

Thursday September 4, 2008

Special A-G's unit makes spot checks on accounts

PUTRAJAYA: The Auditor-General set up a special unit four months ago to conduct spot checks on government agencies and departments to ensure accounts are properly managed.

"We can conduct checks on any department at any time without giving prior notice. This is especially for departments that have not received the accountability index rating for the particular year," said Auditor-General Tan Sri Ambrin Buang.

"We hope all agencies and departments pay serious attention to managing their accounts," he told reporters at his office here yesterday.

The unit, headed by former Terengganu state auditor Mohd Nor Hassan, has six officers who will go around the country to conduct surprise checks.

Ambrin said the spot checks would be conducted every time the department received a complaint or a poison letter against some agencies.

However, the spot checks should not be construed as the agencies having elements of corruption, he said.

Meanwhile, the AG's office clarified it was the Federal Government that spent RM537.04mil to invest and lend this sum to the US-based Columbia Aircraft Manufacturing Corporation (CAMC) and not the Composites Technology Research (M) Sdn Bhd (CTRM).

Its deputy director-general Datuk Azizah Arshad said it was also the Federal Government that managed to get back RM25mil from the investment.

In an earlier report, Public Accounts Committee chairman Datuk Seri Azmi Khalid was quoted as saying that CTRM had spent RM537.04mil to buy CAMC and when the latter got into financial difficulties, CTRM only got back RM25mil.

Similarly, Azizah clarified that CTRM's investment failure was due to unscrupulous spending by the CAMC senior management officers and not CTRM.

Wednesday September 3, 2008 MYT 5:26:06 PM

Auditor-Gen dept to conduct spot checks

By MAZWIN NIK ANIS and SIM LEOI LEOI

PUTRAJAYA: The Auditor-General's report may have already been released but government agencies and departments should remain on their toes.

This is because a special unit was set up just four months ago to conduct spot checks on their accounts and financial standings to ensure everything is in order.

Auditor-General Tan Sri Ambrin Buang said previously, there was no special unit to conduct spot checks.

"We recently received approval to set up the unit which has six officers and their job is to go around the country to conduct surprise checks.

"We can conduct checks on any department and at any time without giving them prior notice. This is especially for departments that have not received the accountability index rating for the particular year.

"We hope that all agencies and departments will pay serious attention to managing their accounts," he told reporters Wednesday at his office here.

Ambrin added the spot checks were conducted every time the department received a complaint or a poison letter against an agency.

He said last year, spot checks on 51 departments and agencies were conducted where some fared "well while some could have managed their finances better", adding that this should not be construed as the departments having elements of corruption.

The special unit is headed by former Terengganu state auditor Mohd Nor Hassan.

On another matter, Ambrin said the department was not targeting the PAS-led Kelantan government when it described its state of accounts as "having shown no obvious development".

"We have conducted audits on all state governments and there were some other states, besides Kelantan which had received similar comments in their reports.

"This remark means the state officers had shown no improvement in monitoring, planning and implementing state projects and funds.

"Our reason for making such a remark is to ensure that they make immediate plans to improve their weaknesses and be an example to others in executing their duties effectively and transparently. Nothing else," he said.

Ambrin was responding to a statement by Kelantan Menteri Besar Datuk Nik Abdul Aziz Nik Mat who had questioned the definition of "development" in the Auditor-General's report 2007 after it described the performance of state departments and agencies as weak.

Asked if he expected the Anti-Corruption Agency (ACA) to take action against civil servants based on the Auditor-General's latest report, Ambrin said the agency has access to the report and it is free to investigate, just as it had last year.

Wednesday September 3, 2008

Puspakom to face PAC

By LEE YUK PENG

KUALA LUMPUR: The Public Accounts Committee (PAC) will call those in charge of Puspakom about bribery allegations and government departments highlighted by the 2007 Auditor-General's Report to explain before the committee after Hari Raya.

Committee chairman Datuk Seri Azmi Khalid said 5% of the ministries, government statutory bodies and departments audited showed that they were reprimanded over their financial statements.

Among those to be called up before the committee are the police, those in charge of the SMART Tunnel, Finance Ministry, City Hall, Education Department, Health Ministry, Defence Ministry, National Service Department and Composites Technology Research Malaysia Sdn Bhd (CTRM), a company owned by the Finance Ministry Incorporated and Petronas.

"We will be calling them to give us more information and to explain to us so that there will not be a future recurrence. We would like to see less and less of such cases," Azmi told a press conference yesterday after chairing a PAC

meeting.



In troubled waters: Those in charge of the SMART Tunnel will also be called up before the PAC committee after Hari Raya.

Also present at the press conference was Dr Tan Seng Giaw (DAP – Kepong), who is also PAC deputy chairman.

Citing an example, Azmi said CTRM spent RM537.04mil to buy the Columbia Aircraft Manufacturing Corporation in the United States and when the latter got into financial difficulties, CTRM only got back RM25mil.

"This is poor investment or we call it bad business," said Azmi, adding that those in charge of CTRM would be asked to give an explanation.

However, Azmi also said that with only 5% of audited agencies being reprimanded by the Auditor-General, this showed that the Government on the whole, was doing fairly well.

Wednesday September 3, 2008

Only RM25m recovered from investment in US firm

KUALA LUMPUR: After investing RM537.04mil in the US-based Columbia Aircraft Manufacturing Corporation (CAMC) through Composites Technology Research Malaysia Sdn Bhd (CTRM), the Government only managed to get back RM25mil.

The 2007 Auditor-General's Report stated that CTRM, owned by the Finance Ministry Incorporated and Petronas, invested and lent RM537.04mil to CAMC as of September last year.

CAMC, which produced four-seater light aircraft suffered an accumulated loss of US\$132.28mil (RM480.18mil) at the end of 2006 and filed a bankruptcy notice at an Oregon court on Sept 24 last year.

On Nov 27 last year, Cessna, which produces two-seater light aircraft, bought over CAMC for US\$16.50mil (RM56.27mil).

The US court then awarded

the Finance Ministry of Malaysia loan and interest of US\$4.29mil (RM14.63mil) and US\$3.04mil (RM10.37mil) to CTRM as payment for debtors in possession.

The A-G's Report said CTRM's investment failure was due to unscrupulous spending by its senior management officers, CAMC's board of directors being unable to tackle production of aircraft quickly and the Finance Ministry Incorporated's lack of monitoring of CAMC.

CTRM, set up in 1990 with the aim of expanding into the aerospace and the composite industry, recorded an unusual sum of profit in 2006. The A-G's Report stated that the profit recorded was not generated from its business activities but due to the government's decision to waive interests on the loan given to CTRM.

From 1999 to 2003, CTRM received government loans amounting to RM362.10mil.

In 2006, CTRM recorded a pre-tax profit of RM191.19mil but in 2005, it suffered losses of RM38.18mil. In 2007, its pre-tax profit was RM1.44mil.

In its reply to points raised in the A-G's Report, it said the profit in 2006 was due to loan restructuring from the Government where interest was waived and CAMC shares, bought with funds from the Government, was transferred back to the Government.

It said pre-tax profit in 2006 without taking into consideration CAMC shares and the interest waiver was RM2.1mil.

Wednesday September 3, 2008

Eco-tourism projects fall flat

PETALING JAYA: Certain areas of completed eco-tourism projects cannot be fully utilised as equipment and facilities were either not adequately prepared or non-existent, according to the Auditor-General's Report.

"For example, the RM190,000 Taman Alam Research Centre in Kuala Selangor is now being used as a multi-purpose hall as the equipment needed for it to function as a research centre was not obtained," the report said.

The report also said 45 of the 60 eco-tourism areas approved under the Eighth and Ninth Malaysia Plans, were not "potential areas" as identified under the National Eco-Tourism Plan.

The Plan, formulated at the end of 1996 by the Tourism Ministry with the World Wide Fund for Nature Malaysia, aimed to promote nature-based tourism while preserving the environment and ensuring sustainable development.

The report said implementation of eco-tourism projects under the Eighth Malaysia Plan was "less than satisfactory" with only half of the 20 projects completed.

Among the problems were appointing project consultants, contractors who lacked experience, delays in preparing project briefs and identifying appropriate land.

In a statement yesterday, the Tourism Ministry's secretary-general Datuk Dr Ong Hong Peng said they abided by the report but felt the National Eco-Tourism Plan needed to be re-evaluated as it was drawn up in 1996.

Tuesday September 2, 2008 MYT 7:36:23 PM

Puspakom, govt depts to give explanation to PAC

By LEE YUK PENG

KUALA LUMPUR: The Public Accounts Committee (PAC) will be calling on Puspakom to provide an explanation of the bribery allegations. The PAC will also call on government departments highlighted by the Auditor-General's Report 2007 to give their explanation before the committee after Hari Raya.

PAC chairman Datuk Seri Azmi Khalid said 5% of the ministries, government statutory bodies and departments audited showed that they were reprimanded on their financial statements.

Among those to be called up before the PAC are the police, those in charge of the Smart tunnel, the Finance Ministry, City Hall, education department, Health Ministry, Defence Ministry, National Service Department and Composites Technology Research Malaysia Sdn Bhd (CTRM), a company owned by the Finance Ministry and Petronas.

"We will be calling on them to give more information and to explain to us (what happened) so that there will not be a recurrence. " We would like to see fewer and fewer of such cases," said Azmi at a press conference Tuesday. Also present at the press conference were Dr Tan Seng Giaw (DAP - Kepng), who is also the deputy chairman of PAC.

Citing an example, Azmi said CTRM spent RM537.04mil to buy Columbia Aircraft Manufacturing Corporation in the United States and the latter went into financial difficulties where CTRM only got back RM2mil.

"This is a poor investment or we call it bad business," said Azmi, adding that those in charge of CTRM would be asked to give their explanation to the PAC.

However, Azmi also said with only 5% of the audited agencies being reprimanded by the Auditor-General, this showed the Government on the whole, was doing fairly well. "The percentage of those being queried is small (5%) although the money involved may be big," Azmi said.

Azmi also said the PAC wanted the Government to pay more attention to internal audit as gatekeepers to check on the departments.