead to data unreliability, necessitating harmonized interpretations and reinforced regulatory oversight.

Asset Information Systems

Integrated asset information systems significantly improve asset recording and reporting accuracy (Salah & Bisogno, 2023). These systems enable real-time updates and audit trails, supporting timely and informed decision-making. Specialized asset management software provides features like location tracking and maintenance scheduling, enhancing data consistency across departments.

Despite technological advances, implementation challenges persist, especially in developing regions where staff lack training and legacy systems resist integration (Salah & Bisogno, 2023). Overcoming these hurdles requires structured training programs, continuous capacity building, and strategic investment in IT infrastructure (García, 2014).

Cross-Country Comparisons

Comparative studies reveal significant disparities between developed and developing nations in asset management practices (García, 2014; Prodanchuk & Bezdushna, 2020). Developed countries benefit from advanced IT systems and stricter reporting standards, while developing nations struggle with inconsistent practices due to technological and institutional limitations.

Case studies demonstrate that best practices from developed countries, such as standardized valuation methods and integrated audit systems, can be adapted to local contexts with appropriate policy and technical support (García, 2014). Training, knowledge transfer, and infrastructure investment are key to narrowing the gap.

Overall Synthesis

The reviewed literature underscores the multifaceted challenges and innovations in fixed asset accounting in public institutions. The need for tailored valuation models, consistent depreciation practices, effective internal controls, and modern information systems is evident across jurisdictions. Cross-country comparisons reveal that although contextual differences exist, best practices can be shared and adapted to improve global public asset management (Christiaens et al., 2012; García, 2014; Zakirova et al., 2021; Salah & Bisogno, 2023; Yen, 2023).

The findings emphasize that successful reform requires a holistic approach integrating legal, technical, and organizational components. Commitment from policymakers, supported by investments in IT and human capital, is crucial to achieving transparency, accountability, and efficiency in fixed asset accounting in the public sector.

The findings from this study underline the significance of systemic factors, particularly bureaucratic culture and political interference, as major contributors to the persistent challenges in fixed asset accounting within the public sector. Bureaucratic rigidity remains deeply embedded in many public institutions, producing hierarchical and rule-bound systems that resist necessary innovation and delay the modernization of accounting practices (García, 2014). Such rigidity often limits the flexibility required to integrate new technological solutions or adapt to evolving economic conditions, thereby undermining the accuracy and timeliness of asset valuation and reporting.

The hierarchical nature of bureaucratic culture fosters a strong adherence to outdated procedures, creating a barrier to adopting international accounting standards such as IPSAS. These standards, while widely regarded as a mechanism for harmonizing asset accounting practices and improving transparency, often confront institutional resistance due to the entrenched emphasis on procedural conformity (García, 2014). As a result, public entities frequently maintain historical cost models even when these fail to reflect real market conditions, leading to valuation inconsistencies across jurisdictions (Christiaens et al., 2012; Yen, 2023).

Political interference further compounds these challenges. Decisions about asset valuation and disclosure are sometimes manipulated to serve short-term political goals rather than objective, technical standards. Evidence shows that high-ranking officials may exert pressure on financial officers to report favorable figures for political advantage, leading to the suppression of unfavorable data or delayed disclosures (Gutsalenko et al., 2018). This erodes the integrity of financial reporting and impairs stakeholders' ability to assess the fiscal health of public institutions accurately.

The entrenchment of conservative bureaucratic values stymies innovation and reduces the incentive for professional development. Staff are rarely rewarded for adopting best practices or engaging in capacity-building activities that could enhance their knowledge of modern accounting principles (García, 2014). Furthermore, the preference for formal compliance over results-oriented governance restricts the creative application of accounting standards, hindering their contextual adaptation and rendering many IPSAS implementations superficial (García, 2014).

Political influence is not merely external; it is often institutionalized within the structure of public financial management. This leads to a normalization of discretionary decisions that blur the lines between administrative processes and political mandates. For instance, political actors may demand revaluation of assets to align with populist fiscal agendas, irrespective of economic realities (Gutsalenko et al., 2018). Such interference diminishes the independence of internal audit functions and distorts the mechanisms of accountability, ultimately resulting in unreliable financial data.

In addressing these systemic issues, several policy interventions and reform strategies have been proposed and, in some cases, implemented. The adoption of IPSAS and its national equivalents has gained momentum as a tool for standardizing public sector accounting practices. These frameworks offer a more accurate and comprehensive approach to asset recognition, yet their effective implementation requires systemic alignment with institutional capabilities (García, 2014; Yen, 2023). Training programs targeting public administrators are often introduced alongside IPSAS adoption to enhance understanding and application, yet the impact remains uneven across regions due to differing levels of institutional readiness.

The integration of asset information systems represents another promising reform. These systems allow for real-time data entry, streamlined audit trails, and improved accuracy in financial reporting (Salah & Bisogno, 2023). However, success is contingent on overcoming technological gaps and resistance from staff unfamiliar with digital tools. In jurisdictions where legacy systems dominate, the transition to integrated asset management systems is hindered by both technical limitations and a lack of human resource capacity (García, 2014). Without targeted investments in IT

infrastructure and workforce training, the transformative potential of such systems remains unrealized.

Some countries have taken a more holistic approach by combining the adoption of international standards with the implementation of risk-based internal control systems. These systems embed risk assessment into financial oversight processes, enabling public entities to proactively detect and address anomalies in asset reporting (Prodanchuk & Bezdushna, 2020). Through regular audits and independent evaluations, such systems strengthen institutional resilience against both administrative inefficiency and political manipulation. Nevertheless, the sustainability of these reforms depends on continued political will, budgetary support, and the presence of external oversight bodies capable of enforcing compliance.

Another policy innovation has been the introduction of incentive-based governance models, where public institutions receive fiscal or reputational rewards for demonstrating excellence in asset reporting (García, 2014). This approach encourages healthy competition among institutions and provides motivation for transparency. Furthermore, legal reforms aimed at insulating accounting processes from political interference have shown potential in reinforcing the independence of audit institutions and deterring manipulation of asset data (Gutsalenko et al., 2018).

However, these reforms are not without limitations. Implementation is often fragmented, with disparities between central and local governments, large and small agencies, and countries at different stages of administrative maturity. There remains a significant research gap regarding the long-term effectiveness of these reforms and their adaptability across diverse bureaucratic and political environments. More empirical studies are needed to assess the durability of IPSAS implementations and the role of digital asset systems in improving transparency and accountability.

The implications of poor asset management are far-reaching. Inaccurate asset records undermine fiscal transparency and distort budget planning, leading to misallocated resources and suboptimal public service delivery (García, 2014). When citizens perceive public institutions as opaque or inefficient, public trust deteriorates, weakening social cohesion and reducing civic engagement (Gutsalenko et al., 2018). The financial ramifications extend beyond national borders, as international donors and investors may view poor asset reporting as a risk factor, thus diminishing access to external funding and slowing economic development.

Moreover, a lack of reliable asset data hampers crisis response and infrastructure planning. Governments may find themselves unable to prioritize maintenance or replacement schedules effectively, resulting in service disruptions and elevated long-term costs (Prodanchuk & Bezdushna, 2020). The inability to account for public assets accurately also invites corruption, as loopholes in the system make it easier for officials to misappropriate resources or engage in fraudulent transactions (Gutsalenko et al., 2018).

These systemic shortcomings also feed into a vicious cycle of underperformance. As financial inaccuracies mount, the capacity of internal and external auditors to detect issues weakens, further perpetuating inefficiencies. Meanwhile, the absence of public participation in asset oversight diminishes democratic accountability and increases the potential for misuse of public resources. Reform efforts thus must be multi-pronged, addressing not only the technical facets of asset

management but also the institutional culture and political dynamics that shape these systems (García, 2014).

To move forward, future research should focus on cross-country evaluations of IPSAS adoption, particularly in transitional economies. Comparative studies can reveal best practices and help contextualize reform models that are scalable and adaptable. In addition, interdisciplinary research involving public administration, information systems, and political science can shed light on the interactions between institutional culture, digital transformation, and governance outcomes.

There is also a need for longitudinal studies tracking the effectiveness of risk-based internal controls and the integration of asset information systems. Such research would provide insights into how institutions evolve over time in response to policy changes and what factors contribute most to successful implementation. Furthermore, more qualitative research is needed to understand the lived experiences of civil servants implementing these reforms, especially in low-resource settings where institutional inertia is strongest.

While the current body of literature provides a strong foundation for understanding the technical and administrative dimensions of fixed asset accounting, its engagement with systemic cultural and political variables remains limited. Expanding this focus would not only deepen the analytical framework but also yield more actionable policy recommendations. Reforming asset management in the public sector, therefore, demands both structural realignment and cultural transformation. Only through such dual efforts can public financial management systems be made more transparent, resilient, and capable of supporting inclusive development.

CONCLUSION

This narrative review has illuminated the multifaceted challenges and strategic responses associated with fixed asset accounting in public institutions. Central to these challenges are systemic barriers such as entrenched bureaucratic cultures and pervasive political interference, which hinder the consistent application of modern accounting standards and transparent asset management. Our findings emphasize that despite international initiatives such as the adoption of IPSAS and integrated asset information systems, many governments—especially in developing countries—continue to grapple with fragmented administrative structures, insufficient technological capacity, and a lack of incentives for reform. These challenges are further compounded by political manipulation, which undermines the integrity of financial reporting and contributes to public mistrust.

This review contributes to the literature on public sector accounting by integrating comparative international practices, administrative reform dynamics, and digital innovation into a comprehensive framework for fixed asset modernization.

To address these issues, this study reaffirms the critical need for systemic reform. These reforms should prioritize the adoption of international standards, the enhancement of asset information systems, and the implementation of risk-based internal controls. Additionally, institutional incentives and sanctions must be clearly defined to ensure compliance and deter manipulation.

Future research should explore the intersection of asset management practices with political economy, and develop frameworks for enhancing public sector accountability in varied institutional contexts. It is essential to continue refining administrative systems and investing in human capital and digital infrastructure to create robust, transparent, and accountable asset management regimes. As demonstrated in the results, the integration of technology, international standards, and strengthened audit mechanisms remains the most promising path forward to overcoming institutional inertia and ensuring sustainable public financial management.

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