

# Council wars ...AND MISDEEDS

**Auditor-General:** Local authorities engaging in financial malpractices by bypassing the tender process in awarding contracts...

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## 'Tender process bypassed by local authorities'

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PETALING JAYA: Local authority officials are engaging in financial malpractices by bypassing the tender process in giving projects directly to contractors.

Auditor-General Tan Sri Ambrin Buang said they used loopholes in the system to circumvent the requirement that projects worth more than RM200,000 should be tendered.

He said a department study showed that this was most often done with landscaping projects.

"In some places, the same landscape projects have been done over and over again, while in other places none has been done at all," he said, adding that another area was garbage collection.

He said this in a paper presented at a two-day national workshop on "Preventing Corruption in Public Procurement: Capacity Building and Networking for Civil Society and Local Government".

The workshop was jointly organised by Transparency International Malaysia and Institut Integriti Malaysia.

Citing an example, Ambrin said a local authority had split contracts worth RM322,000 into 29 smaller ones to get around the procurement requirements.

Another split a RM200,000 contract into five equal parts and awarded them to individual companies.

Ambrin said this had placed both local authorities on the brink of financial impropriety.

He said Treasury requirements stated that any contract worth RM200,000 and above should be awarded only after tenders were called.

By breaking down the contract, the local authorities circumvented this requirement.

"This splitting of work is an abuse of the procurement system.

"We must ask ourselves whether splitting of work is a common and blatant practice in all local authorities, because this can lead to allegations of impropriety," he said.

He said local authorities were required to call for tenders when garbage disposal in their respective areas was contracted out, but this was not always done.

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Auditor-General Tan Sri Ambrin Buang

In one instance, RM4.71 million in work was given to 17 garbage disposal contractors without a proper agreement.

It was also found that maintenance work for landscaping was awarded without calling for quotations, with some contracts awarded for up to 20 years.

On participants' comments that the Auditor-General's Department reports gave the impression that no action had been taken against those who had exploited the system, he said it was up to the respective heads of departments and ministries to do so.

At the federal level, the Public Accounts Committee in Parliament went through the Auditor-General's reports thoroughly, calling many witnesses before the committee.

"There have been cases where there were prosecutions. We do our reports as professionally as we can, but it has to satisfy the legal aspects as well.

"The responsibility also lies with the respective heads of departments and ministries who should take action if they are serious about integrity."

Ambrin said some people had been removed from their posts for failing to carry out their responsibilities.