

CONTENT OF DAILY NEWS OCTOBER 2021

BIL.	DATE	NEWS	PAGES
1.	02.10.2021	Assistant Land Officer Claims Trial To Six Bribery Charges	2
2.	06.10.2021	Govt Procurement System Still Riddled With Flaws	3
3.	14.10.2021	Plantation Agency Employee Held In False Claim Probe	4
4.	25.10.2021	Time For A Misconduct In Public Service Act	5
5.	29.10.2021	More Wastage – Auditor General's Report	6
6.	29.10.2021	RM620M In Losses Due To Non-Compliance	7
7.	29.10.2021	Istana Budaya Yet To Receive RM6M Worth Of Equipment – Auditor General's Report	8
8.	29.10.2021	Mindef Lost RM10.3M Due To Weak Management Of Rental Revenue - Auditor General's Report	9

New Straits Times | 2 October 2021 | Page 8

TOTALLING RM1,400

Assistant land officer claims trial to six bribery charges

KUANTAN: An assistant land officer yesterday claimed trial at the magistrate's court here to six charges of receiving cash totalling RM1,400 last year.

Mohd Faris Romle, 36, pleaded not guilty when the charges were read out to him by the court interpreter before magistrate Nurul Farahah Mohd Suah.

The accused, who is attached to the enforcement unit of the Bentong district and land office, was charged with receiving cash through online transfers from one Rokiah Haron, whom he knew had connection with his official duties, on six occasions.

He was alleged to have received RM300 on Feb 10 followed by another RM300 on Feb 17 and RM400 on March 6 last year.

Faris, who lives in Bentong, was also alleged to have received RM100 on two occasions on July

8 and RM200 on Sept 17.

All the offences were allegedly committed at a financial institution in Bentong.

Malaysian Anti-Corruption Commission deputy public prosecutor Siti Sarah Zainal Abiddin proposed bail at RM5,000 for all six charges and a new date be set for the accused to appoint a lawyer.

Faris pleaded for a lower bail, saying he took home a monthly salary of RM1,500 and had to support his wife, two children and parents.

Nurul Farahah set bail at RM5,000 for all charges with one surety and fixed Nov 1 for mention in the Sessions Court.

The offences, under Section 165 of the Penal Code, are punishable with a jail term of up to two years or a fine, or both, upon conviction. **By T.N. Alagesh**



Accused Mohd Faris Romle being escorted to the magistrate's court in Kuantan yesterday. PIC BY FARIZUL HAFIZ AWANG

NEW STRAITS TIMES | 06 OCT 2021 | PG 12

OUTDATED LAWS, RULES

Govt procurement system still riddled with flaws

MEDIA reports on Sept 29 confirm what we have heard countless times — that the government procurement system is still in a sorry state.

I have been conducting legal workshops on the government procurement system over the last five years, and despite having read various assurances that the public procurement system was being improved, annual reports by the auditor-general continue to tell us a different story.

According to the latest report, the Malaysian Anti-Corruption Commission (MACC) is investigating the procurement of the new uCustoms system worth RM397.43 million, which started development in October 2013 and was supposed to be delivered by 2015.

MACC's action was in response to the request by Public Accounts Committee chairman Wong Kah Wong that the matter raised in the 2019 Auditor-General's report be immediately investigated.

The report was tabled in the Dewan Rakyat on Sept 28.



**SALIH
BUANG**

The vendor of the uCustoms system had failed to complete the job after 86 months despite five extensions of time, and only one liquidated and ascertained damages of RM55,660 was imposed. So far, RM272.99 million has been paid to them.

According to the auditor-general's report, only three of the 70 major modules had been completed and are operational. Less than one third of the promised 3,876 deliverables had been received by the Customs Department.

There were also weaknesses in the payment process, including 13 payment vouchers amounting to RM64.89 million, that could not be verified due to incomplete documents.

Auditor-General Nik Azman Nik Abdul Majid was quoted as saying that the Customs Department "was responsible for the biggest wastage" in 2019.

Public procurement in Malaysia is governed by a set of old statutes (the Financial Procedure Act 1957, the Government Contract Act 1949) and another set of administrative instruments (Treasury Instruc-

tions and Circular, Federal Central Contract Circulars).

We do not have a modern Public Procurement Act like in other jurisdictions, such as Croatia, Denmark and Jamaica.

In 2018, Sunway University Business School economics professor Dr Yeah Kim Leng told the media that the federal government spends a large portion of its budget (about RM150 billion per year) on procurement "but 30 per cent can be saved if leakages and wastages are cut".

Former auditor-general Tan Sri Ambrin Buang had also criticised our public procurement system, which he said suffered "from problems of wastage, overpricing, cost overruns, delays and sub-standard quality in the final delivery of projects".

Ambrin acknowledged that while some of these problems could be due to "administrative inefficiency, inexperience or human error in the procurement process", in many cases they "also stem from intentional manipulation and fraud, nepotism, cronyism and corruption at the expense of taxpayers". Former Transparency International-Malaysia president Datuk Akhbar Satar was quoted as saying that "politically-connected companies" had won contracts through collusion even

though they were not up to the task.

A 2013 study on the public procurement system revealed three major failings — inadequate procurement planning and poor drafting of specifications, insufficient use of open competitive tendering, and lack of monitoring and evaluation.

To overcome these three key failings, the study recommended that a "robust transparency regime must be put in place so that the people can hold public institutions and politicians accountable".

Our National Anti-Corruption Plan (NACP) 2019-2023, launched in 2019, had targeted 2023 as Malaysia becoming a "corruption-free" nation. Its third strategy (out of six) is to "increase efficiency and transparency in public procurement". Significantly, one of the 115 NACP initiatives is the introduction of a "legislation on public procurement" by December 2023.

Since we are just about two years away from that target date, the question, therefore, is "can we make it (a reality)?"

The writer was a federal counsel at the Attorney-General's Chambers and visiting professor at Universiti Teknologi Malaysia. He is now a full-time consultant, trainer and author.

Plantation agency employee held in false claim probe

SHAH ALAM: The Malaysian Anti-Corruption Commission (MACC) has detained an assistant officer of a plantation agency to help it in a false claim investigation totalling more than RM15,000. According to sources, the 41-year-old male suspect was detained about 4pm on Tuesday when he arrived at the Selangor MACC office to give his statement. The source said in 2018, the suspect, who was then working as a business manager at the same agency in Klang, had allegedly conspired with a company owner to submit a false claim for the supply of river sand and soil to the plantation agency, when in reality, the work was not carried out. Selangor MACC director Datuk Alias Salim said the case was being investigated under Section 18 of the MACC Act 2009. **Bernama**

New Straits Times | 25 October 2021 | Page 16

BEEFING UP ANTI-GRAFT LAWS

Time for a Misconduct in Public Service Act

PRIME Minister Datuk Seri Ismail Sabri Yaacob tabled the 12th Malaysia Plan (12MP) in the Dewan Rakyat last month and announced that the government would allocate RM400 billion for existing and new development projects.

Public projects can involve huge sums of money. This gives those awarding the projects an opportunity to abuse their power and commit corrupt practices.

The situation is made worse when mega projects are awarded through direct negotiations. Even when they are open tender, the process should not be tainted by corruption and bid rigging.

The World Bank estimates that 20 to 30 per cent of the allocation for public contracts is wasted.

This matches with the estimation of Tan Sri Ambrin Buang, a former auditor-general, that up to 30 per cent of Malaysia's public projects' value was lost owing to mismanagement and corruption.

Consider the savings the government would have made if it paid 30 per cent less for goods and services the contractors and vendors provided out of the RM400 billion in the 12MP.



DATUK
SERI
AKHBAR
SATAR

Malaysian Anti-Corruption Commission (MACC) chief Datuk Seri Azam Baki had said leakages and wastage of government procurement involving top civil servants headed the significant financial loss list.

Approximately 50 per cent involve government agencies due to abuse of power and unlawful manipulation of the procurement process and fraud.

When there is a leakage in government procurement, investigations show that corruption caused a certain value of government procurement to rise.

For example, Azam said, if a government procurement is worth RM1 million, then the value of corruption will also increase. For Ambrin, giving oral

warnings to erring civil servants is not sufficient and ineffective.

To overcome this problem, MACC is pushing for the Misconduct in Public Service Act.

In Hong Kong, the common law offence of misconduct in public service is a key weapon in fighting corruption. It carries the maximum penalty of seven years' jail.

The law would act as a powerful deterrent to those tempted to abuse their powers, that they cannot escape after causing substantial losses in public funds, even after they are cleared of corruption and abuse of power.

The MACC is of the opinion that without a specific law to address such misconduct, offenders may be let off with just disciplinary action, as what is provided for under current laws.

Some suggested that the definition of misconduct in public service should include ministers responsible for awarding the contracts.

The National Audit Department should be given the power to conduct spot checks on big government projects. This will give the public an assurance that



The MACC is of the opinion that without a specific law to address misconduct in public service, offenders may be let off with just disciplinary action. FILE PIC

projects are being monitored, and can reduce leakages, losses or low-quality work.

When there is a project delay, costs will increase, and it will be taxpayer money that will be used to rescue the project.

In his speech in Sarawak recently, the prime minister said existing "sick projects" not only undermined the government's and people's aspirations but also caused project costs to increase.

Contracts should be awarded to contractors with a history of reliability, capability and responsibility, and with a good technical and financial track record.

It is a matter of good governance to do proper checks on pricing and due diligence on the

contractors before awarding the contracts, since nowadays it is easy to get information via the Internet.

Ministries should conduct impromptu checks on completed projects before contractors are paid. Ideally, the public procurement process should allocate resources in a strategic, transparent, accountable, fair and democratic way. Unfortunately, this ideal is rarely met.

In the absence of a culture of integrity, no one will bear the responsibility or feel embarrassed by their wrongdoing while corruption is further aggravated.

The writer is former president of Transparency International-Malaysia

NEWS STRAITS TIMES/29 OKTOBER 2021/PAGE : 1

COVID-19 CASES	TOTAL (UP TO OCT 28) 2,454,749	NEW 6,377	RECOVERED 2,354,662	DEATHS (UP TO OCT 27) 28,674	VACCINE DOSES 1 & 2 ADMINISTERED (OCT 27, 2021) 49,581,855
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PIC BY AIZUDDIN SAAD



MORE WASTAGE

THE Auditor-General's Report has uncovered more cases of poor financial management in government departments resulting in millions of ringgit in losses.

» REPORTS ON PAGES 6 & 9



**ECONOMIC
OUTLOOK
2022**

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TOMORROW**

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6 | NEWS / *Story of the day*

AUDITOR GENERAL'S REPORT

RM620m in losses due to non-compliance

KUALA LUMPUR

NON-COMPLIANCE of federal ministries and departments with financial management has led to irregular payments, loss of public funds and wastage amounting to RM620.07 million in 2020.

Auditor General Datuk Nik Azman Nik Abdul Majid said of the RM510.49 million in irregular payments, RM499.19 million was given out for maintenance service claims without being verified at the National Security Council level.

Meanwhile, of the RM104.79 million loss in public funds, RM81.69 million involved unclaimed penalties not imposed by the Immigration Department; RM4.79 million involved equipment that was received late and not installed at Istana Budaya.

"To enable corrective action and improvements to be made, the Auditor-General (AG) has submitted 29 recommendations,

namely four recommendations for verification of financial statements and 25 recommendations for compliance audits of federal ministries and departments to be considered for implementation by ministries and departments."

He said this in a statement after the Auditor General's Report (LKAN) on the federal government's financial statements and the 2020 Federal Ministries and Departments Compliance Audit was tabled in the Dewan Rakyat yesterday.

Nik Azman said compliance audits involving a total of RM899.44 million had been carried out on three ministries and five federal departments, covering aspects of contract management amounting to RM772.40 million, government procurement (RM54.8 million) and revenue collection (RM72.24 million).

Meanwhile, in the Emphasis of Matter on the Federal Government's Financial Statements, the AG stated that the federal gov-

ernment's debt in 2020 amounted to RM879.560 billion or 62.1 per cent of gross domestic product (GDP).

Federal debt increased by RM86.562 billion or 10.9 per cent compared with RM792.998 billion or 52.4 per cent in 2019.

According to Nik Azman, 50.4 per cent or RM98.058 billion of the RM194.555 billion in new loans in 2020 were used to finance the principal repayment of matured loans.

"This shows that the government is dependent on new loans to repay mature loans and the use of Development Fund funds amounting to RM8.265 billion for the repayment of Private Financing Initiative Liabilities and Guarantee Commitments."

Besides this, a total of RM2.65 billion was used to pay for the Health Ministry's hospital and clinic support, as well as maintenance of facilities in the Education Ministry, which was previously paid using operating expenditure allocations.

"Development Fund funds, financed through loans, should in fact be used to finance physical development projects that contribute to the creation of new capital that can enhance the country's development and have a high multiplier effect to generate economic activity," he said.

Meanwhile, federal government revenue declined 14.9 per cent to RM225.075 billion in 2020 from RM264.415 billion the previous year and Covid-19 expenditure amounted to RM38.019 billion.

Operating expenditure declined 14.7 per cent to RM224.6 billion, a decrease of RM38.743 billion compared with 2019, while development expenditure amounted to RM51.36 billion, a decrease of RM2.813 billion or 5.2 per cent compared with RM54.173 billion in 2019.

Nik Azman said overall, the federal government had a deficit of RM87.645 billion with a deficit to GDP ratio of 6.2 per cent, compared with 3.4 per cent or



Datuk Nik Azman Nik Abdul Majid

RM51.37 billion in 2019.

According to the statement, the audit report contains three main components, namely the verification of the federal government's financial statements for the year ended Dec 31, 2020, the federal government's financial analysis and the compliance audit of federal ministries and departments.

Nik Azman said overall, the federal government's financial statements showed a true and fair view of the government's financial position for the year ended Dec 31, 2020 and its accounting records orderly and up to date.

It is the second tabling of the report in the Dewan Rakyat this year after LKAN 2019 Series 2 was tabled on Sept 28. The audit report could be accessed at www.audit.gov.my from 10.10am yesterday. **Bernama**

Page 1 pic: Private sector employees heading home after work, at Jalan Melaka in Kuala Lumpur yesterday.

NEWS STRAITS TIMES/29 OCTOBER 2021/PAGE : 9

PANGGUNG SARI

Istana Budaya yet to receive RM6m worth of equipment

KUALA LUMPUR: A total of RM6.08 million has been paid by the Tourism, Arts and Culture Ministry to company ACN 611 173 525 for the purchase of equipment for Istana Budaya, but the theatre has not received them yet, said the *Auditor General's Report Year 2020*.

According to the report released yesterday, the equipment was not received by Istana Budaya because the supplier appointed by the company had stipulated that delivery of the equipment and services would be made only after full payment had been made by company.

The report said equipment worth RM4.79 million was received 448 days late after the company's contract was terminated on Oct 20, 2017, and replaced by company 559113-M, which was appointed to continue with the upgrading of the control and automation system at Pang-

gung Sari, Istana Budaya.

In this regard, several recommendations were submitted to Istana Budaya, that is, to ensure that the liquidator included the company in the priority list of the company's creditors for immediate settlement of debts amounting to RM6.08 million.

Also, Istana Budaya must ensure that the equipment, worth RM4.79 million, was installed and fully optimised to prevent it from becoming obsolete and unusable.

The ministry signed a contract, worth RM34.22 million with ACN 611 173 525 on Nov 10, 2016, to upgrade the stage control and automation system at Panggung Sari, Istana Budaya, through direct negotiations.

The contract, which took effect on Nov 15, 2016, was terminated on July 15, 2017 because the company was unable to continue the contract. **Bernama**

NEWS STRAITS TIMES/29 OCTOBER 2021/PAGE : 9

AUDITOR GENERAL'S REPORT YEAR 2020

Mindef lost RM10.3m due to weak management of rental revenue

KUALA LUMPUR

WEAK management of revenue from land and building rental caused the loss of RM10.30 million in rental revenue incurred by the Defence Ministry, said the Auditor General's Report Year 2020 yesterday.

Perwira Niaga Malaysia (Pernama), which occupies 139 Mindef premises to conduct retail business in military camps, failed to pay RM1.31 million in rent after the lease period of the premises expired on May 31, 2014.

"The calculation of the rental income was made from June 1, 2014, to Dec 31, 2017, based on the lease payment claim by the ministry to Pernama dated Dec 20, 2000.

"The audit also obtained a rental assessment from the Valuation and Property Services De-

partment for the calculation of rental revenue for 2018 to 2020 period, involving Pernama, amounting to RM8.99 million."

The report said that the lease agreement signed by Pernama with the Federal Land Commissioner on May 5, 2010, for 139 premises on ministry lands nationwide was for 15 years from June 1, 1999, to May 31, 2014.

The report recommended that a proposal be made with Federal Land Commissioner to obtain approval for the lease of land and buildings used by the ministry, to enable the process of preparing rental agreements for all premises occupied by Pernama to be expedited.

The report also found that RM178,658 from the rental of 36

shoplots at the Air Force Base for 2019 and last year was not credited as government revenue but instead was put into the Air Force Unit Welfare Fund.

"This occurred because the air base management had used a letter from the Finance Ministry dated June 8, 1985, as the basis for crediting the rent for the 36 shoplots to the Unit Welfare

Pernama ... failed to pay RM1.31 million in rent after the lease period of the premises expired on May 31, 2014.

Fund."

The report recommended that the Defence Ministry's Development Division monitor all rental agreements managed by the service management headquarters to ensure that all rental collections should be accounted for as government revenue.

Bernama