

04/10/2003

Follow strict financial procedures, State Governments told

SEREMBAN, Fri. - All State Governments should follow strict financial procedures before issuing any cheque to prevent fraud and forgery.

Auditor-General Datuk Dr Hadenan Jalil said the manner in which government departments and agencies keep their financial records was very important.

He said financial officers should record and verify all facts such as the serial numbers of cheques before issuing them.

Departments and agencies should also adhere to procedures in the keeping of financial documents to ensure they were always in "safe hands".

Banks also played an important role in ensuring that fraud and forgery could be detected.

Hadenan said although issuance of cheques by government agencies or departments had nothing to do with the Audit Department, the latter still has to carry out monitoring to ensure that all payments of expenses made were recorded, verified and justified.

Hadenan said this after presenting Menteri Besar Tan Sri Mohd Isa Abdul Samad with a certificate in recognition of the State Government's good financial management.

Police in Penang had identified the "brains" behind a syndicate which had siphoned RM3.1 million from the Penang State Treasury over the past two months.

Police believe the individual also pulled off a similar scam - by cashing cloned State Treasury cheques of four or five other State Governments over the past three years.

Hadenan said it was important for all State Governments to manage their finances professionally in order to win the people's trust.

In Kuala Lumpur, Inspector-General of Police Tan Sri Norian Mai said all State police chiefs have been directed to work with the State Governments to determine whether there are similar scams involving State Treasury cheques.

He said based on reports lodged in three States so far (Negri Sembilan, Malacca and Penang), police were monitoring whether similar activities had occurred in other States.

"I am concerned and have directed all State police chiefs to look into the matter," he said today.

Asked about investigations on the scam reported in Penang, he said:

"It is still going on and we are looking for the mastermind."

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said all Government financial transactions will be monitored by a body set up within the Finance Ministry to prevent fraud and forgery.

Dr Mahathir, who is also Finance Minister, said the body was focusing on transactions made by agencies and departments, statutory bodies and Government-owned companies.

Meanwhile, Federal Commercial Crime director Deputy Commissioner Datuk Hairuddin Mohamad said police were on the trail of the "brains" behind the scam.

Although tight-lipped on the development of the case, it is understood that police believe the man, identified as Syed Ismail Syed Alwi, is hiding in the country.

Asked whether Syed Ismail was the son of a former police Special Branch chief in Johor, he said he was not aware of his family's background.

In a Malay Mail report today, Johor police chief Datuk Musa Hassan said the State police were checking whether a top civil servant in the State, alleged to be the father of the mastermind behind a RM3 million fake cheque scam in Penang, is his former Special Branch (SB) chief.

Musa told The Malay Mail last night his officers were checking with their counterparts in Penang if the fugitive, Syed Ismail, is the son of former Johor SB chief, Senior Assistant Commissioner (II) Syed Alwi Syed Hamid.

In Malacca, State police chief DCP Datuk Christopher Wan confirmed that Syed Ismail was one of two suspects being sought.