First of all, I would like to congratulate the Ministry Of Foreign Affairs for organizing this dialogue on Integrity and Financial Accountability in the Civil Service for all Head of Malaysian Foreign Missions who are responsible for ensuring proper financial management and maintenance of updated financial records. I would also like to thank the organizer for inviting me as one of the panel members.

2. All of you here play an important role in portraying Malaysian image overseas from various aspects especially on integrity and accountability in financial management.
3. Integrity, as you are aware is not just about involvement in fraud and corruption, it is also about trustworthiness, practicing good values and giving one’s best in performing one’s responsibilities. This would include diligent compliance to established procedures, rules and regulations which are important measure of one’s competence. Thus integrity demands a positive attitude towards work, sincerity in doing work and be diligent in delivering quality services.

4. Integrity and accountability in financial management are absolute essential in the public sector as one is dealing with receiving and spending public monies and thus they should be held accountable for any irregularities or mismanagement.

5. Ladies and gentleman, you and I share an important responsibility: safeguarding the public purse. As financial managers, you play a vital role in working towards the sound financial management of public funds. As Auditor General, I keep an eye on the bigger picture - the accountability chain that links Parliament, the Ministry and its responsibility centers.

6. In the Malaysian public sector, I can say that over the past few years several positive measures have been taken by the Government towards enhancing accountability and integrity. On the government side, the issuance of a standing instruction for government departments and agencies to
seriously follow-up on issues raised in the Auditor General’s report and for the Auditor General to report back whether he is satisfied with the corrective measures taken by these government departments and agencies is an expression of Government’s commitment towards continuous improvement in governance, especially in various aspects of financial management. I am also very encouraged by the positive response of the Government towards the implementation of the Accountability Index System, which will feature for the second time in the Auditor-General Report for the year 2008. In a nutshell, the A.I. is a star rating system which measures the compliance level of government departments and agencies towards existing financial regulations and procedures. The level of financial management performance of departments will be evaluated on 6 elements which include organizational management control; budgetary control; revenue control; expenditure control; trust fund management; as well as asset and store management. As a benchmarking mechanism, the AI can help the auditee assess their progress on a year to year basis and also to compare their performance with their peers.

7. Ladies and gentleman, to what extent does ministry and foreign mission offices had adhered to financial rules and procedures? To answer this, permit me to highlight some of the audit findings on financial management of the Ministry Of Foreign Affairs and its mission offices. For the period of 2005 to 2009, not less than RM2.63 billion and RM916.18 million has been allocated to the Ministry Of Foreign Affairs for operating and development expenditure respectively. The bulk of this amount was reallocated to the foreign mission
offices. In 2008 alone, not less than RM375 million was spent by 105 mission offices in 83 countries. Our audit on this ministry and 31 of the foreign mission offices in year 2007 and 2008 revealed that the level of compliance to established law and financial regulations was just satisfactory. Based on ranking position among all the federal government ministries, the ministry proper was ranked the last four for the year 2007 and the lowest in 2008. Similar deficiencies were also observed at the foreign mission offices where only 2 out of 31 mission offices were rated as excellence and others were either good (14 offices); satisfactory (14 offices) or unsatisfactory (1 office).

8. The Ministry owned not less than 90 properties abroad such as chancery buildings; official residence; quarters and lands with a total value of RM2.56 billion. In the year 2006, my department had carried out an audit on the management of those properties and among the issues observed were:

\[\text{The implementation of projects under the 8th Malaysia Plan is unsatisfactory where only 6 out of 27 projects were completed within the relevant time frame.}\]

\[\text{Only 76 out of 90 properties owned by the Malaysian Government have official titles.}\]

\[\text{Overall, the physical condition of buildings and its surrounding were unsatisfactory due to the lack of maintenance, especially preventive maintenance.}\]
The unsatisfactory level of security for 7 offices of foreign mission can create a security risk to the office. For example, insufficient or non-functional closed circuit television (CCTV), the unsafe condition of the fence and the non-functional alarm system.

9. Why do these things keep on happening? Is it because of the lack of knowledge and skills? May be. Is it because of tidak apa attitude down the line? Perhaps. Is it because these offices were under staffed or were not given enough money? Perhaps also. Is it because of the little napoleons?

10. Whatever the cause, the delivery system has been impaired and the image of the Government and the public service suffers. Of course most of the time the civil servants get the blame but on hindsight there is perhaps more to it. It started with making the right decision when appointing the contractors and consultants. When you appoint competent contractors and consultants, you will have fewer problems with the outcome. I think getting competent contractors or consultants should not be a matter of luck, it should be a product of due diligence!

11. The present heads of foreign missions would normally inherit the shortcomings of their predecessors. I am sure they are concerned about excellence of their organizations. The issue is however in striving for excellence, will they wittingly or unwittingly repeat the same mistakes? Are
they aware of these mistakes in the first place? Are they willing and capable of coming up with new or innovative ideas on preventing these mistakes? In my exit conferences, I found that some head of the organizations were not really aware of what's happening in the past, until we drew their attention.

12. To improve the financial management and effectiveness of property management at the ministry and mission offices, it is recommended that:

- Internal Audit Unit of the ministry must play an important role in enhancing accountability and financial management. To be effective, this unit should be strengthened not only in terms of skills and knowledge but also with the appropriate number of staff. I strongly believe that internal audit is an integral element of the internal control structure within agencies.

  In line with the circular issued by the Ministry of Finance on the 5th of May 2009, Audit committee should be established to discuss issues raised by the Internal and External Auditor to ensure corrective and preventive actions are taken by relevant parties.

  Proper and continuous training should be given to those who are involved in financial management of the ministry and the mission offices.
The ministry should prepare a schedule for implementing projects, provide enough financial allocations and monitor closely to ensure all planned projects can be implemented according to schedule.

To protect the Government interest, the ministry should ensure that all properties have an official title registered under the name of the Malaysian Government. Besides that, an up-to-date Property Record should be maintained by the Ministry of Foreign Affairs, Malaysian mission offices and the Department of the Director General of Land and Mines.

- To ensure that all properties of the Malaysian mission offices are properly maintained, the ministry needs to carry out yearly physical inspections of all buildings and facilities that require structural, electrical and mechanical maintenance.

The Ministry should take action to write-off obsolete equipments to optimize the usage of available space for more meaningful purposes.

The Ministry should ensure that all mission offices maintain a high level of security to prevent any intrusion. In this context, the ministry should ensure that enough functional CCTV to be installed.
Ensure that the Government gets value for money and does not get short-changed in terms of quality. Besides that, ensuring that projects become operational the soonest possible – no empty buildings without the necessary equipment and personnel. We must assess the impacts, of our programs and projects; do the intended target groups really benefit of whether ‘ketirisan’ atau ‘kebocoran’ occur?

13. In conclusion, let me say that if we love our country, if we want our country to progress, let us not just talk about integrity and accountability, but let us walk the talk and let us become, in our own way, become a model for the younger and future generation. I believe we can do this because most of us are still god-fearing, still care about life thereafter and still believe that the ultimate accountability is accountability to God.

Tan Sri Dato’ Setia Hj. Ambrin Bin Buang

Auditor General of Malaysia