

ACA to go after civil servant cheats

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■ By Sarban Singh
news@nst.com.my

PUTRAJAYA: Civil servants who swindled or mismanaged public funds will hear from the Anti-Corruption Agency soon.

Auditor-General Tan Sri Ambrin Buang said this followed reports to the agency of glaring discrepancies found during the audit exercise for 2005.

They included several cases of corruption and mismanagement which he declined to elaborate on.

Ambrin had raised the case of the mismanagement of RM7.91 million by the Fire and Rescue Department in the purchase of 100 jet skis in 2002 in his report.

Of the lot, only 31 were distributed to six states with 13 eventually developing mechanical problems.

What made the matter worse was the fact that none of the faulty jet-ski's had been repaired to date.

"Not all issues raised contain elements of fraud or malpractice that need further investigation by the ACA. Only audit observations that contain issues related to fraud have been forwarded to the ACA," he told the *New Sunday Times*.

Ambrin said it was up to the ACA to determine if there were elements of fraud, corruption or mismanagement in the cases he had reported to them.

The Auditor-General's 2005 Report was released at the beginning of the month. The Auditor-General audits 423 accounts yearly, covering federal departments and agencies, state governments, local councils, statutory bodies and Islamic religious affairs bodies.

Former Auditor-General Tan Sri Hadenan Jalil made headlines last year when he questioned several issues in the 2004 audit report including:

- the inordinate delay in the construction of the Matrade building which was to cost RM167 million but eventually took 12 years and RM287.5 million to complete; and,
- the case of Tabung Haji wrongfully paying RM436.38 million for two buildings when it should have been RM267.92 million.

There were other cases of mismanagement of public funds and neglect of public property, all of which were not first-time transgressions.

A local authority, for instance, had awarded a company a project for a 20-year period.

On mismanagement, Ambrin said the negligent officers should be made

to pay a surcharge as their action amounted to dereliction of duty.

Those found to be directly negligent in their work, especially if it involved public money, shouldn't be "rewarded" by being given excellent service certificates, high marks in their annual performance reports, awards and titles.

Ambrin said it was important for this to be done to help civil servants guard against wastage and account for every sen spent.

"When I was Education Ministry secretary-general, I recommended to the Treasury that teachers who lost their laptops be made to pay a surcharge as it was tantamount to negligence."

Ambrin said such a penalty must be imposed as some civil servants simply refused to follow procedures.

"So, if it is a surchargeable offence,

department heads must recommend that action be taken. Such a penalty is provided for under the Financial Procedure Act 1957."

Ambrin said failure on the part of the departmental head to act could send the wrong signal that he condoned such behaviour.

On some agencies that blatantly violated procedures, like the local council which awarded a 20-year contract to a company, Ambrin said this reflected the manner in which the local council was run.

"The state government under whose jurisdiction the local council comes should conduct an inquiry. The state Public Accounts Committee could also investigate."

Ambrin said there were mechanisms in place to prevent such breaches but the point was whether these were being effectively used.

> INTERVIEW WITH AUDITOR-GENERAL TAN SRI AMBRIN BUANG

'We cannot allow the govt to be shortchanged'

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Q: Some feel the Audit Department doesn't really have the teeth to act as all you can do is uncover the "mess".

A: This is not really true. We do refer matters to the Treasury for action against errant officers. At the same time, we can advise the Public Accounts Committee (PAC) to call the respective officers to provide explanations.

For issues relating to fraud, I refer them to the Anti-Corruption Agency.

Q: You raised many issues in your latest report — money wasted in many states, projects not built to specifications or under-used, and that it actually took 40 years to process one land application.

A: Generally, departments and agencies are good in planning. But the problem emerges in the implementation and monitoring stage where officers fail to comply with rules and regulations.

It is incumbent for all officers to ensure corrective action is effectively taken and that their staff are adequately trained to handle their tasks.

We cannot allow the government to be shortchanged. Meetings should be minuted so that anyone else taking over the task knows what is happening. But sometimes there are no proper records for others to continue with the task.

Q: What guarantee is there that matters raised by your department are addressed?

A: We follow up on all issues raised. There is follow up by the PAC at both federal and state levels.

At the third level are the state assemblies and Parliament. We also give those audited reasonable time to remedy the situation.

We also take a special interest in cases where we feel a lot more improvement needs to be made. We then require these parties to submit reports on what has been done to correct the

situation.

Also, when we do exit conference with a particular department, there would be a "matters outstanding" session where we ask the department officials to furnish us proof on what has been done to correct shortcomings.

I want to make it clear that we do not deliberately find fault with those we are auditing.

Q: Some findings must have really annoyed you but again remedial measures are often delayed?

A: My concern is how seriously they respond to my findings and recommendations. This can be measured in terms of real improvement made and mistakes not repeated.

So every year we monitor whether there is real progress. For serious cases, I draw the attention of the minister, menteri besar or chief minister responsible.

I can't tell for sure which audit work had really touched a raw nerve in me as I have been in the department for only eight months now but one which comes to mind is the Matrade building fiasco.

Q: Are there sufficient laws to penalise wrongdoers?

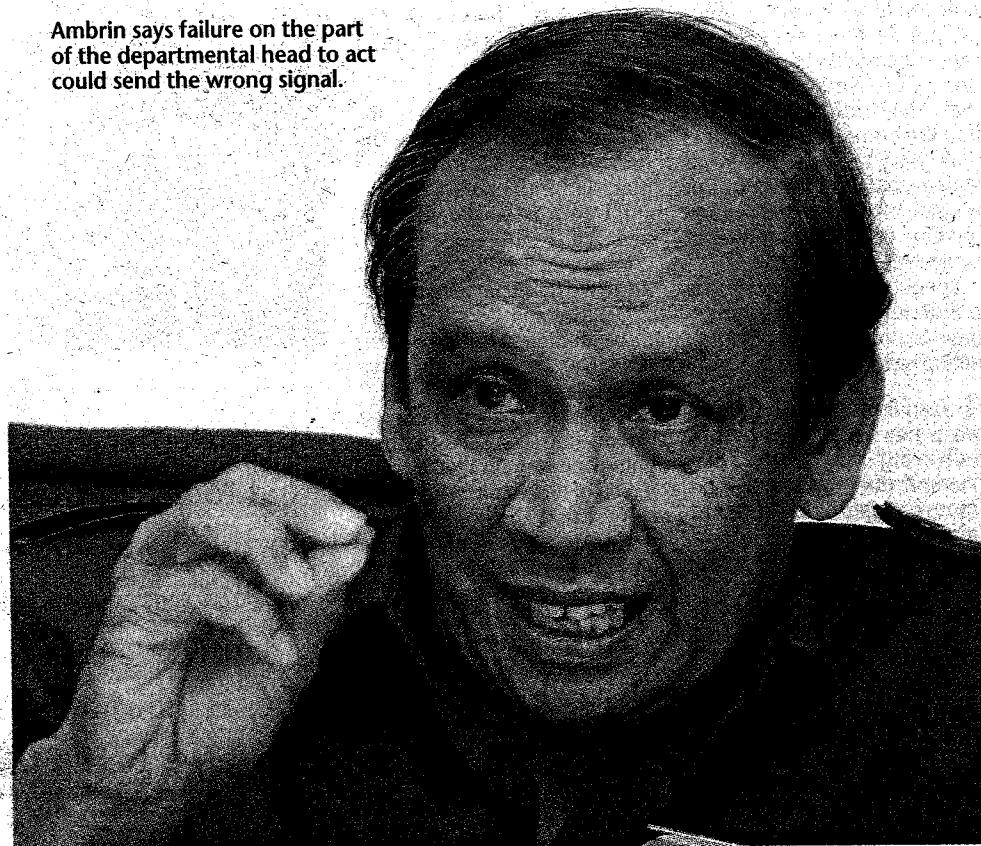
A: Yes there are. We have the Financial Procedure Act 1957, Treasury Instructions, circulars and General Orders.

What is important is the accountability culture. To ensure that all the laws are adhered to, I suggest that heads ensure the Sikap (supervision, interest, knowledge, attitude, procedures) element exists in their department.

Q: How can the function of the Audit Department be enhanced to give it more bite?

A: At present, there are nearly 500 subsidiaries of statutory bodies, both Federal and state which my department had recently been mandated to audit.

Ambrin says failure on the part of the departmental head to act could send the wrong signal.



If we are to carry out this task effectively, we need more manpower. At present, we audit randomly but it will be better if we are able to audit the whole lot of them.

Q: Since new methods are found regularly on ways to manipulate situations, especially involving IT use, are your officers competent enough to detect fraud?

A: We need to develop new knowledge and skills on forensic auditing. This is a new area of auditing, and we have sent our officers for training this year.

Our officers are also involved in system development in the auditee entity to ensure that proper controls that can curb any act of fraud or malpractices are embedded in the system.

It will also give auditors the opportunity to highlight any inadequacies before any system is implemented.

We need to re-engineer the audit methodology and techniques to accommodate changes

under the ICT environment.

Q: How can your department complement the National Integrity Plan to provide a better public delivery system?

A: In this context, my role is to ensure that the resources of audited entities are utilised properly by minimising the cost of resources used, ensuring quality of goods and services delivered and also fulfilling its objectives.

I believe in continuous improvement of the delivery system which require people of integrity at all levels.

It is just not enough to improve their knowledge and skills.

Ethics and values are equally important. By having a proper internal control system, we can help avoid fraud and mismanagement of resources.

This way we can highlight incidences of wastage or extravagance in government expenditure.