

Dr M has good reasons to doubt auditor-general

MalaysiaKini.com

June 3, 2015

By Tony Pua

MP SPEAKS Prime Minister Najib Abdul Razak must act immediately to salvage and restore the damaged reputation to the Auditor-General's Department as a result of the 1Malaysia Development Bhd (1MDB) scandal.

Malaysians were, perhaps understandably, a little stunned when former Prime Minister Dr Mahathir Mohamad proclaimed that he trusted the Public Accounts Committee (PAC) more than he did the auditor-general (AG).

When he addressed the Foreign Correspondents Club of Malaysia recently, Mahathir said:

"I would place my faith in the PAC more than in the auditor-general. The auditor-general inspects books. They don't do forensic auditing, they don't try to poke and find out where was this money spent, how was this money spent, where did you lose this money.

"They only check on the books so they will not discover much because the people who are keeping the books may be very clever people."

After all, the reputation of the Auditor-General's Department has been relatively positive in the light of the many exposes which surfaced in the auditor-general's annual reports.

Malaysians could not have found out about the purchase of a set of screwdrivers for RM224, or RM4,000 computer laptops for RM42,000, or RM1,941 binoculars for RM56,350 if not for the fact that these discrepancies were highlighted by the auditor-general.

Hence when the former prime minister expressed his lack of confidence in the Auditor-General's Department in uncovering the chicanery in 1MDB, it has significantly dented the credibility and reputation of the department.

Perhaps the lack of confidence arose because the Auditor-General's Department is not an independent office, as it is often perceived to be, but really just a department under the auspices of the Ministry of Finance.

Therefore, while the auditor-general has conducted his duties commendably when auditing the various government departments, there is a serious concern over the auditor-general's independence when auditing 1MDB.

This is because the auditor-general has to report to Finance Minister Najib, who is also the prime minister.

PM himself approved 1MDB transactions

What's more, it has been established in 1MDB's case that the prime minister himself has provided written approvals for every substantial transaction carried out by 1MDB.

This causes a clear conflict of interest for Najib, whose written approvals are under investigation. On the other hand, the investigation is being carried out by the auditor-general, who is the minister's subordinate in the Finance Ministry.

Thus, the only way to redeem the independence, credibility and reputation of the Auditor-General's Department is to unchain the office from the Ministry of Finance.

The department should be made to report directly to the Parliament, as is done in all other modern and progressive democracies.

In the United Kingdom, for example, the National Audit Office (NAO) scrutinises public spending on behalf of the country's House of Commons.

The UK auditor-general himself is an officer of the House of Commons. Both he and his staff at the NAO are totally independent of the government. As clearly emphasised in the NAO website, "we are not civil servants and do not report to any minister".

The NAO website further elaborates: "We can be effective only if we retain our ability to comment objectively and independently on what the government does, and we cannot therefore act as adviser on the specific decisions the government takes."

In the light of the stinging criticism by Mahathir, it is therefore imperative for Najib to restore the credibility of the Auditor-General's Department.

Najib can do so by ensuring that that immediate steps are taken to make the department a completely independent entity that does not report back to, or take instructions from, either the prime minister or the finance minister.

Instead, the Auditor-General's Department should act on behalf of Parliament and this measure will certainly help extinguish the fire fanned by Najib's predecessor.