

In A-G report, Putrajaya not getting value for money
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As in previous years, the Auditor-General's Report 2014 pointed out weaknesses in the Putrajaya's management of resources that had led to wastage, inefficiencies, missed targets and unsatisfactory work quality, among others.

In the Auditor-General's Report 2014 tabled in Parliament yesterday, several ministries were still found to have weak internal control systems.

"These weaknesses caused the programmes/activities/projects not to be completed within the stipulated time, unsatisfactory works quality, increase in cost of programmes/activities/projects and the government not getting best value for money for the expenditure incurred," according to the postscript to the Auditor-General's Report 2014: "Activities of the federal ministries/departments and management of the government companies, Series 1".

The ministries included the Works Ministry, Ministry of Communications and Multimedia Malaysia (MCM) and Ministry of Urban Wellbeing, Housing and Local Government.

In the auditor-general's audit of Putrajaya's People's Housing Programme (PPR) in Sabah under the state Ministry of Local Government and Housing, it was found that some projects were completed after delays of between 614 and 2,504 days. The delays occurred at PPR projects in Papar, Tawau and Sandakan.

"The approval of extension of time has resulted in delays in completing the project and providing benefits to the target group since one of the projects [was] delayed more than six years from the original date of completion," the auditor-general said in his report.

He pointed out that the quality of several jobs done by contractors was also unsatisfactory. Furthermore, the construction designs and plans approved by the superintending officer were impractical, incomplete and inappropriate.

Under the MCM, it was highlighted that the Malaysia Broadcasting Department paid a total of RM103.14 million to Telekom Malaysia Bhd for broadcasting services before the official agreement was signed.

On Putrajaya's broadband for general population (BBGP) initiative, which aims to achieve a national household broadband penetration rate of 75% in Sabah and Sarawak by end-2015, it was found that full payment was made to the contractors despite shortfalls in the work done.

The auditor-general revealed that full payment of RM88.13 million was paid to three contractors although the actual distance of fibre-optic network connections was 4.8% less than specified in the contract.

The auditor-general also said there was no evidence of approval of the contract period extension for 35 fibre-optic network connections and one cancellation by the controlling officer.

Moreover, the report mentioned one of the appointed contractors for BBGP did not meet the eligibility requirements set by the Communications and Multimedia Act 1998.

The Auditor-General's Report also found several purchases by the Ministry of Home Affairs that were not well planned.

This included the purchase of furniture by the Royal Malaysia Police for an incomplete battalion camp.

"Full payments amounting to RM760,150 were made on December 24 and December 27, 2013, although the furniture purchased was not yet supplied and the payments were supported by forged documents," the report said.

The auditor-general also noted that local bidders were not invited to give their quotations and the procurement was not done through the government procurement regime – panel system of central contract.

Other than government administrative bodies, statutory bodies such as the Forest Research Institute Malaysia (FRIM) also showed weaknesses in procurement systems in 2014.

"Procurement of supplies or services, namely supply of labour, security, telephone lines supply and installation and car rentals amounting to RM737,285 for the same type of items were split into smaller amounts to avoid the procedures on price quotation," the Auditor-General's Report found.

FRIM also made direct purchases for supplies or services which exceeded its limit as permitted under the regulations.

"In 2014, there were four procurements amounting to RM152,535 out of 2,314 procurements amounting to RM11.62 million done without price quotations, even though the total annual procurement for each similar item exceeded RM20,000," the Auditor-General's Report revealed.

The report further showed that FRIM issued 39 local purchase orders amounting to RM885,788 only after it had received the supplies or services.

Despite the weaknesses, the Auditor-General's Report concluded that Putrajaya had good plans to implement its programmes and projects.

But it said Putrajaya had to overcome several weaknesses in implementation to achieve the stated objectives.

The report said these weaknesses in implementation were due to a lack of monitoring and supervision by responsible parties, insufficient technical expertise and relying completely on consultants and contractors.

Aside from this, the auditor-general said the lack of coordination among agencies involved and internal problems faced by contractors contributed to the weaknesses as well.

“These weaknesses caused the programmes not to be completed within the stipulated time, unsatisfactory works quality and increase in cost,” the report said.

The auditor-general urged stern action against officers found to be negligent or failing to discharge their duties without reasonable justification, thereby causing losses to Putrajaya. – The Edge, April 7, 2015.

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