

Sunday, 9 September 2007

Spend, spend and overspend

MONEY not spent, money overspent and money well spent. These are the scenarios uncovered each year by the auditor-general. P. SELVARANI, PATRICK SENNYAH and RAMLAN SAID highlight the spending patterns of government ministries, departments and agencies.

THE budget monitoring systems are not up to expectations resulting in some ministries and departments overspending. Some spent without an allocation, some spent less than 50 per cent of their budgets and some did not spend for the purpose the budgets were approved.

Among the factors which caused this to occur included poor Vot Book (similar to an accounting log book) keeping and failure of the warrant holder to submit complete monthly expenditure returns to the relevant officer.

The monthly expenditure reports produced by the accountant-general did not tally with the records in the Vot Book. Auditor-General Tan Sri Ambrin Buang discovered 52 cases where ministries and departments had spent RM4.98 million, even though they did not have the allocations for such expenditure.

They included the Prime Minister's Department (RM1.99 million), Defence Ministry (RM0.80 million) and Human Resources Ministry (RM0.38 million). "A total of 449 cases of spending beyond their allocations, totaling RM4,077.53 million, had occurred in 35 ministries and departments for the payment of emoluments, services and supplies and purchase of assets."

Among the ministries and departments involved were the Education Ministry (RM1,470.05 million), Defence Ministry (RM883.47 million), Health Ministry (RM631.48 million) and Public Service Department (PSD) (RM309.13 million). Considering that most of the expenditure was for the payment of emoluments on a yearly basis, he said the Treasury should direct the ministries and departments to prepare allocations for this purpose.

Ambrin said 19 ministries and departments had not spent the RM43.67 million allocation that had been approved for 119 cases. And 31 ministries and departments had also applied for additional allocations and advances amounting to RM502.30 million to undertake 107 programmes or activities.

"However, the Audit Department discovered that these additional allocations which had been approved had not been used at all, while in some cases, the initial allocation had also not yet been fully used."

He identified the ministries and departments which had not spent the initial allocations as the PSD (RM14.41 million) and the Rural Development Ministry (RM1.88 million). He said under the Treasury circular issued in 2004, ministries and departments should not spend more than the estimated cost of a project approved by the Treasury or the ceiling price approved by the Economic Planning Unit.

"However, the expenses for 28 projects undertaken by 13 ministries and departments had exceeded the estimated cost under the Ninth Malaysia Plan by RM1.02 billion." Five ministries and departments had also exceeded the ceiling price for eight projects by RM0.69 billion.

They included the Treasury Ministry (RM664 million), Primary Industries and Commodities Ministry (RM13.29 million), the Prime Minister's Department (RM11.98 million), Agriculture and Agro-based Industry Ministry (RM4.59 million). Two ministries which had been given additional allocations to undertake three projects did not spend the money.

They were the Energy, Water and Communications Ministry (RM25.11 million) and the Information Ministry (RM6.28 million). "The additional allocations should not have been requested for and approved in the first place, considering there was still a balance in the initial allocation."

He said 12 ministries and departments which received deferred allocations valued at RM82.95 million for 40 projects did not spend the money at all. The actual expenditure was less than the original allocation approved.

In an audit conducted on 10 ministries, RM729.49 million was paid last year for supplies and services received in previous years. Delays in payments were due to late receipt of bills, insufficient allocations for the particular year the supply and service were provided, and delays in the signing of contracts.

He said the problem of late payments should be addressed as this affected the image of the government. Under Treasury directive 58a, payments for supplies and services received in previous years can be made in the current year on condition that the ministry has a surplus in its budget for the year the supplies and services were received.

There must also be no discrepancies why there was a delay in the payment in the first place. The ministry must also get approval from the accountant-general before settling the payment and any discrepancies must be clarified with the Treasury.

"The controlling officer should make sure bills are settled within the stipulated period to avoid making late payments under the Treasury directive." He said a check on the accounts of 36 offices, including 10 ministries, revealed weaknesses in the preparation of bank reconciliation statements.

Twenty of these offices submitted late statements, while seven offices showed differences in the balance brought forward in their ledgers and the bank reconciliation statement of the previous month.

"The statements prepared by 10 offices had cash-book balances which differed from the balance in the banks' ledgers." The controlling officers, he said, should make sure the reconciliation statements were prepared systematically and within the set time frame to make sure that any misappropriation was detected early.

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Wound up 16 years ago but still on the books

A COMPANY fully-owned by the Ministry of Finance Incorporated is listed as belonging to the government although it was wound up 16 years ago. Auditor-General Tan Sri Ambrin Buang said the 100 per cent equity in Syarikat Malaysia Batek and Handicraft Bhd had a book value of RM300,000.

"Steps to wind up the company were made in 1990 but it is still stated as belonging to Mof Incorporated," he said, adding that he had asked the Insolvency Department for the status of the company.

On the other hand, 10 companies with book value shares of 21.27 billion held by MoF Incorporated were not stated in Treasury records. Ambrin said because of this, the nominal and book value of the 171,641,329 shares could not be determined.

"Therefore, the real status of the companies could not be determined," he said in his report on the financial accounts of ministries and agencies for last year. The report was tabled in Dewan Rakyat yesterday.

The 10 companies are International Rubber Consolidated Limited, KUB Malaysia Bhd, Kumpulan Modal Perdana Sdn Bhd, Konsortium Pelabuhan Kemaman Sdn Bhd, Malaysian Resources Corp Bhd, Media Prima Bhd, Ninebio Sdn Bhd, Permodalan Nasional Bhd, Prokhas Sdn Bhd and Tradisi Gemilang Sdn Bhd.

Another observation by the Audit Department were weaknesses related to housing loans for civil servants. Ambrin said at the end of last year, records showed 626,197 borrowers owed RM25.65 billion in loans.

"But as pointed out in previous years, the amount is uncertain as records showed a majority of loans disbursed between 1971 and 1979 were outstanding although the 25-year maximum repayment period was over."

He said many borrowers had paid up or taken subsequent loans but the housing loan department had failed to update their records. On the recovery of loans from 1,492 borrowers who had left the service, he said there were cases where legal action had dragged on for more than 20 years.

The cases involved loans totalling RM88.7 million. He said another weakness was allowing arrears to snowball over a long period.

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RM451m to replace RM290m computer system

DESPITE being equipped with a RM290.12 million computer system called the Customs Information Service (SMK), the Customs Department has spent RM451.30 million on a consultant to come up with a new system. The SMK system was developed in three phases between 1998 and 2003 at an additional cost of RM30.18 million. (The initial budget was RM259.94 million). In his report, Auditor-General Tan Sri Ambrin Buang said the computer system was not properly planned and implemented. The weaknesses included:

- * Poor planning which caused the department to add 10 more contracts worth an additional RM30.18 million. The project was also delayed between 12 and 52 months for each of the three phases.

- * The system used the disk operating system which was not user-friendly and Customs officers were not adequately trained to operate it.

- * Computer personnel from the department's information technology division were not involved in the planning and development of the application system.

"The National Audit Department has been informed that the Customs Department had appointed Deloitte Consulting consultants for RM451.30 million to come up with a strategic information technology plan to replace the Customs Information Service," he said.

The consultants were to do this over four years from this year. He said the Customs Department need not develop this new system and should instead ensure the optimum application of the existing system.

"This is to avoid negative public perceptions that the department was wasting government funds." In the Foreign Ministry, he said only six of the 27 foreign mission projects under the Eighth Malaysia Plan were implemented, and only 76 of 90 properties owned by the government in foreign countries had proper land ownership documents.

"A check on the Malaysian Embassy at The Hague, Netherlands, revealed that the land title for the official residence of the Malaysian ambassador was still in the name of the original owners: Maria Dympha Agnes Andrea Driesen and Augustinis Geertruida Johannes Okhuizen.

"The property was purchased in 1968 from the (Malaysian) Kuok family at a value of RM493,617. It is estimated the property is now worth RM6.33 million." The security at seven foreign missions was also not satisfactory as there were security risks, including insufficient and non-functional closed-circuit television cameras, faulty fencing and security alarms. The Youth and Sports Ministry's purchase of equipment was poorly planned and was unnecessary, he said. It spent RM88.45 million to buy equipment which had yet to be used to its optimum.

"This was because there was no need for the equipment and there was a lack of skilled and qualified instructors to handle the equipment." He said due to the lack of proper planning in buying the equipment, other equipment which were needed at the time could not be bought. The ministry also did not take action against the supplier who failed to supply the equipment according to specifications.

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Praise for Tabung Haji pilgrimages

LEMBAGA Tabung Haji was taken to task by the auditor-general for its poor handling of news concerning the deaths of Malaysians performing the pilgrimage in Mecca. Tan Sri Ambrin Buang said two families were informed of the deaths only two days later. There were 39 deaths reported.

He said the delay was due to the fact that Tabung Haji officials faced difficulties verifying the death reports due to communication problems in Mecca. However, he said that on the whole, Tabung Haji had managed the pilgrimages well.

On Universiti Putra Malaysia, Ambrin said 14 fish tanks were found to be damaged although RM96,588 had been spent on repairs in 2005.

"Two chicken coops worth RM344,550, which were completed in September 2005, could not be used as there was still some work to be done."

A de-feathering machines worth RM6,458 and a boiler unit worth RM19,980 have not been used since they were bought in 2005.

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RM14.6b not collected

THE total revenue yet to be collected by the government has been increasing every year. It stood at RM9.43 billion in 2004 and increased to RM14.62 billion at the end of last year. This was due to weaknesses in the management of revenue collection at ministries and departments, the Accountant-General's Office and the Treasury.

Auditor-General Tan Sri Ambrin Buang said the ministries and departments had erred in reporting the revenue collected as a result of incomplete and improper records. Ambrin also said that the Defence Ministry had incurred an additional cost of RM1.4 billion to buy six patrol boats for the navy.

The value of the contract was RM5.09 billion. The ministry had paid the contractor RM4.26 billion which included the deposit totalling RM1.07 billion as of December.

"However, the physical value of the work on the six boats was valued at only RM2.87 billion as of December. The balance to be paid under the initial contract would have been RM832.92 million."

The report said the ministry would have to fork out RM2.2 billion for the contractor to complete the construction of the remaining four boats. On the Internal Security Ministry, he said the construction of the RM67.51 million marine police base in Batu Uban, Penang, was not carried out according to schedule.

The project, which was due for completion in November 2004, was completed in March last year, 15 months later. The main factor for the delay was because police and the Public Works Department took more than two years to decide on the type of pontoon to be used to replace the one agreed upon in the contract.

Tuesday, 11 September 2007

Ministry to probe inflated prices

CYBERJAYA: The Finance Ministry has taken the lead to get to the bottom of inflated prices for procurement of products and mismanagement of funds. Second Finance Minister Tan Sri Nor Mohamed Yakcop yesterday ordered all departments in the Treasury to prepare detailed reports on the cases highlighted in the Auditor-General's Report which involved them.

"The departments have been asked to prepare the report almost immediately and we will respond in the quickest manner." He was responding to a call by Deputy Prime Minister Datuk Seri Najib Razak that the relevant ministries mentioned in the report must respond to the findings. Nor Mohamed said the call made by Najib was timely and appropriate, and all ministries must adhere to it.

"In my ministry, the Customs Department was mentioned, so this will be given focus," he said after launching the Cyberjaya Dedicated Transportation System here. The report issued last Friday highlighted several cases where public funds were misused by government agencies.

Non-governmental organisations (NGOs) which do not qualify have been given funds by some ministries, while two helicopters worth RM117.75 million bought for the police air wing could not be used as they did not meet specifications.

It said that in 2002, the government paid RM8.39 million more than the market price for the purchase of 13 items for the National Youth Skills Institutes programme. The 13 items included technical books consisting of 10 titles priced at RM10,700 per set when they could be purchased for RM417. A total of 17 sets of books were ordered. Also two 3.1 megapixel digital cameras were bought for RM8,254 each when they were available for RM2,990 each.

The government also paid RM224 for a set of four screwdrivers which would cost only RM40 in the market and RM1,146.56 for a set of Faber Castell technical pens instead of the RM160 market price.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said bidders of government projects should not mark up their prices as they were squandering people's money. She said suppliers of products and services to government agencies should have integrity and be ethical in conducting their business.

"Please keep in mind it is the people's money. I understand that businessmen want to make profits, which is not wrong, but do so reasonably. "For instance, it is ridiculous to pay RM3 for a curry puff whereas you can get it at 30 sen.

"What kind of curry puff costs so much?" she asked after chairing the Wanita Umno exco meeting yesterday. Rafidah, who is also Wanita Umno chief, was baffled as to why it cost more to buy in bulk.

"Normally, bulk purchases should be cheaper." She also said government officers who were dealing with tenders and financial matters should scrutinise individual prices and make comparisons before deciding on the purchase. Rafidah said those caught misusing funds in her ministry would be dealt with swiftly and strict procedures were in place to prevent mismanagement.

In Kota Kinabalu, human rights and consumerism activist Datuk Prof Dr Hamdan Adnan lauded the exposure of the inconsistencies in public fund management detailed in the report.

Baring the problems had reflected the government's transparent administrative policy in managing the people's money, he said. "Since the report has revealed obvious mismanagement of public funds, I feel the Anti-Corruption Agency should be brought in to investigate those responsible."

Hamdan said firm measures must be taken against both the parties that were responsible in the purchase and the suppliers so that the problems would not recur.

"Usually the government will buy in bulk which is supposed to be cheaper. "Based on the report, it is clear that the price tags were unreasonable," he added.



Wednesday, 12 September 2007

Ministry denies report on misuse of funds by NGOs

KUALA LUMPUR: The Auditor-General's report that non-governmental organisations had misused funds distributed to them was denied by the Women, Family and Community Development Ministry.

Its minister, Datuk Seri Shahrizat Abdul Jalil, said the report only focused on technical management. The question of fund mismanagement did not arise, she said, as the NGOs had spent the funds, especially the Special Treasury Aid that was allocated to them, responsibly.

She clarified in a written statement that only deserving, non-profit NGOs that reached out to the ministry's target groups were considered to be eligible for the special aid.

"The NGOs considered for the aid are those without a strong financial background. They are only chosen once we are confident that they can independently manage their future programmes after financial aid has been distributed."

She also explained that the special government grant given to NGOs that were financially strong was to help them continue their welfare activities without any hurdles. The NGOs, namely the National Autism Association, the Kelantan Orphans' Welfare Foundation and Taiping Children's Home, have had a good track record and had contributed in caring for the community.

On the distribution of funds to a non-existent NGO, she said the Perak Community Welfare Council was dissolved in 2005 but was re-registered as the Perak Community Development Council last year.

"We understand that the registrar had approved the re-registration of the council and believe that they (council) can still carry out their duties with the allocated fund."

She said NGOs had been asked to submit completed papers when applying for government financial aid.

Wednesday, 12 September 2007

Abdullah orders ministries to explain to cabinet

KUCHING: Ministries implicated in the Auditor-General's report for mismanaging funds and other irregularities must explain to the cabinet through their respective ministers, the prime minister said. "The report has raised many questions and those involved must explain why such things happened. "During the last cabinet meeting, before I left for the APEC (Asia-Pacific Economic Co-operation) meeting, I had directed all ministers to check matters pertaining to their respective ministries and report to the cabinet.

"Ministers must ensure that each matter raised in the Auditor-General's report is studied and explained in detail," Datuk Seri Abdullah Ahmad Badawi said. The prime minister was asked to comment on the report, which disclosed cases of wastage of public funds in several ministries and government agencies.

Abdullah, here to take part in the Malaysia Merdeka celebrations on Monday evening, was speaking at a press conference before departing for Singapore. Several ministries have started probing departments and agencies under their purview, whose spending was highlighted in the report issued last Friday.

The Treasury had already responded to portions of the report, elaborating on the expenditures in some of the more glaring revelations. On Monday, Second Finance Minister Tan Sri Nor Mohamed Yakcop said the units under the ministry had been directed to prepare an immediate accounting of the irregularities contained in the report.

In Putrajaya, Minister in the Prime Minister's Department Datuk Seri Nazri Aziz said the Anti-Corruption Agency would question ministers if necessary over the Auditor-General's Report 2006. "The ACA can see anybody, whether minister or secretary-general. "If they find that they need to meet the minister, it is within their right to do so. It is not necessary that all ministers must be interviewed, just those involved in the process," Nazri said after attending the ACA's annual debate competition for secondary school students.

"If there is any abuse of power, any corrupt act in the report, then there is nothing to stop the ACA from taking action. "The Auditor-General's report is an official report. If the ACA can investigate anonymous letters, what more something reported officially.

"We must take the report seriously and take action as the same thing comes back every year. If it keeps coming back, something is really wrong." Nazri said the ACA should be given time to study the report and conduct investigations. He said while the Auditor-General had highlighted mistakes made by certain ministries and departments, these still had to be verified.

The Auditor-General's report cannot be used as a basis for pressing charges until more information and clarification was obtained, he added. ACA director-general Datuk Ahmad Said Hamdan said all ministries mentioned in the report would be looked into.

Wednesday, 12 September 2007

I've nothing to hide, says Hishammuddin

KUALA LUMPUR: Declaring he has nothing to hide, Education Minister Datuk Seri Hishammuddin Hussein said claims on the misuse of funds by the Youth and Sports Ministry when he was the minister should be investigated thoroughly.

But he cautioned that any probe must be conducted fairly. "It should be investigated. What's wrong is wrong. Action has to be taken against wrongdoers, including me if I have done wrong," he said yesterday when commenting on the awarding of contracts worth RM450 million and doubtful purchases for the National Youth Skills Institute in 2002.

Hishammuddin was the Youth and Sports Minister from 1999 to 2004. It was reported that the ministry's secretary-general, only authorized to approve contracts which did not exceed RM5 million, was allowed to approve contracts worth RM449.42 million by the minister.

The Treasury, in its reply to the Auditor-General who highlighted various questionable expenditure by ministries and government departments in his 2006 audit report, stated that the youth and sports minister gave a letter of authority to the secretary-general to sign the contracts.

However, the Auditor-General said during the audit, "no such letter presented itself". The Auditor-General also said the ministry paid RM8.39 million more than the market price for 13 items for the institute's programmes.

Among these were RM224 for a set of four screwdrivers costing RM32 in the market; RM5.72 million for two crane towers against the market price of RM2.98 million; technical books consisting of 10 titles priced at RM10,700; and a 3.1 megapixel digital camera that was bought for RM8,254.

Speaking to the New Straits Times, Hishammuddin, in an obvious reference to Youth and Sports Minister Datuk Seri Azalina Othman Said's statement on Monday that the contracts dated back to 2002 before she was appointed to the post, said: "On the allegations, my advice to them is no matter where we are, all are jointly responsible under the same government."

Azalina had said that the purchase of equipment for the institute was done through direct negotiations by the ministry two years before she was sworn in as the minister. She said the contracts were awarded under the Eighth Malaysia Plan and was under the supervision of Project Management Consultants (PMC).

Azalina said she was told the ministry had given its justification on the issue, adding she did not really understand the contracts neither was she involved in them.

Wednesday, 12 September 2007

Loan to `foreign' students an admin error

KUALA LUMPUR: It was an administrative error. This was the explanation given by the National Higher Education Fund Corporation (PTPTN) to the Auditor-General's Report that 26,000 loan applications were approved to non-Malaysian students last year.

Applicable only to Malaysians, PTPTN is a government scheme set up to provide education loans to students pursuing studies in local institutions of higher learning. PTPTN chief executive officer Yunus Abdul Ghani said: "It was administrative problem on our part.

"The 26,000 students are actually Malaysians who tick-ed the wrong box when declaring their nationality. We confirmed their nationality by checking their MyKad but forgot to update our database."

Yunus said because it forgot to amend its computer records, the Auditor-General's Report was based on information which made it seem PTPTN had misused public funds.

"I want to clarify that the students are Malaysians and no funds were given to foreigners. Taxpayers can rest assured that their money has not been abused."

Meanwhile, Deputy Higher Education Minister Datuk Ong Tee Keat said he had heard PTPTN's explanation but still had questions for it. He said if it was an administrative problem, it should find out how it could improve the situation.

"And how can the loans, which is money from the public, be handled in such a careless manner?" he said after launching Universiti Malaya's Lantern Festival.

Wednesday, 12 September 2007

Same old story year in, year out

There were "no" surprises in the Auditor-General's Report for last year - most of the irregularities noted in 2005 re-appeared. Despite reminders by Tan Sri Ambrin Buang, earlier weaknesses made their presence felt. This included corruption, over-spending, poor management of funds, incomplete and outdated data and lack of enforcement and manpower.

His calls for closer monitoring by all agencies went mostly unheeded. The most obvious involved five government agencies that were paid between 42 per cent and 74 per cent more to acquire land for various projects.

Ambrin wanted to know why the Education Ministry, Housing and Local Government ministry, Johor Menteri Besar's office and the Health Ministry paid more than the value of land to be purchased. They had exceeded the amount specified by the Valuation and Property Services Department.

A prime example was the Education Ministry which paid 34 per cent more than the value set by JPPH to build SMK Seri Bandar Muar. A case of abuse of power involved the Marine Park project at Kampung Sg Haji Dorani in Selangor where an additional RM19.98 million was paid to the contractor.

Another interesting discovery was how two district welfare departments "dealt" with the dead. Ambrin said a lack of enforcement led to Yayasan kindergartens run by the Terengganu Islamic Foundation operating without permits and failing to offer a conducive learning environment to children.

Another classic example of a state losing millions due to poor management was Perlis. The Kangar Municipal Council lost potential revenue due to an inability to collect assessment rates.

The Housing and Local Government Ministry came under fire for not issuing funds requested by the Nilai Municipal Council for garbage collection. Fiction also came to the fore as far as the Kedah Baitulmal was concerned. It listed real estate that it did not own in its list of properties. The Auditor General also criticised the Kedah State Economic Planning Unit (UPEN) for mismanagement of the RM37.1 million Aquatic Centre in Alor Star.

In Sarawak, the Social Welfare Department failure to keep track of the elderly who had passed away, saw over RM32,840 being disbursed into the dead recipients' accounts. The intake into the Rumah Seri Kenangan old folks home are shoddy, with incomplete files and no supporting documents. There is a lack of monitoring which resulted in dead recipients still getting monetary assistance, even though some of them have been dead for a year.

The state had overspent 72 per cent of its allocation for the construction of 259 bridges amounting to RM741 million. The reasons, Ambrin said, were due to lack of research

especially in soil testing and identifying flood levels. At a time when government funds are eagerly sought after by state governments and agencies, Perlis did the unexpected. It used only RM63 million or 56 per cent of its total allocation of RM113 million for 2006. Of the 297 projects approved, 227 were implemented.

STATE-BY-STATE LOOK

PERLIS

PERLIS is losing millions in revenue due to poor management and weak enforcement by the Kangar Municipal Council. Assessment collection by the council was not properly enforced, resulting in increased arrears year-on-year. Last year, assessment arrears rose to RM16.31 million as opposed to RM15.75 million in 2005 and RM14.46 million in 2004. Total estimated assessment to be collected from 20,351 stakeholders should have been RM8.26 million but the council only managed to get RM7.69 million.

It was found that 13 premises used for commercial purposes were not charged commercial assessment rates of eight per cent (for towns) and 10 per cent (for rural areas). Two food stalls built on government land were not charged assessment although the state government had the power to do so.

Business licences were still issued to owners with cumulative unpaid assessment of RM370,000. Ten premises' owners still owed the council RM6.47 million in assessment arrears while 24 residential premises had built additional structures to their buildings without paying additional charges.

Three buildings were also found to be used for commercial purposes but were not charged additional rates. Auditor-General Tan Sri Ambrin Buang said legal action initiated against owners who refused to pay were not implemented by the council.

KEDAH

The Kedah Baitulmal's management was inefficient due to incomplete, outdated and inaccurate information in its inventory system. The organisation also faced problems due to a lack of staff to handle land transactions. It also suffered from the absence of a committee to monitor property management and handle problems that include delays in land development, arrears in payment of rent and intrusion into properties.

The report noted that the organisation's subsidiary company, Pengurusan Izzah Sdn Bhd, did not properly manage rentals and up until June last year, it recorded arrears of RM852,606. The Kedah state Economic Planning Unit came under fire for failure to provide proper management plans for the Aquatic Centre in Alor Star.

This led to the RM37.1 million centre being abandoned after eight months. Among problems uncovered were cracked tiles at the entrance and leaks in the swimming pool.

PENANG

Irregularities involving quarters for government officers was highlighted in the Auditor-General's Report. Tan Sri Ambrin Buang said the most glaring omission was that of the list of successful applicants. The allocation of quarters to staff of federal departments did not follow criteria listed in the government's quarters policy.

He said the state government also failed to take action against officers who were no longer qualified to stay in such quarters, including those who had retired or had bought property.

NEGERI SEMBILAN

How the Auditor-General's Department homed in on weaknesses in the Nilai Municipal Council's financial affairs is a story in itself. It started when staff noticed reports of an increase in cases of diarrhoea and dengue.

The department decided to go to the root of the problem and found that the council had not paid its waste management contractor RM17 million. This led to poor garbage collection and management of essential services.

Auditor-General Tan Sri Ambrin Buang said the town was dirty because South Waste Management Sdn Bhd had not been paid for some time. The council was supposed to pay RM365,000 a month to the contractor, which it had failed to do.

The department's investigation led to another discovery - the Housing and Local Government Ministry had not responded to requests for money to pay the contractor.

"The ministry has yet to make good on the council's request for funds," he said. Nilai records nearly 2,000 cases of diarrhoea and about 250 dengue cases annually. The department also carried out a survey on garbage collection services in the area and found that more than 60 per cent of residents wanted collection three times a week, besides regular cleaning of drains.

Ambrin said although 126 staff were employed as garbage collectors, there was a need for more staff. He also suggested enlarging the fleet of five garbage collection vehicles. The council had privatised waste management in 2003.

PERAK

Most recreational parks in Perak are badly maintained. Instead of well-trimmed bushes and picturesque scenery, visitors are greeted by overgrown weeds, cracked roof tiles at public toilets, uncollected garbage and dirty toilets. Visitors also have to do without pay phones at the Kuala Sepetang recreational park.

The dirty toilets are the bane of visitors to the Ulu Kemas recreational park, a problem attributed to lack of manpower. Ambrin felt the RM108,000 watch tower at Pulau Tali Kali was a waste of money as it was a two-hour walk from chalets at the resort.

"Not many walk up to the tower as it is located so far away." He ticked off those in charge of the 13 recreational parks in the state for not upgrading workers' quarters to motivate them to work with dedication.

SABAH

The rail system was in poor condition with frequent breakdowns due to a lack of maintenance. The safety aspects of the railway also came under scrutiny. Trains were also found to be in dire need of repairs, and could not be used for travelling by those living between Beaufort and Tenom.

SELANGOR

A contractor undertaking the RM10 million marine park project received an unexpected "bonus" of RM19.98 million. The auditor-general said another anomaly in the project at Kampung Sg Haji Dorani was that the contractor, Pembinaan Merak Sdn Bhd, did not go through a tender process.

Five years ago, the state secretariat submitted a letter to the Sabak Bernam District Council president, approving RM10 million for the project from the state government's special fund.

"From the audit, we found that the offer letter issued contained the figure RM29.98 million and not RM10 million. "We are unhappy with the way the tender process was carried out," he said.

MALACCA

The success of the Malacca Sentral project is a feather in the cap for the Malacca state government. Auditor-General Tan Sri Ambrin Buang said the RM90.76 million project had achieved its goal of being a catalyst for development. The cost of developing the project was shared between the state government, the Historical Malacca City Council and the Malacca State Development Corporation after the initial developers ran into financial difficulties.

Of the project cost, RM52.88 million was used to acquire land and for the construction of bus and taxi terminals. The move was made despite risks of project disruption, compensation for unpaid interests and uncertainties over the status of land ownership.

"The state government made the right move in deciding to pursue the project. "The state's development policy was achieved through the Malacca Sentral project and can very well be a contributing factor in achieving the goal as a fully developed state by 2010," he said.

TERENGGANU

Three Terengganu Islamic Foundation "Yayasan" kindergartens were found to be operating without permits from the state education department last year. The three premises, which were either rented or used on goodwill basis, did not have facilities for a conducive learning environment.

Auditor-General Tan Sri Ambrin Buang said the lack of preliminary studies was the primary reason for choosing inappropriate locations for the kindergartens. He proposed that the foundation come up with strategic plans which included the construction of kindergartens.

PAHANG

Two district welfare departments have been "dealing" with the dead. The Raub welfare department disbursed RM101,765 to 33 people who had died while its Bentong counterpart parted with RM11,279 to three who had passed on. The auditor-general said this was totally unacceptable. He said corruption was involved as the money could not be disbursed to the dead. He believed Grade S17 community development officers were involved in the scam.

"The recipients are dead but still received aid as their names were not removed from the department's list," he said. He said such weaknesses occurred as a result of a lack of monitoring by senior officers at the district and headquarters levels. Ambrin proposed a special committee to investigate the misappropriation of funds to enable action against those involved.

JOHOR

SOME state government agencies were over-generous last year with public funds, especially in acquisition of land. Auditor-General Tan Sri Ambrin Buang wants to know why five bodies paid more than the land value set by the Valuation and Property Services Department. They generally paid between 42 per cent and 74 per cent more. A prime example is the Education Ministry which paid 34 per cent more than the value set by JPPH to build SMK Seri Bandar Muar.

The land was valued at RM1.9 million but compensation came up to RM2.9 million. Another case was that of the Housing and Local Government Ministry which paid out RM513,000 or 74 per cent more to build sewerage services at Tangkak which only cost RM294,000.

Others included four land compensation projects under the Menteri Besar's office to build a surau, a garbage disposal site, a multi-purpose hall and administrative centre which saw the numbers go up by between five and 39 per cent. Ambrin was also unhappy with the Kota Tinggi Land Office over compensation for a road that included an overhead bridge between Sg Sedili and Tanjung Sedili.

The project involving 17 hectares saw compensation set at RM135,000 but ended up with the land owner receiving RM258,000. "From our investigations, the person received the highest amount compared with other land owners. We want the Land Office to clearly state why the higher compensation was paid."

He also wants the land office to standardise compensation for land acquired for projects to prevent major differences in compensation.

KELANTAN

KELANTAN is an example of economic management gone wrong. The state spent RM333.93 million on administration with revenue only amounting to RM243.34 million.

This led to a RM90.59 million shortfall in the consolidated revenue account that further weakened the state's financial position.

Auditor-General Tan Sri Ambrin Buang noted that the deficit was due to the revenue not keeping up with expenditure.

Ambrin identified lack of manpower, poor supervision and inappropriate training for officers as the primary factors behind the problem.

Thursday, 13 September 2007

Errant developer penalised, says MB

SHAH ALAM: The state government has imposed a penalty of eight per cent per annum against a developer who failed to complete a housing project for the Orang Asli in Bukit Cerakah.

Menteri Besar Datuk Seri Dr Mohd Khir Toyo said the penalty was imposed after the state government rejected an appeal by Ecoasli Development Sdn Bhd. He said the project in Kampung Air Kuning was supposed to be completed last March.

"We have explained this to the Auditor-General," he said after the weekly state executive council meeting here yesterday. In his 2006 audit report, Auditor-General Tan Sri Ambrin Buang pointed out that the state government had failed to impose the penalty against the company for failing to abide by the agreement.

On the Auditor-General's observation that the state government had to bear revenue in arrears totalling RM802.78 million, Bernama reports Dr Khir as saying that it was because it gave the land to state government subsidiaries.

Thursday, 13 September 2007

'Local councils short of money'

SEREMBAN: Most local councils will become insolvent within the next few years if their overall operations are not reviewed. Menteri Besar Datuk Seri Mohamad Hasan said many local councils, especially in the state, suffered from a revenue shortfall.

"The costs for administration and maintenance have increased but the assessment rates have stayed the same and some ratepayers still refuse to pay up. "This is why some local councils cannot afford to settle outstanding payments to waste-management contractors," Mohamad said after the weekly executive council meeting yesterday.

The menteri besar proposed that local councils be turned into departments so that they could be directly monitored by the government. "There is a need for a review of the operations of local councils."

Mohamad was commenting on the Auditor-General's Report that highlighted the Nilai Municipal Council's (MPN) failure to pay RM17 million in outstanding waste management fees to Southern Waste Management Sdn Bhd (SWM).

The non-payment led to poor garbage collection and management, which in turn resulted in an increase of diarrhoea and dengue cases in the area. In the report, Auditor-General Tan Sri Ambrin Buang said Nilai was dirty because SWM had not been paid for some time.

"In MPN's case, its annual revenue amounts to about RM24 million but it had to pay SWM around RM10 million a year for its services. That is almost 50 per cent of MPN's revenue without taking into account other expenses.

"That is why MPN failed to make the payment to SWM." He said there was an agreement that the Housing and Local Government Ministry would help local councils to pay outstanding amounts to waste-management contractors.

"This was reached when the federal government decided to privatize waste-management services nationwide."

Thursday, 13 September 2007

State `not sleeping' in collecting arrears

KANGAR: Steps are being taken by the Kangar Municipal Council to recover assessment arrears which have seen an increase over the years. Menteri Besar Datuk Seri Shahidan Kassim was aware of the problem highlighted by the auditor-general in his audit report for last year.

He said the state government was "not sleeping on the matter" and the management of assessment collection would be improved. Auditor-General Tan Sri Ambrin Buang ticked off the council for its poor assessment collection which saw the arrears increasing since 2004.

Last year, it reached RM16.31 million compared with RM15.75 million in 2005 and RM14.46 million in 2004. Speaking after the weekly state executive council meeting, Shahidan admitted recovering the arrears would not be an easy task.

In Alor Star, Menteri Besar Datuk Seri Mahdzir Khalid said a task force, headed by state secretary Datuk Syed Unan Mashri Syed Abdullah, had been set up to find ways to improve the running of the state Baitulmal, whose weaknesses were highlighted by the auditor-general.

He said the task force would identify the weaknesses and find ways to improve its management.

Friday, 14 September 2007

We need more accountability

THE Auditor-General's Report for 2006 is sending shock waves across the country. It brings to the fore various discrepancies that will need much explanation from the relevant ministries. Two issues surface from this expose. One, the government must be commended for allowing the auditor-general to do his job well and for allowing the findings to be brought out into the public domain. After all, the money being misused is the taxpayers' hard-earned money.

The other issue is, why did we have to wait for the completion of the financial year to know that things were not right? Surely, all departments and organisations - just like private enterprises - have systems and guidelines in place to serve as checks and balances when purchase prices are deemed abnormally high and the action taken is not consistent with existing standard operating policies?

Further, as French author Albert Camus said, integrity has no need for rules. Hence, responsible officers should sound the alarm and alert their superiors when they suspect irregularities in the way purchases are concluded. Why was this not done and if it was done, what did their superiors do about it?

In the final analysis, we must reckon that the Auditor-General's Report does not require explanations and reasons why. However, people need to be held accountable on why the best practices were not in place. Common sense and responsible thoughts dictate that any person in his right frame of mind and of the right ethical disposition would always strive to save money for his or her company without compromising on quality.

Likewise, as is the common practice among many responsible private enterprises, officers who fail in their duties to spot, report and act on malpractice at the workplace will suffer the immediate fate of disciplinary action. Unfortunately, the last time the auditor-general presented his report, we hardly saw heads rolling.

What the people want to see is not more explanations but individuals who failed in their duties taking responsibility. This particularly calls for leaders and heads to step forward and take blame and not go on a witch-hunt. A good leader after all is one who supervises and facilitates the running of the various departments, agencies and ministries that he leads.

We hope that all those who have shamed the nation's reputation will not escape with yet another tutup satu mata (close one eye).

J.D. LOVRENCIEAR
Semenyih

Saturday, 15 September 2007

ACA probe into audit cases `started earlier'

KUALA LUMPUR: The Anti-Corruption Agency had begun investigations into some of the alleged wrongdoings contained in the Auditor-General's 2006 Report long before it was tabled in parliament. ACA Director-General Datuk Ahmad Said Hamdan said yesterday that the agency had received copies of the report from the auditor-general sometime ago.

"We are investigating. You will have the result soon. Most of the things highlighted are already being investigated." Ahmad Said said his deputy Datuk Abu Kassim Mohamed was overseeing the probe.

"He has got the details. The audit report is on things which have already occurred. We are investigating. He will be able to give you more details," he said after attending the closing ceremony of a course for senior executives.

Although Ahmad Said did not give any details of the investigation, it is widely believed the ACA is looking at several cases highlighted by the media. Among the prominent ones are:

- * How the Youth and Sports Ministry paid RM8.39 million more than the market price for 13 items for its youth institute's programmes. Among these were RM224 for a set of four screwdrivers costing RM32 in the market; RM5.72 million for two crane towers against the market price of RM2.98 million; technical books consisting of 10 titles priced at RM10,700; and a 3.1 megapixel digital camera that was bought for RM8,254;
- * The way the Women, Family and Community Development Ministry has been dishing out funds to non-governmental organisations which do not qualify for them; and,
- * How two Social Welfare Department district offices in Raub and Bentong under the Women, Family and Community Development Ministry were found to have distributed RM113,035 aid to 36 people who had died.

Saturday, 15 September 2007

Star rating for ministries, states

PUTRAJAYA: The Auditor-General will introduce an accountability index next year that awards star ratings to all ministries, state governments and statutory bodies for their management of public funds. The promotion of secretaries-general and heads of department will also be tied to the index of their financial management performance.

Auditor-General Tan Sri Ambrin Buang announced this yesterday in the wake of the overpriced procurements and financial irregularities disclosed in his 2006 report, released last week.

"The index will be an objective assessment of the financial performance of ministries, departments and state governments.

"Marks will be given according to performance and will be translated into star ratings to measure compliance.

"For instance, if they comply 90 per cent, they will get four stars. If they comply less than 50 per cent, they get one star.

"The ministries can benchmark themselves against one another, and the heads of departments and secretaries-general will also perform better for fear their promotions won't be confirmed, or their contracts may not be extended," said Ambrin.

Ratings will be issued every year for federal ministries and state treasuries, and once in three years for departments, statutory bodies, local councils and local governments. Ambrin also strongly recommended that market price studies be diligently conducted and used when negotiating prices with suppliers.

He said in the case of the National Youth Skills Institute which was found to have spent exorbitantly on common items, the standard operating procedures, which required the parent ministry (Youth and Sports) to revert to the Treasury on price negotiations and market study findings, was not followed. Ambrin said in this case the Treasury did not require the ministry to do so.

He added other issues to look at were whether a proper market price study was conducted, and if so, whether it was used in the actual price negotiation. Ambrin refused to be drawn into speculation about whether other ministries had been as loose with procurement procedures, stressing that he only did random performance audits on certain ministries and could not make generalisations.

He also refused to comment on whether corruption was involved, saying the matter was under the purview of the Anti-Corruption Agency.

Saturday, 15 September 2007

'We stand by our audit report as it is based on evidence'

Q: YOUR audit is for year 2006, why did you pick the Youth and Sports Ministry on something it did in 2002?

A: We look at things in totality. When you talk about equipment, we look into when and where it was bought and how much it cost? To me, it doesn't matter if it was bought years ago. We are looking at the year the project is undertaken. It so happens that we are looking at the National Youth Skills Institutes (IKBN) and its planning, implementation and monitoring.

Q: Ministries have come out in the open to deny any wrongdoings.

A: We stand by our audit report as it is based on evidence. If they fail to provide evidence, we are entitled to make our observations. If they say they have certain approvals, then give us the evidence. The auditing process is not a one-way thing. It takes four months where there were a series of discussions, letters and confirmatory letters sent for their feedback. If they don't respond, well... we stand by our report.

Q: Have any ministries requested for correction to be made to your audit report of them?

A: Before we printed the report, we had exit conferences chaired either by me or my deputy. We go through all the issues and the auditees were given the chance to give their side of the story. If they think our report is not based on facts, then they are welcome to forward their clarification and if justified we will drop our observation. But they have to understand that we have a deadline to meet and hence, their opportunity to tell us their side is during this audit period.

Q: You said in direct negotiations, ministries must go to the Treasury and go for the lowest price? What happened in the IKBN case?

A: If you see the report on this case in respect of the procurement of those equipment, what happened is that the minister, quite rightly, asked for the Treasury's approval for direct negotiation to buy those equipment. Of course, that approval came with the condition that they must negotiate for the lowest possible price. After that, the result of the negotiation must be reported back to the Treasury. But that was not followed. Our report said the ministry appointed a consultant to handle the procurement of the equipment, including coming up with specifications and pricing, but the actual negotiation was done by officers, and not the minister. The reason the minister asked for direct negotiation was so that the IKBN could operate as soon as possible, as the tender process may take a long time. Now, the issue is whether the ministry was diligent enough in the negotiation to do a proper market study and report back to the Treasury on the agreed price.

Q: So who is at fault here?

A: Somebody handled the negotiations in the ministry. The issue is whether they based their negotiation on the market study or not. Normally, the Treasury would say that the agreed price must be referred to them, but in this case, there was no such requirement. So the ministry did not report back to the Treasury.

Q: Why wasn't IKBN referred to the Treasury following its direct negotiation?

A: There was no requirement.

Q: Why was that? Isn't the Treasury at fault for not requiring that of the ministry?

A: The Treasury thought it was sufficient enough that they negotiated for the lowest price possible.

Q: But the price of the screwdrivers, for example, was never shown to the Treasury?

A: The Treasury left it to the wisdom of the ministry.

Q: The Treasury never saw that figure?

A: I don't think so.

Q: Is there a clause, which allows ministries to be exempted from having to refer to the Treasury following direct negotiations?

A: We go by the letter that was shown to us. The Treasury, in this particular case, did not require them to refer back to them. But in other cases, like when I was in the Education Ministry, we have to go back to the Treasury for their final endorsement.

Q: What kind of recommendations would you make for this kind of discrepancies?

A: When it comes to negotiations the procedures are clear, the market study is important. If somebody offers you something at an exorbitant price, you should not accept it, but go look for it elsewhere.

Q: Do you think the system needs an overhaul somewhere?

A: I'm sure the government would look into it in the light of what we have exposed.

Q: Where do you hope to go with discrepancies noted in your report?

A: If there is intentional fraud these are the things that need to be investigated further, but there must be a water-tight case before prosecution could be done. Maybe our report is just the basis for investigation by the appropriate parties.

Q: Why do you only audit selected ministries?

A: Like other departments and ministries, my resources are also limited, that is why we do audits randomly.

Q: What's wrong with the current procurement system that it can lead to overpriced purchases?

A: A number of factors. One is the inadequate staff, improperly trained to handle the nitty-gritty of procurement. The civil service is also dynamic, people come and go. Some want to exploit the system.

Q: So the system allows exploitation?

A: I am not making any conclusion, let the appropriate bodies investigate if there is fraud. It's not for me to say if there is fraud or not. I'm just saying that the price is exorbitant.

Q: If there is mismanagement of funds, does your audit check to see where or to whom the money went to?

A: No we don't. We don't check bank accounts.

Q: Do you think there is a link between suppliers and people in the ministry, and should ACA look at this link?

A: I think ACA knows how to investigate. I won't interfere in how they conduct investigations. We just base our report on evidence and in our opinion, the price was exorbitant.

Q: Will you recommend further changes to current standard operating procedures on procurement?

A: If they seek our views, we'll give. In the end it's about implementation. I have already said it is only logical to do proper market study.

Q: In the case of the Youth and Sports secretary-general who signed approval for procurements beyond the limit under his jurisdiction, was there an authorisation letter as claimed by the ministry?

A: Yes, there was but they did not submit it during the audit period. Had they done so, this wouldn't have been an issue. But they only submitted it after we published the report.

Sunday, 16 September 2007

Nod for accountability index

PEKAN: The government has given its full backing to the auditor-general's plan to introduce an accountability index next year. Deputy Prime Minister Datuk Seri Najib Razak said the government had always been receptive to the application of any evaluation system that could improve the administration of its finances.

"We are ready to use any method which promotes a more transparent, efficient and responsible handling of finances by the ministries, departments and agencies. "If the auditor-general can offer an objective evaluation mechanism and bring change for the better, then the government will definitely support it. "The main thing is for the performance, such as those of the officers, to be evaluated in an objective and transparent manner."

Najib, who is Pekan MP, was speaking after handing out financial assistance to representatives of mosques and surau in his constituency in conjunction with the Ramadan month at the municipal hall here yesterday. Auditor-General Tan Sri Ambrin Buang announced on Friday that the accountability index would award star ratings to ministries, state governments and statutory bodies for their management of public funds.

The accountability index was being introduced in the wake of revelations of overpriced procurements and financial irregularities contained in the Auditor-General's Report 2006. Najib said he hoped the new evaluation system could bring about positive change to the government's financial administration.

On the earthquake in Indonesia, Najib said the SMART rescue team, which had been deployed in past disasters was ready if its services were called upon. Najib said over 100 families in Penang who lost their homes in the 2004 tsunami would be able to move into their new housing units before Hari Raya. He said problems which had delayed them from occupying the houses had been resolved.

"I have discussed the matter with the Penang chief minister (Tan Sri Dr Koh Tsu Koon) and we agreed on the existing policy where the cost of building the houses is shouldered equally by the federal government, tsunami fund and house owners."

Najib said Syarikat Perumahan Negara Berhad had estimated the cost of each house at RM51,000. The state government decided to use part of the tsunami fund to reduce it to RM42,000. The house owners would only have to pay RM50 monthly until the completion of the payment for their units. Najib will be in Penang before Hari Raya to hand over the keys to the owners.

Sunday, 16 September 2007

'No bite but we can chase the truth'

IS the Public Accounts Committee (PAC) an effective watchdog or is it a toothless tiger? PATRICK SENNYAH speaks to PAC chairman Datuk Shahrir Abdul Samad on the recent Auditor-General's Report.

Q: What will the PAC be doing now that the auditor-general has highlighted financial irregularities in his report?

A: We will go through the issues highlighted and the responses from the ministries which are being compiled by the Treasury. We will go through the accounts in much greater detail. The auditor-general, who is an ex-officio member of the PAC, will assist us. The PAC will meet the auditor-general soon and together we will plan our programme. The issues highlighted do not end with the Treasury report. We will take over and begin our investigations. However, it will take time. We will call all the ministries, departments and agencies for their input and explanations.

Q: One of the ministries which received much attention was the Youth and Sports Ministry.

A: There is no doubt the PAC will get explanations from the minister and the director-general. We have some questions for them and will ask them to provide us evidence to support their explanation. We cannot make any snap decisions on anything. Though certain irregularities have occurred, we have to pinpoint how these things happened and who was directly responsible. Once we have answered all these questions, we will present our report to parliament. There are still so many issues left unanswered. For example, as far as the issues involving the National Youth Skills Institutes are concerned, we noticed that all the expenditures have been through direct negotiations. We may have to ask the Ministry of Finance for details of certain procedures. The auditor-general has recommended that the officers responsible be surcharged, which in the civil service is a punishment which will affect their careers. We have to be certain before such a punishment is carried out.

Q: What has the response been from the Treasury?

A: We understand from the Treasury that only two officers, who were too inexperienced to carry out the tasks effectively, were responsible for the expenditures. And these officers did not have enough time to scrutinise the details. To the PAC, this explanation is far from sufficient. We want to know more details, like who the contractors involved were and why the purchases were done through direct negotiations.

Q: Will you be able to get details of all the transactions to effectively conduct your investigations?

A: In some cases, like the Matrade case where the accounts had gone missing, we will undertake a special audit.

Q: What about the additional RM1.4 billion for the construction of six offshore patrol vessels?

A: We looked into this issue in 2006 when we went to see the project in Lumut. We knew there was a cost increase as well as issues of other payments made. We expressed our disappointment to the government. However, all these issues cannot be solved overnight and it is now up to the government. Whether the money is recoverable and how they are going to do it is up to them (government). This is an issue which we need to revisit later, like the Matrade building. However, it is never easy to pinpoint who is responsible and we have to scrutinise the evidence in detail if there is going to be any prosecution. Once we have compiled our report, it is up to the Anti-Corruption Agency to take action.

Q: How sure are you that action will follow?

A: We don't have any power to prosecute anybody. However, I notice now that civil servants are much more mindful of our existence and they give us their fullest co-operation. In the case of the Port Klang Free Zone, we got full co-operation from those involved. We are still waiting for some crucial information before we complete our enquiry.

Q: Do you think the PAC is effective or do you feel it could do with some additional powers?

A: The major problem we face is that we do not have enough time to carry out our investigations. Our Standing Orders do not allow us to meet during parliamentary sessions, which take up almost seven months each year. We have since asked that the Standing Orders be amended to allow us to meet when the situation warrants. Recently, there was an opinion expressed by a minister in a Chinese daily that the PAC cannot make any statements until a particular enquiry is complete. I want to stress here that we can make statements anytime during the enquiry but we must be sure not to reveal any evidence that could be detrimental to the enquiry. I can inform the public about the progress of the enquiry by talking to the media. No minister can gag the PAC.

Q: Do you face any pressures, political or otherwise?

A: We have had political threats. This could be because of our assertive approach. But, I wouldn't say we have any pressure in carrying out our job. We are 100 per cent transparent and the public can be assured of a fair and thorough investigation.

Q: Some have described the PAC as a toothless tiger.

A: We cannot bite because we are not an enforcement agency. But we can exert enough pressure and provide the relevant agencies, like the ACA, enough evidence. The ACA works closely with us. We are also free to revisit any case at any time we want if we are not happy with the follow-up action. We have the power to order a review of the case, like what we did with the Middle Ring Road 2. For us, a case is never closed.

Q: Do you think there is sufficient transparency in the government?

A: Auditing is part of the transparency process and no one can get away with anything. However, to get to the root of things, you must go deeper and hear all sides, including the ministries and agencies. The auditor-general is part of the government. He is not a foreign consultant telling us what is wrong. The PAC has the power to call up anyone it wants, even if the minister, director-general or secretary-general is retired. This is what we did in the Matrade case when we called up a retired deputy finance minister for information. We can even investigate cases not highlighted in the auditor-general's report if we feel there is reason to do so.

Public Accounts Committee

Chairman: Datuk Shahrir Abdul Samad

Vice-Chairman: Dr Tan Seng Giaw

Members: Tan Sri Dr K.S. Nijhar, Datuk Mohd Sarit Yusoh, Datuk Dr Tan Kee Kwong, Datuk Wilfred Madius Tangau, Jimmy Donald, Datuk Lim Bee Kau, Datuk Hasni Mohammad, Datuk Ismail Sabri Yaakob, Wong Nai Chee, M. Kula Segaran, Datuk Kamarudin Jaffar, Datin Seri Dr Wan Azizah Wan Ismail.

Sunday, 16 September 2007

Ghani: Johor positive of settling its debts

JOHOR BARU: More than 90 per cent of Johor's outstanding loans to the federal government were a result of the state's efforts to provide water supply to its rural areas. The remaining 10 per cent was used by the state development arm, Johor Corporation (JCorp), to build low-cost housing .

Commenting on the findings in the Auditor-General's Report 2006, Johor Menteri Besar Datuk Abdul Ghani Othman said the loan repayment terms would be discussed with the federal government. He is positive that the state government will be able to settle its debts.

"The repayments were interrupted during the 1997 economic crisis. But now that JCorp has become more stable, it will be able to meet the rescheduled repayment terms," Ghani said after handing financial aid to 123 families at the Dewan Raya Gelang Patah here yesterday.

The families were flood victims from Kampung Pulai, Kampung Paya Mengkuang, Kampung Tiram Duku and Kampung Pekajang. Each family received RM700 as part of the aid package to 240,000 people in Johor whose lives were devastated by floods last December and early this year.

Ghani also said the outstanding loans by JCorp were guaranteed by the state government and, therefore, the amount was considered to be part of the total amount owed to the federal government.

Sunday, 16 September 2007

Student loans will be better handled

GEORGE TOWN: The administration of student loans and the process of approving them will be improved. Deputy Higher Education Minister Datuk Ong Tee Keat said there was a need to do so in view of the errors that had been made in the applications for and approval of loans for tertiary education.

"The recent mistake resulting in the incorrect identification of the nationality of 26,000 Malaysian applicants is a case in point," he said. The Auditor-General's Report had stated that 26,000 non-Malaysians had received loans by the National Higher Education Fund Corp (PTPTN).

PTPTN chief executive officer Yunus Abdul Ghani explained that the auditor general had received wrong information. The applicants had ticked the wrong citizenship box on the application form. Their status as Malaysians was confirmed through their MyKad, but PTPTN failed to update its computer records.

"The report is a wake-up call to the ministry, and I have called for a full investigation into the matter," said Ong after a convocation for 108 diploma students at Han Chiang College here yesterday.

Ong said the ministry would work with PTPTN to improve the processing of applications.