

Miserable life of villagers at landfill

By Jaspal Singhjaspal@nst.com.my

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It is even more puzzling how they are able to go about their daily lives with the unbearable stench of rotting garbage and use the water in their wells, which has been polluted by the controversial Jebong landfill nearby.

The landfill, which received extensive mention in the recent Auditor-General's Report 2007, is located 200m from the village and is the source of the residents' woes.

They are appealing to the state government to rectify the situation and help return the clean air and water they had enjoyed before the landfill came into operation.

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"I can't wash clothes with the water any more because they will turn yellow if I use water from the well."

The auditor-general, in his 2007 report on Perak state departments and agencies, said the Taiping Municipal Council had failed to cover the rubbish and waste dumped at the landfill with earth, which was the norm for managing landfills.

The municipal council had also failed to prevent leachate from polluting the river and underground water table in the area.

The auditor-general also observed that the council had failed to follow a schedule to clean the drains and cut the grass at the landfill.

Another villager, Yahya Ahmad, said the unkempt landfill had attracted flies and mosquitoes, which plagued the village every day from noon till late evening.

"Two of my neighbours decided to shift because of the stinking smell and flies.

"Fortunately for them, they had the option to move out. But for most of us here, we have nowhere else to go," said the 83-year-old, who has lived in the village for more than 50 years.

Fortunately, nobody has been infected yet with disease carried by the insects, he added.

Zainah's brother, Mohd Shairi, 43, said besides flowing into drains around the landfill, the leachate had also polluted three former mining ponds in the area, which were used by villagers for bathing and fishing.

He said the ponds could no longer function as fish habitat or support aquatic life.

State Housing and Local Government Committee chairman Nga Kor Ming said the state government would instruct the Taiping Municipal Council to take measures to control the leachate leak.

"Public interest takes prominence and we will act on the auditor-general's report. We will not sweep things under the carpet," he told the New Straits Times here yesterday.

Nga said he would seek an explanation from Taiping Municipal Council president Omor Saad on why the local authority had failed to adhere to regulations when managing the landfill.



2008/09/03 (Wednesday)

Auditor-General's Report: PAC to probe poor review

KUALA LUMPUR: Syarikat Mengurus Air Banjir dan Terowong (Smart Sdn Bhd) and the National Service Training Department are among the organisations that will be asked to explain their poor performance, as pointed out in the Auditor-General's Report 2007.

Public Accounts Committee (PAC) chairman Datuk Seri Azmi Khalid said the process would begin after the Hari Raya Aidilfitri celebrations next month.

He said PAC would also call on Kuala Lumpur City Hall, Education Ministry, Health Ministry, Defence Ministry, Home Ministry and Composites Technology Research Malaysia Sdn Bhd to give their explanations.

"This is to ensure that the problems won't recur," he said after chairing the PAC meeting at the Parliament House yesterday.

Azmi said last year, the National Audit Department audited 123 Federal Government accounts, and of the total, five per cent were found to have problems.

He said although the report indicated an overall satisfactory performance, it was important for the government to tackle the problems highlighted in the report.

On Smart, Azmi said the company would be asked to explain why Sungai Batu, one of the rivers that contribute to flooding here, was not included in the stormwater management and road tunnel project. -- Bernama



2008/09/03 (Wednesday)

Auditor-General's Report: Nik Aziz: Define 'development'

KOTA BARU: Menteri Besar Datuk Nik Abdul Aziz Nik Mat yesterday questioned the definition of "development" in the Auditor-General's Report 2007.

He felt that "development" should be seen in a broader perspective as there was a difference between the Western and Islamic points of view.

He noted that the report described the performance of state government departments and agencies as weak.

Nik Aziz said it should also gauge the extent of corruption in the civil service and other serious crimes, such as rape and incest.

"How did they measure our development? The Europeans and the Communists have their methods but we are Muslims. We need to define the term 'development'."

"If our civil servants are not involved in corruption and serious crimes, shouldn't this be counted, too?"

AUDITOR-GENERAL'S REPORT: More effective to name culprits

By : NORAMTAZ ABDULLAH, Petaling Jaya

I AM sure Malaysians who read the various reports pertaining to the Auditor-General's Report 2007 ("Half billion spent, RM25 returns", "Useless" -- New Sunday Times, Aug 31) would have been incensed at the wastage and misuse of public funds in various government departments and agencies.

Just imagine what effect these reports might have had had they been made known to the public just before the general election.

We, of course, can never achieve an administration completely free of wastage, mismanagement or corruption. But, certainly, we should be able to avoid repeating past mistakes and correct the obvious shortcomings highlighted in the reports if there is just a bit more commitment, dedication and integrity among the staff involved.

All this goes to show how deeply mismanagement and misuse of funds has developed within the government administration over the past two decades. Only now are we slowly but surely beginning to realise the extent of these irregularities.

Now that the Auditor-General's Report is out, the government must be brave enough to take action to expose publicly the individuals and managers of the various companies involved in the squandering of public funds, such as the Columbia Aircraft Manufacturing Corporation project, the X-ray contract with the Ministry of Health and the cattle stud farm project under the Veterinary Services Department.

If this is not done, people will continue to lose confidence in the government.

In fact, this has long been our weakness -- failing to take follow-up action in a concerted and consistent manner in the wake of previous revelations by the auditor-general. Such lethargy in the face of such exposures of fiscal mismanagement has set a bad precedent.

Exposing the companies and people involved would serve as a real deterrent to others entrusted with public funds. It is common knowledge that one

possible reason for inaction is the possible involvement of high-profile personalities, particularly in an environment where many are living in glass houses.

But, if we are not prepared to take a real break from the past and do the unpopular thing, we will continue to live in denial and we will never succeed in putting our house right. We believe and have full confidence in the present government to do just this as it has already shown by its deeds.



2008/09/03 (Wednesday)

Auditor-General's Report: Miserable life of villagers at landfill

By : Jaspal Singh



The Auditor-General's Report 2007 notes that the Taiping Municipal Council has failed to follow the maintenance schedule of Jebong landfill.

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Auditor-General's Report: Ministry to ensure police land is fully utilised

KUALA LUMPUR: The Home Ministry will take steps to rectify weaknesses in the system which led to large areas of police land lying undeveloped, as pointed out in the auditor-general's report.

Minister Datuk Seri Syed Hamid Albar said yesterday he had already ordered that the matter be resolved.

"The audit has highlighted weaknesses in our system and I have asked those overseeing it to solve it.

"We will take the necessary action to improve the system as we need to ensure that all land allocated to the police are fully utilised."

However, he said some of the land were as yet undeveloped because the budget allocations for them had not been approved.

"This has always been our practice, to ask for land first and develop it once the budget is in, as we want to avoid situations where we get the money but have no land to develop."

Syed Hamid was commenting on the report, which disclosed that 437 lots of police land (1,354.39ha) were not developed, including 176 lots acquired 50 years ago.

It also disclosed that some of the land had been illegally turned into squatter colonies, business premises, farm land and places of worship.

Auditor-General's Report: 'Kelantan not the only state'

We report these weaknesses with the hope that the said (state) agencies would take remedial or proactive measures to address them.

*Tan Sri Ambrin Buang
auditor-general*

PUTRAJAYA: The auditor-general was not picking on Kelantan when it reported that agencies and departments in the state "failed to show much development".

Tan Sri Ambrin Buang said it was not the only state to be given a less-than-flattering review.

"If you read the state reports carefully, you will notice that several other states have also been cited for not showing much development."

Kelantan Menteri Besar Datuk Nik Abdul Aziz Nik Mat had questioned the auditor-general's report, asking him to define "development".

Ambrin said auditors concluded their findings based on checks and references made.

"We found there were no improvements from the previous year's performance where planning, execution of government projects and monitoring of activities are concerned.

"We report these weaknesses with the hope that the said agencies would take remedial or proactive measures to address them," he said during a press conference yesterday.

The auditor-general faulted, among others, the Land and Minerals Office, Kelantan Darulnaim Foundation as well as the failure to execute the Computerised Land Registration System for the state's stagnant "development".

Ambrin reminded all government agencies to be on their toes as a special unit had been set up to conduct spot checks on their accounts.

"The unit will make rounds around the country to conduct random checks when it feels that there is a necessity for it.

"This (spot checks) is especially for departments that have not received the accountability index rating for the particular year or when the auditor-general's office receives a complaint or a poison pen letter against an agency."



2008/09/04 (Thursday)

Make food safety a priority

KUDOS to the New Straits Times for highlighting the shortcomings of the Health Ministry in the Auditor-General's Report 2007. It is shocking to learn that the ministry seems to be hiding facts from the people.

According to the report, the ministry takes too long to carry out tests on contaminated food. It is more shocking to learn that findings are not revealed to the public.

What does the ministry do with its findings?

Does it file them away and carry on year after year?

Does it wait until someone dies before the findings are put to use?

I recently bought fish and prawns from a market in Penang. I was disturbed when I found that the fish had a strong smell and a slimy texture. When I asked the fishmonger, he claimed that since the fish was imported, it may contain a preservative.

Then the fishmonger mentioned casually that it could be a chemical used to preserve corpses. I was alarmed and thought that it had to be formaldehyde. I bought the seafood and sent it to a laboratory for testing.

True enough, it contained formaldehyde. Formaldehyde is used to preserve bodies. It is a carcinogen.

I informed the health authorities. Till now, I have not had a response from them. No wonder consumer bodies take the lead in exposing contaminated food. The ministry has not refuted claims made by certain consumer organisations on the presence of banned preservatives or additives in food.

Earlier this year, the European Commission banned the import of seafood from Malaysia. European countries take responsibility to see to it that the health of their people is safeguarded. However, in Malaysia, this is not so. The ministry lacks total commitment to make sure our food is safe to eat.

NORA IBRAHIM
Peraí



2008/09/05 (Friday)

AUDITOR-GENERAL'S REPORT: Report irregularities to ACA

By : S. SUNDARESON, Petaling Jaya

I REFER to the Auditor-General's Report 2007.

So much is said and written every year about wastage and mismanagement of public funds but little is done to prevent them from recurring. The people's anger and frustration are justified as it is their money that has gone down the drain.

Let's not point fingers at any one or any department for the irregularities and wrongdoings but look at the government's financial administration system in the context of responsibility and accountability, especially to see if there are weaknesses that can be corrected.

At the outset, let us remind ourselves of the caution administered by H.R. Hickling, the last British solicitor-general, in his book, Introduction to the Federal Constitution, published in 1957. He quoted a Chinese proverb: "Public money is like holy water, everyone helps himself to it."

Once Parliament approves the Supply Bill, the finance minister signs the general warrant, which is relayed by the Treasury to controlling officers,

authorising them to incur expenditure. In so doing, they must comply with Treasury instructions and other circulars.

The Treasury instructions lay down the procedures that must be complied with in obtaining supplies and services.

Now, who are these controlling officers? They are the secretaries-general of ministries and certain heads of department.

By the time they become controlling officers, they would have served the government for more than 25 years. During this period, they would have attended management and professional courses.

At these courses, they are trained and retrained on public administration, including financial management. Some of them have master's degrees and even doctorates.

So they are well equipped to shoulder the responsibilities entrusted to them. They know that they are accountable not only for what they have done but also for what they have failed to do.

Under the Financial Procedure Act 1957, controlling officers are accountable to Parliament through their ministers for each financial transaction under their head of expenditure.

The normal practice is that controlling officers delegate their authority to officers below them, trusting that they will comply with Treasury instructions in carrying out their duties.

They are aware that delegation is not abdication. Yet most of them do not monitor the performance of the officers concerned. If they had done so, they would have detected discrepancies and malpractice at an early stage and loss of public funds could be avoided.

The auditor-general's officers conduct two types of auditing: compliance audit to verify whether rules and regulations are adhered to and management audit to make sure that programmes and projects undertaken are effective, economical and efficient.

Upon completion of the audit, the auditor calls on the controlling officer to alert him of flaws in financial transactions or misappropriation of funds. The auditor follows up with a report in writing, highlighting all those aspects which require the controlling officer's attention.

The controlling officer is given time to reply to the audit queries and to follow up with remedial measures. The auditor-general only highlights those queries which are not answered despite reminders or given evasive replies.

Most controlling officers do not take audit reports seriously. They pass the reports to their deputies, who pass the task to their juniors.

Most ministries have internal audit teams under the charge of controlling officers. Internal audit is an important tool for management. But irregularities highlighted in their reports are seldom given the due attention they deserve.

If each controlling officer has complied with the canons of financial administration and viewed audit reports as wake-up calls, then cases of financial impropriety, fraud and corrupt practices will not occur to the extent that they do now.

It is obvious from the forgoing that the financial management system is adequate but it is human failure that has contributed to this deplorable state of affairs. So the controlling officers should be held accountable for the financial fiasco.

Hauling them up before the Public Accounts Committee in the past has not brought any tangible results. All cases of fraud and shady transactions should be reported to the Anti-Corruption Agency.



2008/09/05 (Friday)

Food courts with few stalls or customers

KUALA LUMPUR: The Auditor General's report has slammed the Negeri Sembilan Agriculture Department for not speeding up distribution of food processing equipment to entrepreneurs.

The delay, it stated, slowed down the state's efforts to produce five entrepreneurs in each district. The report showed that equipment bought earlier last year was only delivered nine months later. The delay caused the department to lose money.

Of the 322 pieces of equipment bought for RM1.42 million in the past two year, some RM370,000 worth was not utilised by entrepreneurs. While commending the department's initiative to help the people improve their income, auditor-general Tan Sri Ambrin Buang said checks with the entrepreneurs needed to be documented.

This, he said, was one way to show proof that meetings were held between the department officers and entrepreneurs.

"The agreement to lend the equipment to participants, entrepreneurs and the department was not made in a proper manner."

Of the 361 participants who showed interest in the Food Processing and Agriculture Industry Entrepreneurship programme, only 104 signed the agreement.

"Without the agreement, it is difficult for the department to take action in case of breach of terms and conditions," he said.

The auditor-general also pointed out weaknesses within the management of stalls in Port Dickson. The stalls are at Saujana Walk Food Court and Port Dickson main bus station. Of the 56 lots at the station, only a few were operating due to poor business. The reason given was there were too few commuters at the station as there were only two bus companies operating there.

The drop in the number of customers worsened after several government departments such as Public Works, National Registration moved to the state's government complex.

Due to this, the rental collection dropped by half from RM820,000 in 2006 to RM470,000 last year.

The RM1.14 million Saujana Walk food court also saw a drop in tenants. This cost Port Dickson Municipal Council RM14,400 in rent, as only two out of the six outlets were rented out.

The auditor general said the council needed to adopt a systematic approach. Payments should be properly recorded and courses and training conducted for the hawkers.



7/9/2008 (Sunday)

When auditing is tangled and complex

JUST how complicated is it to audit government departments? The auditor-general's auditing of the police traffic division gives an example of the process.

In the general account statements and financial management of ministries and government departments, the auditor-general found that, with regard to the traffic division, the police had reported arrears amounting to only RM470,000 at the end of last year.

The auditor-general's department, however, was of the opinion that, since the police had issued 14.15 million summonses between 2000 and 2007 (statistics available as at Feb 15, 2008), then the total amount of compound fines would be RM2.35 billion, regardless of discounts offered.

The auditors found that the reason these discounted compound fines had not been included as arrears was because the police were of the opinion that summonses should not be counted as accounts receivable. The police also said there were no written instructions from the Home Ministry's controlling officer that required the police to report outstanding uncollected summonses as accounts receivable.

According to Auditor-General Tan Sri Ambrin Buang, uncollected compound fines were accounts receivable and should be reported.

"To us, they have not reported what should have been a truer picture," Ambrin said.

"It's their own interpretation, because they don't think this is accounts receivable -- that is, revenue -- because they're not sure whether they can collect the compound fines or not.

"They believe that you can issue many summonses, but if people don't pay, how do you calculate how much is actually earned? But in our opinion, they should include these traffic compound fines, and these should be recognised as revenue.

"For us, you can calculate how much is earned based on the number of summonses issued multiplied by the compound fine , depending on the type of discount.

"Our point in raising this is to indicate that the revenue that they collect from these compound fines should have been higher than what they had been reported previously."

Ambrin said after discussions, the police recognised that there was RM810 million in compound fines that were collectable, but had yet to be collected.

"Collectable" means summonses that were issued in person by the police, and not those that were sent out by mail, as these were felt to be harder to collect fines.

When contacted, Federal Traffic Chief Datuk Hamza Taib said the report was accurate in that the police did not report the total amount of compound fines as accounts receivable since summonses could not be considered as arrears.

"This is not like lending money where you can state with certainty how much is owed to you.

"Some summonses may have been issued, but it doesn't mean that they are finalised.

"Some people might decide to challenge the issuing of the summonses.

"So, there are legal implications to consider. We have presented this to the Home Ministry and have got confirmation from the ministry that the compound fines are not accounts receivable."

On the RM470,000 in arrears, Hamza said this had already been collected.



2008/09/07 (Sunday)

Past present

By : A. Kathirasen

AMID the bad news, there is good news. First the good news.

According to the Auditor-General's Report for 2007, there is an improvement in the financial management of a majority of government agencies at the federal and state levels.

Of the 212 agencies scrutinised under the Accountability Index assessment, 4.7 per cent were categorised as "very good", 66.5 per cent were "good" and 28.7 per cent considered "satisfactory".

Among the federal agencies Tan Sri Ambrin Buang said had "very good" financial management were the Prime Minister's Department, the Public Service Department and the Attorney-General's Chambers.

Looking at the overall report, there does seem to be an improvement. Some of the preposterous amounts paid for certain items — such as screwdrivers, car jacks and instant noodles — in the past did not make an appearance.

And now for the bad news. The report still details a string of almost unrepentant abuses, gross inefficiency and continued profligacy on the part of civil servants.

It is for the Anti-Corruption Agency, which has suddenly (and thankfully) come alive in recent weeks, to determine if there is corruption in any of the cases highlighted by the auditor-general. Let's hope the ACA does not wait for someone to lodge a report before beginning investigations.

The auditor-general was puzzled as to why, after spending RM3 million, the Veterinary Services Department only managed to get nine cattle that fit its requirements for a cattle stud farm project. It doesn't, as a friend says, make cow sense.

The auditor-general saw through the Health Ministry's purchase of three X-ray machines costing RM33 million, and noted the irregularities. The ministry's method of disposing clinical waste in hospitals and health clinics was, Ambrin felt, a washout.

The auditor-general also sniffed out unethical practices involving the construction of the Stormwater Management and Road Tunnel (Smart). Testing and accreditation certificates were issued for equipment before the actual testing was carried out in four instances. And Ambrin found 10 instances where equipment that had failed testing were issued certificates. Certainly not a smart move.

He was not amused with developments at Kemas, the Community Development Department, either. Some of the furniture bought remained unassembled and were collecting dust while many books and equipment bought for use in its resource centres were still kept in boxes. To top it all, some of the items purchased had been overpriced. Certainly a case of "Tak kemas" (not tidy).

Talking about equipment, the auditor-general was unable to locate some RM9.56 million in equipment supposed to have been sent to 812 schools between 2005 and 2007 for the teaching of Science and Mathematics in English. Oops! Is that why some say the teaching of Science and Mathematics in English is a failure? Another funny thing: no police reports had been made about the missing equipment.

The release of the report last week hardly caused a flutter. Perhaps we've become inured to such horror stories. For they have indeed become an annual staple.

The 1990 Auditor-General's Report, for instance, observed weaknesses, such as a lack of inspection and poor management of contracts, in the Education

Ministry's purchase of RM48.3 million in school equipment between 1988 and 1990.

In the 1993 report, the auditor-general was astounded that RM54 million was spent on repairing and maintaining a Royal Malaysian Navy warship, bought secondhand in 1977 for RM15 million.

Last year, the government got serious and charged 12 civil servants with alleged irregularities exposed in the Auditor-General's Report. Does anyone know what happened after that? Was any of the 12 found guilty?

While Ambrin's observation that most issues raised in the Auditor-General's Report 2006 had been dealt with is good news, I wish we were able to read a report which says there are no abuses and irregularities. But, hey, I'm a dreamer.



2008/09/07 (Sunday)

In all honesty and sincerity

By : ANIZA DAMIS and TAN CHOE CHOE



The Auditor-General's latest report has once again caused a stir. ANIZA DAMIS and TAN CHOE CHOE speak to the man himself, Tan Sri Ambrin Buang, on the preparation of the report and its impact

Q: Do you have a bodyguard?

A: No.

Q: Do you or any of your auditors get any threats?

A: Not that I know of. We do our work professionally, without interference from any quarters. We are mindful that public auditors have to preserve their independence.

Q: Have you been sued before?

A: No, but there have been threats to sue. If they want to sue, I'll wait for the suit.

When we do our work, we don't have ulterior motives of wanting to defame anyone. I'm just looking at whether people have complied with procedures. If the rules or procedures say you must get certain types of licences and only these licences can be considered when making a decision, but the contract is subsequently given to a company which does not have the licence at the time the decision is made.

Q: Then it's an improper decision?

A: Yes. But whatever it is, when we sit down with the ministry and present our findings, if the ministry thinks that what we said is not accurate, then we expect them to tell us.

During the auditing process, there are opportunities for the auditee to respond to our queries, and sometimes take actions based on our observations. So, the audit report should be read in the context of the period or time it was prepared.

Q: So, by the time the report becomes public, actions may have been taken?

A: They know what we're going to write, the observations that may be critical of them. So it's up to them. And we expect them to take actions.

Q: If in the report you say a certain company doesn't have a licence, it may be that by the time the report comes out, that company may have already obtained the licence?

A: Yes. But the onus (to make corrections) is on the ministry. And unless they do so, based on the evidence provided to us, this is the conclusion we came up with.

Q: So, if actions have been taken by the time the report comes out but the report says these entities have failed to do something, what happens then? For instance, some companies have threatened to file defamation suits against you because they say you have tarnished their image.

A: If they've obtained the licence during the time we were auditing, then why not furnish the information to us? But if they obtained the licence after our audit, of course, it's a different story.

Q: If the report's contents no longer reflect the true picture, wouldn't that be unfair to companies?

A: I think I will look at it if they sue me. All the evidence we've gathered during the audit indicated that certain things were not proper.

Q: In the exit conference, when auditees have given their explanations, do you change your findings?

A: No, unless we think that it's no longer material to our conclusion. Sometimes we note that they have taken action on our observation.

You see, our main interest is that these people take action. When they say they'll take action, we have to monitor whether action is really taken. Last year, for instance, we included a section on whether actions were taken on findings of the previous year. This is how we give feedback.

Q: When auditees say they have taken note or they'll take action, do they really do so?

A: They do. For example, during the performance audit, I instructed my auditors to go back and see if there have been any changes.

Normally, this is something the Treasury is supposed to monitor, but we've started doing it this year.

Q: Have you or your staff ever had any interference in the course of your work? Has anyone ever tried to tell you what to do or not to do?

A: No.

Q: No one even tried?

A: Why should they?

Q: Well, there are always people who have their own interests to protect.

A: Even if they try, as far as I'm concerned, I don't think it will influence me. Because I respect the trust given to me.

Q: But as we have seen, even Anti-Corruption Agency officers can be charged for graft.

A: I cannot comment on the workings of other departments. But in terms of interference, I would say no. We decide what to do, and I supervise the work. And since I sign the report, I take responsibility for what's inside.

Q: Has anyone from your office ever been charged for graft?

A: Not that I know of.

Q: You have staff embedded in ministries, departments and agencies. Do you rotate them to maintain their neutrality?

A: Yes. That's my policy. The general guideline is five years. If it's a high-risk department, it's not good for them to stay too long, because they may become too familiar (with the auditees).

Q: How do you do your work without fear or favour?

A: I am expected to give a reality check to the government on what's happening. So, we have to do our job with honesty and sincerity, without any ulterior motives. When we keep these principles in mind, then there's nothing to fear or favour.

I take it as a public trust, enshrined in the Constitution as well as the Audit Act.

As you can see from what we've produced in the last few years since I became the auditor-general, there were many horror stories (of mismanagement of funds in the report). That's a reflection of the thoroughness of our work. We believe we have to deliver a true account of things to the government, with the belief that people will act on it.

We don't want the problems to be repeated. Most of the time, these weaknesses can be resolved.

With financial management, why are some organisations good and some weak?

To me, it's a reflection of the human factor within the organisation -- whether they've been diligent or competent. People make mistakes because they don't have enough competence. So, the solution is to train them.

Q: Is it difficult to do what you do?

A: No. My conscience is clear. So is the conscience of my people.

Q: You said that ministries, departments and agencies are audited annually. But in this report, you only audited 16 ministries.

A: When it comes to performance auditing, yes, we don't do all of them. The reason is that we have too many entities to audit, and only a limited number of people to do it.

Q: How do you decide who to audit?

A: When we choose, we decide on what type of audit to do. We have the same criteria that we use. We look into the overall estimated audit impact, their financial materiality, the risk to good management, the significance of the programme to the activities of the agency, the visibility of the programme or activities as reflected in political sensitivity and national importance, and whether there's been any written audit coverage and auditability.

Q: Given that the Youth and Sports Ministry was highlighted last year, why wasn't it audited this year?

A: All ministries are audited under attestation and compliance audits, including the Youth and Sports Ministry. Last year's report on purchases by the National Youth Skills Institute was a performance audit on one of the agencies of the ministry. In the compliance audit for that ministry that year, under the accountability index, the ministry was rated as satisfactory.

So, they have been audited for financial management. We did an attestation audit on them.

Q: But given the spectacular findings of the performance audit the year before, why was a performance audit not done again to see if there was anything else more spectacular?

A: Well, we might have skipped this year but next year we may go in again; no problem. And we can do a follow-up audit.

In any case, for that particular case, we know that some people have been dragged to court. So from our point of view, action has been taken.

Q: Do you have enough staff?

A: I'm very happy that recently we have been given the green light for another 500 workers, which we are in the process of recruiting.

Q: Is that enough?

A: For the time being, it's sufficient to enable us to carry out more performance audits.

Q: How many people do you have now?

A: Before the restructuring, we have 1,600. So, after this, we will have over 2,000. Out of 1,600, we have close to 1,000 auditors.

The reason we asked for more staff is because we decided to do the accountability index, and we want to make it compulsory for all ministries and all state treasuries.

Q: In the report, we found a lot of problems with the Ministry of Health, yet it was given a "good" rating. Why?

A: In the case of the ministry, they are weak in certain elements only. But in other elements, they are all right. So, on the whole, they have done well. We look at all the elements. That's why they've been given a good rating.

Q: When you find that someone has signed something that could be construed as improperly managing something, or improperly acquiring something, why is it that you do not name the person?

A: If we have the information, no problem, we'll name him.

Q: How bad does it have to be to get an "unsatisfactory" rating? No one was given an "unsatisfactory" rating this year.

A: When the overall compliance towards financial rules and regulations are poor, then they will get unsatisfactory rating.

To me, it shows that the staff involved in handling financial matters at that department or agency are not competent or diligent.

Q: What do you plan to do about the money that went to ministries that were not supposed to get it?

A: Actually, those are accounting errors. Remedial actions can be taken.

Q: How does an accounting error like this occur when the money for driver's licence goes to the Prime Minister's Department or the Health Ministry?

A: Remember I mentioned about competency? Sometimes the staff are not careful, not diligent. Our job is to identify errors, and they must take action to rectify them.

Q: Are ministries obliged to respond to your queries?

A: Yes. They have to respond to the treasury, the treasury compiles all the responses into a report that is submitted to Parliament. Then, we also look at the response that they give to the treasury. If we are not satisfied, we will follow up on it.

Q: At what point are they obliged to respond?

A: They are obliged to respond to our audit queries at all times. Even during the audit process, when we query, they have to respond.

Q: But there have been instances where there are no response at all to the issues that you raised.

A: To my knowledge, they do respond.

Q: But in the case of the procurement of the multi-million ringgit X-ray machines by the Health Ministry, they didn't respond.

A: That means they have difficulty in explaining their case.

Q: Are you satisfied with the responses that you got?

A: We'll see what are the promises in their response. Most of the time they say: "We will take action". So, we have to follow up and see what action has been taken because we have to report it the following year.

So, maybe after six months, we will call them and ask what's the latest on the issue.

Q: Are you disappointed in any way by the response to your report?

A: Normally the statements are a litany. We will go the extra mile to monitor that the actions promised will be delivered. Some actions will take time and cannot be done overnight.

To me, I am satisfied with every little measure taken to improve the image of the public service through our report.

Q: For the year 2007, what was the worst case of financial management that you came across?

A: It's very difficult to judge. For me, every case of non-compliance reflects weaknesses that need to be rectified.

Q: For the Federal Government alone, how much money has been lost on mismanagement of finances?

A: We will never know actually. We audit based on sampling, so we cannot really know. We've not gone to the extent of calculating how much we've lost. Our interest is to get the report going, and we're interested in actions.

Q: You don't enforce penalties. But there is a five-month gap between the end of the audit and the releasing of the report. Do you make any reports to the ACA before the report gets published?

A: Why do I need to do that? The ACA can read the report for themselves. In the course of their work, if they ask us for information they think we have, of course, we are willing to help them.

Q: So, even if you come across gross discrepancies, you will not report them because your job is just to list them out.

A: For something that requires further investigation, we leave it to the ACA.

Q: What if they went through the reports and missed out what seemed like gross discrepancies to you. Would you then lodge a report?

A: It depends on the case. After all, we're operating on our own and they're operating on their own. The ACA director-general and I are members of the National Integrity Board.

If I think there are things that the ACA should know, then why not? But as a general rule, we do our work and we leave them to do their work. We don't investigate in the manner that they do.

Q: The financial management boo-boos that we've seen, like spending half a billion and getting back only RM25 million, and spending RM3 million for only nine healthy cows -- are such incidents normal worldwide, or is it uniquely Malaysian?

A: I don't think it's uniquely Malaysian. If you read the audit reports from other countries, these things happen in most countries -- whether developing or developed. Nobody's perfect.

Q: Have we improved or have we been the same over the years?

A: If you look at the accountability index as a barometer, which is a reflection of the overall situation, things are not as bad as some people may think.

TYPES OF AUDITS AND PROCEDURES INVOLVED

There are four types of audit the Auditor-General is mandated to do under the Audit Act 1957:

i. Attestation audit

This concerns financial statements -- whether the accounts show a true and fair view, and if accounting records have been maintained properly, follow acceptable accounting principles, and kept up-to-date.

ii. Compliance audit

This looks at the financial management of public entities; how they manage receipts, expenditure, budget, trust accounts, investments and assets.

It also looks at whether rules and regulations had been observed in the management of these elements.

The Accountability Index (IA), introduced last year, puts this audit on a more objective platform, where ratings are given for compliance.

Those with 49 per cent and below will be considered unsatisfactory; 50 to 69 is satisfactory; 70 to 89 is good; and 90 to 100 is excellent.

iii. Performance audit

This is to ascertain whether government activities and projects have been carried out efficiently, economically, and if they achieved the desired objectives.

iv. Spot audit

This is a spot check to see if appropriate financial management controls are in place at all times. The focus is usually on entities that collect revenue.

- Time frame

While spot audits may take one or two days, the other three audits take about four months per entity.

This will give auditors enough time to get all the documents, facts and figures.

There are two types of auditors: internal auditors, who are stationed at ministries and do internal audits on the instruction of the secretary-general, and external auditors from the auditor-general's department who check on ministries annually.

- Entrance and exit

An audit starts with an entrance conference. Officers from the auditor-general's department will go to a specific entity and meet with management to inform them of their intention to audit.

The management will then have to provide the officers with all documentation.

The auditing is usually done by a team of three or four officers, who will check files, bills, contracts and other documents. Sometimes, site visits are carried out.

At the end of the audit, a draft report will be submitted to the management of the entity being audited and the latter will have to check whether the auditors' observations were correct.

During this time, the auditors will write in to seek confirmation from the management about any issues they are uncertain of. The answers they receive will be kept as documentary evidence.

Then an exit conference is held -- which is usually conducted by the auditor-general, his two deputies or the state director.

The conference gives the management an opportunity to comment or explain to the auditors before the report is finalised.

Once it is finalised, the report goes to the auditor-general for approval and then to the printer. It is then submitted to the Yang Di-Pertuan Agong, before being tabled in Parliament.



2008/09/07 (Sunday)

(Amid the bad news, ...)

AMID the bad news, there is good news. First the good news. According to the Auditor-General's Report for 2007, there is an improvement in the financial management of a majority of government agencies at the federal and state levels.

Of the 212 agencies scrutinised under the Accountability Index assessment, 4.7 per cent were categorised as "very good", 66.5 per cent were "good" and 28.7 per cent considered "satisfactory".

Among the federal agencies Tan Sri Ambrin Buang said had "very good" financial management were the Prime Minister's Department, the Public Service Department and the Attorney-General's Chambers. Looking at the overall report, there does seem to be an improvement. Some of the preposterous amounts paid for certain items - such as screwdrivers, car jacks and instant noodles - in the past did not make an appearance.

And now for the bad news. The report still details a string of almost unrepentant abuses, gross inefficiency and continued profligacy on the part of civil servants. It is for the Anti-Corruption Agency, which has suddenly (and thankfully) come alive in recent weeks, to determine if there is corruption in any of the cases highlighted by the auditor-general. Let's hope the ACA does not wait for someone to lodge a report before beginning investigations.

The auditor-general was puzzled as to why, after spending RM3 million, the Veterinary Services Department only managed to get nine cattle that fit its

requirements for a cattle stud farm project. It doesn't, as a friend says, make cow sense.

The auditor-general saw through the Health Ministry's purchase of three X-ray machines costing RM33 million, and noted the irregularities. The ministry's method of disposing clinical waste in hospitals and health clinics was, Ambrin felt, a washout.

The auditor-general also sniffed out unethical practices involving the construction of the Stormwater Management and Road Tunnel (Smart). Testing and accreditation certificates were issued for equipment before the actual testing was carried out in four instances. And Ambrin found 10 instances where equipment that had failed testing were issued certificates. Certainly not a smart move.

He was not amused with developments at Kemas, the Community Development Department, either. Some of the furniture bought remained unassembled and were collecting dust while many books and equipment bought for use in its resource centres were still kept in boxes. To top it all, some of the items purchased had been overpriced. Certainly a case of "Tak kemas" (not tidy).

Talking about equipment, the auditor-general was unable to locate some RM9.56 million in equipment supposed to have been sent to 812 schools between 2005 and 2007 for the teaching of Science and Mathematics in English. Oops! Is that why some say the teaching of Science and Mathematics in English is a failure? Another funny thing: no police reports had been made about the missing equipment.

The release of the report last week hardly caused a flutter. Perhaps we've become inured to such horror stories. For they have indeed become an annual staple. The 1990 Auditor-General's Report, for instance, observed weaknesses, such as a lack of inspection and poor management of contracts, in the Education Ministry's purchase of RM48.3 million in school equipment between 1988 and 1990.

In the 1993 report, the auditor-general was astounded that RM54 million was spent on repairing and maintaining a Royal Malaysian Navy warship, bought secondhand in 1977 for RM15 million. Last year, the government got serious and charged 12 civil servants with alleged irregularities exposed in the Auditor-General's Report.

Does anyone know what happened after that? Was any of the 12 found guilty? While Ambrin's observation that most issues raised in the Auditor-General's Report 2006 had been dealt with is good news, I wish we were

able to read a report which says there are no abuses and irregularities. But, hey, I'm a dreamer.



2008/09/09 (Tuesday)

Take action against culprits

THE Consumers Association of Penang (CAP) is disturbed at the findings in the Auditor-General's Report 2007 on the appalling methods used to dispose of clinical waste at hospitals and clinics.

Clinical waste can be described as any waste which consists wholly or partly of human or animal tissue, blood or other bodily fluids and excretions. It can also include drugs or other pharmaceutical products, swabs or dressings, and syringes, needles or other sharp instruments.

This waste can be generated as a result of medical procedures such as collection of blood for transfusions and also in the field of medical research or teaching.

Clinical waste is regarded as potentially hazardous to any person coming into contact with it, unless it is suitably treated. Under the Environment Quality Act 1974, clinical waste is listed under Scheduled Waste and must be stored, handled and disposed of according to prescribed procedures.

Among the findings revealed in the report were of clinical waste contained and dumped in drums labelled "domestic waste" taken for disposal from hospital grounds using ambulances, passenger vans and commercial vehicles and handled by ordinary hospital personnel rather than trained staff.

In addition, needles and other sharp objects were not separated from the main waste pile nor disposed using "sharps" containers, as is the requirement for all hospitals and clinics. At one public hospital, it was found that the designated yellow drums used for collecting clinical waste were badly maintained and almost never washed. On the rare occasions when they were cleaned, wrong methods were employed.

Irregularities were also detected when it came to awarding concession contracts for the disposal of clinical waste. Among the culprits identified were Putrajaya Hospital, Selayang Hospital and the National Blood Bank. The official website of the Engineering Division of the Ministry of Health contains the following:

"The hazard disposal of waste arising from hospital and healthcare establishments throughout Malaysia has been the cause of much public and official concern for several years. To take stock of this situation, the scope of the programmes is to develop a policy and guidelines for the handling, transportation and disposal of these from hospitals and healthcare establishments.

"In addition to these, the scope also includes training of hospital personnel in the development of action plans for the segregation, handling and transportation within the hospital of hospital waste from the point of generation to the point of collection at the central storage facility and the issuing of the manifest systems which will trace the movement of hospital waste from the time it was generated to the time it was disposed of."

The Ministry of Health and the Ministry of Natural Resources and Environment should explain why clinical waste is still being handled and disposed of in a manner contrary to regulations. The government should inform the public on the legal action that will be taken against offenders who have flouted the law in the handling of hazardous clinical waste.

S.M. MOHAMED IDRIS
for Consumers Association of Penang



2008/09/13 (Sunday)

Audit before any water hike

KUALA LUMPUR: The request for a water price hike in Selangor, Kuala Lumpur and Putrajaya will go through an official audit and be subject to public feedback before it is approved.

The application by Syarikat Bekalan Air Selangor (Syabas) for the hike is now being scrutinised by the auditor-general's office and is being evaluated by National Water Services Commission (SPAN) experts.

This will also be the first test of the role of public participation in any rate hike. The proposal will be submitted to the National Water Forum, which will seek consumer opinion on the proposed rates.

The auditor-general's office and SPAN have assured that the audit was the normal procedure whenever a concessionaire sought a review.

"If a concessionaire is asking for a review, before the government reviews the rates, we have to audit them first," Auditor-General Tan Sri Ambrin Buang said.

"For instance, if the concessionaire claims something is non-revenue water (NRW), we have to check whether this is true or not," he said.

This news comes amid complaints from the industry that the hike has been inflated by very high capital expenditure (Capex).

Industry sources said more prudent management would have made sure the hike would have been lower - about 27 per cent - instead of the 37 per cent currently sought.

Questions have also been raised about Syabas' performance in reducing NRW. Syabas declined to comment on these issues or its request for a tariff increase.

Its corporate communications and public affairs general manager Abdul Halem Mat Som said the company did not want to complicate matters by commenting on tariff negotiations in the media.

SPAN chairman Tan Sri Zaini Omar said the Capex and NRW were being looked into by the commission's team of experts.

"If we think we need further assistance on the Capex, we will engage consultants," Zaini said.

The auditor-general's office also has its specialist team on water, which is doing the auditing now. However, the auditor-general would not comment on whether any discrepancies had been found.

"In any case, we have to report our findings to the Energy, Water and Communications Ministry, so I would not like to pre-empt the report," Ambrin said.

If approved, the cost of water will rise to RM1.90 per cubic metre from Jan 1 next year, up from RM1.39. Before the final decision was made, details of the new rates would be submitted to the forum, Zaini said.

The forum will collect public feedback and forward them to SPAN.

The commission is not obliged to agree with the view, only to take it into account when submitting its recommendations on the review to the Energy, Water and Communications Ministry. This review will be a closely watched test for the fledgling forum and the commitment of the new water laws to giving the public a voice on such issues.

The forum, registered two months ago, was set up under the Water Services Industry Act and is meant to represent consumer interests in water and sewerage services issues, like rates.

Forum secretary S. Piarapakaran said he had yet to receive any formal report on the matter but hoped the commission would give the forum time to collect public feedback on any proposal.

"This is not something that can be done in a week. Consumers should be given sufficient time." The forum was now developing performance indicators that they would like licensees to report on when seeking tariff reviews, said Piarapakaran. Examples include the rate of solving problems, water quality and response to consumer complaints.



2008/09/16 (Tuesday)

EDUCATIONAL FACILITIES: Keep an eye on projects

By : DR M.A. NAIR, Bandar Muadzam Shah

IT is laudable that in the recent Budget 2009, the government allocated RM31 billion for the benefit of 5.8 million students. Of this amount, RM1.6 billion is to finance additional posts created following the opening of 26 primary and 41 secondary schools and the additional expenditure for maintenance, food assistance, scholarships, per capita grants and new equipment.

Of this, RM627 million was allocated for polytechnics and community colleges to train students in technical fields. This allocation should not be wasted.

Whatever flaws and discrepancies identified by the auditor-general should be addressed by the relevant authorities.

There has to be a mechanism that will ensure the delivery system is efficient, funds are managed scrupulously and projects given out to contractors with proven records.

The authority should also ensure that projects given out are completed in time with the least problems to avoid overspending on repairs and replacement of parts.

The authorities should reproach those who fail to deliver. Only then will taxpayers be convinced that their money is used wisely.

Regrettably, according to the recent Auditor-General's Report 2007, teaching equipment for Science and Mathematics in English worth RM9.56 million had gone missing in 812 schools between 2005 and last year.

There are many schools with laboratories that are ill-equipped, libraries that have few reference materials and computer labs that do not function.

There are even schools without a hall for assemblies and activities.

Some schools, through the parent-teacher associations, send schoolchildren out to collect donations from parents for this purpose.

Many computers provided for the teaching of Science and Mathematics are not functioning.

These schools need help from the government but we need people with integrity to deliver and manage the equipment and facilities.

Another case in point is the polytechnic in Bandar Muadzam Shah, supposedly the biggest to be built in the country.

This project has not been completed since 2001. The huge structure, which is only a quarter complete, has been left to rot. The students have been squatting at a secondary school while waiting for the structure to be ready.

Just imagine the money wasted on this project and the number of times the contractors have been changed and the amount of taxpayers' money involved.

The contractors involved should be accountable for this failure if the faults are theirs.

When projects are abandoned, whatever has been done would get damaged and this requires more expenditure for a new contractor to continue with the task.

Projects should be transparently executed and the process of delivery monitored.

No amount of money allocated in the government budget would be enough to carry out projects and manage services if those given the tasks to do so are irresponsible and only look for short-term benefits.

DR M.A,NAIR

Bandar Muadzam Shah