

Saturday September 8, 2007

Traffic cops can't use special tools

PETALING JAYA: An average of 80% of traffic officers in 19 police stations across the country are not qualified to use speed detectors, breathalysers and tinted glass readers.

According to the Auditor-General's report that was released yesterday, of the 372 officers in 19 police stations, 282 officers (78.5%) did not have the required certification to use speed detectors, 341 officers (91.7%) for breathalysers and 330 officers (88.7%) for tinted glass readers.

"Without the certification, summonses issued by these officers can be contested in court," the report said, adding that special skills were required to handle such equipment. "Traffic officers involved need to attend courses by the suppliers of the equipment to get a recognised certificate of handling."

Apart from this, the report said traffic police were also facing a shortage of such equipment even though many requests had been made to the Internal Security Ministry.

"However, the traffic police did receive 15 breathalyser units last year costing RM4.8mil (along with related components) but as of March this year, the benefit to the public has yet to be realised," the report said.

The report said this was because of technical issues such as changing the language from English to Bahasa Malaysia, installing MyKad readers, calibration by Sirim and training for the officers.

The report said the audit was carried out to determine if traffic enforcement was planned and implemented efficiently. The audit referred to files and records between 2004 and last year from the Bukit Aman police headquarters and 19 police stations around the country.

Sunday September 9, 2007

Customs officers still doing many tasks manually

PETALING JAYA: While the country has been told to ride the information technology wave, Customs Department officers are still doing many tasks manually. According to the Auditor-General's (AG) report, the RM290.12mil spent to set up the department's Customs Information System (CIS) from 1998 to 2004 has not been used efficiently as the software is deemed not user-friendly.

The report added that the National Audit Department had been informed that the department was in the process of developing a new system – the Strategic Information Technology Plan – to replace the CIS.

“Deloitte Consulting Malaysia has been appointed the consultant to develop this system, at an estimated cost of RM451.3mil, between this year and 2011.” The AG, however, was of the opinion that the department should not develop a new system and should instead study and ensure that CIS applications could be optimised.

“This is to avoid negative perception by the public that the money spent in developing the application was in vain and was wasted.”

Currently, the report said, many tasks, such as issuing tax arrears notices that could be automated using modules in the computer software, were still being done manually. Among the reasons why the software was not widely used was that the software was not user-friendly and there was no clear directive from top management to use the software.

“The software was developed in the DOS environment which only allows the use of one window at a time, unlike the current Windows operating systems that allows multiple windows to be opened at one time.”

DOS was an operating system that was popular in the early-eighties up to about the mid-nineties. The audit was carried out at the Customs Department headquarters, branches in Johor, Penang, Selangor, Kuala Lumpur, Pahang, Sabah and 38 Customs stations between November last year and January this year.

One example of software not being used was the Bill of Demand module that would allow the department to monitor companies that failed to settle their tax, and issue tax claims to them. The other example was the Instalment Payment module that can list and monitor companies that were given permission to pay taxes in instalments. None of the six states visited utilise the Bill of Demand module to issue tax claims while the Instalment Payment module is used in only three of the six states.

The report said that with the department having RM340.27mil in tax arrears, it had to make sure the modules were fully utilised to make it easier to trace those who paid late as well as keep track of what was owed. The Customs Department is the country's second largest earner, pulling in RM111.26bil between 2002 and last year.

Sunday September 9, 2007

Paying through the nose for tools

By ROYCE CHEAH, ELIZABETH LOOI and MANJIT KAUR

PETALING JAYA: Would you pay RM224 for a set of four screwdrivers?

Probably not, but that was what the Government paid to supply tools for students at the eight National Youth Skills Institutes (IKBN) around the country, according to the Auditor-General's (AG) report.



The Star shopped around and found this set of Stanley screwdrivers. They cost RM32.80. For the RM224.94 set.

The AG said the screwdrivers had a market price of RM40 and according to pictures in the report, resembled the average Philips screwdrivers you could buy in any hardware shop. And it does not stop there – the AG went a step further by examining the prices paid for 12 other tools and equipment bought for the IKBN project, comparing it with market prices when the procurement was done in late 2002.

Among these were technical books consisting 10 titles that had a price tag of RM10,700 and a 3.1 megapixel digital camera that was bought for RM8,254.



For the 13 items that the report highlighted, the Government paid RM8.39mil more than the market price at that time. According to the report, consultants for the Youth and Sports Ministry had reached an estimated price tag of RM399.67mil for the equipment for the IKBN project which later ballooned to RM767.98mil after two appeals by the ministry for additional allocations.

“The ministry said more money was needed in anticipation of a bigger student population and that getting equipment from the same supplier meant prices would remain the same. “But there was no proof that market research was done to identify the prices of the items and equipment because minutes for the negotiation meetings were not prepared,” the report said.

It said without the minutes, the auditing team was unable to find out if efforts were made to reduce prices. The AG also said that the ministry’s secretary-general (KSU) had signed off 11 contracts worth between RM7.99mil and RM74.2mil that were related to the IKBN project, on behalf of the Government.



“The KSU only has the authority to sign contracts worth less than RM5mil. Anything larger should be signed by the minister or someone to whom the authority has been given. “However, during the audit, no such letter giving the authority to the KSU presented itself,” the report said.

The report said there were also discrepancies such as one supplier being paid more than the other for exactly the same equipment. One example the AG highlighted showed one supplier getting RM1.24mil more than the other for identical engineering equipment.

Sunday September 9, 2007

Mardi spent RM300,000 without IRPA approval

PETALING JAYA: Mardi was found to have spent about RM300,000 without approval.

The Auditor-General's reported that Mardi spent RM106,818 for overseas trips without the approval from the governing bodies. The bodies are Mardi's Intensification In Research Priority Area (IRPA) committee and the IRPA co-ordination committee from the Science, Technology and Innovation Ministry.

Out of the 14 trips, only three trips were justified with the names of projects, the purpose of the trips, duration and expenses. But the purpose of six trips was not identified and the duration of five other trips was not stated.

The report also stated that Mardi spent RM25,552 for expenses unrelated to its projects, such as claims for mileage, hotel stays, food allowances, photocopy machine rentals and personal computer maintenance. The expenses also included holding Ninth Malaysia Plan meetings and attending award and certificate ceremonies.

Mardi, however, told the A-G that only RM1,857 spent was not related to its projects and that the expenses were for attending an Excellent Services Award Ceremony, Biro Tata Negara courses and monthly photocopy machine rentals.

Mardi was also found to have spent RM151,971 for unapproved construction of facilities such as buildings and factories and the purchase of equipment. The A-G also found that by August last year, Mardi had only received RM26.41mil of the RM49.09mil that was approved by the ministry and Mardi had spent RM21.22mil.

This was because the ministry was reviewing the IRPA allocation channelling method, as it found that Mardi's unused previous allocation was still high. The report also stated that until August last year, Mardi had only completed 20 out of 160 Eighth Malaysia Plan projects.

The reasons for the delay were late allocation from the ministry, lack of staff, change of project leaders and weather conditions.

Sunday September 9, 2007

Report card with an 'F'

PETALING JAYA: At some pre-schools, young children are not only exposed to formal education, they are also exposed to danger. There are walls with cracks, broken sinks in toilets, broken slides and swings, ceilings with holes, and even toys that posed a health risk.

According to the Auditor-General's report, *congkak*, a traditional toy with cut-out holes on the surface, supplied to pre-schools came with little pieces of multi-coloured beads that resembled sweets.

It said children at a special needs pre-school at SK Seri Sekamat, Kajang, Selangor, had accidentally swallowed these pieces. The report added that play dough supplied to six schools was smelly and brittle.

Apart from this, the audit that was done on 80 pre-schools out of the 3,702 in the country found broken equipment at 26 schools. It also found that the gas tank in the kitchen area was left exposed in one pre-school, and that poor quality utensils and cutlery were provided.

Certain schools did not have specific areas to teach skills. The report said the reason given was that classrooms did not have enough space. It was also found that in some bathrooms, urinals and sinks for adults were installed instead of ones suitable for children. Because the allocation was not enough, a few pre-schools were short of equipment.

"As many as 17 schools did not have items such as sandpits, computers and printers," the report said.

The report added that some equipment such as slides and basketball posts also exceeded the estimated cost at a number of pre-schools by up to 240%. The 3,702 pre-schools currently conduct 4,583 classes nationwide.

The Education Ministry has spent RM341.1mil to carry out the pre-school education expansion programme, while also using a portion of the RM2.23bil primary school education programme allocation, between 2004 and 2006.

Sunday September 9, 2007

A-G slams Lada over housing project

By ELIZABETH LOOI

PETALING JAYA: The Langkawi Development Board (Lada) spent about RM78,000 over 15 months to repair and maintain houses that were unsold under its public housing project, the Auditor General reported.

It said there were 200 medium-cost units, 134 medium-low-cost units, 80 low-cost units and 200 Melayu Islam Kedah units. However, by November last year, there were still 323 units that were unsold, the report stated.

“From the day the houses were completed in July 2005, to October 2006, Lada spent RM12,548 to repair the houses and RM65,696 to maintain the compound and surrounding areas. “Due to poor sales, the houses were broken into and damaged although there were security systems,” the report said, adding there was vandalism, and that bushes had grown all over the houses.

It also said that the Property and Buildings Management Unit estimated that an additional cost of RM60,000 was needed for repairs and RM50,000 for maintenance. “This means Lada needs RM110,000 to rehabilitate and maintain the houses before the houses can be sold,” the report said.

The AG also reported that the projected returns for the 614 units were RM38.15mil but until October last year, the returns were only RM6.15mil. “The Auditor cannot find out the number of houses sold as well as the actual returns from the sales of the houses because Lada did not maintain its accounts and sales record,” said the AG in the report.

The AG was also not satisfied with Lada’s monitoring and management of the project, which it said had caused the high number of unsold houses. “Among the reasons is that the Finance Ministry had never visited the project’s site.

“The board of directors were also inefficient as they only held one to two meetings in a year to discuss about the progress of the project,” the report stated. Based on the minutes of the meetings, the AG found that the sales committee never went into details about the sales of the houses and action that needed to be taken.

The AG said Lada should take action against officers who failed to record the collection of sales and keep proper accounts. “There should also be an aggressive promotion to sell the houses through electronic media, radio, television and brochures.

“If the houses are still not sold, Lada would be forced to bear the additional costs to maintain the houses and the surrounding areas,” said the AG.

Sunday September 9, 2007

DPM: Ministries must explain mismanagement

PETALING JAYA: Deputy Prime Minister Datuk Seri Najib Tun Razak wants the relevant ministries and government agencies mentioned in the Auditor-General's report to explain why their expenditures were not in order.

"They must explain. They will have to answer," said Najib when asked about a slew of cases highlighting public fund mismanagement contained in the 2006 Auditor-General's Report after playing in the Business Times Golf Invitation 2007 at the Saujana Golf and Country Club on Sunday.

Asked if the ministries secretaries-general were empowered to deal directly with the suppliers, Najib said they were not, adding that dealings must be done through open tenders.

Monday September 10, 2007

Shahrizat: We can't punish NGOs for technical errors

KUALA LUMPUR: The Women, Family and Community Development Ministry provided funds to non-government organisations (NGOs) on different considerations and these NGOs should not be "punished" for technical errors committed.

Minister Datuk Seri Shahrizat Abdul Jalil said more often than not, NGOs were preoccupied with helping those in need and seldom worried about technical issues that affected them. This, she said, included submitting detailed paper work for project implementation and submitting annual reports to the Registrar of Society (ROS).

"We are aware of the 2006 audit report which was tabled in Dewan Rakyat and I wish to stress that the ministry is very careful in disbursement of funds to any NGO. "Based on the report, we realised that the Auditor-General was referring to technical issues such as the NGOs' failure to submit their annual reports and similar issues.

"Although NGOs may still have funds in their account, we still disburse money to them because they have good projects to implement, which would benefit those under their wing. "Some NGOs are afraid of spending the funds we provide them and are of the opinion that keeping the money is better than misusing it," she said yesterday.

Shahrizat was commenting of the 2006 audit report by Auditor-General Tan Sri Ambrin Buang, who on Friday said that the ministry had been dishing out funds to de-registered NGOs and in some cases, the disbursement was made before any agreement was signed.

The National Autistic Society of Malaysia, Kelantan Orphans Welfare Foundation, Taiping Children's Home, and National Council of Welfare and Social Development Malaysia, received more than RM1.5mil in total although their accounts still had funds. There were also 27 NGOs that were yet to return unused funds totalling RM570,000 to the ministry.

Ambrin also said the ministry gave out RM112.5mil between 2004 and 2006 to assist NGOs in carrying out their programmes although the Government only approved about RM106.54mil. Shahrizat said the ministry would send representatives to meet Ambrin soon to discuss the issues raised.

"I will also meet with the respective NGOs and urge them not to shirk their responsibilities and pay attention to these technical issues," she added.

Shahrizat was speaking after re-naming the Sri Pantai Housing area Kampung Tradisi Sri Pantai. During the ceremony, some 66 senior citizens, single mothers, orphans and disabled persons received donations from the National Welfare Foundation.

Monday September 10, 2007

‘Public will avoid paying taxes if wastage continues’

PETALING JAYA: Government officers must spend money wisely or risk having Malaysians think of creative ways to avoid paying taxes because they are fed up with the mismanagement of public funds – such as a ministry paying RM224 for a RM32 set of screwdrivers.

“If the money is honestly spent to make the country better, tax payers will pay because they know it is being put to good use. “Taxes come from the sweat and blood of Malaysians. If there is dishonesty and wastage of public funds, it riles the public,” said Transparency International Malaysia president Tan Sri Ramon Navaratnam.

He added if the wastage continued, there would even come a time when taxpayers would think of ways to avoid paying taxes because they were no longer convinced the money would be put to good use as pledged by the administration. Navaratnam was commenting on the 2006 Auditor-General’s Report outlining a slew of cases involving public fund mismanagement.

From paying RM1,146 for a set of pens costing RM160 to forking out RM5,700 for a car jack worth RM50, the list is long and sometimes shocking. He commended Auditor-General Tan Sri Ambrin Buang and his team for diligently uncovering the mismanagement, saying it showed the department acted without fear and favour.

“Going by what was reported, it cannot be blamed if the public finds it hard to swallow the integrity policy advocated by the Government,” said Navaratnam. He said investigations must be conducted and government officers found to have wasted public funds must be duly punished.

Consumer watchdog Fomca advisor Prof Hamdan Adnan said public fund mismanagement was a hot topic among Malaysians. “The Anti-Corruption Agency must step in. It is very fishy when officers are allowed to purchase a car jack for RM5,700 when it is only worth RM50,” said Hamdan.

He also wanted to know if the Government would investigate why the Youth and Sports Ministry’s secretary-general had signed off 11 contracts beyond his authority.

“The Government is very wrong if it assumes the public will just accept the wastage and not be angry. The leaders keep saying the *rakyat* must spend wisely, but where is the leadership by example?” asked Hamdan.

Monday September 10, 2007

UTM a thief's heaven

PETALING JAYA: Universiti Teknologi Malaysia (UTM) lost about RM900,000 worth of assets such as computers and LCD screens in six years – because just about anybody could borrow the items and not return them.

The Auditor-General's report said that there was lax security and monitoring at the university, allowing people to steal easily. Examples of this included no closed-circuit television cameras installed in strategic areas, no grilles on windows and doors, and too many people sharing the same key to a lab or office, the report said.

It was also reported that almost all offices and faculties did not maintain records on equipment usage. The AG audited both campuses in Skudai, Johor, and Kuala Lumpur, and found that of the RM854,346 total loss of assets, RM605,761 (70.9%) worth were stolen from 2004 to August 2006.

It also said that the cases increased from three in 2001 to 22 in 2006. The cases occurred in the mechanical engineering faculty, management and human resource faculty, geo-information and science engineering faculty, and student affairs department, the report stated.

The report showed in a table that the highest number of stolen assets was last year, worth RM129,807. The table also showed that 2004 recorded the highest value of stolen assets, which was RM362,076.

The AG found that in the cases last year, there were no police reports made for the lost of a split-unit-outdoor air-conditioner worth RM4,500, a flat screen monitor worth RM1,550 and hose reel nozzles worth RM1,395.

“A final report to the vice-chancellor and finance committee was also not prepared after more than four months,” the report said.

The AG said that UTM needed to use modern technology for its security system and take stern action against careless guards when a theft occurred. The report also said that the serial numbers on the items were not the same as on record.

Monday September 10, 2007

1.87 million foreign workers

PETALING JAYA: As of December last year, the number of foreign workers in the country was 1.87 million, 3.8% more than the 1.8 million ceiling set by the Government.

However, according to the Auditor-General's 2006 report, the Immigration Department said that adhering to the ceiling was not feasible due to the booming economy and the lack of local manpower in certain sectors.

The report said the Home Affairs Ministry and the Immigration Department should bring the matter up to the Cabinet committee concerned to determine a new limit on the number of foreign workers.

The audit said there were 1.47 million foreign workers in 2004, 1.815 million in 2005 and 1.869 million last year.

Monday September 10, 2007

Ambulance dis-service

PETALING JAYA: Ambulances – vehicles meant to save lives – have instead brought about injury and death, due to a multitude of reasons. Ambulances were also used to transport staff or food while about half of the 141 paramedics interviewed in the Auditor-General's (AG) report said equipment such as vital-sign monitors, cardiac monitors and portable ventilators did not work in ambulances acquired before 2002.

The report said that between 2005 and September last year, 112 ambulances were involved in 120 accidents around the country, causing two people to die and injuring 29 others.

“There were also ambulances involved in multiple accidents. Perak registered the most accidents involving ambulances, with 19.



Not so safe after all: According to the A-G's report Perak registered the most accidents involving ambulances.

“The accidents also resulted in a decrease in the number of ambulances that could be used at any one time because repair works had to be done.”

The report said factors that caused the accidents included:

- > Wrong-sized tyres being used by the ambulance causing the tyres to explode during its journey;
- > Usage of old ambulances or those that had been categorised as “beyond economic repair;” and
- > Negligence by the driver.

About a quarter of the 157 drivers interviewed said they had been involved in accidents caused either by technical problems, carelessness or bad road conditions, while 36.3% said the vehicles were constantly spoilt and too bulky, making them unsuitable for narrow and jammed roads.

Repairs on ambulances were also not carried out quickly, either due to a lack of funds or difficulty in finding parts. In one example, the audit found that it took five years for one ambulance belonging to the Queen Elizabeth Hospital in Sabah to be repaired.

“The cost of repairs also exceeded the estimate. In one example in Muar, the estimate given by the Works Ministry was RM29,050 but the price quoted by the concessionaire was RM127,415,” the audit said.

The AG said the Health Ministry had to look into such cases seriously so that society would not look negatively at ambulance services.

Monday September 10, 2007

Agencies must explain irregularities

PETALING JAYA: Deputy Prime Minister Datuk Seri Najib Tun Razak wants the relevant ministries and government agencies mentioned in the Auditor-General's report to explain why their spendings were not in order.

"They must explain. They will have to answer," said Najib when asked about the public fund mismanagement cases contained in the 2006 report.

Asked if the ministry secretaries-general were empowered to deal directly with suppliers, Najib said they were not and that dealings must be done through open tenders.

Najib spoke to the press after playing in the Business Times Golf Invitation 2007 at the Saujana Golf and Country Club.

Tuesday September 11, 2007

Public has every reason to be angry

I REFER to the comment by Tan Sri Ramon Navaratnam that the "[Public will avoid paying taxes if wastage continues](#)," (*The Star*, Sept 10) that government officers must spend money wisely or risk having Malaysians think of creative ways to avoid paying taxes, in light of the 2006 Auditor-General's Report.

The report has caught the attention of the public and has been the talk of the town since its release last week. The people are in awe as to how public money had been mismanaged for purchases that appear too atrocious to comprehend.

Navaratnam is right in saying that if money is honestly spent to make the country better, taxpayers will pay because they know it is being put to good use. On the other hand, the public has every reason to be angry, as they are the ones who are faithfully adding to the Government coffers.

They expect their hard-earned contributions to be spent wisely and prudently in a way which would benefit and put the nation on its way to achieving Vision 2020. I think it is silly for the powers that be to "assume that the public will just accept the wastage and not be angry" in the words of Fomca advisor Prof Hamdan Adnan.

How is the Government going to explain to taxpayers that a set of screwdrivers which cost RM32 was purchased at RM224 or a car jack which cost RM50 was purchased at RM5,741? Or how are the authorities going to explain that it is necessary to have trainings or seminars for civil servants from Peninsular Malaysia in Sabah or Sarawak when there are hotels and other facilities here.

Those guilty must answer to the nation and vacate their public office if their actions have cast a reasonable doubt on their innocence. In light of what our Prime Minister said last week about integrity, the element of integrity must be the order of the day for civil servants and those invested with powers and responsibilities.

Therefore, agencies or persons responsible for buying, approving, checking and confirming purchases, projects, trips, etc., as highlighted in the 2006 AG's Report must be held answerable. More so, Parliament must continue to be the nation's watchman and be ever alert, diligent, and vigilant to ensure every ringgit and sen in the nation's coffers is accounted for.

The public appreciates the fine work of the Auditor-General and his team, and I personally want to thank, encourage, and challenge them to keep up their good work.

DR TAN ENG BEE,

Kajang.

Tuesday September 11, 2007

Not the first time A-G has reported such abuses

I REFER to the report "[Jacked up](#)," (*Sunday Star*, Sept 9) on the abuse of funds by some government departments as revealed in the 2006 Auditor-General's Report.

I am sure all Malaysians are shocked and angered by the blatant abuse of public funds by some civil servants.

I am also sure that many readers will remember that this is not the first time such abuses have been reported in the Auditor-General's report. My question is what action has been taken against those involved?

Whoever is found responsible for spending public funds to buy a set of screwdrivers for RM224.94 or a car jack for RM5,741 or set of 10 technical books for RM10,700 should be suspended from employment.

They should be asked to explain why their service should not be terminated in view of their failure to perform their duties and complete ignorance of the market price of such common products, not to mention their apparent intention to cheat the public.

I think it would be a waste of public funds to ask the ACA to investigate such cases as it may be difficult to prove the corruption involved.

On the other hand, I am sure there is enough evidence to prove those responsible have failed to perform their duties.

While we must salute the team at the Auditor-General's office for their fine work, we realise that they can only go through a sample of the millions of transactions carried out by the various departments.

What has been exposed may only be the tip of the iceberg.

Unless drastic action is taken against those responsible, such malpractices would continue and may spread like cancer cells within the Government.

Tuesday September 11, 2007

Ministry replacing old ambulances

THE Health Ministry has taken steps to avoid accidents involving ambulances and is replacing old vehicles in stages, the Treasury said.

“Among the steps is to provide training to drivers according to the fixed module, monitoring the maintenance of ambulances by concessionaires and replacing old ambulances in stages according to new specifications,” said the Treasury in its report, when responding to findings in the Auditor-General’s report.

According to the report, 112 ambulances were involved in 120 road accidents from 2005 until September last year, causing two deaths and 29 injuries. The accidents had also caused a decrease in the number of ambulances that could be used at any one time as repair works took a long time, the A-G’s report said.

On findings that some ambulances had basic medical equipment that were either not functioning well or non-existent, the Treasury said the ministry would ensure all ambulances were properly equipped.

“Repairs on non-functioning equipment had been carried out and a beyond economic repair (BER) certificate issued for ‘ailing’ vehicles,” the Treasury said.

On the RM514,439 fine, which had yet to be imposed on a contractor who was late in delivering 106 ambulances, the Treasury said the ministry would fine the supplier.

The A-G’s report also stated that ambulance service control centres at seven hospitals were not fully operational due to various reasons, including lack of communication tools, inadequate manpower or paramedic aid and the lack of expertise in handling the equipment.

The Treasury said the ministry was taking steps to improve its ambulance service, including upgrading its call centre radio communication at five hospitals at RM115,000 each.

For 2007, the ministry had spent RM3mil to upgrade call centres at all state and specialists hospitals, to install transmitter units and to ensure that vacancies were being filled, the Treasury said.

Tuesday September 11, 2007

Stop using smelly playdough

THE smelly and brittle playdough supplied to six schools will no longer to be used. The Treasury said the Education Ministry had issued an order to stop the use of these playdough, which was highlighted in the Auditor-General's report.

The ministry had also verbally contacted State Education Departments requesting them to withdraw unsuitable equipment from being used as learning tools and replace them with new ones.

The Treasury responded to the AG's report that 17 pre-schools did not have items such as sandpits, computers and printers because of insufficient allocation and that five pre-schools in Kedah had to share equipment between classes.

"The ministry decided that from 2006, all furniture and equipment such as slides and balance boards were purchased via a centralised contract. "Several pre-schools have already been supplied with computers and printers and the ministry plans to supply more computers and printers under the 2008 plan," the Treasury report stated.

On the AG's report that the ministry did not conduct corrective maintenance for pre-school buildings, equipment and facilities, the Treasury said state education departments had set up pre-school units and were monitoring maintenance works.

The Treasury, however, did not touch on the AG's report that some *congkak* multi-coloured beads which resembled sweets, were accidentally swallowed by children at a special needs pre-school in Kajang.

Tuesday September 11, 2007

Treasury says minister gave letter, A-G says no such letter

THE Youth and Sports Minister gave a letter of authority to the ministry's secretary-general to sign eight contracts totalling more than RM449mil, the Treasury said. This was disclosed in its reply to the points raised in the Auditor-General's Report 2006.

The Auditor-General said that the secretary-general had signed 11 contracts on behalf of the Government worth between RM7.99mil and RM74.2mil that were related to the National Youth Skills Institute (IKBN) project.

"The secretary-general only has the authority to sign contracts worth less than RM5mil. Anything larger should be signed by the minister or someone to whom the authority has been given. "However, during the audit, no such letter giving the authority to the secretary-general presented itself," the A-G's report had said.

On the purchase of equipment at higher than the market price, the Treasury said this was due to the different locations of the IKBN, with suppliers also including infrastructure cost in their quotation.

"The cost was still below the ceiling set by the Treasury," it said.

On the purchase of 3.1 megapixel digital cameras, it said each device came with a tripod, USB cable, video cable, desktop computer and software CD. The A-G's report had said that the camera was bought for RM8,254, when the market price was RM2,990.

On the 90 sets of Faber Castell technical pens bought for RM103,190.40, with each set costing RM1,146.56, the Treasury replied that each set included a set of spare nibs with a Rotring Vibrator.

The quotation given by A.W. Faber Castell (M) Sdn Bhd for the same model was RM160 per set. These were part of the equipment bought for eight IKBN projects. The procurement was done in late 2002.

In Kundasang, Sabah, Youth and Sports Minister Datuk Azalina Othman Said said the ministry's officials had explained the contracts to the A-G's office. She said the contracts dated back to 2002, before she was appointed to the post, and were issued following direct negotiations with the contractors concerned.

"If the Public Accounts Committee requests further explanation, we will comply. The ministry must be transparent. "This matter should have not occurred in the first place. The contractors concerned should explain the prices that were charged to the Government," she said.

Tuesday September 11, 2007

Mardi's trips abroad were approved, says Treasury

THE overseas trips by Mardi officers for research purposes were approved by the secretary-general of the Agriculture and Agro-based Ministry and Mardi's human resources management committee.

The Auditor-General's report stated that Mardi spent RM106,818 for the overseas trips without approval from the governing bodies – Mardi's Intensification in Research Priority Area (IRPA) Committee and the Science, Technology and Innovation Ministry's IRPA coordination committee.

The Treasury also said RM25,552 in expenses unrelated to Mardi projects, such as claims for mileage, hotel stay, food allowance, photocopy machine rental and personal computer maintenance, were incurred when the officers attended research meetings.

Wednesday September 12, 2007

Go through A-G's report in detail, Cabinet ministers told

KUCHING: Prime Minister Datuk Seri Abdullah Ahmad Badawi has directed all Cabinet ministers to go through the Auditor-General's report in detail and to fully explain anything that is questionable. He said the financial irregularities highlighted by the A-G were a matter of concern.

"In the last Cabinet meeting before I went overseas, I directed all the ministers to scrutinise the report. They should ensure that any question raised in the audit is given a full explanation," he said when asked to comment on the report yesterday.

The A-G's report outlined a number of cases involving mismanagement of public funds, such as a ministry paying RM224 for a RM40 set of screwdrivers and RM10,700 for 10 technical books with a market price of RM417.

Other irregularities included shelling out RM5,700 for a RM50 carjack, RM8,254 for a digital camera that costs RM2,990 and RM1,146 for a set of technical pens with a market price of RM160.

"I hope the relevant parties will explain how this happened," Abdullah told a press conference here. In Putrajaya, ACA director-general Datuk Ahmad Said Hamdan said his men were studying the A-G's report.

"We are looking at all ministries and agencies mentioned in the report," he said after the prize presentation by Minister in the Prime Minister's Department Datuk Seri Nazri Aziz for a pre-university debating contest on anti-corruption.

Nazri also told reporters that ministers and secretaries-general whose ministries and agencies had been implicated by the A-G might be interviewed by the ACA.

"The ACA can see anybody, regardless of whether they are clerks, secretaries-general or ministers. "There must be something wrong if the same issue keeps cropping up every year," he said, adding that the ACA should be given time to study the report to get to the bottom of the matter.

Thursday September 13, 2007

Sordid stories from the audit

ALONG THE WATCHTOWER

By M.VEERA PANDIYAN

It is pointless to publish yearly Auditor-General reports if crooks are not brought to book

JOHN Maynard Keynes was so right. The avoidance of taxes is the only intellectual pursuit that carries any reward. The English economist's observation always comes to mind when the dreaded tax return forms arrive.

But when the Inland Revenue Board's envelop is delivered next year, I'm more likely to remember this quote: People will think of creative ways to avoid paying taxes because they are fed-up with the mismanagement of public funds. The sentiment expressed by Tan Sri Ramon Navaratnam, president of Transparency International Malaysia last week couldn't have been any more sensible.

If our taxpayers can diligently pay their dues, albeit largely out of fear of being punished with higher penalties or ending up in jail, why don't those entrusted with spending the money fear the repercussions of wrongdoing and corruption? The mismanagement of public funds is indeed becoming more appalling – like inflating the price of a screwdriver set from RM32 to RM224, paying RM1,146 for a RM160 pen or RM5,700 for a RM50 carjack, as exposed in the 2006 Auditor-General Report.

Among the other shocking fiscal imbroglios uncovered was the RM290mil spent by the Customs Department for an outdated, user-unfriendly information system. The department is in the process of replacing it with a new information technology plan, which is estimated to cost RM451.3mil.

As for the police air wing, it bought two helicopters worth RM117.75mil but couldn't use them because they did not meet specifications. Before that, RM15.37mil had already been spent on training pilots to fly the choppers. Another deplorable matter highlighted in the A-G's report was the revelation that ambulances were found to be hazardous to the patients they were supposed to ferry.

Vital medical equipment such as cardiac monitors and portable ventilators were dysfunctional in the vehicles, which were also apparently used to transport workers and even food. Reacting to the report, Navaratnam warned that the time could come when Malaysians might think of ways to avoid paying taxes because they were no longer convinced the money would be put to good use as pledged by the administration.

Many people would beg to differ, Tan Sri. They already feel that such a time has already come. There is no need for a mother-of-all A-G's report tallying the total cost of overpriced goods and services, unauthorised payments, wasted equipment, shoddy

implementation of projects and money given as kickbacks to convince them. In the past, the corrupt few were careful not to show off their ill-gotten gains out of fear of being caught. There are more people committing such crimes today and they no longer fear of being punished, never mind their lack of shame.

These people don't care a damn about flaunting their riches, even when it is obvious that their salaries or legal incomes don't match their lifestyles. A-G's reports are tabled in Parliament without fail each year but how many of those named for mismanagement have been taken to court so far? What is the point of audits if the crooks get away most of the time?

Real change can only come through perspicuous political commitment. To quote Transparency International, ending the pettier forms of corruption in the bureaucracy is almost impossible if grand political corruption persists. Reform of the public procurement system depends on political will to disclose spending, upgrade accounting standards and monitoring, along with improved access to information.

Let's look at how Malaysia has fared in nation management over the past decade. Based on the World Bank's Worldwide Governance Indicators 1996-2006 Report released last week, the results are rather drab. We have fallen back in five out of the six yardsticks used, only recovering marginally in the category of Government Effectiveness, which covers the quality of public services and the civil service. In 1996, Malaysia's marks stood at 79.6 %. In 2006, we scaled a point up to 80.6 %.

Scores have slid in the other key categories of Voice and Accountability, Political Stability and Absence of Violence, Regulatory Quality, Rule of Law, and Control of Corruption. In Voice and Accountability, which gauges how citizens are involved in choosing their government, their freedom of expression, association and media, Malaysia was only at 38%, lower than the 39.2 % recorded 10 years earlier.

As for Political Stability, we only managed to get 58.7%, sinking from 65.4% set in 1996. It was the same state for the category of Regulatory Quality – 69.8% compared to 80% in 1996. In Rule of Law, Malaysia recorded 65.7% for the third consecutive year, way below the 71% scored in 1996. Similarly, for Control of Corruption, the country has fallen behind at 68%, much poorer than the 73.3% scored 10 years earlier.

At the time of our independence in 1957, Stanford psychologist Leon Festinger came out with his famous theory of cognitive dissonance, which describes the unease experienced when actions are not aligned with beliefs. For example, if people consistently fail to do what they know is right or keep doing what they know is wrong, they would experience cognitive dissonance.

But in most cases, they cannot accept the feeling. Instead of correcting the behaviour, they would repress or deny the feelings, rationalise them, justify their actions or start believing that the problem does not exist. It's a rather taxing thought but I hope that those who govern us are not in such a state of mind.

M. Veera Pandiyan, Deputy Editor, New Media, is among the taxpayers who are hoping to get some refunds by December.

Thursday September 13, 2007

Utterly disgusted by excessive wastage

IT REALLY gets me. Here, at least one voter is utterly disgusted at how our hard-earned taxpayer's money is wasted, and the dust kicked up has yet to settle down, come our National Resources and Environment Minister saying government agencies are not spending enough money.

Surely, the minister must give some thought to the timing of statements in light of the recent wave of dismay the Auditor General's Report 2006 has created. The man on the street is disgusted at how extravagantly some official functionaries are living, with their etiquette courses and thousand-ringgit suits.

The AG's report has just exacerbated the fact that with such wastage of public funds, corruption is indeed a deep-rooted scourge that will test the mettle of Pak Lah and his National Integrity Plan.

I would like to see the day all the major dailies proclaim a corruption-free Government in Malaysia. Will we ever see it? Take a poll and then we will know why five million eligible voters have yet to register.

Many of my fellow countrymen must be wondering if the AG's report is all encompassing and what more dirt it will dig up. How sure are we that the taxpayers' money is properly spent?

Tan Sri Ramon Navaratnam (of Transparency International Malaysia) is right on the taxpayers' money when he suggested that the taxpayer may dodge the taxmen because of the excessive wastage which reeks of corruption.

The taxpayers want to know and be assured that taxes are well spent to improve the general quality of life, not for some set of over-inflated screwdrivers or technical pens and what not.

And seriously, do we need a High Performance Training Centre in UK?

LAWRENCE LIM,

Kuala Lumpur.

Thursday September 13, 2007

Perak departments spent more for less



ONLY 32% of projects, or 98 of 302, were implemented by 10 departments and agencies in Perak but 72.8% of the RM218.15mil allocation last year has already been spent.

The Auditor-General, who deemed this as “not satisfactory” in his report, said the state needed to practise frugal spending and work towards increasing its source of income.

The report stated that the 98 projects implemented included 31 extension projects from the Eighth Malaysia Plan. A total of RM1.3bil had been allocated to the state under the Ninth Malaysia Plan (2006-2010), of which the RM218.15mil was for last year.

Besides the 98 projects, 121 more projects were still being implemented while 83 more had yet to begin because they were “still in the tender-evaluation process, there is a change in plan and development scope and no financial allocation.”

The report suggested that these weaknesses be given necessary attention to “ensure accountability and integrity in financial management.”

“Among the main factors that caused these weaknesses is the lack of officers, no close supervision and inadequate training for officers,” it said.

On the whole, the report found that the state's financial position was still not stable because last year its revenue account saw a deficit of RM23.58mil, which resulted in the joint revenue account dipping by 4.4% to RM535.08mil.

To increase its source of income, the state should start collecting overdue revenue of RM193.62mil and reclaiming outstanding loans totalling RM26.67mil from the Perak Foundation, Perak State Development Corporation and the Central Perak District Council, the report suggested.

Thursday September 13, 2007

Selangor lent funds without paperwork



THERE was no documentation for some RM140mil loaned out to state-related agencies in Selangor.

Worse, the Auditor-General, in his 2005 report, had already highlighted many of the “problematic” loans given to the same agencies.

“Until the end of 2006, there were no loan agreements signed with four organisations: Syarikat Stadium Shah Alam Sdn Bhd, Tabung Amanah Saham Selangor Berhad, Kumpulan Darul Ehsan Berhad (KDEB) and Institut Perindustrian Negeri Selangor. “Attention was drawn to this issue in the 2005 Auditor-General’s Report,” said Auditor-General Tan Sri Ambrin Buang in the 2006 Selangor State Government Financial Report.

Syarikat Stadium Shah Alam Sdn Bhd received an interest-free loan of RM2mil in 1995. The loan agreement was never submitted for auditing. In 1998, the state government lent Tabung Amanah Saham Selangor RM20mil to finance the Skim Amanah Saham Selangor. No loan agreement was signed. The Auditor-General had been raising this issue in his reports since 2001.

In 2003, the state treasury informed the Auditor-General that Tabung Amanah Saham Selangor would be shut down and its administration matters taken over by KDEB and that therefore the state treasury would settle the loan with KDEB. However, up till the end of last year, no action was taken.

The state also has other issues to settle with KDEB. On Sept 12, 2002, the state government agreed to reschedule an outstanding loan of RM100mil. KDEB was required to prepare a revised loan agreement for the rescheduled repayment. Again, nothing was done by the end of last year.

The state government also allowed KDEB to defer payment of RM17mil. This was to facilitate a move by KDEB to shift Institut Perindustrian Negeri Selangor to Pulau Indah. The loan agreement was forwarded for audit. The Auditor-General said six agencies owed the state government RM306.13mil in outstanding loan repayments as of the end of last year.

KDEB owed RM118.44mil, Selangor State Development Corporation RM84.0mil, Selangor Agriculture Development Corporation RM58.06mil, Permodalan Negeri Selangor Berhad RM31.20mil, Selangor Foundation RM14.03mil and Kolej Islam Darul Ehsan RM4mil.

“The loan management process is inefficient. Loan agreements and revised loan agreements must be signed before money is released. Efforts must also be made to collect the loans and update records,” said the Auditor-General’s report.

Tuesday September 11, 2007

Treasury says minister gave letter, A-G says no such letter

THE Youth and Sports Minister gave a letter of authority to the ministry's secretary-general to sign eight contracts totalling more than RM449mil, the Treasury said. This was disclosed in its reply to the points raised in the Auditor-General's Report 2006.

The Auditor-General said that the secretary-general had signed 11 contracts on behalf of the Government worth between RM7.99mil and RM74.2mil that were related to the National Youth Skills Institute (IKBN) project.

"The secretary-general only has the authority to sign contracts worth less than RM5mil. Anything larger should be signed by the minister or someone to whom the authority has been given. "However, during the audit, no such letter giving the authority to the secretary-general presented itself," the A-G's report had said.

On the purchase of equipment at higher than the market price, the Treasury said this was due to the different locations of the IKBN, with suppliers also including infrastructure cost in their quotation.

"The cost was still below the ceiling set by the Treasury," it said.

On the purchase of 3.1 megapixel digital cameras, it said each device came with a tripod, USB cable, video cable, desktop computer and software CD. The A-G's report had said that the camera was bought for RM8,254, when the market price was RM2,990.

On the 90 sets of Faber Castell technical pens bought for RM103,190.40, with each set costing RM1,146.56, the Treasury replied that each set included a set of spare nibs with a Rotring Vibrator. The quotation given by A.W. Faber Castell (M) Sdn Bhd for the same model was RM160 per set.

These were part of the equipment bought for eight IKBN projects. The procurement was done in late 2002. In Kundasang, Sabah, Youth and Sports Minister Datuk Azalina Othman Said said the ministry's officials had explained the contracts to the A-G's office.

She said the contracts dated back to 2002, before she was appointed to the post, and were issued following direct negotiations with the contractors concerned. "If the Public Accounts Committee requests further explanation, we will comply. The ministry must be transparent.

"This matter should have not occurred in the first place. The contractors concerned should explain the prices that were charged to the Government," she said.

Wednesday September 12, 2007

RM140mil lent without documents

PETALING JAYA: There was no documentation for RM140mil loaned out to various state-related agencies in Selangor, even after the Auditor-General highlighted many of the “problematic” loans given to the same agencies in his 2005 report.

“Until the end of 2006, there were no loan agreements signed with four organisations – Syarikat Stadium Shah Alam Sdn Bhd, Tabung Amanah Saham Selangor Berhad, Kumpulan Darul Ehsan Berhad (KDEB) and Institut Perindustrian Negeri Selangor.

“Attention was drawn to this issue in the 2005 Auditor-General’s Report,” said Auditor-General Tan Sri Ambrin Buang in the 2006 Selangor State Government Financial Report.

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In 2003, the state treasury informed the Auditor-General that the Tabung Amanah Saham Selangor would be shut down and its administration matters be taken over by KDEB, therefore, the state treasury would settle the loan with KDEB. Up to the end of 2006, no action was taken.

The state also has other issues to settle with KDEB. On Sept 12, 2002, the state government agreed to reschedule a longer repayment tenure for an outstanding loan of RM100mil. KDEB was required to prepare a revised loan agreement for the rescheduled repayment. Again, nothing was done as of the end of last year.

The state government also allowed KDEB to defer payment of another RM17mil. This was to facilitate a move by DEB to shift the Institut Perindustrian Negeri Selangor to Pulau Indah. The loan agreement was forwarded for audit.

The Auditor-General said six agencies owed the state government RM306.13mil in outstanding loan repayments as of the end of last year. KDEB owed RM118.44mil, Selangor State Development Corporation (PKNS), RM84.0mil and Selangor Agriculture Development Corporation (PKPS), RM58.06mil.

Permodalan Negeri Selangor Berhad owed RM31.20mil, Selangor Foundation (Yayasan Selangor), RM14.03mil and Kolej Islam Darul Ehsan, RM4mil. “The loan management process is inefficient. Loan agreements and revised loan agreements must be signed before money is released. Efforts must also be made to collect the loans and update records,” said the Auditor-General’s report.

Thursday September 13, 2007

Outdated records led to overpayment in Penang



AT LEAST RM750,228 was mistakenly paid to the Penang Municipal Council by the state government – all because the state treasury did not keep updated records.

According to the Auditor-General's 2006 report on Penang, contributions in lieu of assessments continued to be paid to the council by the state for government quarters that had already been torn down or given to the Penang Development Corporation.

The audit said 63 units of the quarters were handed to the PDC in 1996 for commercial and hotel development while 165 more units were torn down between 1997 and 2001.

“However, because state treasury records were not updated to take note of the change in ownership as well as confirmation from the Public Works Department (PWD) that the quarters were torn down, the contributions continued to be paid,” the report said.

The audit also pointed out that maintenance at some government quarters was unsatisfactory and that prices quoted by the contractor did not follow the price schedule set out by PWD.

“The prices of 23 different types of maintenance work was far higher than what had been recommended by (PWD) differing by between RM120 and RM850 from the recommended price,” the report said.

The audit added that payments were also made for maintenance work that was never done and that money was also paid for work that was different from what was described. The audit said that apart from this there was a waiting list of 856 people for the 749 existing government quarters in Penang.

“There are, however, 63 units that are still not occupied either because they are damaged or applicants had rejected the offer or had applied for other units,” it said. The report said the selection of applicants and ensuing distribution of units was also not satisfactory because those chosen were not listed.

“Without a checklist by the housing committee, the audit was not able to find if the offer letter was sent to the same applicant who was approved by the committee.

The audit also revealed that 62.5% (out of 104 units) of the quarters for federal department staff were given to those who were less deserving.

Thursday September 13, 2007

Kedah did not plan upkeep of sports facilities



THE Kedah economic planning unit planned the construction and renovation of two sports facilities – Alor Star Aquatic Centre and the Stadium Darul Aman – but did not plan their maintenance work.

In the case of the aquatic centre no management team had been appointed, causing it to be deserted after only eight months of use.

The aquatic centre, built for Malaysia Games in Kedah, now needs some urgent repairs if the state wants to avoid facing a heavier bill for rectification works later. The Auditor-General in his 2006 report on Kedah revealed that the defects included the cracking of interlocking tiles and a wall, and water seeping into the lower part of the pool.

The report also said that upgrading work at Stadium Darul Aman, which costs RM9mil, was deemed unsatisfactory. The work involved the changing of running track, upgrading of the drainage system, toilets, railing, changing rooms, mosque, scoreboard, enlarging of the royal stage and painting of the stadium.

The report revealed that the uneven surface of the track had caused damage due to water retention while the upgraded drainage system was not functioning well. Another problem highlighted in the Auditor-General's report was the uncollected assessment charges by the Kulim Municipal Council, which had increased by RM2.31mil to RM9.86mil last year.

This was mainly because certain forms had not been sent to owners as some premises were vacant. Another reason highlighted was that only one enforcement officer was assigned to do the job.

Thursday September 13, 2007

Muar land office overpaid for plots despite valuation



ACCORDING to the Auditor-General's report, the Muar Land Office paid up to 74% more in compensation for eight pieces of land it acquired.

The office paid between RM11,680 and RM651,140 more than what the Valuation and Property Services Department had valued the lands at.

The report also found that there were no price comparisons made to other pieces of land – those sold during the same period, similar type of land or land in the same area. Among the reasons for acquiring the eight pieces of land were for building a school, surau, multipurpose hall and clinic, and for an extension of the North-South Expressway.

Land acquired to build a clinic in Bukit Kangkar was valued at RM233,592 by the department, but the land office had forked out RM245,272 – 5% more than necessary. As for the school site in Muar, the land was valued at RM1,937,620, but the landowners were paid RM2,588,760 from the taxpayers' pockets – 34% more.

The land to be converted into a sewage management site in Tangkak was acquired for RM512,634 – 74% more than its RM294,430 value.

The report also stated that 2,212 landowners involved in the land acquisition for the Muar bypass had received their compensation totalling RM79.22mil, but some only got paid up to 714 days later. Under the Land Acquisition Act, compensation must be paid within three months, or an 8% late payment charge will be imposed until payment is settled.

For the Muar bypass, the land administrator had dished out RM870,000 in late-payment charges involving 249 land owners but the audit found that the land administrator had overpaid the charges by RM75,940, due to a miscalculation.

The report said the handling of this matter was “unsatisfactory”.

Thursday September 13, 2007

Only Malaysians can access PTPTN website

ONLY Malaysians can enter the National Higher Education Fund Corporation (PTPTN) website and it is impossible for applicants to tick the wrong box when declaring their nationality, *Sin Chew Daily* reported.

The daily said all applicants must key in their 12-digit MyKad numbers to log in to the website. It also quoted a Higher Education Ministry official as saying that all applicants must agree to certain terms and conditions before entering the website.

One of them is that only Malaysians can enter the website.

“That means if the applicant does not agree with that condition or admit he is a non-Malaysian, it is impossible for him to enter the system,” the daily reported.

According to the Auditor-General’s Report 2006, PTPTN approved loans to 26,000 non-Malaysian students last year.

This is highly irregular because only Malaysians are eligible for such loans.

PTPTN chief executive officer Yunus Abdul Ghani said on Tuesday that the students were Malaysians who had ticked the wrong box when declaring their nationality.

He also said that PTPTN had checked the applicants’ MyKad but forgotten to update its database.

Thursday September 13, 2007

PM: Ministries looking into matters raised in A-G's Report

KUALA LUMPUR: Cabinet ministers whose ministries have been implicated in the Auditor General's report for mismanagement of funds have already assigned officers to look into the matter and prepare clarification statements.

Prime Minister Datuk Seri Abdullah Ahmad Badawi said he had asked the ministers during Wednesday's Cabinet meeting about what was being done about the issue. "All ministers said they have already put officers in charge to clarify the matters raised in the report. So they are already attending to it," he said yesterday after the 7th National Small and Medium Enterprise Council meeting at Bank Negara Thursday.

Since the Auditor General's Report 2006 was released on Budget Day, newspapers have been highlighting the detailed findings of financial irregularities.

These include the Youth and Sports Ministry paying RM224 for a set of RM32 screwdrivers, RM5,700 for a RN50 car jack, and RM1,146 for RM160 pen set, and the Police air wing spending RM118 million for two helicopters that did not meet flying specifications and another RM15.4mil to train pilots to fly these helicopters and the Customs Department spending RM290mil for an outdated, user-unfriendly information system.

It was reported that the Anti-Corruption Agency (ACA) is scrutinising the Auditor-General's report to see if any of the transactions or projects involved corruption. Abdullah said where appropriate the ACA could carry out its investigations.

"The report is open to be read and scrutinised by all including the ACA. And where there is information that causes suspicion, then of course the ACA should go in and investigate. We will not stop the ACA from carrying out investigations," he said.

On Volkswagen AG's (VW) interest in forging a partnership with Proton Holding Bhd, Abdullah said, the Government has not received any formal proposal or formal request for now.

"It has not come to us formally yet. All matters regarding VW are still under discussions," he said.

A news report said that VW had proposed to take up a 20% stake in Proton and gradually increase this to 50% within 5 years. The Government's investment arm Khazanah Nasional Bhd has a 43% stake in Proton.

Thursday September 13, 2007

Fishy business uncovered at Malacca hawker centre



THE Umbai Baru floating grilled-fish hawker complex in Malacca may be popular but its owner, the Malacca State Economic Development Corporation (PKNM), has yet to receive a sen in rental for it since it started operations in mid-2004.

The centre is managed by Perbadanan Melaka Holdings Sdn Bhd (PMH), a subsidiary of the corporation.

According to the Auditor-General's Report 2006 for Malacca, the corporation only received three months' rent as deposit and utility and maintenance deposits, totalling RM42,000.

An audit check showed that PMH owed rental charges of RM84,000 to the corporation for the period between Sept 2004 and August 2005.

The report did not state whether the 30 stalls in the complex, which paid rents of between RM250 and RM350, had paid their rent to PMH.

It was also revealed that the monthly rental for the complex was reduced to RM1,000 in June 2005 from RM7,000, which was set in 2004.

PMH also made many requests and claims to PKNM within a short span of time.

They included asking for a rental exemption of RM15,600, putting in a claim of RM86,180 to purchase assets, requesting for security service at a cost of RM2,683 per month and asking the corporation to bear 70% of the complex's maintenance cost of RM11,280 a month.

Friday September 14, 2007

Punish the culprits in audit report

THE Auditor General's Report is sending shockwaves across the nation. It has brought to the fore various discrepancies that will need much explanation.

Two truths have surfaced. One, the government must be commended for allowing the AG to do his job well. And two, why did we have to wait for the completion of one financial year in order to know that things were not right?

Surely, all departments and organisations – just like any private enterprise would have systems and guidelines in place to serve as checks and balances.

Albert Camus said integrity has no need for rules. Hence responsible officers should have raised the alarm to their superiors when they suspected irregularities in the way purchases were made.

In the final analysis, we must reckon that the AG's Report does not require explanations and reasons. But people need to be held accountable on why the best practice was not in place.

What the rakyat will want to see is not more explanations but individuals who failed in their duties being held accountable.

J.D. LOVERENCIEAR,

Semenyih, Selangor.

Friday September 14, 2007

Pak Lah: ACA must probe those named in A-G's report

By SHAHANAAZ HABIB

KUALA LUMPUR: The Anti-Corruption Agency (ACA) should step in and investigate any suspicion of corruption in ministries and government agencies implicated in the Auditor-General's (A-G) Report 2006 for mismanagement of funds, said Datuk Seri Abdullah Ahmad Badawi.

The Prime Minister said the report was open to be read and scrutinised by all, including the ACA.

"And where the information causes suspicion, then of course the ACA should go in and investigate. We will not hinder the ACA from carrying out investigations," he said yesterday after the seventh National Small and Medium Enterprise Council meeting at Bank Negara here.

It was reported that the ACA was scrutinising the AG's report to see if any of the transactions or projects involved corruption. Since Budget Day on Sept 7, when the A-G's report was released, newspapers have been highlighting the detailed findings of financial irregularities.

These include the Youth and Sports Ministry paying RM224 for a set of RM40 screwdrivers, RM5,700 for a RM50 car jack, and RM1,146 for a RM160 pen set; the police air wing spending RM118mil for two helicopters that did not meet flying specifications and another RM15.4mil to train pilots to fly these helicopters, and; the Customs Department spending RM290mil for an outdated, user-unfriendly information system.

Abdullah said the ministers whose ministries have been implicated have already assigned officers to look into the matter and prepare clarification statements. He had questioned the ministers at Wednesday's Cabinet meeting.

"All ministers said they have already put officers in charge to clarify the matters raised in the report. So they are already attending to it," he added. On another matter, Abdullah said the Government has not received any formal proposal or formal request from Volkswagen AG's (VW) about its interest in forging a partnership with Proton Holdings Bhd.

"It has not come to us formally yet. All matters regarding VW are still under discussions," he said. A news report said that VW had proposed to take up a 20% stake in Proton and gradually increase this to 50% within five years.

The Government's investment arm Khazanah Nasional Bhd has a 43% stake in Proton.

Friday September 14, 2007

Buildings sold cheap in Malacca



MALACCA: The Malacca State Economic Development Corporation (PKNM) approved the sale of two buildings without the Federal Government's approval, according to the Auditor-General's 2006 report.

It sold the Air Keroh Country Resort to AMZ Resort (Melaka) Sdn Bhd in early 2001 and Tanjung Bidara Beach Resort to Brisdale Asset Sdn Bhd (then changed to IIUM Holdings Sdn Bhd) in mid-2002.

The two were among seven buildings and two pieces of land mortgaged to the Federal Government for a RM76.75mil loan used to repay other loans taken by PKNM in 1999.

The report said PKNM had applied to the Treasury for approval to sell the two buildings in 2001 and 2002 but none was given.

PKNM still sold the two buildings at a price lower than the market value, resulting in a loss of RM10.22mil.

The Ayer Keroh Country Resort was sold for RM6.7mil when it was valued at RM15.8mil, according to the report.

The report says it was sold with a condition that the land status would be converted to Malacca Customary Land, but checks showed that an 80-year lease period was approved in 2004.

According to the report, the Tanjung Bidara Resort was valued at RM7.12mil but was sold for RM6mil.

DAP secretary-general Lim Guan Eng said that PKNM should explain who gave the approval to divest the two buildings which were mortgaged to the Federal Government.

"This is against public interest and the PKNM chairman, Datuk Seri Mohd Ali Rustam, himself should give an explanation," he said.

Saturday September 15, 2007

A-G's duty to safeguard public money

KUALA LUMPUR: The Auditor-General's duties are to audit and report the accounts of the Federation and of the states. His main role is to ascertain whether all reasonable precautions have been taken to safeguard the collection and custody of public money.

It is also to ensure whether payments were made in accordance with proper authority, properly chargeable and supported by sufficient vouchers, or proof of payment. He should also determine if moneys applied to purposes for which they were appropriated were managed in an efficient manner with due regard for economy and the avoidance of waste or extravagance.

Under the Audit Act 1957, the Auditor-General has the powers to call upon any person for explanations and information, and has access to all records, books, vouchers, documents, cash, stores, security or property subject to his audit.

Section 107 of the Federal Constitution states that the Auditor-General, who is appointed by the Yang di-Pertuan Agong on the advice of the Prime Minister after consultation with the Conference of Rulers, will submit his reports to the King, who "shall cause them to be laid" before Parliament.

As for reports relating to accounts of a state, the Auditor-General shall submit this to the state ruler or Yang di-Pertua Negeri after which it too will be laid before the respective state assemblies.

The current Auditor-General, Tan Sri Ambrin Buang, was appointed to the post in February last year.

He is a Universiti Malaya graduate in economics with a Masters in international business from the University of South Carolina.

Prior to that, he was the secretary-general of the Education Ministry (Oct 2001 - Feb 2006) and Selangor state secretary from 1999 to 2001, senior general manager of KL International Airport Bhd, Institute of Public Administration deputy director-general (management), and director-general of the international trade division of the Trade and Industry Ministry.

Saturday September 15, 2007

Kelantan defends decision to buy vehicles

KOTA BARU: The state government has defended its decision to buy 39 new vehicles, including 13 imported models worth RM4.57mil, because state agencies and local authorities needed them.

Furthermore, several of the vehicles were second-hand reconditioned models as the state was conscious about not overspending, said state financial planning committee chairman Datuk Husam Musa.'

Husam said that although it was costly, the vehicle purchase was necessary. Husam said this in response to an Auditor-General's Report on the state's administrative expenses from its 2006 Budget.

The annual auditing report cited the purchase of the 39 new vehicles as partially contributing to Kelantan's higher Budget deficit of RM90.59mil last year. The deficit emerged after the state spent RM333.93mil compared to the RM243.34mil it earned.

The accumulated fiscal deficit for Kelantan rose from RM241.97mil in 2005 to RM332.56mil for last year. Auditor-General Tan Sri Ambrin Buang advised the state to be more austere in its spending without compromising the quality of services and the public delivery system.

Ambrin also suggested that the state use more made-in-Malaysia Proton Perdana limousines to save costs as some state governments and the Federal Government have done.

Initially, the state executive councillors meetings had approved the purchase of 11 new vehicles worth RM1.29mil but this was later changed, and the state went ahead instead to purchase 39 vehicles costing RM4.57mil.

Among the other points highlighted in the report was the high cost incurred by the state to manage the Kelantan Islamic Foundation (YIK).

For example, the state pumped in RM40.5mil into YIK in the last financial year but, after the accounts were closed, it was discovered later that the state had actually spent RM52.57mil.

Saturday September 15, 2007

KDEB: We have paid principal on loan

KUALA LUMPUR: Kumpulan Darul Ehsan Bhd (KDEB) said it has paid up the principal amount on the RM100mil loan it received from the Selangor Government during the 1998 economic crisis.

Its corporate communications general manager Necia Abdullah said the loan agreement was signed between the two parties on June 22, 1998.

KDEB has over the years, till April 2006, paid up the principal amount, inclusive of the accrued interest – a total of RM132.081mil – to the state government, she said in a statement.

She added that what was left was only the interest of RM2.16mil, which the state government agreed would be settled by year's end.

She was clarifying an article from the Auditor-General's Report, which stated that until the end of 2006, there were no loan agreements signed between the state government and four state-related agencies, including KDEB.

The report said that on Sept 12, 2002, the state government agreed to reschedule an outstanding loan of RM100mil. It said KDEB was required to prepare a revised loan agreement for the rescheduled repayment but nothing was done by the end of last year.

The report said the state government also allowed KDEB to defer payment of RM17mil to facilitate a move by KDEB to shift Institut Perindustrian Negeri Selangor to Pulau Indah. It said the loan agreement was forwarded for audit.

Saturday September 15, 2007

Sec-gen jobs on the line

By V.P. SUJATA AND ROYCE CHEAH

PUTRAJAYA: The jobs of secretaries-general of ministries will be on the line as their financial management will be measured in a star-rating system from next year. Auditor-General Tan Sri Ambrin Buang said the index would be calculated every year and if a particular ministry complied at a rate of 90% and above, it would be given four stars.

“It means their management was very good. However, if the compliance is less than 50% it will be given only one star.

Ambrin said if the star rating of a ministry was very low compared to other ministries, then the particular secretary-general should be worried whether he would keep his job.



All here: Ambrin showing the 2006 Audit Report that has put some ministries under the spotlight.

Ambrin said financial management would be looked at from a number of aspects, including budgetary control and the management of expenditure, trust accounts, assets, deposits, loans and investments.

“The accountability index will be a very objective assessment of the ministries and state governments' performance in these sectors. “They will then be given star ratings depending on the level of compliance,” he said, adding that the audit was being done this year and will be released next year.

The coverage by the National Audit Department would be bigger this year and will involve 28 ministries and 40 federal departments, he added. The star ratings could be used as a benchmark against other ministries.

Ambrin was speaking at a press conference at his office here about a week after the National Audit Department released the 2006 Auditor-General reports that has created an uproar from the public because of the many examples highlighting overspending and mismanagement of public funds.

“Who am I to say there was misappropriation? I am not making accusations. All I’m saying is that prices are exorbitant,” he said.

Among the worst examples from the report was the National Youth Skills Institute (IKBN) project when a set of screwdrivers that sold for RM40 was bought for RM224, and a car jack that cost RM50 was bought for RM5,700. Ambrin said he called for a press conference after being flooded by requests from the media for interviews.

“I believe financial management performance will be one of the key performance indices for secretaries-general,” he said, in reference to the new condition that was introduced in Budget 2008.

He said the accountability index for other bodies such as departments under ministries, statutory bodies and local councils would be carried out once every three years. When asked what recommendations the department had for the Treasury and the relevant ministries, Ambrin said that a market study had to be done on equipment or items that were to be procured.

“In the IKBN example, the Youth and Sports Minister had asked for a direct negotiation (approval was given) to be done because he wanted the project to be completed faster,” he said.

Ambrin said that under normal circumstances, permission to conduct direct negotiations had to be obtained from the Treasury and the approval to conduct such negotiations came with the condition that the lowest possible price had to be obtained.

“After the negotiations, the ministry must report the prices back to the Treasury. In the IKBN example, they did not but that was because the Treasury said it was not necessary.”

Ambrin added that the ministry also responded by saying that they lacked personnel who were experienced in handling procurement work. Asked if he was unhappy with what was contained in the reports, Ambrin said he felt like how any taxpayer would feel.

Ambrin said the Anti-Corruption Agency did not need the report to start investigations, adding that the National Audit Department did not follow the money trail completely.

“We don’t see where the money really goes. We do not know. We just look at how it was spent and whether it was spent efficiently.”

Ambrin said the department stands by its report and that there was also an exit conference that was held to give the ministries in question one last chance to defend themselves before the report was published.

“They are given the chance to provide clarification. If they can justify, we will drop the report. So there is a process of consultation.”

Saturday September 15, 2007

Jobs at stake

The Auditor-General will issue report cards on the financial management skills of secretaries-general of ministries together with his annual report, and they will be given star ratings.

- ☐ 4 stars – Excellent (90% - 100%)
- ☐ 3 stars – Good (70% - 89%)
- ☐ 2 stars – Satisfactory (50% - 69%)
- ☐ 1 star – Not Satisfactory (49% and below)

If they get only one star, not only will their knuckles be rapped, they may also be replaced.

Saturday September 15, 2007

Welfare Dept given two weeks to explain A-G's claims

KUCHING: The Sarawak Welfare Department has been given two weeks to investigate issues of poor management and maintenance of records raised in the Auditor-General's (A-G) report. Social Development and Urbanisation Minister Datuk William Mawan said he wanted a full explanation from the department on the matter.

"Was there mismanagement? Where did things go wrong? I need to know the answers before I can comment further," he said on Thursday.

The report found that 30 of 84 residents at Rumah Seri Kenangan here, an old folks' home under the department, did not meet the entrance criteria of being aged 55 and above, mentally healthy, poor and living alone, and not having contagious diseases.

It said one resident had children who were doctors and businessmen, another was a widow who received her husband's pension of RM1,323 a month and several others were mentally ill.

The A-G's report also said the number of people receiving financial aid from the Welfare Department did not reflect the actual number of elderly folk in Sarawak eligible for assistance. It said this was due to poor maintenance of the department's records, which in some cases led to assistance still being given to recipients who had died.

In Miri, the Sarawak DAP called on the state government to give a breakdown on why some RM200mil in extra expenditure had been paid to build 384 temporary bridges in Sarawak.

"We are talking about wastage amounting to RM200mil, and for building bridges that are temporary. The public has a right to know," said state DAP information chief David Wong yesterday.

A-G Tan Sri Ambrin Buang, in his 2006 report, said that "the lack of detailed preliminary studies" was the reason why the construction costs of 384 of the 570 temporary bridges in Sarawak had risen from RM551.02mil to RM741.2mil.

Saturday September 15, 2007

Water blamed for Johor's outstanding loan with Federal Govt

By TEH ENG HOCK

JOHOR BARU: About 90% of Johor's outstanding loan amount from the Federal Government will be substantially reduced when the state's water services are taken over by a federal department.

Mentri Besar Datuk Abdul Ghani Othman said that water services form the bulk of the state's debts, as it was costly to supply water to rural areas.

"A big possibility is that the water concessionaire will be taken over by a federal one. "When the federal authority takes over the water assets, it also has to assume the liabilities," he said.

Abdul Ghani was responding to the Auditor-General's report which claimed that Johor had the highest outstanding loan owed to the Federal Government.

He said that when the takeover was completed, 90% of Johor's loans would have been absorbed by the federal body.

He added that the remaining 10% of the state's debts were defaulted loans by JCorp, as well as loans to develop low-cost housing.

"JCorp actually services the loan through the state government, but it defaulted due to the 1997 economic crisis.

"The (corporation) is in negotiations (to settle the loan) and the amount might be offset in the form of land," he said.

Sunday September 16, 2007

Dead and still being paid

By MUGUNTAN VANAR and RUBEN SARIO

KOTA KINABALU: Sabah is paying welfare to the dead.

This welfare aid for the poor, elderly and disabled was paid out by the state Welfare Services Department and an audit sampling of 125 recipients in two districts showed that 20 of them were dead.

Auditor-General Tan Sri Amrin Buang said in his 2006 report that such payments to dead people continued at least until the end of last year and was estimated to have cost the Government some RM45,480.

The auditors found that 13 of the 68 welfare aid recipients sampled in Kota Belud district and seven of the 57 welfare aid recipients in Keningau were dead. These were among the 14,971 welfare aid recipients in the state.

Noting that the offences involved cheating and misuse of government funds, the auditors said the department should conduct a detailed investigation on the matter.

"Following that, it must report any breach of trust that has occurred," the report stated.

In another part of 2006 Auditor-General's report, an officer with the state-owned Sawit Kinabalu Sdn Bhd was found to have kept a gun, 271 gold medallions valued at RM354,724 and various important documents when a surprise check was made.

Throughout the examination of the accounts of various state ministries and statutory bodies, the Auditor-General found a need for numerous weaknesses to be rectified.

He also noted that the state Public Accounts Committee had only met once last November to discuss the 2004 Auditor-General's report.

Sunday September 16, 2007

Najib: We'll back it if it can improve financial management

PEKAN: The Government is ready to adopt any new system that could lead to a more efficient, transparent and responsible financial management of the various ministries, said Deputy Prime Minister Datuk Seri Najib Tun Razak said.

"The Government will support the proposed system if it can bring about the desired changes provided an objective and transparent assessment is conducted.

"If the ministries and officers in charge of the ministries are to be assessed, the system must be one that will not raise any doubts," he told reporters after handing over contributions to mosque and *surau* representatives in Pekan constituency here yesterday.

Najib, who is Pekan MP, was asked to comment on Auditor-General Tan Sri Ambrin Buang's plan to issue report cards on the financial management skills of secretaries-general of ministries together with his annual report by giving them star ratings.

Four stars would be an excellent score but if compliance was below 50%, the particular ministry would receive just one star and the secretary-general should be worried about keeping his job.

The system was proposed about a week after the National Audit Department released the 2006 Auditor-General reports that triggered public uproar over the many examples of overspending and mismanagement of public funds.

Asked if the system should be extended to state governments as suggested by Ambrin, Najib said the Government had no problem with that.

Bernama reported from Johor Baru that the Auditor-General's move to introduce the accountability index for all ministries and state governments beginning next year was appropriate but needed further study before implementation.

It quoted Entrepreneur Development and Cooperatives Minister Datuk Mohamed Khaled Nordin as saying that his ministry had no problem with the evaluation system.

Sunday September 16, 2007

Low cocoa prices forced out farmers, says Chin

By STEPHEN THEN

MIRI: The initiative to revive abandoned cocoa farms failed because farmers abandoned them again when cocoa prices fell.

Plantation Industries and Commodities Ministry Datuk Peter Chin Fah Kui said yesterday that he had explained in detail the reason for the project's failure following queries from the Audit Department on why RM23mil was spent on a project that failed produce results.

He said his explanation was accepted.

Otherwise, his ministry has emerged very much "unblemished" and "untarnished" from the latest Auditor-General's report.

"The queries directed to my ministry on this project was not about the jacking-up of prices. It was about why the project had failed to meet its initial objectives," Chin said.

"We explained that the money was spent to buy fertilisers and equipments and new clones for the farmers, but these farmers later aborted their projects yet again when the prices of cocoa fell."

Chin said the ministry would help clusters of cocoa farmers to get aid for facilities to be used jointly as a group, and will not provide cash aid to individual farmers anymore.

Monday September 17, 2007

Petrol kiosk operating before approval given

KOTA KINABALU: A country lease land earmarked for an office complex was converted to house a petrol kiosk and a drive-through fast food outlet in the city here without the relevant approvals.

The application for the conversion of the lot remains under review at the Land Office but the petrol kiosk with the restaurant began operations in 2005.

Until October 2006, the Auditor-General said that the application was still pending before the Secretary of Natural Resources under the Chief Minister's Department and the proposed premium to be paid for the conversion was RM100,000.

The auditor's report said the owner could construct a building under the local council ordinance but was disallowed from carrying out business until the approval was given for the conversion of the land use.

The report added that the Land and Survey Department had failed to take action against the individual or firm that committed the offence under the Land Ordinance which could invite a fine of RM10,000 or a jail term of two years, or both.

This was one of 10 instances highlighted in the report that found the Land and Survey Department was delaying land conversions that saw several yet to be converted lands being used by individuals or companies for commercial, housing and industrial purposes.

The report said that the permission to allow the development and operations of land yet to be converted was causing losses to the state in terms of premiums.

Monday September 17, 2007

Star-ratings a good move

By ZULKIFLI ABD RAHMAN

PETALING JAYA: The star-rating system for ministries proposed by the Auditor-General will ensure that everyone in the civil service, from secretaries-general to clerks, work effectively, Public Accounts Committee (PAC) chairman Datuk Shahrir Abdul Samad said.

He, however, said the Government would have to first educate civil servants on carrying out proper management of their assets and responsibilities.

“The Government should not just penalise their staff but teach them how to get things right and prevent any shortcomings in the performance of their departments in managing their funds,” he said.

He was asked to comment on Auditor-General Tan Sri Ambrin Buang's proposal for ministries to be given stars to reflect accountability for their finances.

He also proposed that the key performance indicators for secretaries-general of all ministries include how well their ministries handle their money.

Shahrir said it would be good to “shame” government staff into properly managing their allocations and to curb wastage.

“At the end of the day, the star rating is to see that everyone in the civil service is accountable for his or her actions,” he said.

Transparency International Malaysia president Tan Sri Ramon Navaratnam welcomed the star-rating move as the public would get a clearer picture on the performance of the agencies concerned.

“Administrators should treat the public like how the private sector treats investors who want to know where their investments are going to,” he added.

DAP secretary-general Lim Guan Eng said internal audit committees should be formed in the respective ministries to check the overspending and mismanagement of public funds.

“There should be external auditors to ensure the internal audit teams are on their toes,” he said.

Sunday September 16, 2007

Ministry to probe PTPTN's poor financial management

PENANG: The Higher Education Ministry will find out the reasons for poor financial management in the National Higher Education Fund Corporation (PTPTN).

Referring to the matter raised in the Auditor-General 2006's Report, Deputy Minister Datuk Ong Tee Keat said it was aware that there were weaknesses in the system and would follow up on it.

He quoted an example of PTPTN's weaknesses where funds were still being deposited in the institutions even after students changed college or stopped studying.

"We must respect the report and if such thing is happening we should not cast it aside," he told reporters yesterday.

Ong said it had to be understood that the authority to "hire and fire" was not with his ministry but with the Public Service Department.

"The case (poor financial management) could also be investigated by the Anti-Corruption Agency and the Public Accounts Committee under Parliament," he said.

He said the ministry had also tabled a Bill in Parliament recently to allow it to seize passports of loan defaulters who tried to escape overseas.

"Whether or not it is a practical move, it is one of the ways we adopted to overcome our weaknesses," he said.

Sunday September 16, 2007

CM works to solve land dispute

MALACCA: Chief Minister Datuk Seri Mohd Ali Rustam has decided to call for a meeting of the directors of two companies which are in dispute over a piece of land in Klebang, Malacca.

"I will try to speak to them to solve the problem. But if they still can't agree on it, then they will have to take the matter to court," he said after opening a RM44.9mil interchange in Ayer Keroh here yesterday

Developer Empire Worldwide Sdn Bhd launched the Malacca Empire Theme Park on Tuesday but a dispute has arisen between Empire and Tangga Hikmah Sdn Bhd, the original owners of the 2.36ha piece of reclaimed land in Klebang.

Empire Worldwide claimed that it had paid 10% deposit for the land but Tangga Hikmah is disputing it. Mohd Ali said the companies should settle the confusion as soon as possible as many people had already invested in the project.

Empires Properties Ventures Sdn Bhd president Datuk Alex Teh welcomed Mohd Ali's proposal for a meeting to resolve the dispute.

Commenting on the Auditor-General's report that the state development corporation (PKNM) had approved the sale of two buildings without the Federal Government's approval, Mohd Ali said the buildings belonged to the state government and could be sold without anyone's approval.

The report said PKNM had sold the Air Keroh Country Resort and Tanjung Bidara Beach Resort at a price lower than the market value, resulting in a loss of RM10.22mil.

Mohd Ali, who is also the chairman of the corporation, justified his approval to sell the hotels at a loss because he wanted more bumiputra hotel owners in the state.

"The hotels were sold at a lower price as an incentive to encourage more bumiputras to enter the hotel and tourism industry in the state," he said.

DAP secretary-general Lim Guan Eng said the state government should have had an open tender so that other bumiputras could have participated in purchasing the buildings.

Monday September 17, 2007

Focus on stalled hotel project

By MUGUNTAN VANAR

KOTA KINABALU: A stalled RM24.2mil budget hotel project in the city centre and state property mortgaged without approvals – these are among instances of lapses in accountability involving the state-owned Sabah Economic Development Corporation (Sedco).

The Auditor-General put Sedco under the microscope and raised numerous instances of lapses in accountability in transactions that wasted public funds. Zeroing in on Sedco's three wholly-owned Perkasa hotels and majority-owned Hyatt Regency Hotel, where the state has a 43% stake, the Auditor-General provided details of how millions of ringgit could have been saved if procedures had been followed.

According to the state's 2005 public accounts, Sabah borrowed RM1bil from the Federal Government and, in turn, loaned some RM1.12bil to its various agencies, including the single largest amount of RM305.57mil to Sedco. Sedco already owed the state government a total of RM278.62mil from its inception in 1981.

One of the purposes of the loans to Sedco was to fund its hotel ventures under Kinabalu International Hotel Sdn Bhd in the city and Perkasa Holdings Sdn Bhd in Keningau, Kundasang and Tenom.

The Auditor-General noted that Perkasa's first hotel in Kota Kinabalu, costing RM24.2mil, was supposed to provide budget accommodation but stalled after RM5.04mil had been spent for part of its construction.

The Auditor-General also queried the RM25mil loan undertaken by Kinabalu International Hotel in 1997 to partly finance the RM45mil refurbishment of its Hyatt hotel here.

According to the report, the loan was secured by using the hotel and its land, valued at RM140mil, as collateral.

Tuesday September 18, 2007

Auditor-General should stick to prescribed role

SEVERAL leaders have welcomed the Auditor- General's (A-G) new role of measuring the performance of the Government and its agencies for financial management. I wonder whether these leaders have scrutinised the provisions of the Audit Act that prescribes the role and duties of the A-G.

The intended function may not only be outside the jurisdiction of the A-G but may even increase his workload. The existing resources of the Audit Department may thus not be sufficient to take on this added responsibility and may even adversely affect his prime role that is to audit the accounts of the Government and its agencies.

It may also be asked as to who will measure the performance of the A-G. It may be noted that the functions, role and responsibilities of the A-G is prescribed in the Audit Act and that there is no provision in the Act for the A-G to judge the performance of the government ministries, agencies, organisations and civil service officials.

The responsibility of the A-G is to audit and report on any mismanagement of Government funds and submit his report to the Yang DiPertuan Agong for Parliament to deliberate reported cases. The report is also subject to in-depth examination by the designated MPs who are appointed to the Public Accounts Committee that submits its findings and recommended action to the respective relevant authorities.

The absence of or weak effective action by the Government and its appointed agencies such as PSD on the reported mismanagement of funds that are recurring year after year gives the perception that they have failed and need to take appropriate action. Keeping of score cards and awarding of stars by A-G will not have the desired effect as remedial action will still be dependent on the respective relevant authorities.

It is the responsibility of the political leaders who make policy decisions and civil servants who are designated to manage the implementation of economic plans and functions/operations in a cost-effective and cost-efficient manner. Thus the main responsibility of measuring the performance would rest with the Government. The former late A-G Tan Sri Ahmad Nordin had once stated that the best compliment any government ministry or agency can receive from the A-G for its financial performance was not to be mentioned in the audit report. Thus the best "star system" would be not being included in any audit report by ensuring that there is no mismanagement.

It is best that the A-G continues to carry out his prescribed roles and responsibilities as stated in the Audit Act and leave the measuring of management and performance to those responsible for this role. The media has an important role in this respect by highlighting mismanagement and keeping a scorecard on reported mismanagement cases with subsequent action taken and continue providing status reports. Failure to do so could give the perception that the media could be in collusion with those responsible for the mismanagement of public funds.

GURSHARAN SINGH, (Retired Government Audit Officer), Kuala Lumpur.

Tuesday September 18, 2007

A-G's report shows glaring example of 'tidak apa' attitude

INEFFICIENCY and the "close one eye" syndrome, towards politically connected individuals and businesses, is one of the main reasons for the failure or lack of enforcement of laws.

The recent report of the Auditor-General shows a glaring example of the *tidak apa* attitude of those at the very top, as to how their subordinates or departments execute their duties.

There seems to be no end to the wastage of taxpayers hard earned money. Whilst it is necessary to carry out investigations prior to punishing an employee, how does a department head justify paying RM1 for a RM0.30 curry puff?

Since this is a proven case, would it not be in order to suspend all those who approved the payment, whilst the investigations are being carried out.

That is precisely what is done in private sector. The public hopes that the media will keep the public informed of the investigations and the outcome.

The public prays that a one-line statement, that the Government is satisfied with the investigations, will not be the final outcome, as in other recent investigations.

Transparency and accountability is the cry of the hour.

AJIT SINGH JESSY,

Penang.

Tuesday September 18, 2007

Report: Dirty toilets in scenic areas

PERAK is known for its lush recreational forests and breathtaking waterfalls but dirty toilets are still a problem in some scenic areas. The 2006 Auditor-General's report on the state government also revealed that many basic amenities at these tourist attractions were also poorly maintained.

Audit visits were conducted on nine out of the state's 13 recreational forests. Of the nine, Hutan Lipur Kuala Woh recorded the highest number of tourists at 114,214 on average per year but it also had poor levels of toilet cleanliness partly due to the lack of full-time staff, the report said.

It was a similar situation at Hutan Lipur Kaki Bukit Larut and pictures of dismal toilet conditions at both places including stained sinks were included in the report.

"Toilets and dressing rooms are main basic facilities that need to be given attention for visitors' comfort. "Cleaning and maintaining of toilets have to be done daily as it can leave a negative impression on tourists," the report stated.

Rubbish was left uncollected at Hutan Lipur Lata Iskandar and Hutan Lipur Lata Kekabu, the report stated. The report also highlighted facilities that were abandoned or not fully utilised and damaged infrastructures such as broken rails and toilet roofs.

One example was the RM162,000 research lab at Hutan Lipur Pulau Tali Kail built in 2005 but was now used as a storage area. A watch tower costing RM108,500 was also built in 2005 but was not fully used as it was located at the top of the hill and takes two hours to reach from the chalets.

Two staff quarters at Hutan Lipur Kuala Woh have also been left vacant for the last five years due to their inappropriate and filthy internal conditions, the report said.

"The department (Forestry Department) should make proper planning to ensure that its annual financial allocation is channelled in a more balanced manner to each recreational forest especially for maintenance expenses," the report said.

The AG also said the department should appoint a park ranger to take care of assets and prevent vandalism, increase its staff and carry out a study on all 13 parks to improve their quality.

The report added that the handling of applications at the Matang and Larut Land Office was not satisfactory due to weaknesses such as delays in issuing temporary and permanent land ownership, land intrusion by irresponsible parties and weak enforcement.

Tuesday September 18, 2007

Sports council did not keep track of equipment purchase

By SHARON LING

KUCHING: The Sarawak State Sports Council spent RM2.67mil on sports equipment from 2004 to 2006 but did not keep track of purchases to prevent wastage or abuse.

The Auditor-General's (A-G) report noted that two bicycles worth RM19,800 could not be traced as there were no written records authorising their use elsewhere.

An RM5,300 lane rope for swimming also went missing while 24 types of equipment for silat, athletics and boxing worth a total RM47,911 meant for various training centres had not been used.

It added that 25 javelins worth RM3,570 were kept unused at the Miri Stadium because they were oversupplied by the council's headquarters.

In addition, archery equipment worth RM30,859 was supplied too late to be used for training for the 11th Malaysia Games in 2006 and was not distributed to other training centres which needed them.

The report said the council did not maintain an asset register to record its purchases or appoint store officials to acknowledge the receipt of equipment.

In addition, training centres, sports associations and the council's divisional offices did not prepare asset lists to record the equipment received from the council's headquarters.

"As a result, it is difficult to trace and physically inspect sports equipment," it said.

The report also found that a RM47,980 boxing ring in Santubong near here which was completed in June last year had not been put into use when audit officials visited it three months later.

Similarly, a boxing ring at the Kem Kemuyang centre of excellence in Sibu, which cost RM23,350 to build in 2002, had not been used since December 2005 due to the lack of a coach.

Wednesday September 19, 2007

Audit board suggested

SEREMBAN: A national audit board with its members appointed by the Prime Minister should be set up to enhance the credibility of the profession.

Deputy Auditor-General Datuk Azizah Arshad said this was necessary as there was no organisation to supervise the work done by auditors or check whether they adhered to the standards and ethics of the profession.

"There are already voices questioning the integrity and independence of our auditors following the Transmile and Megan Media controversies.

"We need the board not only to ensure the professionalism, ethics and independence of our auditors but to enhance the integrity, accountability and transparency of the public and private sectors," she said.

Azizah said foreigners would also have a better perception on good governance in Malaysia if the board were set up.

To ensure the board's independence, it would have to be administered by a board of directors where its chairman and members must come from professional bodies as well as institutions of higher learning.

Citing examples, she said the United States has set up the Public Company Accounting Oversight Board while Britain has the Accountancy Investigation and Disciplinary Board.

Azizah said at present, about 23,000 auditors in Malaysia needed to obtain their practising licence from the Accountant-General.

"But this licence is only restricted to financial audit. We need to expand our audit scope to cover other fields such as the environment, forensics, cooperatives, ICT and internal audit.

"This means we do not only need financial auditors but engineers, architects, experts in computer science, lawyers, medical experts and other professionals to do audit work as well," she said, adding that the board would be able to issue licences to these professionals.

Wednesday September 19, 2007

Probe into welfare payouts to the dead

KOTA KINABALU: The state government has ordered a full probe into how dead persons could continue to get welfare payments. Deputy Chief Minister Datuk Yahya Hussin said he ordered the investigations based on the findings of the Auditor-General's Report that found that welfare aid was being paid although the recipients were dead.

"We take this very seriously and will take appropriate action if we find any involvement of the department officials," Yahya, who is state Community Development and Consumer Affairs Minister, said.

The 2006 audit sampling of 125 welfare recipients in two Sabah districts showed that 20 of them had been certified dead by the National Registration Department.

Among others, the welfare aid was meant for the poor, elderly, single mothers and the disabled.

The report also noted that such payments continued at least until the end of last year and was estimated to have cost the government some RM45,480.

There were 14,971 welfare aid recipients in the state. Yahya gave an assurance that action would be taken against those found cheating or involved in abuse of government funds.

Wednesday September 19, 2007

Auditor's annual admonitions

Reflecting on the Law: SHAD SALEEM FARUQI.

PARKINSON once joked about committee meetings. He said that committees reminded him of his daily visits to the lavatory – “First, the sitting. Then a loud report. Then we drop the matter!”

The annual reports of the Malaysian Auditor-General – conscientious, commendable and courageous though they are – arouse a similar reaction in many people's mind. One is left wondering whether the A-G's ritualistic good work impacts on how public authorities handle public funds.

One must remember that the office of the A-G performs a significant constitutional role. Under our system of parliamentary democracy, the government must seek Parliament's approval before it collects and spends money. As a “legislative auditor” one of the roles of the A-G is to review the Federal Government's compliance with parliamentary authority.

By providing Parliament's Public Accounts Committee with objective and independent information, the A-G assists Parliament to hold the government accountable for its stewardship of public funds. This is an important democratic role. Independence is the key to the A-G's credibility.

To safeguard this independence the office of the A-G is created by Article 105 of the Federal Constitution and invested with many of the safeguards, which are available to superior court judges.

Under the Audit Act 1957, the A-G's primary function is to audit and report on the accounts of the Federation and the States. Under the Audit (Amendment) Act 1978, the A-G's powers were extended to cover statutory bodies and companies that have 51% federal or state government equity participation if the Yang di-Pertuan Agong so orders.

As yet, the Government has not found it necessary to advise the Yang di-Pertuan Agong to allow the A-G to scrutinise the books of Non-Financial Public Enterprises (NFPEs), subsidiaries of statutory corporations and government controlled companies like Petronas. These bodies employ their own private auditors and do not submit their accounts to the A-G or the Public Accounts Committee.

In the case of local authorities, their finances are subjected to audit by the A-G or other auditors appointed by the State Authority on the recommendations of the A-G (Section 60, Local Government Act 1976 (Act 171)). The Auditor's reports are laid before the State Assembly and, in the case of the Federal Government and the Federal Territories of Wilayah Persekutuan, Labuan and Putrajaya, before the Dewan Rakyat.

Parliament is able to remain informed on matters of national expenditure because of the Public Accounts Committee. The A-G is an ex-officio member of the committee. The committee's function is to examine the A-G's Report and to alert Parliament if money voted by the legislature is not spent in accordance with the allocations authorised. The committee examines accounting systems practiced by departments, discrepancies in the recording of accounts and reports on possible corruption, embezzlement, misspending, over-spending, and under-spending. It also highlights problems of bureaucratic procedures that cause waste and mismanagement.

The Committee has the power to send for persons and papers by summoning heads of departments and statutory bodies to appear before it as witnesses. But, like the A-G, the Committee has no power to change any decision or to prosecute anyone for any wrongdoing. It can only recommend corrective action. Its effectiveness in checking wasteful expenditure depends, ultimately, on the willingness of Parliament and the Government to act on its recommendations. Critics point to several flaws in the working of the Committee. Firstly, its jurisdiction is limited. It examines the accounts of federal ministries and departments and only certain statutory bodies whose accounts the Government places before the Committee. The most obvious flaw is the lack of control over NFPEs that are outside the jurisdiction of the PAC.

This means that statutory bodies like Petronas that are registered under the Companies Act are immune from the Committee's scrutiny. So are all subsidiaries of statutory bodies. This should be a matter of great concern because NFPEs have budgets, debts, surpluses and losses that are comparable to that of the Federal Government. Secondly, the Malaysian Parliament has not accepted the convention in Britain of appointing a member of the opposition as the Public Accounts Committee chairman.

It is arguable that a Committee chaired and numerically dominated by members of the ruling coalition would be loath to embarrass the Government through exposure of scandals and other malpractices. Thirdly, some public servants are not entirely cooperative with the Committee. Despite the theoretical power of Parliament to punish for contempt any one who defies its summons, it is well known that senior Ministry officials often send their junior officers to face the PAC's grilling.

There is an obvious need to broaden the jurisdiction of the A-G and the Public Accounts Committee to cover all institutions that generate or spend public funds. The A-G should conduct value-for-money or performance audits on specific projects and programmes and submit periodic reports to Parliament. In Canada, the A-G produces about 30 reports every year to Parliament on audits and studies of entities and sectoral programmes.

Officers of the A-G should have a continuing, physical presence in the largest government departments and statutory bodies. The Anti-Corruption Agency should act vigorously to investigate the findings of the A-G. Ministers and heads of departments should initiate surcharge proceedings against all officers whose acts of omission or commission cause a loss or wastage of public funds. On the legal side, we need a Freedom of Information Act and a Whistleblowers Protection Act. Only then will the message be driven home that public office is a public trust. Parliament, the government and public servants are the guardians of the money entrusted to them to deliver programmes and services to Malaysians.

Dr Shad Saleem Faruqi is Professor of Law at UiTM.

Wednesday September 19, 2007

Offset RM655m loan with 'missing' water grant, says Johor

By HAMDAN RAJA ABDULLAH

MUAR: Johor wants the Federal Government to write off its loan of about RM655mil and offset it with the "missing" annual water grant amounting to about RM1bil for the past 12 years.

Mentri Besar Datuk Abdul Ghani Othman said the state had stopped receiving the water grant from the Federal Government after the privatisation of the state's water.

Referring to the Auditor-General's report that the state owed the Federal Government some RM655mil, he said the bulk of the loan was for water-related projects in Johor.

"We have asked the Federal Government to look into the missing water grants as other states continue to receive their grants every year.

"If we add the amount, it can reach RM1bil and we will ask the Federal Government to consider offsetting the loan with the missing water grant," he said after chairing a state executive council meeting here on Wednesday.

Abdul Ghani said when the state's water supply was privatised about 12 years ago there was a clause in the agreement which stated that Johor no longer needed a water grant from the Federal Government. He also said that since the bulk of the state's loan was water-related, the matter would soon be solved after the Government took over the state's water supply and distribution next year.

He said all matters related with the state's water, including assets and liabilities now undertaken by Syarikat Air Johor, would be passed over to the Federal Government.

Abdul Ghani said besides water, the state also borrowed about RM82mil from Federal Government on behalf of JCorp and JCorp was making plans to repay the loan.

"We also borrowed about RM100mil to undertake low cost housing projects and we will repay the loan accordingly," he said.

Thursday September 20, 2007

Two years later, station still not used

KOTA KINABALU: A ballooned railway station project in Sembulan here remains unused two years after completion. Construction on the station that was supposed to cost RM100,000 eventually cost RM12,757 more. It was completed on June 6, 2005 after a seven-month delay.

The Auditor-General said in the report that this was due to switching the doors from the iron folding type to metal shutters. "The auditors were told that the station could not be used as the Sabah Railways Department did not have enough staff to operate the facility."



White elephant: Students walking past the unused railway station in Sembulan.

The report said there were plans by the department to rent out the station by way of a tender procedure. "The department must ensure that any project it undertakes must be properly planned out so that it can be used as soon as it is completed to prevent any wastage of government funds," the report stated.

The Lahad Datu district council's privatised garbage collection has also come under the spotlight for poor service and questionable costs. The 10-year contract awarded in 1999 through direct negotiations by the council at a price of RM135,000 and reduced to RM120,000 per month in January 2002 was flawed, according to the 2006 Auditor-General's report.

The contract was awarded to Syarikat Cermashasil Sdn Bhd without prior approval from the State Privatisation Committee and the state Local Government and Housing Ministry, it said. The report stated that under the deal, the council seconded 16 workers to the firm although an audit showed that 17 council workers joined the company.

It noted that the council also sold five of its garbage trucks at RM225,000 to the company with a monthly payment of RM1,875 that was contraed against the monthly bills.

However, although the vehicles were sold to the company, they were still registered under the council and road tax was paid as they were considered government vehicles.

Illustrating with photos of uncollected garbage, the report stated that the contractor's current bond of RM6,750 was calculated as 5% of the monthly bill but should have been RM81,000 or 5% of the total value of the contract at RM1.62mil a year.

The Auditor-General said that the council and the contractor should review the contract as it was found through a general survey that the service provided in the district was "unsatisfactory."

The Star recently reported that several councillors opposed the awarding of a negotiated contract for landscaping to another company at a cost RM60,000 per month by the council.

Thursday September 20, 2007

MB: Water services very costly

JOHOR BARU: About 90% of Johor's outstanding loan of RM896mil to the Federal Government will be substantially reduced when water services becomes a Federal responsibility.

Mentri Besar Datuk Abdul Ghani Othman said that water services formed the bulk of the state's debts, as it was costly to supply water to rural areas.

"A big possibility is that the water concessionaire will be taken over by a Federal one.

"When they take over the water assets, they will also have to assume the liabilities of the company," he said in response to the Auditor-General's report that Johor had the highest outstanding loan owed to the Federal Government.

He said that when the takeover was completed, 90% of Johor's loans would be absorbed by the Federal body.

He added that the remaining 10% of the state's debts were defaulted loans by JCorp as well as loans to develop low-cost houses.

Thursday September 20, 2007

Rating system good for accountability

THERE is no valid reason whatsoever for anyone to object to the accountability index on the civil service as recommended by the Auditor-General in his 2006 report on questionable expenditure by ministries and departments. The AG has put a rating on the performance of civil servants and hopefully the government will use it when promoting them and deciding on their suitability in holding any responsible positions.

Those found wanting should be transferred but the question is to which department since it is a fact that each one has to pay for purchases and services involving millions of ringgit. However, this is a massive exercise and the AG's department definitely cannot do this on its own and other agencies will have to be roped in to do a proper job.

Those who can help are of course the Anti-Corruption Agency, the police, the all-party Public Accounts Committee and finally the government, which has the final say on accepting or ignoring this new concept. So far it has agreed in principle with Deputy Prime Minister Datuk Seri Najib Tun Razak, saying that it was a good way to improve transparency and integrity in the civil service.

While the Auditor-General can provide statistics and evidence of wrongdoings, it does not have authority to investigate such cases or to prosecute those involved. This is where PAC, which is made up of members of parliament from both the ruling and opposition parties, can give its input. It has the power to call up departments whose officials are careless in managing their finances to answer questions.

Even though ministers and senior officials can refuse to clarify any allegation of wrongdoing, such reluctance to talk can put them in a very poor light. PAC may be powerless to take action against them since investigating such accusations is the responsibility of enforcement agencies.

This is where the ACA or the police can come in to follow up on all such complaints. However, its recommendations on action to be taken against the culprits especially where offences have been committed would depend on the Attorney General's Chambers. While ACA can provide all the evidence on any case, the prosecution can still declare that there is insufficient proof for a conviction and so no further action will be taken against the accused and its decision is final.

However, a lot will depend on the government in dealing with its officials who allowed their departments to be involved in such financial mismanagement. Naturally, civil servants especially the Public Service Department in charge of this matter would be reluctant to take such drastic action against their own. But the Cabinet must put its foot down since it is a serious matter concerning wastage of public funds that could be better used elsewhere. It must be remembered that millions and not thousands of ringgit are involved.

Anyway, this nonsense has gone on long enough to warrant some drastic decisions to stop it once and for all. This is a good way to start getting rid of such irresponsible officials and replacing them with those who are prepared to accept the new order.

The Auditor-General should be commended for preparing its report for last year. This shows that it understood the importance of providing government expenditure as up to date as possible.

Previously, any such reports would be several years late even though very damaging and damning evidence against certain departments and officials were made. Many of them could have retired and government leaders would prefer to sweep things under the carpet rather than create an unpleasant situation.

Thursday September 20, 2007

A-G: Too expensive to fix broken vessel

KOTA KINABALU: The Sabah Forestry Department's acquisition of five motor launches at a cost of RM850,000 each for a total of RM4.25mil in 1995 has been a costly affair. One of the vessels eventually broke down and the cost of repairing it between 1997 and 2005 came to a whopping RM879,286 exceeding its original price tag.

The motor launch in question was kept at the department's marine complex in Sandakan and another RM350,000 is needed to repair it. The Auditor-General stated that fixing the vessel would be uneconomical, as the eventual total cost would exceed RM1.2mil.

The crafts with a top speed of six knots were supposed to be used for projects involving the inventory of Sabah's wetlands. However, their purpose were eventually altered and used as floating stations to detect illegal logging activities. Such vessels were not suitable for this purpose due to their limited speed.

Meanwhile, the Auditor-General said the Sabah government continued to be at the losing end of a car rental deal with Angkatan Hebat Sdn Bhd. Under the May 20, 1995 deal, the state was to rent 522 four-wheel drive vehicles at an average monthly cost of RM1,300 each for a total of nearly RM690,000 with the company undertaking the repair and maintenance costs.

However, the deal was revised in 1997 with the government undertaking the repair costs while the company would replace vehicles between seven and 10 years old. The Forestry Department received 75 of the 522 vehicles but 12 of them eventually broke down and were kept at the department's marine complex for about three years during which their rentals totalling more than RM570,000 continued to be paid.

A department official told the Auditor-General that Angkatan Hebat refused to replace these 12 vehicles unless they were repaired at a cost of between RM3,000 and RM11,000.

Thursday September 20, 2007

Ghani: Federal Government owes Johor RM1bil

MUAR: Johor wants the Federal Government to write off its loan of about RM655mil and offset it with the “missing” annual water grant amounting to about RM1bil for the past 12 years.

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“If we add the amount, it can reach RM1bil and we will ask the Federal Government to consider offsetting the loan with the missing water grant,” he said after chairing a state executive council meeting here yesterday.

Abdul Ghani said when the state’s water supply was privatised about 12 years ago, there was a clause in the agreement stating that Johor no longer needed a water grant from the Federal Government.

He said that since the bulk of the state’s loan was water-related, the matter would be solved after the Government took over the state’s water supply and distribution next year.

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by Syarikat Air Johor, would be handed over to the Federal Government.

Abdul Ghani said besides water, the state also borrowed about RM82mil from Federal Government on behalf of JCorp, which was making arrangements to repay the loan.

“We also borrowed about RM100mil to undertake low-cost housing projects and we will repay the loan accordingly.

Monday September 24, 2007

Ng: Government has nothing to hide

IPOH: Malaysians should look at the “positive side” of the 2006 Auditor-General’s Report that revealed several financial irregularities, said Deputy Finance Minister Datuk Dr Ng Yen Yen.

Following the outcry after reports of departments paying jacked-up prices for certain items, Dr Ng said this showed that the Government was not hiding anything from the people.

“I feel personally that one should look at the positive side of things, that the Government is okay (in) letting everybody know about problems with the ministries.

“It’s not as if the Government is sweeping it under the carpet,” she told reporters after launching the *Wanita Cemerlang, Malaysia Gemilang* seminar here on Sunday.

Monday September 24, 2007

Check on City Hall's spending

THE Auditor-General's Report for 2006 that was released recently provided yet further revelations on the excesses of some government departments and ministries and ludicrous pricing which, if these had happened in the private sector, would most likely have led to immediate dismissals of the employees involved.

Since the report is a current topic of debate in the press, we think it's timely for the Mayor of Kuala Lumpur and the Federal Territory Minister to scrutinise what we feel are excesses by City Hall's department responsible for landscaping and make it accountable for what appears to be inefficiency on its part and subsequently, sheer waste of public money.

We refer to the plants in the troughs on the dividers along Jalan Sultan Ismail, Jalan Kuching and Jalan Tun Razak that have been planted and replanted several times since January.

City Hall was at it again on Jalan Sultan Ismail last Saturday night and as best as we can remember, for the ninth time this year.

Early last month the replanting took place twice within two weeks!

Why this has been happening only on the divider between the Jalan Sultan Ismail/Jalan P. Ramlee intersection and the Jalan Sultan Ismail/Jalan Ampang intersection should make an interesting case study.

On the surface it looks like either there's something wrong with the plants or maybe the problem is with the soil but whatever the cause, we dread to imagine the amount of public money spent so far.

The number of antique looking streetlights and the frequency in which they have been replaced over the years is another cause for concern.

In many locations (especially at the Jalan Bukit Bintang area) these streetlights are placed just a metre or two away from the conventional streetlights.

These two examples we are highlighting give the impressions that the KL City Hall has been given an open and blank cheque book to spend, spend and spend.

AZIZ HASSAN,

Kuala Lumpur.

Monday September 24, 2007

After A-G query, a fire

KOTA KINABALU: An early morning fire on Saturday destroyed a portion of a RM11.2mil abattoir and meat processing centre at Kinarut, about 20km from the city.

The Sabah Meat Technology Centre was opened last October and was among the state projects queried in the 2006 Auditor-General's report.

Auditor-General Tan Sri Ambrin Buang questioned various aspects of the facility including the manner in which project's contract was awarded and why it was under-utilised.

The centre, operated by the state Department of Veterinary Services and Live Stock Industry (Dovsai), was intended to serve livestock breeders along Sabah's west coast from Tuaran in the north to Sipitang in the south and designed to slaughter up to 100 head of cattle or buffalo per day.

However, only 58 animals were processed there between October and December last year, the Auditor-General's report stated.

It also said that the deal did not follow formal contract procedures and that there were no signatories from the department and the contractor concerned.

The Auditor-General also noted that the terms and conditions in the export contract for the centre had not been referred to the state Attorney-General or any legal officer.

Acting for the ministry, Dovsai appointed a Singapore-based firm by way of a Treasury directive, which the Auditor-General said, had been abolished at the federal government level. The Singapore firm subsequently engaged a foreign construction firm to build the centre.

Fire and Rescue Department officer-in-charge Laidin Musi said the fire destroyed the butcher shop area, a lecture room and slaughterhouse, but a cooling room at the rear of the building was spared.

Sunday September 30, 2007

Highlights from the AG's reports

EVERY year, when a new Auditor-General's report is published, the mismanagement of funds and irregularities highlighted in previous reports are forgotten amid fresh outcry for accountability of public funds. *Sunday Star* looks at some of the "old" cases that made news.

2005

1. **Extra expenses:** Selangor incurred an additional RM21mil in expenses for the delay in constructing two slaughterhouses. The original cost to build the two slaughterhouses was RM8mil.

2. **More repairs needed:** Despite RM65.51mil spent on construction costs and a delay of two years, the Gelami Lemi Fresh Water Fishery Research Centre in Jelebu, Negri Sembilan, had to undergo further repairs. The contractor, did not follow specifications, resulting in poor construction.

2004

3. **Deals Gone Bad:** Three water privatisation deals caused the Sabah state government to be saddled with debts of RM888.08mil.

4. **Out of order:** The RMAF said it was unable to repair flight simulators for the Hawk and F/A-18 jet fighters in Butterworth because of a lack of funds. This was despite it signing a RM50.3mil contract covering training, hardware and maintenance with a private company in 1988 and extended to April 2005.

5. **Complex under-utilised:** The RM25mil International Sea Sports Complex in Labuan was left unutilised for nearly two years since it started operations in June 2001. In 2003 and 2004, only 51 activities including the Labuan International Sea Challenge, Labuan Arts Festival, Aidilfitri Open House, and government-department and private functions were conducted at the complex.

6. **Delays increase cost:** Delays in building four district police headquarters (IPD) plus quarters in Raub, Gua Musang, Kerian and Perak Tengah caused the Government to suffer at least RM5.85mil in losses.

2003

7. **Way above market price:** The Government paid up to 36% above the market price for certain medicines used in public hospitals and clinics despite sourcing them through open tenders. Although 140 contracts worth RM425mil were awarded through open tenders between 2001 and 2003, 83 contracts worth RM283mil went to one supplier while the rest were distributed among 11 others.

2002

8. **Below par pool:** The so-called international-sized pool at the RM45.5 million Darul Ehsan Aquatic Centre fell short of the required measurements set by the swimming world's governing body, Fina. The length of the aquatic centre's pool is less than 50m, the standard for an Olympic-sized pool.

1999

9. **Expensive tailoring:** A total of RM3.02mil was paid to alter uniforms at the Armed Forces between 1997 and June 1999. The alteration fees for the 11th Royal Malay Regiment at Semenggo Camp, Sarawak, was RM31 per uniform while for the 15th Royal Malay Regiment Sri Miri Camp, it was RM68. At the Sungei Besi air force base, it was only 70 sen.

1998

10. **Expensive Door:** Yayasan Melaka, a foundation fully-owned by the state government to provide scholarship for poor students, purchased a door for RM25,000, toilet and floor mats worth RM11,000 and 25 designer briefcases worth RM38,750 among many others without calling for tenders or supporting quotations. Altogether, the foundation was found to have breached financial procedures in spending a total of RM639,423.

11. **No letter for RM1.6bil in loans:** Two loans totalling RM1.6bil were given to Perwaja Terengganu Sdn Bhd in 1997 and 1998 in which no letter of agreement was signed between the company and the Government.

12. **Failure to check account:** The Defence Ministry failed to monitor an account which paid for the purchase of military equipment from the United States, resulting in a discrepancy amounting to US\$32mil (RM121.6mil). As there was no monitoring done, about US\$66.7mil (RM253.5mil) was withdrawn from the account although the equipment supplied was worth only US\$34.7mil (RM131.9mil).

1997

13. **Poor revenue management:** The Immigration Department in Damansara Town Centre did not bank in 4,680 bank drafts worth RM32mil in 1997. They were not cashed within the bank draft's validity period of three to six months. Of the amount, only 1,757 bank drafts worth RM14.97mil were recovered from those who issued the drafts.

14. **Medical tools lying idle:** Audit checks found 55 pieces of medical equipment worth RM1.41mil lying idle in government hospitals and dental clinics. The equipment included two operating microscopes each worth RM49,950 in Muar and Kangar Hospital, both unused for more than 19 months.

1995

15. **Fund for disaster victims abused:** The Malacca state used money from an emergency fund meant for flood and fire victims for the purchase of five Mercedes Benz cars for state executive councillors, a RM279,250 on an official car for the Malacca governor's wife, a RM271,500 car for the Chief Minister and a Proton Perdana costing RM60,644. Other purchases included RM13,160 for a computer table and RM13,300 for

two chairs. Altogether RM10.18 million for 29 expenses was drawn from the emergency fund in 1995.

1993

16. **Exorbitant seminar:** The Melaka state government paid RM194,204 for a political party seminar. The Chief Minister's Office paid for the purchase of fountain pens as souvenirs for the delegates and organisation costs totalling RM168,394. Another RM25,810 was for a dinner for seminar delegates. The government also undertook three purchases involving RM216,084 without calling for tenders in 1993. They include the purchase of 1,434 food packets costing RM81,594.

– *Compiled by RASHVINJEET S.BEDI*

Sunday September 30, 2007

Tale of two telling reports

By RASHVINJEET S.BEDI

While the Malaysian Auditor General's Report ran into 679 pages, the same report across the Causeway was just 59 pages. Singapore's very transparent tender system could be the reason for the difference.

JUST a simple comparison, yet the differences are very telling. The Malaysian Auditor-General's report this year is 679 pages but the same report in Singapore is a mere 59 pages. This Malaysian report does not include the respective state reports, most of which are thicker than the Singapore report.

"You won't find much in the Singapore report," says retiree Gursharan Singh who worked with the Government audit office for more than 30 years. While Singapore is a fraction of the size of Malaysia, its budget for 2007 was about half or S\$33.27bil (RM75.521bil) while Malaysia's was RM159.4bil.

As in any other government in the world, there were irregularities mentioned in the Singapore Auditor General's report (available at www.ago.gov.sg), but the Auditor General Lim Soo Ping remarked that generally improvements were observed.

"I note that by and large ministries and statutory boards have been diligent in following up on past audit observations and taking remedial action," said Lim in the report. For example, the report stated that the 421 cases involving delayed payments identified in the financial year of 2003/04 dropped to 56 cases in the 2006/2007 financial year.

Neither does the Singapore report disclose the kind of mismanagement of funds in the same magnitude as that in the Malaysian Auditor General report (available at www.audit.gov.my).

The most glaring examples in the 2006 Malaysian report include the purchase of two helicopters worth RM117.75 million by the police air wing, which could not be used, as they did not meet specifications. Another RM15.4mil was spent to train pilots to fly these helicopters.

The Customs Department meanwhile under-utilised its RM290mil information technology system but were planning to spend another RM451.30mil to develop a new one. Then there was the National Youth Skills Institute (IKBN) project where a car jack that cost RM50 was bought for RM5,700, a digital camera that cost RM2,990 was bought for RM8,254 and RM1,146 was paid for a set of technical pens with a market price of RM160.

In the case of IKBN, the question on everyone's lips is how could it have happened?

Auditor General Tan Sri Ambrin Buang, in earlier news reports on IKBN, said a direct negotiation was made with the supplier because the minister wanted the institute to be operating as soon as possible. Under these circumstances, permission to conduct direct negotiations had to be obtained from the Treasury with a condition that the lowest possible price was negotiated. The result of the negotiations would then have to be reported back to treasury.

“The procedures are very clear,” said Ambrin, adding that the officers involved should have been diligent and conducted a proper market study. Could there been corruption? “I’m not saying that. Let the relevant authorities investigate. I’m just saying that the price was exorbitant,” he said. According to Gursharan, such dealings would not have transpired in Singapore because they had a very transparent open tender system.

“In Malaysia, contracts are substantially awarded on a consideration basis. This usually translates into low quality, bad planning, high cost and poor maintenance,” says Gursharan, adding that the Malaysian tender system used to be competitive but deteriorated after a change of administration policy.

In Singapore, all tender bids are conducted through their Government Electronic Business (GeBiz) website www.gebiz.gov.sg. The Government Procurement Procedures requires statutory boards to publish their tender results in the GeBIZ portal not later than three working days after the date of tender award.

“Publishing of tender results is part of the system of transparency and fairness in government procurement. It is also helpful to those who tendered unsuccessfully to be informed of the results promptly so that they can release their resources for other projects,” said Lim in his report, rapping a statutory body for delaying the publishing of the tender results.

Sunday September 30, 2007

Making the same old calls over the years

“IF there were suspicions of abuse, the ACA should be called in to investigate.”

PAC Chairman Dr Jamaluddin Jarjis ticking off state governments and agencies for “failed projects” following the Auditor General’s 1994 report. (Feb 28, 1995)

“We will take note of the Auditor-General's findings. If there has been any abuse or wrongdoing, then action will be taken.”

Defence Minister Datuk Syed Hamid Albar on whether procedures were followed in its sale of cars and trucks as scrap, as revealed in the Auditor-General 1994's report. (March 26, 1996)

“The public must get the right message. They should know that the process of accountability, check-and-balance, is very much being carried out.”

PAC deputy chairman Datuk Ahmad Husni Hanadzlah said the committee was efficient and serious about its duties. (Dec 3, 2000)

“We want to know if the money involved was misappropriated or mismanaged.”

ACA deputy director-general (operations) Datuk Ahmad Said Hamdan on a probe on the Malacca Government state controversy that was initiated after the 1998 Auditor-General's report was released. (May 28, 2000)

“I am asking the police and the ACA to act as soon as possible because there are implications to consider, including the ministry's reputation, if the action is delayed.”

The Rural Development Minister Datuk Azmi Khalid calling for the police and the Anti-Corruption Agency (ACA) to act quickly on several reports it had lodged on fraud involving RM40mil under its Programme for the Hardcore Poor. (Oct 25, 2001)

“We are looking at all ministries and agencies mentioned in the report.”

ACA director-general Datuk Ahmad Said Hamdan said his men were studying the A-G's 2006 report. (Sept 12, 2007)

“If there were any irregularities practised, then maybe the Anti-Corruption Agency (ACA) should also come in. If any wrongdoing is detected, then the concerned officers would be taken to task and maybe heads have to roll.”

Penang Chief Minister Tan Sri Dr Koh Tsu Koon on the Auditor-General's 2006 report on Penang that the state had continued to pay contributions in lieu of assessments to the council for government quarters that already had been torn down or given to the Penang Development Corporation (PDC). (Sept 14, 2007)

“They must explain. They will have to answer.”

Deputy Prime Minister Datuk Seri Najib Tun Razak on the ministries and government agencies mentioned in the Auditor-General's 2006 report. (Sept 10, 2007)