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Waste not, graft not

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**Incidents of poor management of funds and abuse have been listed in the Auditor-General's report over the past few years. Will this year's be any different?**



**Price of ignorance: Ambrin said some government officers are just too incompetent to negotiate prices during the procurement process.**

A set of screwdrivers retails for RM32 but the National Youth Skills Institute pays RM224 for it. Likewise, a set of technical pens costs RM160 but the organisation forks out RM1,146 for it. These were among the findings in the Auditor-General's Report in 2006 that made headlines and the extreme waste of taxpayers' money greatly irked the public. Incidents of poor management of funds and abuse are listed over a few hundred pages in the report each year, so much so that many now await it to see how the ministries and government agencies manage their budget and spend public money. In fact, the Auditor-General's Report this year will be out tomorrow, a departure from the norm of the previous years when it was released on Budget day (two Fridays ago) so that one is not eclipsed by the other. But the agencies, organisations and departments audited highlighted in the report only constitute a sampling of the few thousands that come under its purview. There are two main categories in auditing – the compulsory and the rotational list. The compulsory is done yearly on ministries at federal level and, at state level, all state treasuries, SEDC and Islamic religious councils. The rotational is done once every three years. "What occupies a lot of media attention is our reports on programmes, projects and activities. We do a performance audit and look at the way these programmes and activities have been planned, implemented and monitored," says Auditor-General Tan Sri Amrin Buang.

“We look out for the three Ps – *pemborosan* (extravagance); *pembaziran* (wasteful expenditure, for example, when you procure something but not use it); and *penyelewengan* (unsavoury practices such as in the purchase of the screwdrivers). “Sometimes, people testify that the project is completed and full payment has been made but when we come in to check, we find the project has in fact not been completed. So we call it improper payment. These are all tell-tale signs that ‘something’ is going on. “Every year, weaknesses get reported and the nature of the weaknesses is the same – only it involves different entities every year.”

Ambrin adds that the main weaknesses are poor supervision and lack of project management skills. Those audited have to submit their reports by April. After the A-G’s department audits the reports, it submits its findings to Parliament, which will release them in October. In recognition of the importance of the role of the A-G’s Department, the Government recently beefed up its manpower by 30% from 1,600 to 2,000 auditors and non-auditors. “Our role is to do a reality check and give the feedback but the onus has to be on the respective heads of ministries or agencies who are entrusted with the responsibility to manage public money,” says Ambrin in an interview with *Sunday Star*. Below are excerpts from the interview.

**> People in the civil service don’t seem to be learning lessons from the previous Auditor-General’s Reports because while perpetrators may be different, the wrongdoings are the same.**

The process might have started three or four years before. At that time, there were different people involved who may no longer be on the scene because they have retired. But at least the incumbent looks at the report now, recognises that a particular programme is a failure, sees that the audit identifies the reason and addresses those things in the spirit of trying to prevent the same thing from happening. In my report, for example, I mentioned how local councils manage waste disposal. The problems are the same – the contractor assigned didn’t do a proper job and sometimes they didn’t get paid on time, so the quality of their work suffer and then the rakyat suffer. There is a common pattern. So we are hoping that the other local governments – which are yet to be audited – can at least derive some lessons from that.

**> Do you agree that the role of the media and blogs is to keep people on their toes because if it is kept within the ministries alone, then the impetus to behave and get it right is not that strong?**

The media have been doing their job. I enjoy reading the letters to the editor in the newspapers. The government agencies don’t need to wait for my report to act. They have their own machinery to handle complaints effectively. Sometimes, they don’t have enough resources but the onus is on them to take action. If they can’t take action, then they have to explain to the public why they can’t.

**> What if the wrongdoings come from higher-ups like, for instance, the secretary-general himself? Who checks on secretaries-general?**

The Chief Secretary to the Government checks who gets promoted, transferred and disciplined. There are procedures to be followed. You can’t just accuse a person and expect to send him to prison the next day. And when you talk about penalties, how do you handle penalties? Is it a criminal or non-criminal offence? If it is a criminal offence, it is the job of enforcement agencies like the police and the MACC to do a thorough investigation. And if there is a *prima facie* case to bring and charge these people in court, it has been done.

For the screwdriver case, I was told that action was taken against 15 (people) and six have been brought to court. My understanding is that the case has not been completed but action has been taken. For non-criminal offences, it all boils down to incompetence. This merits action under the disciplinary regulation which has been in place for so many years. This must follow established procedures. There must be a proper investigation, a proper charge, and the officer concerned must be given an opportunity to be heard. And once you charge him, he has the right to appeal. In all agencies, there already is a disciplinary committee and an appeals committee.

There are various types of penalties depending on the severity of the offence. The offender can be sacked if it is serious; his increment delayed, be demoted in rank or fined. Or he can be given a warning letter, which is just a reminder that he has done something wrong. Or an official warning can be issued, which means he can't be considered for promotion for a year, so he would suffer. The penalty must be commensurate with the offence. I know for a fact that action has been taken. And we monitor this action. We know which ministries have taken action against their officers. But it is not our job to tell them: "Oh no, you shouldn't just give a warning letter. You should sack him."

**> Public perception is that it appears the offences are repeated every year but we don't hear or remember the action taken.**

People must read our audit report in total. There is a section where we state if action has been taken and give our views if the action taken is adequate. If it is not to our satisfaction, we state that. Our role goes beyond just auditing. We monitor the action and give feedback to the Government, Cabinet and Chief Secretary to the Government. The fact is, we monitor the follow-up actions.

**> But it seems like the audit reports have become tamer in recent years compared with the past. Why?**

Not so. We don't do a total audit so we don't know how widespread the wrongdoings are. We plead to the heads of departments to do their own checking so that those things don't happen under their watch. If you ask me, I wouldn't know how many times and in how many departments the screwdriver type of (inflated) spending is repeated. But we know a common weakness during procurement is that the government officers are not competent to negotiate, to get the price as low as possible as required by the Treasury. These officers don't even care enough to do a market study to know the prevailing price!

**> Do you honestly believe this is because no market study was done and not because the money is going into "somebody's" pocket?**

I cannot say that. I don't have proof. It depends on the mindset of the civil servants. If the ceiling established by the Treasury is, say, RM100mil, for some the mindset is that as long as they don't exceed that amount, it is okay. Never mind if the cost of the item has been inflated! But the point is, you shouldn't spend a ringgit more than what is considered fair. You must do a proper market study, know the price and negotiate. If the price of an item is only RM15, why would you allow the Government to buy it at RM50?

**> Usually, approval for a certain amount of money must go through different levels. So if you are incompetent, your supervisor or his superior shouldn't be incompetent. Could they be in cahoots with each other?**

I can't say for sure. Only a proper investigation can do that. Whatever is mentioned in our report has to be properly investigated to get evidence. That's why with the screwdrivers' case, during their investigation, they found evidence there was corruption involved. I was told somebody got a free air ticket somewhere.

**> If civil servants perceive their bosses, whether ministers, secretaries-general or directors-general, are themselves involved in wrongdoing, there is no real incentive for those lower down the rank to be clean. Can the system be stricter and procedures made more transparent?**

How many people are willing to whistle blow? And how many are willing to go to court and testify that this so-called minister is involved in this thing. It's not easy when dealing with matters of corruption because if it is a criminal offence, you have to put up your case. People can't just have the perception (of corruption) and believe it must be true. We are not saying there is no corruption but corruption happens everywhere – in the private sector and some NGOs too. So let's be fair. Corruption is everywhere and we must do something about it. That's why the Government is doing the NKRA on fighting corruption and the MACC has been beefed up. To prevent corruption in the public sector, there is a need to make sure the built-in control mechanism, like the audit committees, must be functioning well. The government officers must be put on their toes all the time with their superiors conducting continuous supervision and checking.

I am very happy that now, in addition to increasing the number of auditors in my office, the Government has also beefed up the internal audit department in each ministry which is staffed by my people who are seconded to those departments. These are all professional auditors. This shows the Government is serious about the secretaries-general needing help from an independent party. As for the perception of corruption, at least something is being done to alleviate the situation. The auditors in internal audit report to the secretaries-general. But if I know something is amiss or an officer is under pressure, I can always replace him with someone else, so it's more independent that way.

**> How satisfied are you with the way the ministries are handling public money?**

If you go by our comments on the accounts and programmes, the fact that they (weaknesses and wrongdoings) still exist gives you an idea that they (civil service) have to constantly and consistently make efforts to make sure things are being done according to rules and regulations. There must be concern about what the PM says about value for money to avoid project failure. Some of the common weaknesses are lack of diligence, and lack of competence to supervise the work of contractors and vendors who are given the contracts. If you are the officer, we expect you to know the terms of the contract and to monitor the contractors and vendors to make sure they comply with the terms of the contract and don't cheat the government in terms of product specification and quality. That is the job at the respective ministries. We do a reality check and put up the (Auditor-General's) report and it is up to you what you want to do with it. If three years down the line you do the same thing, it means you can't be bothered with us. That shows your attitude.

**> The new stadium roof collapse in Terengganu, leaks in the renovated Parliament building and defects in the (Jalan Duta) new courts complex show a repetition of bad jobs with poor supervision of quality control. Do you pick on those to audit?**

If only we know that roofs are going to fall ... In Terengganu, we are in the investigation committee but that is after the incident has happened. The point we want to focus on is preventive. How do we make sure these people do their work and build the stadium according to the approved specifications? The initiative is to find out what really happened to make sure it is not repeated. In the majority of cases, when we do auditing on infrastructure and buildings, one of the causes is poor supervision of contractors. Sometimes, the quality is greatly defective and sometimes defects are not corrected during the defects liability period. A few years later, you find something collapsing and the Government has to spend more money which could have been better used for something else.

**> If you found incompetence on the part of an officer and if he is given the responsibility to do another job, do you not caution the ministry involved? Is that not your role?**

We are not involved in operational matters. We also don't want to be involved, otherwise our work will be compromised. The onus is on the ministries and agencies to take appropriate action and it is up to the bosses to take action and I am sure they do. Look at the cost (if he makes poor decisions). That's what I meant by lessons learnt. There are two things, design and workmanship, and both need supervision. People can come up with all sorts of designs but if you look at the safety consideration and not just the aesthetic, do you approve whatever the people put up, without knowing if it's appropriate?

**> What about projects and contracts given to people with no track record but they get it due to "connections"?**

Our job has to be based on evidence, not on hearsay. I can be charged in court if I say somebody got the project through some channels. Unless someone gives me the evidence, I can't act on it because it can't stand in court or anywhere. Planning must be good and this includes the selection of the contractor.

**> Do you feel frustrated that your officers are professional but you are dealing with some incompetent people who can't follow procedures?**

They face the risk of their reputation being put on the line when the report comes out. Politicians look at the report, the media play it up and suddenly they have to face it and explain why they chose that route. But if, at the moment they are audited they take action, we recognise that. From my perspective, most of these things can be prevented. The mindset is that when these things happen, these people think at that time they will never be audited. There are thousands of activities and projects. But if there is this realisation that one day they will be audited (then they'll be more careful). It depends on the attitude of that particular officer.

**> Does this come under the purview of the minister or secretary-general?**

The minister is in charge of policies while the implementation of policies, projects and programmes is the responsibility of the controlling office i.e. the secretary-general who gets a budget from the Treasury. So the focus really is on the officers-in-charge. There are thousands of projects all over the country so it's really a challenge if you are the secretary-general. You have to file cabinet papers, check projects on the ground, attend meetings internally and externally so you have to delegate with the expectation that your subordinates would do a good job.

If the officers are not competent enough and do not even know what is in the contract because it's couched in legal language (that's a problem). The officers must be trained to do on-site supervision and know what to look out for and assess the quality of the work done before they (contractors) cover up the walls and the roof. What the ministries should do is to get these people properly trained. There are many courses on project management. The quality of human resource and people handling the government projects is very important. If people don't have the competence, there is a risk.

**> How much pressure do you get from ministers to go easy on their ministries?**

I have never received phone calls from any minister to say 'Could you not do this?' or '*Tolong jangan kacau my ministry*'.

**> How helpful are ministries or departments in providing information for the audit? Do they hide information?**

They understand our role and that we are supposed to check their documents, so generally they are helpful. But there are circumstances where we ask them to produce approval letter and the letter is missing or mislaid. That frustrates a bit. So we will say in our audit report that the approval letter has not been produced. I wouldn't know if they hide information. I suppose they can if they want to. Cases of missing files are normal. These things happen.

**> Have your officers faced threats in their line of duty?**

Like getting bullets? Not that I know of. I know that when my auditors were doing the audit study on sand (mining), the tontos were there watching. When you look for these things, there will be elements. These are occupational hazards. I myself am facing the threat of court action. The case is being handled by the A-G. When we did auditing on a ministry, we mentioned that the product supplied was not in conformity with regulations, so some supplier took offence and said "you are damaging our reputation" and sued.

**> Do you see improvements?**

When you read our report on 2009 and our accountability index, the number of entities getting four stars at federal and state level has increased. To me, that is an improvement.

**> Are the Auditor-General's reports a good thing because people are reading the report and getting angry with the Government for the wastages and excesses?**

Precisely. So the Government quite rightly has to say "you guys had better do a better job" and treat the audit report with respect, and most of them do.

**> Do you feel there is enough fear of the Auditor-General's Department?**

When you talk about fear, I would rather ask all the people involved to be fearful of God, not only on earth but also the hereafter. The whole thing is about integrity - doing your job professionally - then you will raise the performance of the civil service. So you don't need to be fearful of the Auditor-General. I don't think anyone looking at me will be fearful. People should bear in mind that they are holding a position of trust and integrity.

This means they should do the job diligently and professionally; and the majority do. It's unfortunate that even on a sampling, we discover that there are those who do not. Nobody knows the extent of this, and we will never know.

**> What is your manpower like to audit departments at the same time?**

The Government beefed up our organisation from 1,600 to 2,000 auditors plus non-auditors. That's a 30% increase. My job is to train our people to become good auditors. We have ISO (certification), a training academy and audit guidelines. We want to do a professional audit of the government sector. It's not just the numbers but also quality.

Of late, a big number of new faces has been coming in, so my concern is to make sure that these people, especially when they are sent to the internal audit, are good. Compared with other countries, we play a very influential and proactive role. We sit in various high level committees chaired by the PM. Some of our views, like on procurement, have been taken on board with the Government strengthening the process for more transparency and accountability. I think we have done our part in terms of enhancing accountability and integrity. Our role is to do a reality check and give the feedback but the onus has to be on the respective heads of ministries or agencies who are entrusted with the responsibility to manage public money.

**> You don't do a total audit but only a sampling. What is the percentage of the sampling?**

It varies from year to year. No country does a total audit, so please don't have the idea that we have not done our job because we didn't cover this or that. It is based on sampling for people to react or respond. Otherwise, there will be a huge number of auditors doing the audit although the issues may not be that many. What we are talking about is what lessons can be learnt from our audit findings. If the secretary-general is proactive enough, he'll be anxious to know how his ministry fares in terms of financial management, programmes and activities, and how others too are doing. You can learn from your own past experience or from the experience of others but you must read the audit report first.

*> The A-G Report will be released tomorrow.*