

UNIVERSITI TEKNOLOGI MARA

**THE IMPACT OF THE AUDITOR GENERAL'S
REPORTS ON STATUTORY BODIES AND THE
FEDERAL GOVERNMENT IN MALAYSIA**

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ABSTRACT

Accountability principle and integrity play a major role and contribute to the quality and image of a Government agency. It is also a prerequisite for public confidence in the services performed by the Government. Without these two principles in themselves as civil servant, it can lead to wastage of human resources, money and time delays in the completion of a project, reducing public confidence in government financial management particular and general public services and creating opportunities for the occurrence of fraud, corruption, misconduct and abuse of power.

The aim of this study is (i) to identify the common issues frequently raised in the Auditor General's reports; (ii) to investigate whether the levels of inefficiencies quoted in the Auditor General's reports keep increasing or decreasing in the periods studied; and (iii) to identify the actions taken by the National Audit Department to ensure that there is greater concern about accountability and integrity among civil servants.

This study is based on secondary data and is supported with feedback report received from ministry/department/state/agency. The data analysis method will explain the techniques used in this study so that all of the information gathered more reliable. The secondary data are through National Audit Department website in section Auditor General's report for statutory bodies and federal government with their respective feedback report.

This study also will provide significant understanding to the impact of the Auditor General's report to public servants in order to increase awareness regarding their accountability and integrity in delivering the service to the public. In addition, this study will identify any other actions can be implement in order to ensure government's fund have been used economically, efficiently and effectively.

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CHAPTER 1

INTRODUCTION

1.1 Preamble

The International Organisation of Supreme Audit Institutions (INTOSAI) Auditing Standards defines performance audit as the audit which determine whether an agency is using resources economically, efficiently and effectively in carrying out its responsibilities. Performance auditing is also known as value for money. Both emphasize the evaluation program, but performance audit covers not only the evaluation of a policy. Besides assessing the impact of an output, performance audits also assess whether the plan is in line with the objectives of the program and in accordance with the policies set forth. The policy can be modified to produce a better impact.

Performance auditing can improve public accountability and assist towards a prudent governance. It also includes financial auditing, compliance and propriety. Compliance audit is related to the aspects of compliance with the rules and laws. Performance audit was dedicated to the concept of best practice in the management program of public activities. Public money should not be abused by management to personal interest and expenses incurred shall not exceed the allowance. In performing the audit, the auditors should use the above concepts as appropriate.

Performance Audit in the National Audit Department is subject to section 6 (d) of the Audit Act 1957. This section seek to inspection to determine whether public money has been spent on it provided and activities were carried out in an efficiently and prudently to avoid wastage. In planning the audit, auditors are subject to the mandate set. The objective of the audit is to improve the performance and accountability of the public sector through effective auditing program guidelines and