SYNOPSIS
AUDITOR GENERAL’S REPORT
FOR THE YEAR 2014

Financial Statement And
The Financial Management
Of The State Department And Agencies
For Penang

National Audit Department Malaysia
Sekiranya ada ketidaktepatan antara ayat dalam Bahasa Melayu dan Bahasa Inggeris, ayat dalam Bahasa Melayu adalah terpakai.

*In case there is any inconsistency between the Malay text and the English text, the text in Malay shall prevail.*
SYNOPSIS

AUDITOR GENERAL’S REPORT FOR THE YEAR 2014

Financial Statement And The Financial Management Of The State Department And Agencies For Penang

National Audit Department Malaysia
1. Article 106 and 107 of the Federal Constitution and the Audit Act 1957 require the Auditor General in such manner he deems fit, to examine, investigate and audit the Federal/State Government/Agencies’ Financial Statements and submit a Report to the Supreme Head of Malaysia, His Majesty, Seri Paduka Baginda Yang di-Pertuan Agong and His Excellency, the Head of State of Penang. His Majesty shall cause the Report to be laid in Parliament while His Excellency shall cause the Report to be laid in the State Legislative Assembly.

2. My Report on the State Government’s Financial Statements and the Financial Management of State Departments/Agencies for year 2014 was prepared based on the audit findings in State Treasury Office and several State Departments/Agencies throughout the year. In order to verify the State Government’s Financial Statements for year 2014, an Audit was conducted on the accounting system and documents related to payments and receipts at the State Treasury Office.

3. The audit of Financial Statements is carried out based on the Government Accounting Standards to express an opinion as to whether the Financial Statements of the State Government reflect true and fair views as well as the accounting records are properly maintained. While the audit of Financial Management of Departments/Agencies is to evaluate their compliance to the financial rules and regulations particularly in the controls of management, budget, collection and expenses, trust fund/account/deposit, asset and store, loan, investment as well as preparation of Financial Statements.

4. Besides fulfilling the legal obligation, I wish that this report could be used as a basis to rectify all shortcomings and enhance the management of public funds. This is vital to ensure every collection and spending contributes to the development and welfare of the people.

5. I wish to express my gratitude to all Penang Departments/Agencies’ officers who have given their cooperation to my officers throughout the audit. I would also like to extend my appreciation to my officers who have worked diligently and their commitment in completing this Report.

(TAN SRI HAJI AMBRIN BIN BUANG)
Auditor General of Malaysia

Putrajaya
9 July 2015
SYNOPSIS

PART I - CERTIFICATION OF THE STATE GOVERNMENT’S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Generally, the Penang State Government Financial Statements reflected a true and fair view of the financial position of the State Government as at 31 December 2014. The Financial Statement is certified as it is supported by sufficient documents of all items in the Financial Statement.

PART II - FINANCIAL ANALYSIS OF THE STATE GOVERNMENT

2. Audit analysis revealed that overall the financial position of the Penang State Government as at the end of 2014 was good. In 2014, the Consolidated Fund showed an increase of RM163.93 million or 12.7% to RM1,456.03 million compared to RM1,292.10 million in 2013. The balance of Consolidated Revenue Account as at 31 December 2014 has increased by RM54.17 million or 6.6% to RM880.75 million from RM826.58 million in 2013. However, revenue collected in 2014 has decreased by RM34.01 million or 4.1% compared to 2013, from a total of RM833.72 million to RM799.71 million. The balances of assets comprising cash and investment have increased by RM163.93 million. The State Government is recommended to maintain the performance of increased revenue and prudent spending to sustain good financial position. The State Government can further increase its revenue by ensuring higher dividend returns from the investments. The State Government is also recommended to make a continuous effort to collect RM79.60 million of revenue arrears as at 31 December 2014 which comprise of quit rent, repayment of student loans, instalments or rental of house and shops as well as other revenues.

PART III - THE STATE GOVERNMENT DEVELOPMENT PLAN

3. In 2014, a total of RM192.34 million or 80.5% was spent compared to an approved allocation of RM239.07 million. The performance of projects that have been successfully implemented projects totalled 2,856 or 99.3% of the 2,875 planned projects, while the remaining 19 projects were either at the progress stage, yet to commence or delayed projects.

PART IV - FINANCIAL MANAGEMENT PERFORMANCE OF THE STATES DEPARTMENTS/AGENCIES

4. The performance of financial management of the departments/agencies in 2014 showed an improvement. In 2014, from a total of 6 departments/agencies, 4 or 66.7% of the departments/agencies were rated as excellent compared to 8 from a total of 15 departments/agencies or 53.3% in 2013. While 2 or 33.3% of the departments/agencies were
rated as good in 2014 compared to 7 or 46.7% in 2013. These reflect the proactive effort by the departments/agencies in enhancing their performance of financial management from good to excellent ratings. None of the departments/agencies were rated satisfactory or less than satisfactory in 2014 compared to the previous year.

PART V - SUBMISSION AND TABLING OF FINANCIAL STATEMENTS AND FINANCIAL PERFORMANCE OF THE STATE AGENCIES

5. As at 30th April 2015, 11 State Agencies’ Financial Statements for the year ended 2013 were certified, comprising of 8 State Statutory Bodies, 2 Local Authorities and 1 Islamic Religious Council of Penang. 9 agencies obtained Unqualified Audit Certificates while 2 State Statutory Bodies obtained Qualified Certificate. The State Government and agencies are aware of the importance of the legal requirement of tabling the certified financial statement. As at April 2015, 9 financial statements for the year ended 2013 have been tabled in the State Legislative Assembly on the 7th of November 2014. There were no legal requirement for tabling the financial statements of Penang State Sports Council and the Islamic Religious Council of Penang. As at 30th April 2014, 10 of the financial statements for the year ended 31st December 2014 were received. Whereas the financial statement for Penang Public Library Corporation was received on the 6th of May 2015.

PART VI - TABLING OF THE AUDITOR GENERAL’S REPORT AND MEETINGS OF THE PUBLIC ACCOUNTS COMMITTEE
