

2008/09/02 (Tuesday)

Auditor-General's Report 2007: Others eyeing our ponds, says DID



A safety worker checking emergency equipment inside the Smart tunnel. The tunnel is used to transport vehicles and drain away excess floodwaters which are stored in holding ponds

KUALA LUMPUR: The Storm-water Management and Road Tunnel (Smart) is not officially completed until the operations and maintenance manual and emergency response plan is handed over to the government by the contractor.

Former Department of Drainage and Irrigation director-general Datuk Keizrul Abdullah said the contractors, MMC Engineering Group Bhd and Gamuda Bhd, were still updating the manual based on improvements suggested by DID in the first draft.

Keizrul, who was in charge of the Smart project during his tenure as head of DID, was commenting on one of the weaknesses highlighted in the Attorney-General's Report 2007 about the project which was completed last year. On the lack of manpower at the Smart control centres, Keizrul said the DID had applied for the posts and it was up to the Public Service Department to fill them.

The auditor-general's report also suggested that the DID gazette the land around the holding pond in Kampung Berembang and the storage pond in Taman Desa as flood mitigation areas to ensure these areas were not used for development because this could affect the tunnel's operations.

Keizrul said the DID had started the process of gazetting the ponds five years ago, but had met obstacles.

"We have been facing pressure from other sectors that have been eyeing these ponds," he told the New Straits Times. Another issue was the delay in the upgrading works at Sungai Kerayong, for which the DID approved an additional RM113.90 million.

Keizrul said micropiling under a bridge on the river had to be carried out to widen the capacity of Sungai Kerayong. DID had to do this while the bridge was open to the public and "it was a delicate process" that took more time than was estimated.

However, he stressed that the only additional cost to the Smart tunnel budget was the building of an additional flood control centre at Sungai Berambung.

"Other than that, we kept to the contract sum," he said. The auditor-general's report also highlighted weaknesses in the Department of Environment.

Its director-general, Datuk Rosnani Ibarahim, said the department was working on these issues. The report had stated that DOE had weaknesses in its enforcement activities, such as lack of manpower and vehicles which led to the disruption of checks on premises and toxic waste disposal schedules.

Proper follow-up on perpetrators who broke toxic waste disposal laws was also not carried out, said the report. Rosnani said her department would work on increasing manpower and the number of vehicles. On those who broke the law in the disposal of toxic waste, she said all such cases "had been settled". "They have already settled their compound fines."



2008/09/02 (Tuesday)

Auditor-General's Report 2007: 70pc of govt agencies rated 'good' or better

BERNAMA

KUALA LUMPUR: The financial management of the majority of government agencies at the federal and state levels is good, says the National Audit Department in the Auditor-General's Report 2007.

According to a statement by the auditor-general yesterday, of the 212 agencies that were given the Accountability Index (IA) assessment, 4.7 per cent were categorised as "very good", 66.5 per cent were "good" and 28.7 per cent were considered "satisfactory".

Federal agencies with "very good" financial management were the Prime Minister's Department, Public Service Department, Coordination and Implementation Unit, Sarawak Manpower Department, Attorney-General's Chambers and and Malaysian Administrative Modernisation and Management Planning Unit.

Federal statutory bodies which obtained a similar assessment were Bank Kerjasama Rakyat Malaysia Bhd and the Malaysian Deposit

Insurance Corporation, while the state agencies were the Johor Corporation and Pahang Geoscience and Mineral Department.

Aspects of financial management assessed included operational management control, budget control, receipts control, expenditure control, trust funds and trust accounts/deposits management, assets and inventory management, investment management, loan management and financial statements.

The statement said the agencies were told of aspects of their financial management that needed to be improved.

"If the agency heads are fully committed to and consistent in implementing improvements, the prospect of them receiving a better rating is very bright," it said.

The government agencies can also make use of the IA rating system as a benchmark when assessing the progress of improvement efforts in their financial management from time to time.

The statement said the auditor-general had issued the audit certificate without reprimand on the financial statement of 115 federal statutory bodies and 44 state statutory bodies and 47 local authority financial statements.

Audit certificates with a reprimand have been issued for nine federal statutory body accounts, three state statutory body financial statements and two local authority financial statements. In general, the preparation of financial statements of the Federal Government, state governments and federal statutory bodies was improving.

"However, it is still too early to give a view on the financial statements of state statutory bodies and local authorities because not all financial statements have been submitted for auditing."

There were delays in the submission of state statutory body and local authority financial statements for 2006 and last year. The delays were caused by bodies not maintaining a proper accounting record. For local authorities, the law does not specifically fix a period when they have to submit their accounts for audit.

Fifty-seven performance audits have been done at the federal level and 76 at the state level to assess how far government activities and projects have been planned and to assess their effectiveness. The Audit Department is urging government agencies to learn from their weaknesses in planning, implementing and monitoring the activities raised in the performance audit. According to the statement, most issues raised in the Auditor-General's Report 2006 had been dealt with. -- Bernama



2008/09/02 (Tuesday)

Soi Lek refuses to discuss purchase



Datuk Seri Dr Chua Soi Lek says he can't comment until he reads the Auditor- General's Report

KUALA LUMPUR: Former Health Minister Datuk Seri Dr Chua Soi Lek refused to comment on the Auditor-General's Report 2007.

"I am no longer with the ministry, so how do you expect me to comment?" asked an irate Dr Chua when he was contacted on the telephone yesterday.

"No one will tell you anything if he or she is no longer with a ministry."

He was asked to explain the purchase of three X-ray machines valued at RM33 million from an unregistered company.

The auditor-general said in its report that the company also had no licence to handle and transport radioactive material.

When pressed that the contract was given in 2005 during his tenure as the minister, Dr Chua said he had not seen any report by the auditor-general.

He said he had not read the reports in the newspapers. "But I can't just comment based on newspaper reports. "I can't comment until I read the auditor-general's report."



2008/09/02 (Tuesday)

Auditor-General's Report 2007: Do homework before giving contracts, says MMA

[By : Shuhada Elis](#)



Datuk Dr Khoo Kah Lin says any machines bought should come from the best company

KUALA LUMPUR: The Health Ministry should do its homework before awarding contracts to any company, Malaysian Medical Association president Datuk Dr Khoo Kah Lin said yesterday.

"The person who's giving the contract must know whether the company is qualified so problems won't arise."

He was commenting on the Auditor-General's Report 2007 that the ministry had given a contract to an unregistered company for the supply of three X-ray machines valued at RM33 million.

Syarikat Glotel Sdn Bhd supplied a Positron Emission Tomography Computed Tomography (PET CT Scan) and a Cyclotron machine to Putrajaya Hospital and a PET CT Scan to the Penang Hospital.

The report said Glotel's sub-contractor, Syarikat Allied Physics Sdn Bhd, was also not qualified or licensed to handle radioactive material and X-ray equipment.

Glotel was supposed to have provided training to ministry officers on the use of the scans and machine, and to assist in obtaining the good manufacturing practice (GMP) status. However, the training syllabus was not discussed with the government and the status could not be attained.

Dr Khoo said the machines and radioactive material were sensitive and the ministry should make sure they were handled by the right person.

"It's like buying a car. You need to get it from the best company which has complete spare parts and can also provide after-sale service."

The auditor-general also found that some components of the machines had yet to be used by the hospitals as they were unsuitable.

However, Penang Hospital director Dr Juita Ghazalie disagreed. "We do use the machine, but I should not say anything further because we have sent an explanation about the report to the ministry some time ago," she said.

Health Minister Datuk Liow Tiong Lai and director-general Tan Sri Dr Ismail Merican could not be reached for comment.



2008/09/02 (Tuesday)

Auditor-General's Report 2007: Subramaniam pledges to update websites

KUALA LUMPUR: The Human Resources Ministry will streamline the administration of its training institutes to reduce costs.

The Auditor-General's Report 2007, released last week, while giving the ministry a good rating, highlighted several areas that needed improvement such as the running of its skills training institutes.

The report also posed several questions, including why only 206 of

403 vacancies for trainers in the Skills Development Department had been filled so far, why accredited training centres (some of which in deplorable condition) were not being properly monitored and why ministry-linked websites were not being updated or run properly.

When contacted by the New Straits Times yesterday, Human Resources Minister Datuk Dr S. Subramaniam said the issues were mainly administrative in nature and that the ministry on the whole was on an even keel.

"There are some issues, such as the need to speed up approval for Socso claims from people needing artificial limbs and prosthetics." He said approvals were being delayed because state and federal ministry departments were taking time liaising with one another.

"They also told us to monitor our training institutes more closely.

"A large portion of our management budget goes to our 26 institutes and we have to improve in that area."

Dr Subramaniam conceded that the auditor-general had a point when he brought up the issue of outdated websites.

He said the websites needed to be constantly updated because they were one of the first avenues people -- mainly youths in search of skills training -- turned to when they sought information.

Asked why only 51 per cent of the job vacancies for vocational trainers had been filled, Dr Subramaniam said hiring of staff came under the ambit of the Public Service Department.



2008/09/01 (Monday)

KOTA BARU: Menteri Besar Datuk Nik Abdul Aziz Nik Mat yesterday admitted that the Kelantan government's financial status was weak.

Commenting on the auditor-general's report, Nik Aziz said the state government had not been overspending.

"We (the state government) always control our spending although we are facing a lot of financial problems and we never misspend."

Speaking after the state-level Merdeka Day celebration, Nik Aziz advised Kelantan politicians and leaders to be careful in handling their finances.

In his report, the auditor-general recommended that the state government improve its spending habits and seek new sources of income. He also highlighted Kelantan's outstanding debts which total RM958.67 million.



2008/09/01 (Monday)

Most government agencies have good financial management, says Auditor-General

BERNAMA - KUALA LUMPUR, Mon.

The financial management of the majority of government agencies at the federal and state levels is good, says the National Audit Department in the 2007 Auditor-General's Report.

According to a statement by the Auditor-General today, 4.7 per cent of 212 agencies that were given the Accountability Index (IA) assessment were very good, 66.5 per cent were good while 28.7 per cent satisfactory.

Federal agencies with very good financial management were the Prime Minister's Department, Public Service Department, Coordination and Implementation Unit, Sarawak Manpower Department, Attorney-General's Chambers and Malaysian Administrative Modernisation and Management Planning Unit.

Federal statutory bodies which obtained a similar assessment were Bank Kerjasama Rakyat Malaysia Bhd and the Malaysian Deposit Insurance Corporation while the state agencies were the Johor Corporation and Pahang Geoscience and Mineral Department.

Since 2007, the National Audit Department has been implementing the Audit Rating System based on IA to measure how far the agencies have complied with all the laws and government regulations in their financial management.

The aspects of financial management assessed include operational management control, budget control, receipts control, expenditure control, trust funds and trust accounts/deposits management, assets and inventory management, investment management, loan management and financial statements.

According to the statement, by implementing the IA assessment, the agencies were told of their financial management aspects that needed to be improved.

“If the agency heads are fully committed and consistent in implementing improvement measures, the prospect of them receiving a better rating is very bright,” it said.

The government agencies can also make use of the IA rating system as a benchmark when assessing the progress of improvement efforts in their financial management from time to time.

The National Audit Department has come up with a book entitled “Kecemerlangan Pengurusan Kewangan Dari Perspektif Jabatan Audit Negara” (Financial Management Excellence from the National Audit Department’s Perspective) in collaboration with the National Institute of Public Administration which will be distributed to all public service employees involved in financial management.

According to the statement, the Auditor-General had issued the audit certificate without reprimand on the financial statement of 115 federal statutory bodies and 44 state statutory bodies and 47 local authority financial statements.

Audit certificates with a reprimand have been issued on nine federal statutory body accounts, three state statutory body financial statements and two local authority financial statements.

According to the statement, the preparation of financial statements of the federal government, state governments and federal statutory bodies was in general improving.

“However, it is still too early to give a view on the financial statements of state statutory bodies and local authorities because not all financial statements have been submitted for auditing,” it said. According to the statement, there were delays in the submission of state statutory body and local authority financial statements for 2006 and 2007 for auditing.

Among the delaying factor was the accounting record not being maintained properly. For the local authority account, the cause of the delay was the Local Government Act 1976 which did not specifically fix the period of submission for auditing.

A total of 57 performance auditing have been implemented at the federal level and 76 at the state level to assess how far government activities and projects have been planned and to assess the effectiveness of the projects.

The Audit Department is urging government agencies to learn from the weakness in planning, implementation and monitoring on the activities raised in the performance audit report provided.

According to the statement, most issues raised in the 2006 Auditor-General's Report had been dealt with.



2008/08/31 (Sunday)

Auditor-General's Report: How was the X-ray contract awarded?

THE Health Ministry's purchase of three X-ray machines at a cost of RM33 million has raised questions on how the contract was awarded.

Through direct negotiation with the Health Ministry, Syarikat Glotel Sdn Bhd was given the contract to supply two Positron Emission Tomography Computed Tomography Scan (PET CT Scan) and a Cyclotron machine, and to build the buildings to house these machines at Penang Hospital and Putrajaya Hospital.

The auditor-general found that despite the fact that Glotel was not registered with the Contractor Service Centre, it still got the contract.

In addition, Syarikat Allied Physics Sdn Bhd, the company sub-contracted by Glotel to certify the quality and safety of the PET CT Scan, was not qualified or licensed to handle radioactive material and X-ray equipment, as required under Section 13(2) of the Atomic Energy Licensing Act.

As a condition of the contract, Glotel was to have provided training to ministry officers on the use of the PET CT Scan and Cyclotron machines, as well as assist in obtaining a Good Manufacturing Practice (GMP) status.

This would have enabled the government to register the production of FluoroDeoxiglucose (FDG) with the National Pharmaceutical Control Bureau.

However, this did not happen, as the syllabus prepared by Glotel was not done in consultation with the government, making the training unsuitable for GMP qualification.

Failure in getting GMP status has resulted in FDG, which is injected into the patient before a scan, not being registered. Even more puzzling is how Glotel managed to get the contract to handle and transport the radioactive FDG.

Under the Radiation Protection (Licensing) Regulation 1986, only a company that has Class A and Class D licences could handle and transport radioactive FDG. Of the three companies that pitched a tender, only one -- Syarikat Intan Sejati Sdn Bhd -- had Class A and Class D licences.

In April 2005, both Intan Sejati and Glotel's tender were proffered by

the deputy director-general of Health (medical) to the Health Ministry's Privatisation and Procurement Division secretary.

But it was Glotel that the deputy director-general recommended for the contract to supply FDG, even though Glotel only had a Class C licence.

The endorsement was made based on Glotel's offer to provide insurance for the FDG in case the PET CT Scan was broken and the FDG's short shelf-life expired from lack of use.

However, the auditor-general found that, in addition to not adhering to the Radiation Protection (Licensing) Regulations, this arrangement cost the government RM1,008 more per shipment compared to how much Intan Sejati would have charged.

Audit visits to both hospitals between January and February found that 40 components of the PET CT Scan and Cyclotron machines, valued at RM658,800, had yet to be used. Among the reasons for this was that the components had either been purchased too soon, or were unsuitable for use.

To all these queries, the Health Ministry had no reply.



2008/08/31 (Sunday)

Auditor-General's Report: RM3.19 million for only nine studs



Most of the cattle supplied for the Veterinary Services Department's cattle stud farm project did not meet specifications, says the auditor-general.

OVER RM3 million was spent, but the Veterinary Services Department only got nine fit animals for its cattle stud farm project or the "Pengeluaran Bibit dan Baka Ternakan Lembu".

In 2006, the department placed an order amounting to RM6.2 million with Kembar Teguh for the supply of 2,500 cattle from China between July 2006 and July last year.

But until February last year, the supplier had only sent the department 1,812 cattle although the department had already paid it a lump sum of RM3.19 million.

The auditor-general found that only nine out of the 1,812 cattle delivered fulfilled the department's specifications.

The specifications were that the animals should not be more than 24 months old, should not weigh less than 250kg, should have no deformities and the colour of its hide should either be yellowish brown or black brown.

Seventy of the cattle had brucellosis and had to be put down. Another 451 could not pass any of the criteria set and had to be returned to the supplier. Although the remaining 1,282 cattle could only pass two of the four criteria the department had set, the animals were accepted.

The auditor-general questioned the wisdom of the department's decision to accept the 1,282 animals and said it should only have paid for the nine animals that met its specifications.

The audit also found that the supplier failed to quarantine the cattle for a minimum of 30 days -- during which it would feed and care for them at its own farm - when they were brought into the country.

Instead, they were sent to the Animal Farming Centre in Jelai/Gemas and the centre was forced to bear the cost of feeding and caring for

the cattle.
The department, however, said that the cattle were sent to Jelai/Gemas because the centre was going to be gazetted as a temporary quarantine shelter.

"The department has the right to gazette any location it deemed fit according to the 1953 Animals Act."It also denied that it had to bear the costs of feeding and caring for the cattle during quarantine.

Of the remaining cattle, the department said it had no intention of getting them from Kembar Teguh because of "various difficulties" faced by both supplier and the department when dealing with the authorities in China.

Until December last year, the department operated six stud farms, with 6,300 animals. Between 2005 and last year, RM18.85 million was spent on the farms, which were targeted to produce 17,351 cattle.



2008/08/31 (Sunday)

Auditor-General's Report:: Half billion spent, RM25m returns

OVER half a billion ringgit was spent, but all the Malaysian government got in return from its investment in Columbia Aircraft Manufacturing Corporation in the United States was RM25 million.

From 1994 until September last year, the government and Composites Technology Research Malaysia Sdn Bhd (CTRM) poured RM537.04 million into Columbia Aircraft in the form of investments and loans.

(The government, through the Finance Ministry, is the biggest shareholder in CTRM, owning about 90 per cent of its shares. Petronas is the other shareholder.)

However, the government's aim of reaping profits from its investments in the aircraft manufacturing company failed because of the company's weak management and unscrupulous spending by its senior officers.

The Auditor-General's report said the company's board of directors failed to expedite the manufacture of aircraft while the Minister of Finance Incorporated did not monitor the company's activities.

Columbia Aircraft's main activities were to plan and manufacture three four-seater light aircraft models -- the Columbia 300, 350 and 400 -- using composite material for the US market.

The company had accumulated losses of RM480.18 million at the end of 2006. As a result of its huge debts, Columbia Aircraft filed for bankruptcy at the Oregon Court on Sept 24 last year.

On Nov 27 last year, Cessna, another aircraft company, bought over Columbia Aircraft for only RM56.27 million. The Malaysian Government only got RM25 million from the sale.

2008/08/31 (Sunday)

Kelantan gives bonus

BERNAMA KOTA BARU, Sun:

Kelantan will still pay a month's bonus to state government employees similar to the one received by public sector employees at the federal level although the state government's debts have exceeded the value of its assets.

Menteri Besar Datuk Nik Abdul Aziz Nik Mat admitted that the financial resources of the Pas-led state government was weak but it had taken thrifty measures.

The Pas spiritual leader also defended his administration saying that the state government had never squandered because it was a sin.

He told reporters this while commenting on the Auditor-General Report 2007.

According to Auditor-General Tan Sri Ambrin Buang, the 2007 Kelantan State Audit report showed the state's financial position was not strong because the amount of debts incurred exceeded the value of assets.

When tabling Budget 2009 last Friday, Prime Minister Datuk Seri Abdullah Ahmad Badawi announced the payment of a bonus of a month's salary or minimum RM1,000 to the civil servants.

"Every year we pay a bonus. It's just that we are discussing how it will be done... Insyallah there is," said Nik Aziz. — BERNAMA



2008/08/30 (Saturday)

Auditor-General's Report: Books collecting dust



Bundles of books left unopened at the resource centres in Jempol (left) and Rapah, Negri Sembilan.

MANY books and equipment bought for the use in the Kemas resource centres are still kept in boxes because they're not suitable or there are no racks to keep them.

Some furniture bought are also still not assembled but left to collect dust in the corners. On top of that, the Auditor-General also found that some items bought were way over-priced.

The purchase of books by Kemas state offices was done by quotation or direct purchases, however, it is not certain on what basis books are selected.

An audit on payment vouchers between 2002 and 2006 found some dubious book vouchers involving the Pahang and Perlis Kemas state offices.

Four vouchers valued at RM32,539 for the years 2004 and 2005 at the Pahang Kemas office was not supported by documents to show which resource centres would get the books.

Similarly, one voucher at the Perlis Kemas office in 2005 valued at RM21,978 also does not have the necessary supporting documents. So the money's paid but where have the books gone? The Auditor-General himself is "unable to verify the status of the books". And 27 vouchers for RM519,603 paid for the purchase of furniture, equipment, landscape maintenance and computer as well as the repair of resource centres - are missing.

Meanwhile, some 17 vouchers for RM180,532 are not supported with documents to say where the assets bought were placed. It's again anybody's guess where the bought items have gone.

Kemas is now tracking the missing 27 vouchers and claimed that one has been found. And the destination of the assets bought with eight of the 17 vouchers could be found in its various registers.

The department is now drafting a set of guidelines on book purchase to ensure books bought are suitable for its resource centres. The guidelines are expected to be out in July.



2008/08/30 (Saturday)

Auditor-General's Report: Useless Dirty eateries go scot-free due to flawed sampling procedure



The Auditor-General has, in his report for 2007, found that in some areas, “manpower and training in financial management were lacking, and monitoring and supervision was absent”. The New Sunday Times delved deeper into the A-G’s report and found instances of gross mismanagement either through ineptitude or disregard for rules and regulations.

OFTEN no actions are taken on unhygienic premises and culprits who contravene the Food Regulations go scot-free because the Health Ministry is slow in submitting investigation papers, according to the Auditor-General's report.

Woeful food sampling procedures also led to weak investigative results, causing the ministry to be unable to prosecute offenders in court.

Audit results for the period between 2005 and 2007 found that out of some 183,339 food samples taken for testing, some 69,700 did not follow proper food sampling procedures.

Feedback from district health officials showed that the reason why sampling was not done according to procedures was because of lack of funds to buy samples. The ministry's yearly random sampling of food sold in the market is also found wanting.

Not only are the food samples not sent for testing on time, the type of samples needed and the type of testing needed to be done are also not met because the health officers did not meet the sampling criteria set.

There are also district health officers who send samples without following what is stipulated in the yearly schedule, resulting in too much samples sent for analysis at times and this has delayed analysis of results.

Audit results on a few districts revealed that food sampling in the east coast district of Penang, Johor Baru in Johor, Samarahan and Kuching in Sarawak, were also not satisfactory.

The A-G said that food sampling should be planned by taking into consideration the population intensity of an area, the food variety there, and the type of content in high-risk foods that can be detrimental to health.

Meanwhile, the ministry is also found to be slow in issuing food alerts to the various food entry points.

The time a food sample is taken for analysis until information that it is found unsafe is sent to the entry points, takes about 12 to 17 days.

The A-G said the long time taken to issue the alerts could result in unsafe foods being brought into the country.

The ministry said the Food Safety and Quality Division had organised a microbiology and chemical sampling course for its officers in Kelantan and Sarawak early this year.

It also said that the sampling sent by all state departments follow

what has been laid down in the National Work Plan, which is determined by sample type and analysis parameters.

"Increase in sampling size happens when there's a special operator, plague, enforcement activities and monitoring following a complaint raised by the consumer or a food safety issue that was raised by the media."

It has also updated its Work Procedure Manual and coordinated it with stipulations in the 1983 Food Act and the 1985 Food Regulations in April.

To shorten the time in issuing food alerts, the ministry has also started using emails. A working procedure manual is also being drafted to better manage the food alert system and is expected to be implemented by the end of this year.

The ministry's monitoring and enforcement on the distribution, sale and quality of bottled drinking water and mineral water, has also been found wanting.

The A-G has detected various cases of unlicensed water distributor, brands with wrong labelling or addresses, and labelling and packaging that do not meet specifications.

An audit on licensed water distributors in 13 districts found that some do not follow stipulated rules and regulations, yet no action was taken against them. Between 2003 and 2007, it was found that some 62 companies failed to send their water analysis to the ministry regularly.

At the same time, 20 companies never bothered to do so after their license was approved.

In 2007, Penang State Health Department found 12 companies were

selling bottled water without having obtained the appropriate licences from the ministry.

The department issued warning letters to them and advised them to apply for the necessary licences to continue operation. However, the A-G found no evidence of any action having been taken against them.

The information on licensed water distributor is also not up to date as the audit found that some distributors have different names or addresses; some are even longer in operation.

A visit to 13 water-processing plants listed on the ministry's website found that six had stopped operations, although they were still listed as active.

In response, the ministry said the six companies had been taken off the list in April and a letter had been issued to all its state health departments to update their lists.

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the list in April and a letter had been issued to all its state health departments to update their lists.



2008/08/30 (Saturday)

Auditor-General's Report: What the A-G said in 'Kata Pendahuluan and Penutup'

Auditor-General Tan Sri Ambrin Buang said as a whole, the National Audit Department has found the Federal Government's Public Accounts Statement balanced and reflective of the government's financial standing last year.

It also found accounting records to be properly maintained.

However, in auditing the management of finances, the department found that a few financial laws were not met.

In some areas, manpower and training in financial management were lacking, and monitoring and supervision was absent.

In tackling these weaknesses, Ambrin has introduced the Accountability Index ranking system. The Prime Minister's Department emerged tops in financial management amongst the ministries last year, with a score of about 90 per cent, to become a 'role model'.

The Department was the only one which merited the 'excellent' distinction.

The Ministry with the worst performance was the Internal Security Ministry (now under the Home Ministry ambit), with a 60-something point.

As for departments, five got top marks, one of which was the Public Service Department.

Under the ranking system, the ministry/department was ranked in management, budget, receivables, and expenditure controls; trust funds management; and asset, inventory and store management.

All 28 ministries were audited, but only 31 of 110 federal departments were inspected due to lack of resources.

Ambrin hoped that ministries and departments would now be more motivated to improve on their performance with the ranking system put in place.

Besides that, the National Audit Department has also continued on with its "Adoption Programme" which was introduced four years ago.

Through this programme, offices identified to be facing problems in financial management would be given guidance in ways to improve its keeping of accounting records. The 12 offices chosen last year to undergo this programme have shown improvements.

The A-G has also recommended that an audit committee be set up by supervisors to take on corrective and preventive actions in the issues raised by the department. An additional surcharge might also be placed on those who failed to collect funds or who have made payments in a disorganised manner.

A surcharge can also be imposed on a supervising officer or head of department if a subordinate failed to carry out their duties.



2008/08/30 (Saturday)

Auditor-General's Report: Deposits held since 1941

FANCY having an account that dates back to 1941?

The Insolvency Department has five such accounts. The deposit accounts have a balance of RM967 million.

The money dates back to before Independence, the period between 1941 and 2007.

"The department has to identify the actual status of the balance in these accounts and take immediate action to update these accounts," said Auditor-General Tan Sri Ambrin Buang.

"This is important if there have been winding-up or bankruptcy cases that have since been resolved, especially since there have been deposits held by this department for the past 67 years.

"This was also reported in the 2006 Auditor-General report."

The Prime Minister's Department replied that the Insolvency Department is currently working on identifying the actual positions of deposit accounts.



2008/08/30 (Saturday)

Auditor-General's Report: Revenues end up in wrong ministries

IF you think that all revenues from driving licences went to the Road Transport Department, you're wrong. Some of them actually ended up in the Prime Minister's Department and the Health Ministry.

It does not end there.

Though the Immigration Department is the rightful recipient for revenues from visa, more than half a million has gone to the Ministry of International Trade and Industry. Some has also gone to the Ministry of Foreign Affairs.

The Foreign Affairs Ministry also received payments for registrations of birth, death, adoption, marriage and divorce registrations when the funds should have gone to the National Registration Department.

Some RM10,000 payment for in-patient health and dental treatment for foreign workers has gone to the Royal Malaysian Police, instead of the Health Ministry.

Outpatient treatment of foreign workers, totalling RM16,000 ended up with the Ministry of Rural and Regional Development

More than RM100,000 of foreign workers levy found their way to the National Registration Department, instead of the Immigration.

But at the end of the day, all funds ended up in the Federal Consolidated Fund.

However, interestingly enough, some rental revenues from land and buildings owned by the government, and managed by the Consumer Department/Ministry were not credited into the Consolidated Fund.

Instead, it has gone to the societies, sports clubs, charitable foundations and others.

"The amount collected is unknown as its records were not properly maintained," said Auditor-General Tan Sri Ambrin Buang.

Ambrin called for a stop to this practice and for guidelines to be issued by the Treasury or the Department of the Director-General of Lands and Mines regarding rental revenue.



2008/08/30 (Saturday)

Auditor-General's Report: Amusing answers to AG queries

THE following are some of the responses to points raised by the Auditor-General in relation to queries raised in the 2006 report.

Mardi's research management of Intensification in Research Priority Area (IRPA):

Query: The balance from the allocation of a completed project, amounting to RM274,744 was not returned to the Ministry of Science, Technology and Innovation within the specified period. The final report was also not tendered to the ministry.

It was also found that the remainder of an allocation for a completed project, amounting to RM34,151 was used for other purposes without the ministry's approval.

Mardi's reply: Mardi always emphasises the 'End of Project Report' which is sent to the ministry. Currently, there is no mechanism to return unused portion of the allocation at the end of a project.

The unused portion is then pooled together and kept at Mardi. It is now looking into setting up a special fund for the unused balance. Supervision is also being enhanced to make sure that the unused balance is not simply spent.

A-G's comment: Mardi has to obtain the ministry's approval to keep this money.

Query: Thirty-four out of 35 files inspected were found to be incomplete as it did not contain documents such as quarterly financial reports, achievement reports, final reports and agreements.

Mardi's reply: All project heads will be reminded to start project files as well as record all the reports and correspondence related to the project.

The Corporate Management Division has created a file for each project, to record copies of project proposals, reports and correspondence related to the project.

A-G's comment: Mardi has to make sure that all project heads maintain project files that are complete and up-to-date.

Query: An expenditure of RM25,552 was tagged to a project, when it should have been claimed from the management expenses account. Among the expenses involved were travel and hotel expenses, food allowance, monthly rental of photocopy machines and computer maintenance.

Mardi's reply: Only RM1,852 was not used for the project. The balance was used to attend meetings, including cross-functional team meetings, senior officers meetings and IRPA supervisory meetings, all of which are relevant to the research project and were accepted by IRPA and the ministry as research costs.

A-G's comment: Mardi has to identify expenditure which will be used for an approved project.

Query: Twenty memoranda of understanding (MoUs) presented to the Science, Technology and Innovation Ministry (have yet to be returned and it cannot be ascertained whether they have been signed.

Mardi's reply: Reminders have been presented to the ministry but we have yet to obtain a reply.

A-G's comment: Mardi should follow up to ensure that the memoranda are signed immediately.

Query: The Intellectual Property Management Committee was approved by the Coordinating Board in June 2006, but has yet to start functioning.

Mardi's reply: Mardi takes recognises of the importance of this

committee and will set up a specific programme or the purpose of intellectual property management.

A-G's comment: Mardi has to set up this programme as soon as possible and make sure that the committee plays the role it is set up for.

Query: There was purchase of equipment that exceeded the allocation amounting to RM913,872. Among the purchases were computers, scanners and air-conditioner, all of which were basic necessary equipment.

Mardi's reply: The allocation to purchase the equipment is based on an estimation. In some circumstances, rising costs is also a reason why expenditure exceeded the planned allocation. In other circumstances, equipment purchases are done even though there were no allocation. This was to ensure the smooth running of the research as these equipment were necessary.

A-G's comment: MARDI must ensure that equipment purchases do not exceed the approved allocation.

Armed Forces Fund Board's (LTAT) accounts system

Query: The security of the physical and surrounding area of the LTAT server room has to be enhanced to ensure the safety of the equipment, application systems and database. An electronic keycode device should be placed at the entrance, logbooks should be updated and the cheque printers should be transferred to the Finance Department.

LTAT reply: The LTAT Server room is equipped with an electronic keycode device and close-circuit television (CCTVs). The logbooks are filled by a third party or vendor who carries out maintenance works or sets up equipment in the server room. The cheque printer has not been transferred because the server room's environment is free from dust and temperature-controlled.

A-G's comment: LTAT has to transfer the cheque printer to the Finance Department immediately so that only authorised officers can enter the server room.



2008/08/30 (Saturday)

Auditor-General's Report: From one contractor to another

FINANCIAL and employee problems as well as an inability to complete work were not deterrent enough factors for City Hall's procurement board when choosing a contractor to build the Datuk Keramat Market Complex.

Even though these problems had been detected by City Hall's contract evaluation committee, the contractor company, Syarikat Pelaras Utara Sdn Bhd (SPUSB), was still shortlisted for tender, and awarded the RM39.12 million contract.

The result was that, even after being given seven extensions by City Hall, the contractor was unable to finish the second phase of the contract on time by June 2002, which was only supposed to cost RM34.12 million.

In the end, City Hall had to pay an additional RM26.56 million for another contractor to finish the job.

Coupled with missing and vandalised mechanical and electrical equipment and hiring a security company, the cost of making up for the initial contractor problem in this "badly managed" project was an additional RM38.46 million.

The budget had overshoot by almost 100 per cent.

The Auditor-General found the excuse of extending the contract for the sake of helping a bumiputera company to be unacceptable, and advised City Hall to put in place a fair and transparent tender process in future.

In its reply, the Federal Territories Ministry said City Hall had appointed consultants to submit a draft final contractual certificate for May 2008, calculating the estimated compensation owed by SPUSB to City Hall to be RM17,591,256.37, based on a RM6,000 daily late-delivery penalty.

(This, however, amounts to less than half the extra cost City Hall had to pay to complete the project.)

City Hall's procurement board also promised it would take into account the Auditor-General's advice to ensure a fair and transparent awarding of tenders, to avoid the risk of losses by the government.



2008/08/30 (Saturday)

No CF for hostel since 2005

DESPITE having shelled out RM55.81 million for project management and engineering consultants, University Malaysia Sarawak (Unimas) still has to deal with shoddy workmanship.

One of the its hostels, Kolej Sakura, has yet to be issued a certificate of fitness for occupation, though it has been inhabited since

December

2005.

There were also numerous leakages in the university, and its server was placed in a room where it was exposed to heat and moisture.

These were among the findings of the 2007 Auditor-Generals' Report.

"The design of the building is inappropriate with shoddy work, serious leakages and exposed sanitary pipes. The next phase has to be planned carefully and supervised diligently.

"The development and asset management division of Unimas has to play a more effective role in supervising the project management consultants and engineering consultants responsible for the project as they are paid a high fee, amounting to RM55.81 million," said Auditor-General Tan Sri Ambrin Buang.

In reply, Higher Education Minister Datuk Seri Khaled Nordin said the hostels were designed based on the apartment concept.

"The engineering consultants were of the opinion that the automatic fire-detection system and manual electric alarm were unnecessary.

"Further discussions with the Sarawak Fire Department were held a few times. Based on the discussions held on June 25, the Fire Department will consider this matter after receiving the full report from the engineering consultant."

The leaks, said Khaled, were caused by water-proof layers that came off during cleaning. Unimas has ordered the cleaning contractors to stop using high capacity pumps in those areas.

The contractors, he said, have also been told to ensure the waterproof layers would last for 10 years, as was stated in the contract, while the server and hub have been moved to a special

room.

On Bank Pertanian Malaysia, Ambrin noted it had not been successful in reducing its non-performing loans (NPLs).

In 2006, its NPLs amounted to RM671.16 million or 46 per cent compared to the targeted 35 per cent.

In 2007, its NPL was RM631.37 million.

"The bank did not conduct proper investigations over the financial standings of the borrowers before disbursing loans. Branch officers also failed to take legal action against defaulters and dishonest borrowers.

"It should set up a system to detect high risk loans and reschedule repayment for borrowers who face difficulty in settling their loans.

"They should also make sure that their state offices obey instructions issued by the head office so that legal action is taken against defaulters of six months and above.

"Disciplinary action should be taken against officers responsible for collecting defaulting payments but failed to do so."

The three state branches with the highest NPLs are Kelantan (56.7 per cent), Federal Territory (16.2 per cent) and Perak (10.9 per cent).

In reply, Agriculture and Agro-based Industries Minister Datuk Mustapha Mohamed said a merit-demerit evaluation system was started in June to ensure better performance of loan supervisors.

Ambrin also found weaknesses in the Malaysian National Film Development Corporation (Finas).

"For example, the acquisition of equipment through tender for four units of digital betacam recorders worth RM 710,000 was made only through an acceptance letter but no contract was signed. It took between 15 to 45 days for two contracts worth RM35.23 million to be signed.

"There was also no written delegation of powers from the Minister to the Finas director-general to sign a RM29.98 million dollar contract."

In July 2007, Finas director general signed a contract worth RM29.98 million. The Government Contracts Act 1949 provides that a government contract has to be signed by the Minister himself or an officer to whom power was delegated to.

"The Finas director-general is only given powers to sign contracts worth RM5 million and below, therefore the contract should have been signed by the Minister or an officer he delegated power to. But there was no proof of such delegation of power," said Ambrin.

Replying to this, Unity, Culture, Arts and Heritage Minister Datuk Seri Shafie Apdal said this happened before powers were delegated under Section 2 of the Government Contracts Act, which took effect on March 18 this year.



2008/08/30 (Saturday)

Auditor-General's Report: Community centres in state of disrepair

CRACKED walls, leaky ceilings, sinking floors, collapsed fencing and a generally dirty and unkempt surrounding filled with undergrowth.

These are the conditions of 10 out of 11 Community Development Department resource centres audited last year.

Water has also found its way into most of these centres' activity rooms.

These centres, spread out in Selangor, Pahang, Negri Sembilan, Perak and Perlis were completed between 2003 and 2005 and are still termed 'new' but they are already badly in need of repairs.

However, maintenance fund is usually not allocated for new resource centres, so nothing is done.

There is a one-off allocation of RM5,000 for new resource centres to beautify its surroundings, but the Auditor-General couldn't determine whether the allocation was given to each of the 11 new resource centres.

It is also unknown whether the money was spent because their records at the state Kemas offices were not updated.

Based on payment vouchers between 2002 and 2006, only three out of the 11 centres visited had used the allocation to do some landscape work.

The Auditor-General said the resource centres should be maintained periodically not only to ensure its physical conditions are good, but also safe for use and for that purpose.

Rural and Regional Development Ministry said with the 2008 management allocation given to Kemas, RM135,000 is for the repair of Kemas resource centres throughout the country.



2008/08/30 (Saturday)

Big spenders, small spenders

SOME ministries have been spending money they don't have, or not spending money they have.

Auditor-General Tan Sri Ambrin Buang said four ministries spent about RM34 million on eight projects which were not allocated for.

The Education Ministry alone spent RM32 million on three projects. The other ministries were Rural and Regional Development, Works, and Health.

There are 13 ministries/departments which overspent by RM450 million on 29 projects.

The Ministry of Defence took the crown by spending more than RM300 million on two projects. The second spot went to the Higher Education Ministry which overspent by RM85 million for two projects.

Then there's the case of 17 ministries/departments who applied for more than RM460 million for 40 projects but didn't spend a single sen.

The biggest "non-spender" was the Energy, Water and Communications Ministry, which applied for over RM130 million for two projects.

Less than half of the allocations approved for last year for 118 projects involving 25 ministries/departments were spent.

There were also 15 ministries/departments who received

reallocations amounting more than RM60 million for 18 projects but did not spend a single sen.

The actual expenditure was also less than the original allocation that was approved.

The Internal Security Ministry received an original allocation of RM423 million and an additional allocation of RM9 million for two projects. Its final spending bill was RM334 million.

A staggering RM1.11 billion was spent by 12 ministries/ departments for 46 projects under the Ninth Malaysia Plan. But none of the projects had any estimates.

Of this amount, RM1.02 billion involved four ministries, led by the Health Ministry which spent more than RM480 million.

The 2007 Treasury Circular and General Circular said expenditure for projects cannot exceed the estimated or ceiling price of the project except with the approval from the Treasury and the Economic Planning Unit.

Despite the warning, 63 projects carried out by 17 ministries/departments exceeded the estimates under 9MP by more than RM970 million.

In addition to that, 13 projects by nine ministries/departments were carried out exceeding the ceiling price estimate by more than RM440 million, led by the Treasury Department itself.

"Development expenditure which do not not comply with the rules can be avoided if the central agency constantly monitors the money spent on projects so it doesn't exceed the estimates."



2008/08/30 (Saturday)

Getting out of debt is just like losing weight

WHY would I want anyone to know about my finances, least of all get help?

That would be the average response of anyone when asked, "Would you like some help in your finances?"

Pride gets in the way.

Sometimes a little help can go a long way; in some cases, financial management assistance is crucial.

We need to first look into our current financial health.

Ask yourself these questions: Do I feel guilty after swiping my credit card to treat my family? Am I struggling to keep the rest of my income after two weeks of payday? Is my credit card balance on the rise every month? Does all my income finish after paying off bills? Do I have to skimp on meals just to pay off my monthly bills? What happens if I lose my income, will I run dry within the next few months? Should I seek Ah Long's help to pay off an emergency expense?

If your answer is "yes" to at least one of the questions, then you need help in financial management.

So, let's begin by helping ourselves. To some, it takes a bit of

organising and discipline. To others financial management assistance may mean spending on professional advice.

Perhaps for you, it is just a matter of changing your spending pattern. However, changing habitual patterns may be an uphill task. Getting out of debt is just like losing weight.

Let's look which category you fall under.

Category A: Student, living on an allowance

Category B: New employee, just started earning own money

Category C: Steady income earner, having worked for a few years

Category D: Business-person/ freelance agent, with inconsistent income

Category E: Retiree, living off pension and savings

Now consider the financial management help you may need if you were:

- Category A: I'm a student with no commitments and no liabilities so I wouldn't have any financial problems. Indeed, but your allowance doesn't even take you through the whole month. In fact, you can't survive unless Mum and Dad bail you out. However, for those of you who do not have such funding facilities, budget your monthly expenditure. List out your regular expenses, such as food, study materials and entertainment. Spend within your means. Any surplus should be saved.

- Category B: Great, I'm earning money at last. Now I can buy all those things I've always wanted but could not afford as a student; get a new credit card, have a lifestyle, etc. However, you must still maintain a monthly budget. As a new employee, you'll probably need

a car but do you really need an Alpha Romeo at this stage in your life? This is actually when you need to start saving and investing as you have a whole future ahead of you. So don't spend tomorrow's income today.

- Category C: I'm in a comfort zone. My employment has assured me of an increment every year, which qualifies me to borrow more money from the bank so that I can buy bigger personal items (fancier cars, vacation homes or a yacht). In fact, your lifestyle has never been better. Bravo, if you are still spending well within your budget, with sufficient monthly savings. A very important note: Money is not wealth; the stuff money buys is wealth. At this stage in your life, your household members would have probably increased, hence increasing expenses.

- Category D: I'm an independent entrepreneur; my income is not bound by the small increments awarded by my employer; the sky's the limit. Hats off to you for what sounds like financial freedom. But is it really financial independence? You may earn RM30,000 on a good month but may not see any income for the next three months. Your monthly budgeting needs to include cash flow forecast. Don't live from hand to mouth. If you are really living a financially independent lifestyle, your assets will be working for you, your businesses paying most of your expenses and you will have few, if any, personal debts.

- Category E: I'm retired and no employer controls my time, I have lower expenditure needs, zero dependents and I have just withdrawn my Employees' Provident Fund. If you had planned your retirement well, you could be living the lifestyle you desired without financial woes. Your expenditure needs would probably be lower but there are other expenses. For instance, health expenditure escalates at this stage in life. Most Muslims would be utilising their funds to perform their haj during their retirement. Don't deplete your assets, you should still be investing further; this is not the time to take up new liabilities. And, of course, write a will.

Notwithstanding which category you fall under, the rule of thumb is to have a monthly budget as a benchmark. Any surplus of monthly

income and savings over expenditure is definitely a bonus. The solution is to just stick to the budget.

If you're in debt, try to pay off liabilities that are most costly to you and/or the smallest loan. The last thing you need is to be blacklisted in your credit assessment report. The credit card charge of 18 per cent per annum is a very costly debt. Pay it off as early as possible.

Next, have an emergency fund worth at least six months' expenditure at any one time.

The trick behind saving is to start early. Consider paying yourself first. Put aside at least 10 per cent of your salary as savings before paying bills. Employees have EPF benefits where your employer contributes at least 12 per cent of your salary. Your own 11 per cent contribution is a form of forced savings. The balance is surplus. Increase your investments whenever you can. You may need the help of an investment adviser to assist in suggesting a portfolio which suits your risk profile. Your profile and risk appetite changes over the different stages of your life.

The best time to take up a life insurance policy is when you start earning your own income; premiums are low and your parents may be your only dependents.

As you move into other stages of your life (marriage, owning a home, children), you will need to revisit your insurance needs as you have more to protect. Your capacity to earn needs protection, your mortgage needs to be assured, your children's education to be saved, hospital and surgical expenses to be covered.

It is never too late to plan for your retirement. Based on an EPF survey, 70 per cent of those who withdrew their EPF contributions upon reaching the age of 55 finished all their savings within three years. Don't fall into this trap.

There are many sources of funds other than your pension or EPF. Perhaps your life insurance would have now matured. Consider selling your big family home, especially if its value has doubled or trebled; since your children would have left home by now. You could comfortably live in a smaller home with lower maintenance and the surplus from the house sale is yours.

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2008/08/30 (Saturday)

Review deals with IPPs, govt told

KUALA LUMPUR: The auditor-general, in his report for 2007, has called on the government to review its business arrangement with independent power producers (IPPs).

Auditor-General Tan Sri Ambrin Buang singled out differences in the way Tenaga Nasional Berhad made payments to IPPs.

The auditor-general also noted that some of the IPPs did not fulfil some of the terms of agreement.

In the report, the auditor-general gave an example of two IPPs which had different payment terms with TNB.

"For example, with YTL Power Generation Sdn Bhd, payment is on a 'take-or-pay' basis where TNB pays the company regardless of whether it uses the power supplied.

"For Tanjung Bin Power Sdn Bhd and Jimah Energy Sdn Bhd, the payment is made on the risk taken by both IPPs and TNB.

"The IPPs gets 85 per cent of the generation cost but the balance is dependent on whether there is demand for the power generated."

The auditor-general said "take or pay" favoured the IPPs.

On failure to fulfil terms of agreement, the auditor-general noted that some of the IPPs were required to set in maintenance reserve for repairs and replacement of parts to ensure smooth operations.

However, several IPPs had failed to comply with this requirement.

The auditor-general called on the Energy, Water and Communication Ministry and the Energy Commission to address these irregularities and renegotiate the IPPs contracts to benefit consumers.

He also called on the commission to tighten supervision and ensure the IPPs followed regulations set down for them.



2008/08/30 (Saturday)

Auditor-General's Report 2007: Jebong landfill poorly managed

KUALA LUMPUR: The Taiping Municipal Council has been taken to task by the auditor-general in his report for its failure to meet environment impact assessment requirements set out for its landfill in the Jebong mukim.

The auditor-general, in his 2007 report on Perak departments and agencies, said the Taiping municipality had failed to cover rubbish or solid waste dumped at the landfill every day with earth as is the norm for the management of landfills.

It had also failed in preventing leachate from leaking from the landfill and polluting the river or underwater water table.

Pictures in the report showed leachate clogging the drains surrounding the landfill.

The auditor-general also observed that the municipality had failed to follow a schedule to clean the drains at the landfill or to cut the grass. The landfill, according to the report, is a fertile grazing ground for cows, which in its quest to get to the waste at the dump had caused damage to the landfill's slopes.

The auditor-general also took to task the state secretary's public housing unit for their poor management of low-cost housing programmes in Perak.

Among the weaknesses detected was the construction of schemes without approval.

The auditor-general chided the unit for its failure to ensure on-time delivery of low-cost units to buyers and for failing to ensure contractors followed work specifications.

The report also reprimanded the public housing unit for its failure to make payments to contractors on schedule which resulted in the contractors having cash-flow problems.



2008/08/30 (Saturday)

Auditor-General's Report: Hauled up over RM9.56m 'missing' equipment

KUALA LUMPUR: The auditor-general has taken the Education Ministry to task over RM9.56 million worth of missing equipment for the teaching of Science and Mathematics in English from 812 schools nationwide from 2005 to 2007.

According to the Auditor-General's Report 2007, the Education Ministry has been allocated RM4.99 billion between 2002 and 2008, to carry out the Science and Mathematics in English programme.

Of that amount, RM2.21 billion was spent on equipment such as computers, LCD projectors, screens, trollies, loudspeakers, televisions, and for the facilitating of training courses.

Despite the surplus in funding, no efforts have been made by the ministry to replace the missing equipment.

No police reports on the missing or possibly stolen goods were made either.

Irregularities in the handling of the funds have also been detected, namely the payment of equipment and the signing of testing and installation certificates, prior to the goods being delivered.

Despite shoddy installation and the poor condition of the equipment upon arrival, the testing and installation certificates were still signed by the school authorities.

The equipment, according to the auditor-general's report, was also not maintained in compliance with standards set out in the 2007 Treasury circulars.

Teaching and other computer software were also delivered late to the schools, rendering many equipment obsolete. No punitive action was taken on the supplier for the delay.

Many schools were found to have more laptops than teachers for Science and Mathematics in English, leaving students with excess facilities but no instructors.



2008/08/30 (Saturday)

Auditor-General's Report 2007: Disposal of hospital clinical waste not done properly



Needles and other sharp objects were neither separated from the main waste pile nor disposed appropriately through the “sharp container” (the container for needles).

KUALA LUMPUR: The Health Ministry has been slammed by the auditor-general over the way clinical waste is being disposed of in hospitals and health clinics.

According to Auditor-General Tan Sri Ambrin Buang, clinical waste was dumped in drums labelled domestic waste.

He said needles and other sharp objects were neither separated from the main waste pile nor disposed of appropriately through the "sharp container" (a container for needles).

This, according to the report, posed a big risk to hospital workers, waste disposal workers and the public.

Even more disturbing is that clinical waste was found to be disposed of from hospital grounds via ambulances, passenger vans and commercial vehicles.

The transporting of waste was also done by ordinary hospital staff and not trained personnel.

Standard procedure requires clinical waste to be disposed of via vehicles approved by the Department of Environment.

The Malacca Hospital has been singled as the worst with a laundry list of complaints about the way waste was being disposed of.

The auditor-general also said many yellow drums used for disposing of clinical waste in hospitals were badly maintained.

The report said the drums were almost never washed, however, on the occasion that they are cleaned, it is through blasting (water jet sprayed without any brushing) only.

Worse, this waste water was also allowed to flow into public drainage and not into treatment drains where the waste is treated before being discharged into common drains.

On the administrative side, irregularities in the awarding of concession contracts for clinical waste disposal have cropped up.

According to the 1996 Treasury circular, contracts must be signed four months before the official acceptance letter is issued.

However, most of the nation's clinical waste disposal contracts were signed late, ranging from three days to 66 months later.

Among those which had delays up to 66 months or more than five years are Selayang Hospital, Putrajaya Hospital, and the National Blood Bank here.

In its reply, the ministry said that all state health directors had been directed to take follow-up action via a ministerial letter dated July 4.

On the delay in signing concession, the ministry laid the blame on

contractors who were late in declaring their list of equipment and facilities.



2008/08/30 (Saturday)

Auditor-General's Report 2007: 'Smart' tunnel contractor taken to task



The Smart tunnel's Operations and Maintenance Manual and Emergency Response Plan, a vital reference in emergencies, have yet to be handed over.

KUALA LUMPUR: The Auditor-General's Department has unearthed a spate of unethical practices by the contractor who built the Stormwater Management and Road Tunnel (Smart).

Auditor-General Tan Sri Ambrin Buang highlighted four cases where testing and accreditation certificates were issued for equipment before the actual testing was carried out. The report also indicated 10 other instances where equipment that had failed testing were also issued with certificates.

"This practice not only contravenes the contractual terms but is also unethical," Ambrin said.

The report also raised concerns over the contractor's delay in handing over the operations and maintenance manual and emergency response plan, which Ambrin said were vital references in emergency cases.

He said the joint-venture contractors, MMC Engineering Group Bhd and Gamuda Bhd, were also contractually bound to provide the documents to secure the certificate of fitness for the RM1.93 billion project.

Another issue raised was the delay in upgrading works of Sungai Kerayong, for which the Department of Irrigation and Drainage (DID) approved an additional RM113.90 million.

Ambrin said upgrading works were 46.9 per cent behind schedule, despite the government's RM58.01 million payment to the contractor, Kumpulan Sakata Sdn Bhd.

The delay has forced the DID to use a temporary pump at Sungai Kerayong's outfall to overcome the overflow at the Taman Desa storage pond, which holds excess water channelled from Sungai Klang.

Ambrin said the Sungai Kerayong upgrade, handled by Kumpulan Sakata, should have been done in tandem with the development of the Smart tunnel to ensure it could operate at optimum capacity.

The government was also urged to gazette the Kampung Berembang holding pond and Taman Desa storage pond as flood mitigation reserves to ensure the areas were not used for development that could affect the tunnel's operations.

Natural Resources and Environment Minister Datuk Douglas Uggah Embas, in his reply to the points raised in the report, said testing and

accreditation was completed and endorsed by consultants on Sept 19 last year.

He said the certification was issued by the consultants based on the agreement between the contractor and the consultant and differs from the terms and requirements under the contract cum concession agreement.

On the operations and maintenance manual, he said the contractor has appointed a consultant to prepare and complete a designer's operation and maintenance manual and had promised to submit the document by Nov 11.

Douglas also justified the installation of the temporary pump, which he said was necessary to control water levels at the Taman Desa storage pond until upgrading work on the Sungai Kerayong was completed by next year.



2008/08/30 (Saturday)

Auditor-General's Report 2007: Weaknesses in licensing by Penang council



The report says there was a slight decrease of 9.5 per cent or RM84,997 in unpaid rentals in Penang last year

KUALA LUMPUR: The Penang Island Municipal Council had failed to manage its licensing activities, resulting in businesses operating without valid licences, high amount of unpaid rentals and lack of enforcement by its staff.

The Auditor-General's Report 2007 for the state noted that the council's licensing activities were managed unsatisfactorily.

It said the council needed to conduct a review of related rules and regulations.

The council also needed to ensure the process of issuance of licences had to be completed within the specified time frame as well as take concrete steps to reduce the amount of unpaid rentals at council-owned premises.

"Additionally, there is a need to tighten enforcement on premises that operate without licences," it said.

Despite the setback, the auditor-general recommended three stars for the state.

Elaborating further, the report stated that it was not satisfied with the

time frame taken to process applications for various types of licences such as approvals for garages, entertainment centres, billboards and food establishments.

"From the 1,025 applications received between 2005 and November 2007, 204 or 19.9 per cent were approved beyond the stipulated three-month time frame."

Of the total, billboards approvals formed the bulk at 111 applications, with an average approval time of up to 13 months.

It said that besides applicants' failure in meeting the stipulated regulations, the delay in processing their licences was also the fault of the council's licensing department, which had failed to set a time frame for other technical departments to present their views.

"However, since last year, the council had set a three-week deadline for the technical departments to give their feedback."

The report also said that as of April, there were 2,415 illegal businesses operating at council-owned premises. Top on the list were hawkers at 1,543 premises, followed by illegal billboards (325) and food establishments (195).

"In our opinion, the council's enforcement in this area is unsatisfactory as the number of illegal businesses is still high," it said.

On the issue of unpaid rentals, the report noted that there was a slight decrease of 9.5 per cent or RM84,997 for last year compared with the year before. Last year, the amount was RM806,490 as opposed to 2006's RM891,487.

To further reduce the amount, the report noted that the council had taken several measures such as mailing the bill to licence holders,

allowing advance payment of up to 12 months, conducting collections via bailiff services and setting up more payment counters at strategic locations.

The report also voiced its unhappiness over the council's enforcement activities, noting that the enforcement mechanism was not satisfactory in terms of number of compounds issued and public complaints served. It said only 8,975 compounds were issued by the council for various offences, a drastic drop of 40.8 per cent or 6,176 compounds compared with 2006.

"The drop was due to lack of enforcement officers at the non-motorised vehicular unit. Since July 2006, enforcement activities were only conducted by one officer for the entire island."

In terms of public complaints, the report stated that the council had a set time frame of between seven and 60 days to solve the complaints.

"Our audit checks found that there were 186 complaints that were only solved between one and 30 months."



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Auditor-General's Report 2007: Improve spending habits, Kelantan advised

KUALA LUMPUR: The auditor-general has recommended that the Kelantan government improve its spending habits besides seeking new sources of income.

The auditor-general said the state's financial status was unstable and in constant decline.

"The state's assets are unable to support its current and overall expenditure," stated the report, which was tabled in parliament.

The auditor-general highlighted the Kelantan government's outstanding debts totalling RM958.67 million, which far exceeded its assets of RM37.1 million.

It also urged the state to improve its collection of outstanding revenue, which stood at RM65.59 million last year.