

'GOVT CAN SAVE RM200M BY ADDRESSING LEAKS'

Take immediate corrective actions in ministries, depts identified in 2019 Report, says AG

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THE government can save an estimated RM200 million by implementing immediate corrective actions to address the leakage of public funds in several ministries and departments identified in the 2019 Auditor General's Report (Compliance Audit Report on Ministries and Federal Departments).

Auditor General Datuk Nik Azman Nik Abdul Majid, in announcing the report's findings yesterday, said an example was in the audit of the police and the Home Ministry, which showed that regular maintenance payments totalling RM3.47 million were made for two police helicopters that had been inactive for more than three years.

He said the audit found that regular maintenance service payments were done in excess, totalling RM105,875.

"There should instead be a 25 per cent reduction in maintenance payments for helicopters that have been inactive for more than six months, as stipulated in the contract.

"A total of RM2.7 million was paid to replace photography equipment, which is 1,185 per cent over the capped RM209,964 (budget) for the purpose," he told a media briefing here yesterday.

He said corrective maintenance of the existing 467 photography equipment was not done as per the contract, while RM2.72 million was spent on 467 new photography kits.

He said the report recommended that the ministry and police enforce the late penalty clause stipulated in the contract for the delay in delivery and supplies.

"The report also recommended that the agencies ensure the officers in charge conduct detailed checks on the contract's terms and



Auditor General Datuk Nik Azman Nik Abdul Majid speaking at a press conference in Putrajaya yesterday.
PIC BY MOHD FADLI HAMZAH



conditions to avoid unnecessary payments."

He said officers should ensure the contract's terms were in accordance with the actual maintenance to protect the interest of the government and recommended taking action against companies or personnel found to have disregarded the needs and directives by the department as stated by law.

He said there should be better coordination between government personnel disbursing the payments for procurement and those receiving the items.

He said this was the second time the department had conducted the compliance audit, with 11 government agencies and companies involved in the process done based on risk profiling, compared with three agencies previously.

"The compliance report will allow the relevant agencies to carry out immediate measures, including halting payments, while the contracts are still active.

"It will be difficult to recover money spent through payments that were already made and it will involve a court process that will take a long time."

The 140-page audit report, which was tabled yesterday at the Dewan Rakyat, contains 23 recommendations for ministries and federal departments, as well as 50 recommendations for federal-level government companies to rectify identified weaknesses.

Nik Azman said the preparation of the two reports was in accordance with the International Standards of Supreme Audit Institu-

tions to identify four elements — public fund wastage, imprudence, misappropriation and leakage.

He said for the 2019 report, six audit topics were implemented on three ministries and seven departments which involved procurement.

They are the Defence Ministry, Prisons Department, Marine Department and polytechnics; maintenance services for the Royal Malaysian Air Force and police; missing public funds and movable assets at the Women, Family and Community Development Ministry; tax refunds under the Customs Department and Inland Revenue Board; and, alcohol duty import assessment by the Customs Department.

"For the Auditor General's Report 2019 Series 1, nine audits were done on the management of government companies.

"They are TH Hotel and Residence Sdn Bhd, Amanah Raya Bhd, Technology Park Malaysia Corporation Sdn Bhd, UDA Holdings Bhd, CIDB E-Construct Services Sdn Bhd, Malaysian Industry-Government Group for High Technology and National Institute of Biotechnology Malaysia.

"The briefing is normally conducted by the Public Accounts Committee (PAC), while the report is also distributed to the media. We are conducting this session as the PAC has yet to be established," Nik Azman said.

The report is available for public viewing at www.audit.gov.my.

Page 1 pic: Illustrative pictures of a police helicopter, and armoured personnel carriers in Lebanon.