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Plan to audit builders working on govt projects

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THE Government, dissatisfied with the work done by local contractors on its projects, may audit the companies and take stern action against those found to be incompetent.

National Economic Action Council director Datuk Mustapa Mohamed said this is to ensure that projects awarded by the Government to the contractors meet the requirements and are delivered on time.

He added that the Government is disappointed that some infrastructure, such as the construction of schools, has been delayed by errant contractors.

"Cases highlighted in the last three four days are a very important lesson for all of us, and I am sure that changes will be made to existing procedures in awarding contracts, he told reporters after officiating at the Commonwealth Association for Corporate Governance (CACG) Annual Conference and Workshop in Kuala Lumpur.

Prime Minister Datuk Seri Dr Mahathir Mohamad had warned last week that contractors found to have sold their contracts to a third party would not be awarded any new ones.

Deputy Education Minister, Datuk Abdul Aziz Shamsuddin also revealed recently that almost all contractors undertaking the construction of computer laboratories throughout the country had failed to complete their projects.

"What is important is to do an audit and to visit some of these sites, to be hands-on and to see what is actually going on on the ground.

"Having audited it, firm action against the culprits is important.

"Rules, regulations and practices are not enough in corporate governance; enforcement is also very important.

"This is very disappointing and frustrating, and we have been working on this issue for a long, long time and there is no excuse for people to fall behind," Mustapa said.

However, despite delays in certain projects, there has been some improvement in speeding up their implementation and completion, he added.

Mustapa also said that the Flying Squad, set under the purview of the Ministry of Finance to monitor the implementation and progress of projects under the RM7.3 billion stimulus package, may look into this problem.

On the steps taken by the Government to introduce and enhance corporate governance, he said Malaysia has played a leading role in this area since 1997.

He added that this is evident in the setting up of the Malaysian Institute of Corporate Governance in March 1998 and the Malaysian Code of Corporate Governance.

Mustapa also said that it is important for the country to continue improving corporate governance practices to sustain the flow of foreign investment.

"Some of the things happening around us lately have certainly dampened prospects of investment.

"The world economy is slowing down as a result of the September 11 incident, and people are becoming more hesitant about travel and investment.

"Therefore, it is important we do as much as we can to enhance corporate governance to improve the overall international political climate."

The conference, themed "Dynamic Developments In Corporate Governance in

the Commonwealth Countries", was attended by participants from 20 Commonwealth countries.

Set up in 1998, the CACG is active throughout the world in promoting excellence in corporate governance among Commonwealth countries.

Earlier in his speech, Mustapa said that with new technological advancements and changes, there is a need for all corporations to upgrade themselves and to be knowledgeable about information technology.

"Not only have the directors benefited from training and learning new skills and knowledge, but they have returned to their companies and become more effective directors.

"They are better able to control the affairs of the company, thereby improving its efficiency," he said.

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