

## FAILURE OF OVERSIGHT MECHANISMS

# '1MDB SCANDAL SHOWED FLAWS IN GOVERNANCE'

It exposed systemic weaknesses in accountability and transparency, says PM

HAKIM MAHARI  
KUALA LUMPUR  
hakimmahari@nst.com.my

**T**HE 1Malaysia Development Bhd (1MDB) scandal must remain a stark reminder of what happens when oversight and governance mechanisms fail.

Prime Minister Datuk Seri Anwar Ibrahim said the multibillion-ringgit scandal was not only about financial losses, but also exposed systemic weaknesses in

accountability, transparency and institutional integrity.

"It could not have happened without the complicity of auditors, internal auditors and international financial institutions," he said at the Asian Confederation of Institutes of Internal Auditors Conference here yesterday.

"We must take this as a challenge, and save our society and nation from these transgressions. So we need to understand what is systems oversight. The need to act



Prime Minister Datuk Seri Anwar Ibrahim speaking at the Asian Confederation of Institutes of Internal Auditors Conference in Kuala Lumpur yesterday, NSTP PIC BY MOHAMAD SHAHRIL BADRI SAALI

must be guided by transparency, accountability and trust."

Anwar said the 1MDB case had shown how corruption and abuse of power could persist when those responsible for checks and balances became lax or complicit.

"This must serve as a challenge for us to boost systems oversight and ensure that all institutions act with integrity, transparency and accountability."

He added that while economic growth was important, it was equally vital to safeguard national resources from being wasted through corruption, inefficiency and mismanagement.

"History has shown that tackling such problems is never easy because those involved often wielded great wealth, influence and power. But we must continue to confront them firmly," he said.

Former prime minister Datuk Seri Najib Razak has been convicted and jailed for abuse of power, criminal breach of trust and money laundering involving funds from SRC International Sdn Bhd, a former 1MDB subsidiary.

Malaysian and United States authorities said some US\$4.5 billion (RM18.99 billion) had been misappropriated from the sovereign wealth fund.