

UNIVERSITI TEKNOLOGI MARA

**THE OVERSIGHT FUNCTION OF THE
PUBLIC ACCOUNTS COMMITTEE (PAC)
IN REPORTING THE AUDITED
FINANCIAL STATEMENTS OF THE
STATE GOVERNMENT**

ROSE SHAMSIAH SAMSUDIN

Thesis submitted in fulfillment of the requirements
for the degree of
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Candidate's Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This topic has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

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Name of Candidate : Rose Shamsiah Samsudin
Candidate's ID No. : 670120-02-5652
Programme : ACC990 Doctor of Philosophy in
Accountancy
Faculty : Faculty of Accountancy
Thesis Title : The Oversight Function of the Public
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Signature of Candidate : 

Date : 22nd July 2011

ABSTRACT

A critical problem concerning the functioning of the Public Accounts Committee (PAC) is the delay in tabling the PAC Reports at the State Legislative Assembly (SLA). The delay in the PAC process causes outdated information to be relayed to the SLA as the PAC reviewed audited financial statements that were no longer current. Some Malaysian states even reviewed and reported on financial statements from several years concurrently. Consequently, the significance of the PAC Report is at stake as the comments and recommendations made by the PAC may not be relevant. Within Malaysian PACs context, much about the related situations is not known due to lack or limited exploration on the matter. Thus, besides looking at PAC practices in general, one of the Malaysian state governments PAC namely State B is used as a case study in order to illuminate the state of affairs. State B was chosen as it has experienced the period where the state PAC Reports were previously seriously delayed, to the current condition, where the PAC Reports have been timely produced for the SLA. Using data from documentary evidence; non-participatory observations; and in-depth interviews on PAC members, the Secretary to the PAC, and the Head of state government's Audit General's Office (AGO), the PAC forms, conditions and process were traced from the time when the AGO Report on the state government's financial statements were issued to the point where the PAC Report was tabled at the SLA. Initially, this study develops an institutional approach to the legislative financial oversight function by the PAC. The data revealed that the institutional setting and capacity building do not provide an adequate explanation for the delay in PAC reporting. The individual as well as the collective behaviour of the PAC also contribute to the PAC's effective performance. As cognitive beings, human process information from their environment and what they perceive concerning a situation defines their reactions to it (Bandura, 1986; 1999; 2000). The individual and collective behaviour of PAC both influence and are influenced by personal factors such as attitudes, abilities, goals and expectations, as well as the social environment surrounding them. Hence, Bandura's theory of reciprocal determinism is relevant to the repetitive problems and cyclical conditions of PAC's mediocre performance. The SLA should be more alert to the current delays in PAC reporting, as they are the ones who pass laws including those concerning the governance of states. It is a challenge for PACs to balance their performance as it may fluctuate as personalities, politics, current events and public opinions alter the political landscape within the local context. Future studies may consider a more precise measurement procedure for PAC performance.

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