

Assessing the Impact of Public Accounts Committee (PAC) Reports on Government Accountability

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Abstract: This study examines the effectiveness of the Public Accounts Committee (PAC) in Malaysia to enrich the understanding of its role in promoting governmental accountability. Through an extensive content analysis of the PAC reports spanning from 2019 to 2022 sourced from the Official Web of Parliament PAC, issues raised by the PAC were categorized into key improvement areas. Findings unveiled 104 flagged issues, with 68 addressed effectively, while 29 remained unresolved despite agreements for action and 7 lacking government response. The government's consideration of 97 out of 104 issues, reflecting a response rate exceeding 90%, underscored the PAC's pivotal role in fostering accountability. This study presents a comprehensive analysis of the prevailing issues identified in PAC reports and their current resolution status. It offers crucial insights for legislators to enhance the efficacy of their oversight procedures. Additionally, it provides empirical data on the impact of legislative oversight on governmental operations. The findings highlight the PAC's capacity to instigate positive reforms within government agencies, thereby enhancing transparency and promoting accountable governance. Future research should explore how the composition of the PAC committees influences issue resolution and government responses, while further investigations are recommended to evaluate the effects of the PAC recommendations on governmental practices.

Keywords: *Public accounts committee, government, accountability, transparency, parliament.*

1. Introduction

In light of numerous high-profile leakages, misallocation of government funds and pervasive corruption concerns in Malaysia, such as the well-known 1MDB, Scorpene Submarine, Felda Global Ventures, Tabung Haji, East Coast Rail Link (ECRL), as well as the more recent Littoral Combatant Ship (LCS) and MySejahtera, it is apparent that a substantial overhaul is necessary, along with an urgent requirement for reform within the government's procurement and financial management systems. On a macroeconomic level, the detrimental effects of corruption in Malaysia are significant, resulting in staggering losses of RM277 billion in economic output from 2019 to 2023. This figure nearly equals the combined Gross Domestic Product (GDP) of Johor and Penang, Malaysia's two largest states (SPRM, n.d.). According to Transparency International's (TI) 2022 Corruption Perceptions Index, Malaysia ranked 61st out of 180 countries, indicating a moderate to high perception of public sector corruption. Additionally, a survey by TI found that 71% of Malaysians see government corruption as a major issue (Md Zabri, 2024).

Tackling corruption is crucial for protecting national prosperity and promoting a just and equitable society. The rising public debt and widespread financial leakages due to mismanagement and corruption, particularly within the public sector, demand immediate action. Persistent inefficiencies in ministries, government departments, government-linked companies and statutory bodies must be urgently addressed to ensure optimal use of public funds. Hence, crucial agencies, including the Auditor General's Office, the Malaysian Anti-Corruption Commission (MACC) and the Public Accounts Committee (PAC), should adopt a more proactive approach to ensuring transparency, accountability and responsible financial management. It is important to measure the effectiveness of these agencies in addressing mismanagement within government agencies, as it will help identify areas for improvement and enhance the overall integrity of public financial oversight. This study focuses specifically on evaluating the effectiveness of the PAC.

The PAC has been established in Malaysia since 1959, serving as a crucial safeguard for maintaining financial integrity. The appointed members selected at the commencement of each Parliament have the task of examining the annual audits provided by the Auditor General's Office (Padlee, 2021). Additionally, the PAC carries out inquiries into instances of financial malfeasance and ensures that government agencies are held responsible

for their fiscal decisions. Nevertheless, the primary question that persists is whether the concerns raised by the PAC are adequately addressed by the government agencies and subsequently result in the implementation of effective remedial actions. This gives rise to an empirical question that merits further examination. This research seeks to investigate whether the PAC's inquiries lead to substantial reforms and accountable financial management for assessing the true extent of the PAC's influence on shaping responsible governance. Specifically, the objectives of this study are:

- Identify the issues raised and the government sectors involved by examining a comprehensive list of the PAC reports.
- Analyse the PAC recommendations and categorize these recommendations.
- Determine the extent to which the recommendations provided by the PAC are implemented by government agencies.

2. Literature Review

The Public Accounts Committee in Malaysia

The PAC in Malaysia, as defined by Standing Order No. 77 of the Dewan Rakyat, has the responsibility to scrutinize the federal government's accounts, approved budget and Auditor General's reports (Parliament of Malaysia, 2018). The PAC's crucial function is to aid parliament in ensuring that government actions and expenditures align with parliamentary approval. It serves as a "watchdog" to safeguard public funds and resources and assess the efficiency and effectiveness of resource management by the government (Abidin et al., 2019). The existence of PAC can promote a culture of accountability (Yaakob et al., 2009). PAC originates from the traditional model of Westminster commonly implemented by Commonwealth countries. The first PAC was established in 1857 in the UK Parliament (Padlee, 2021).

Since its establishment in 1959 in Malaysia, the Chairmanship of the PAC has conventionally been occupied by a delegate from the government faction. However, a notable shift occurred in 2018 when the reins of power transitioned from Barisan Nasional to Pakatan Rakyat. This transition marked a significant departure from the norm as the Chairman of the PAC was, for the first time, chosen from the ranks of the opposition party (Padlee, 2021).

A comprehensive search was conducted in two reputable scholarly databases, namely Web of Science (WoS) and Scopus, to identify scholarly literature about the "Public Accounts Committee" within Malaysia. Findings indicated that the WoS database contained only one related article in Malaysia, while Scopus yielded a total of four articles. This finding indicates the scarcity of studies undertaken on PAC in Malaysia.

Saleh and Hasan (2015) provided a comprehensive analysis of the institutional structure of Malaysia's federal PAC and its significant contribution to enhancing accountability in the public sector. The paper explores the evolutionary history of the PAC, shedding light on its intricate linkages with the governmental framework in Malaysia. Furthermore, a detailed explanation of the powers, responsibilities, composition and operational methods of the PAC is also discussed in the study. Saleh and Hasan (2015) also cited prominent examples that have undergone scrutiny by the PAC and received considerable media attention.

Using the viewpoints of non-audit professionals who are members of the PAC, Batumalai et al. (2022) conducted research regarding the existence of audit expectation gaps within the Malaysian public sector. Their findings revealed the presence of a disparity in audit expectations between auditors in the public sector and non-audit professionals. Batumalai et al. (2022) then proposed the need to enhance the comprehension of auditing stakeholders regarding the legal and ethical responsibilities of auditors. By doing so, it aims to address the existing gap, strengthen the credibility of auditors, and increase their societal significance.

Meanwhile, the study conducted by Daud and Fraser (2015) investigated the viewpoints of auditors in the National Audit Department (NAD) and members of the PAC on the current performance-audit practices in the public sector of Malaysia. By conducting interviews with a representative sample of individuals from each cohort, their study revealed contrasting perspectives on several aspects, such as the responsibilities and skills of auditors, their impartiality, as well as the content and usefulness of audit reports. A significant divergence

arose in their separate viewpoints on the obligations of auditors in the detection of fraudulent activities.

In another study, Zakuan (2022) critically examined the extent of women's participation in the PAC. The investigation sheds light on the persistent lack of women's participation in legislative bodies, a phenomenon that remains consistent across different political contexts. As of June 2021, Malaysia's standing in terms of women's parliamentary representation was comparatively lower than that of several Southeast Asian countries. The lack of adequate female representation in Malaysia's legislative assemblies has a consequential impact on the PAC. The significance of women's participation within the PAC domain appears less emphasized due to the policy-centric nature of PAC debates, which prioritize policy-related conversations rather than gender-oriented discourse.

The study, which was carried out in the Malaysian context, fell short in its coverage of the problems raised by the PAC and the corrective actions made by the government in response. As a result, the general people's capacity to accurately assess the true efficacy of the PAC in terms of formulating solutions, enacting reforms and responsibly protecting public financial assets remained constrained. Therefore, this study aims to add to the body of knowledge already available on the effectiveness of the PAC's operations in the Malaysian context.

Roles and Responsibilities of The Public Accounts Committee

PAC plays a crucial role in ensuring accountability, transparency and efficiency in public sector operations. These functions are supported by various theoretical frameworks, including agency theory, signalling theory, assurance theory, management control theory, governance theory and confirmation theory (Cîmpan et al., 2023). Agency theory posits that public audits are essential for mitigating the agency problem, ensuring that public officials act in the best interests of public stakeholders. Signalling theory emphasizes that public audits serve as a signal of reliability and trustworthiness, which enhance transparency and stakeholder confidence in the financial information provided by public entities. Meanwhile, assurance theory suggests that public audits offer assurance regarding the accuracy and fairness of financial statements, thereby reducing information asymmetry and fostering trust.

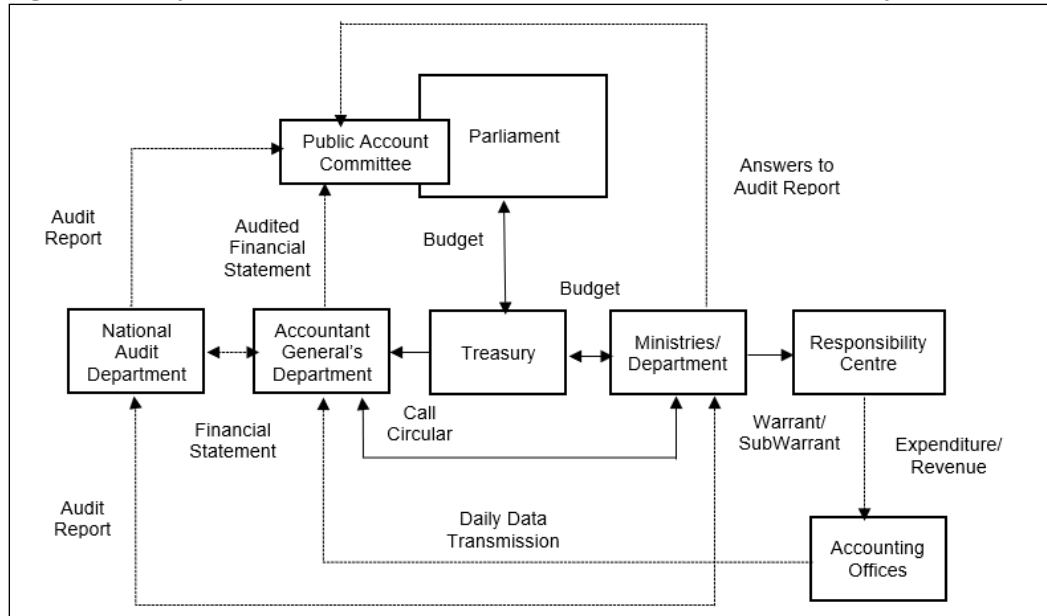
From the perspective of management control theory, public audits are vital for monitoring and controlling the activities of public entities, which further ensure regulatory compliance and efficient resource utilization. Governance theory highlights the role of public audits in promoting good governance practices, accountability, and integrity within public institutions. Finally, confirmation theory posits that public audits validate the effectiveness of internal controls and risk management processes in public organizations, instilling confidence among stakeholders regarding the soundness of these entities' operations. Collectively, these theories underscore the multifaceted value of public audits in fostering a transparent, accountable and efficient public sector (Cîmpan et al., 2023).

The primary focus of the PAC is to engage in essential activities of examining government expenditure, assessing the cost-effectiveness of public spending and ensuring government officials are held responsible for their financial management and performance (Elston & Zhang, 2022). The act of being vigilant is important in guaranteeing the prudent allocation of public funds and the timely resolution of any financial irregularities or inefficiencies within governmental processes. In the pursuit of its goal, the PAC undertakes the crucial role of examining the findings of the National Audit Department (NAD) and commencing investigations into certain domains of government spending or financial administration. The primary objective of PAC's investigations is to promote the operational efficiency and efficacy of government agencies in executing projects, hence contributing to the overall improvement of government performance (Batumalai et al., 2022). However, the effectiveness of PAC's endeavors occasionally encounters obstacles. Although the suggestions aim to stimulate enhancements, their implementation into executive action is not always guaranteed, and the limited periods for report submission can impede the quality of their findings (Lateef et al., 2021).

The Chairman assumes a crucial position within the PAC, exerting significant influence over the committee's agenda. This entails engaging in consultations with both the committee members and the Auditor General (Padlee, 2021). The PAC is widely acknowledged as a powerful legislative group that exercises significant influence in its ability to summon witnesses, obtain papers and undertake investigations for uncovering instances of financial irregularities or mismanagement. In summary, the PAC is responsible for a wide range of

functions encompassing financial monitoring, ensuring accountability, scrutinizing public accounts and investigating instances of financial impropriety.

Figure 1: Malaysian Government's Framework of Financial Accountability



(Source: Saleh & Abu Hasan, 2015)

Moreover, the PAC demonstrates its responsiveness to public concerns by actively engaging with instances that receive media attention. This illustrates the committee's dedication to researching and resolving issues about government accountability (Saleh & Abu Hasan, 2015). The committee's performance is enhanced by the facilitation of collaboration among its members through various meetings, including verification sessions and response reporting meetings. Furthermore, the PAC engages in close collaboration with other stakeholders, like the Auditor General's office, to authenticate data and effectively address issues related to corruption. Within the broader context of Malaysian administration, the PAC assumes a prominent role as a steadfast protector of accountability. It conscientiously tackles public apprehensions about bureaucratic efficacy while advocating for governmental transparency and economic prudence. The PAC's pivotal standing and its integral role within the federal government's framework of accountability can be visually depicted in Figure 1. In this framework, it becomes evident that the PAC bears the responsibility of scrutinizing the audit report and audited financial statement generated by the NAD and the Accountant General Department. Subsequently, any queries or concerns raised by the PAC necessitate a response or subsequent action from the pertinent ministry or government department.

The Public Accounts Committee Work Process

The foundation of the PAC work lies in the initial report provided by the Auditor General, which serves as their guiding document. Remarkably, a substantial 85% of PACs acknowledge that their work hinges primarily on the Auditor General's report (Wehner, 2002). However, given the constraints of time and resources, the PAC cannot delve into every account flagged by the Auditor General. Therefore, they strategically prioritize their focus on accounts involving a qualified audit opinion or those that raise more profound financial control concerns. This judicious allocation of resources ensures that their efforts are channelled towards matters of utmost significance.

Once armed with the Auditor General's report, the PAC embarks on the critical phase of conducting hearings. These hearings are the principal means by which officials from various government departments, agencies and relevant bodies are held accountable before the PAC. It is imperative that the PAC meticulously plans these proceedings in collaboration with the Auditor General to synchronize the release of their reports with parliamentary hearings. Preparing a quality hearing involves dedicated efforts from committee members, as

well as the witnesses who are summoned to appear. Typically, the summoned officials, often in the form of the accounting officer, face questions from the committee. While ministers are not usually summoned, additional individuals may also be questioned during these hearings (Parliament of Malaysia, 2017).

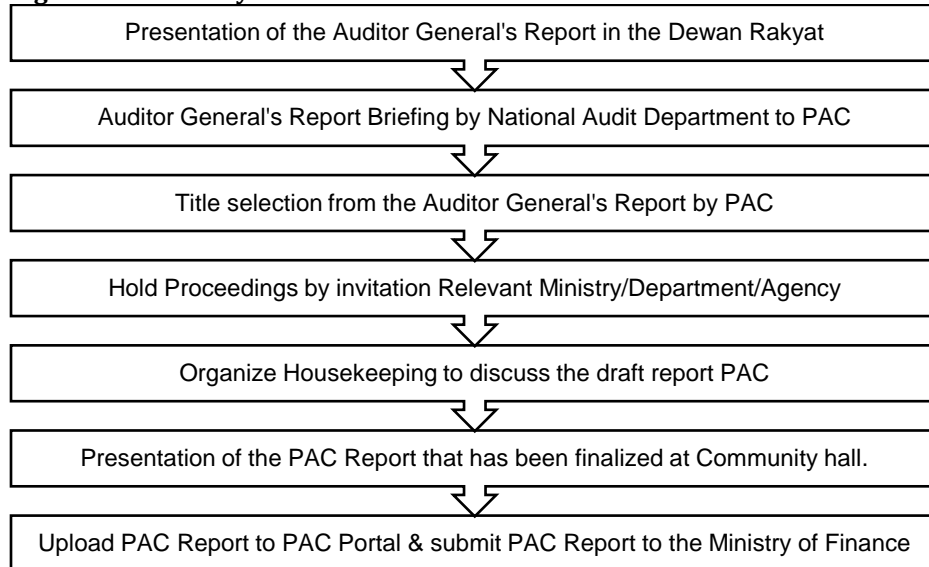
Subsequently, the responsibility of drafting a comprehensive report falls on the shoulders of the committee's chairperson. Prompt publication of the minutes of evidence from hearings and the committee's report is essential. This practice aligns with the norms in Westminster-inspired parliaments and, importantly, in Malaysia. Additionally, it is customary for committee reports to trigger a formal response from the government, which typically occurs within two to six months. Some parliaments even establish special committees to monitor the implementation of government assurances. In cases where a department or ministry rejects a PAC recommendation, they are required to explain their reasons in such a report. The decision to revisit the issue in subsequent reports lies with the PAC (Parliament of Malaysia, 2017).

Nevertheless, the PAC's work does not culminate with the finalization of a report. The real value of these reports materializes when the government acknowledges and acts upon the issues raised, thus implementing the committee's recommendations. In a recent survey, an impressive 87% of PACs indicated that their reports are made accessible to the public (Wehner, 2002). This transparency ensures that citizens are informed about government finances and can hold their leaders accountable.

In summary, the Malaysian PAC follows a structured and systematic process, with reliance on the Auditor General's report as a cornerstone. Their rigorous hearings, meticulous reporting and government responses are all essential components of their efforts to promote accountability and transparency in the country's financial affairs. In Figure 2, the work process of the Malaysian PAC is encapsulated.

Top of Form

Figure 2: The Malaysian PAC Work Process



(Source: Parliament of Malaysia, 2017)

3. Methodology

This research was conducted via a comprehensive analysis of the PAC reports and subsequent action reports taken by government agencies within four years (2019–2022), obtained from the Official Web of Parliament PAC. The year 2019 was chosen as the starting year since the PAC reports and action reports taken by government agencies were published to the public when Pakatan Rakyat took over the government from Barisan Nasional. The results of these comprehensive content analyses are highlighted using descriptive statistics, comparative analyses and concept mapping. The categorization of issues brought up by the PAC

adheres to the classifications proposed by Benton and Russell (2013), as well as Elston and Zhang (2022). They proposed six categories of issues frequently notified by PAC to government agencies for improvement, such as issues on providing guidance and control, disclosing government positions, conducting analysis or research, improving contract management and enhancing internal management procedures, among other issues.

The primary concern typically raised by PAC pertains to issue guidance and control. The PAC requires government agencies to establish thorough policies, rules, regulations and guidelines to ensure honesty and transparency in expenditures (Benton & Russell, 2013). Secondly, the PAC recommends that government institutions distribute information to several stakeholders, such as the committee, parliament, regulators, auditors, other public sector agencies and the public, to explain previously published information and avoid any potential dissemination of false information. Thirdly, the PAC suggests that the government be transparent and honest in contract management to optimize the value obtained from outsourcing agreements (Benton & Russell, 2013).

Besides, government agencies are urged to enhance management practices within organizations, encompassing areas such as leadership, internal and external coordination, personnel recruitment, training, professional growth, task assignments, incentives, employee morale, succession planning and disciplinary measures (Benton & Russell, 2013). These endeavors function to enhance the quality, uniformity, effectiveness and stability of organizations. In addition, the PAC sometimes provides suggestions that go beyond the categories described before, covering a wide range of disciplines. Expanding on the six (6) recommendations commonly raised by the PAC, this study examines the responses of government agencies and evaluates the implementation of corrective actions.

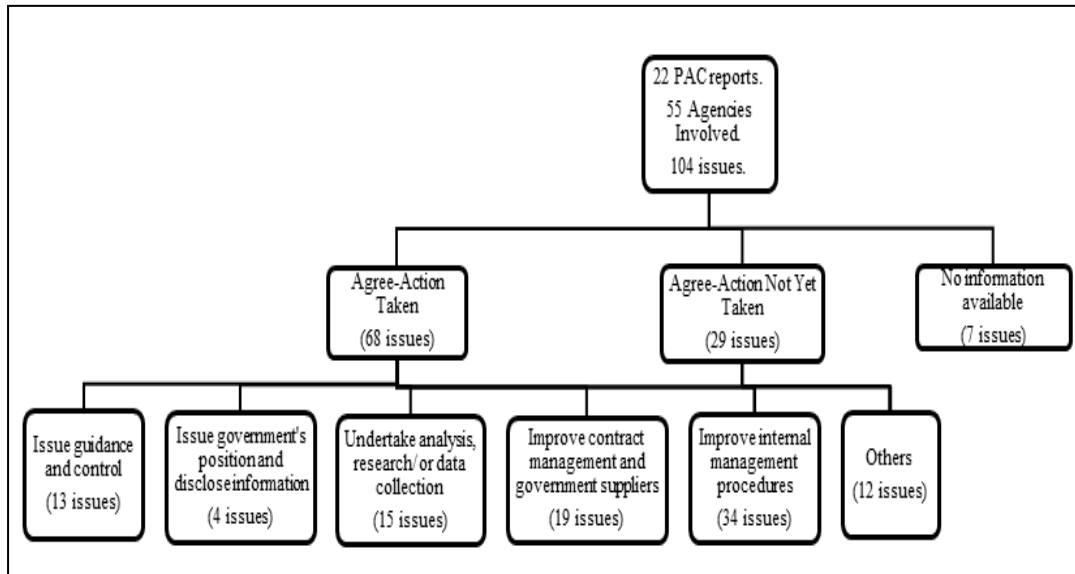
4. Results and Discussion

From 2019 to 2022, a total of 23 PAC reports were issued. There was a total of seven reports in 2019, but only six of them are accessible on the PAC website. In 2020, the number of reports decreased to five. Nevertheless, in 2021, an increase in the number of reports was observed, reaching a total of eight. Finally, in 2022, the number of reports dropped to three. The data indicates fluctuations in the committee's scrutiny of public accounts concerns in terms of concentration and severity during the indicated years. Over these four years, there have been changes in the chairman of the PAC due to alterations in the leadership of the government. The heads of government came from different political parties. According to Padlee (2021), starting in 2018, the selection of the chairman must come from an opposition party.

Appendix 1 contains an exhaustive compilation of the organizations involved in the PAC investigation between 2019 and 2022. There were a total of 36 agencies involved, which included crucial ministries such as the Ministry of Finance (MoF), the Ministry of Health (KKM) and the Ministry of Education (KPM). The incorporation of agencies from diverse sectors, including finance, defense, education and health, demonstrated a cross-sectoral strategy toward financial supervision. It indicates the committee's dedication to thoroughly examining spending in several areas. Organizations such as the Malaysian Anti-Corruption Commission have a specific emphasis on tackling corruption issues in the investigation. Furthermore, the involvement of the Federal Territories Islamic Religious Council and the Management of the Malaysian Sports School (SSM) Perlis Project highlighted the incorporation of organizations at the federal and state levels. The inclusion of crucial ministries in the PAC investigation underscored a deficiency in financial reporting and accountability within key organizations responsible for safeguarding the well-being of the populace.

Figure 3 depicts a thorough examination of 22 PAC's reports that encompass 55 agencies, revealing a total of 104 identified issues. Out of these issues, 68 have undergone actions, while 29 have had actions agreed upon but not yet put into action. The concerns mentioned by the PAC encompass matters such as providing guidance and control, disclosing government positions, conducting analysis or research, improving contract management, enhancing internal management procedures and other issues. Additionally, there were seven unresolved matters for which the government's actions remained undisclosed.

Figure 3: Responses on PAC's Reports



The primary concern highlighted by the PAC is the deficiency in internal management procedures, which has been raised 34 times. Following this is the enhancement of contract management with government suppliers by 19 times and the recommendation for the government to conduct further research and data collection before initiating any actions, projects or programs, which have been raised 15 times. Additionally, the government has been advised to enforce appropriate guidance and control, which has been raised 13 times. The comprehensive explanations for each type of concern are thoroughly covered in the subsequent sections.

Issue Guidance and Control

The PAC has raised 13 concerns regarding shortcomings in guidance and control. Among these is the Ministry of Finance's (MoF) inability to provide clear policies determining eligibility for LPG gas subsidies, which has led to losses to the country amounting to nearly RM1.7 billion. In response to the PAC's admonition, the MoF has agreed to refine the effectiveness of the LPG gas subsidy program. The PAC has also requested the MoF to ensure full compliance with the country's laws, especially in financial procedures, to enhance the orderliness and accountability of the financial administration system. This is because the MoF is responsible for the loss of KHAZANAH amounting to RM6.3 billion in 2018, marking the first loss experienced by KHAZANAH since its establishment in 1993.

Meanwhile, the Ministry of Transportation (MoT) has been reprimanded due to the lack of proper work processes and marina management. Some marinas were built but never operated or visited by sailors, resulting in a complete waste of public funds amounting to RM61.55 million. The Ministry of Home Affairs (KDN) and the Ministry of Human Resources (KSM) have then been advised by the PAC to establish a synchronized system for managing and controlling the hiring of foreign workers, ensuring data consistency from one field to another across ministries and departments.

Thus, comprehensive SOPs need to be established for the sale and disposal of DBKL-owned land. The government is also urged to adopt sustainable and equitable housing policies for the provision of affordable housing for the people. The government must ensure that each ministry responsible for combating the COVID-19 pandemic utilizes the allocated RM5.8 billion by current financial procedures to prioritize the interests and welfare of the people. The Federal Territory Islamic Religious Council (MAIWP) is also reprimanded for managing zakat funds according to Shariah regulations provided by the Federal Territory Mufti Department. Furthermore, the new Malaysia My Second Home (MM2H) program policy should be customer-friendly and competitive compared to neighboring countries. In addition, the procurement of defense equipment and supplies should prioritize the needs of the end-user, particularly the Royal Malaysian Navy (TLDM), and align with the Defense White Paper 2020–2030. All recommendations concerning policies, guidance and policies have been accepted by the relevant government agencies, and each has agreed to take corrective measures and

improvements.

Disclosing Government Positions

Only four matters were recommended by the PAC regarding disclosing government positions and disclosing information. One of them is the absence of Government representatives on the Board of Directors of Education Malaysia Global Services (EMGS) for the year 2019, even though EMGS is a Company Limited by Guarantee ("CLBG") under the purview of the Ministry of Higher Education Malaysia, which has been established since 2012. It involved issues of corporate governance and the management of grants received from the government totalling RM22.13 million. The Government, under the Ministry of Transport (MOT), was also requested to disclose the Investigation Report of the Government Administration, Procurement and Financial Investigation Committee (JKSTUPKK) No. 2/2018 concerning the Automated Enforcement System (AES).

Therefore, the Government is urged to take proactive action to finalize the purchase of COVID-19 vaccines for children (5-11 years old), including allocating reservation funds, if necessary, to ensure timely delivery of COVID-19 vaccines for children. For the last case under disclosing government positions, the Ministry of Defence (MINDEF) is requested to present progress reports on the Littoral Combatant Ship (LCS) project every three (3) months to the PAC until the LCS project is completed. All comments from the PAC received positive responses from the respective ministries, demonstrating a commitment to transparency, accountability and the willingness to address concerns raised by the PAC.

Conducting Analysis or Research

Based on the PAC report between 2019-2022, the Government, through various ministries and agencies, was requested by the PAC to conduct several studies as follows:

- MoF needs to conduct a study on the usage of LPG gas by state, category, number of users and subsidized amounts smuggled out of the country.
- MoF must conduct a study on the effectiveness of the LPG subsidy program.
- FINAS needs to implement an outcome evaluation study related to the Film in Malaysia Incentive (FIMI) program.
- MoT and the Malaysian Maritime Department should study and make decisions regarding the new direction of public marinas.
- Malaysia Stadium Corporation (PSM) should conduct a study within two years to assess the benefits derived from the redevelopment project of the existing facilities of the National Sports Complex.
- The Public-Private Partnership Unit (UKAS) needs to examine the maintenance clause requirements in the Privatisation Agreement under Public Private Partnership (PPP) through land swap to ensure that assets are maintained and utilized optimally.
- PDRM should expedite investigations into allegations of theft and misuse of user IDs in the MyIMMs system.
- KDN should renegotiate with UNHCR the settlement of registration for refugee status detainees in immigration depots nationwide.
- PR1MA must conduct due diligence in affordable housing construction in terms of location suitability, house size and market demand to avoid unsold properties and government grant losses.
- ARB should conduct an audit on cumulative losses of the Joint Fund Group (KWB), especially in investments in the development project of 56 units of Keppel Bay Properties in Singapore.
- SPRM should investigate kick-back recipients in the AES acquisition process by LTAT.
- MAMPU needs to assess the effectiveness of MyGov*Net in the Government delivery system before deciding whether to upgrade the existing system or replace it with a new system after the contract ends in 2022.
- MINDEF needs to present substantive military acquisition planning to the Parliament's Special Defence and Security Committee from time to time, involving all stakeholders for national defense readiness.
- MINDEF needs to review all options to determine the best direction for the LCS project and ensure responsible public spending.
- KKM and MoF need to review the appropriateness of awarding the MySejahtera application contract through direct negotiation made through the Cabinet Decision dated 26 November 2021.

In general, the research or analysis required by PAC indicates a need for thorough assessments and evaluations to assess the effectiveness, efficiency and impact of various government programs, initiatives and projects to guarantee transparency and accountability in the administration of public funds, resources and projects, specifically regarding subsidies, contracts and investments. Conducting these investigations is necessary to prevent financial losses, misallocation of cash and inefficiencies in government organizations and projects.

Improve Contract Management of Government Suppliers

The research findings in the PAC report also revealed various weaknesses in contract management within government agencies. The government should implement better procedures for negotiating, monitoring and enforcing contracts to ensure they are executed efficiently, effectively and in compliance with relevant regulations and standards. Good contract management will maximize the value derived from procurement activities, minimize risks and ensure that public resources are used efficiently and effectively. Here are some important suggestions from the PAC to improve the management of contracts with government suppliers:

- The government must ensure that contractors or suppliers fulfill their responsibilities and scope of work as outlined in the agreement.
- MoF needs to ensure that all direct negotiation decisions are supported by strong justifications.
- Members of Parliament (MPs) must declare their business interests to the responsible ministry if their business involves government projects.
- MoF needs to conduct due diligence accompanied by justifications before recommending companies to ministries to reduce the risk of project failures.
- Existing procurement practices that allow any contractor or company to propose other company names for limited tender purposes should be considered on a case-by-case basis.
- All agreements sealed by government agencies must follow best practices that consistently protect government interests.
- The government must ensure that all terms in any concession agreements do not disadvantage the government.
- The government needs to set a ceiling price for Sinovac vaccines sold in the Private Vaccine Market immediately and ensure that this ceiling price does not give excessive profits to suppliers.
- The National Maritime Single Point of Contacts (NMSPOC) should be promptly implemented so that information between ministries and government agencies can be synchronized and security and enforcement activities can be carried out with good coordination and monitoring.
- The government should ensure that the Pay-Per-Use concept if introduced, will benefit the government in terms of cost savings.
- Government Contract Administration should be streamlined to minimize Variation Orders (VO) to avoid project cost escalation.
- The government must ensure full government ownership of the MySejahtera application to ensure the security of users' data in the MySejahtera and ensure that the data is not misused by any party.

Overall, there is a clear emphasis by the PAC on ensuring that contractors and suppliers adhere to their contractual obligations and deliverables as specified in agreements. The necessity for strong justifications and due diligence processes, particularly in decision-making and vendor selection, indicates a commitment to mitigating risks and ensuring transparency in procurement practices. Most importantly, emphasizing for MPs to declare business interests related to government projects highlights the importance of transparency and accountability in governance and business dealings.

Enhancing Internal Management Procedures

Table 1 offers an analysis of diverse internal management flaws highlighted in the PAC's 2019-2022 reports. These issues encompassed 12 distinct categories. Notably, enforcement weaknesses within governmental agencies emerged as a predominant concern, reiterated a total of six times across the 22 PAC reports.

Table 1: Internal Management Issues Highlighted in the PAC's Reports 2019-2022.

Enforcement weaknesses	6
Non-Compliance with SOPs	5
Political interference	4
Weak financial procedures	4
Incomplete records	3
Lack of contract provision	2
Lack of maintenance and coordination between agencies	2
Ineffective internal audits	2
Lack of transparent project evaluations	2
Ministerial power abuse	2
Absence of due diligence implementation	1
Skills shortage	1

From the content analysis, it was revealed that non-compliance with standard operational procedures (SOPs) ranked as the second most prevalent issue. In addition, certain government projects were approved without undergoing the necessary assessment process. Moreover, there were instances of government procurement processes being conducted in contradiction to the prescribed procedures. Political interference can undermine the impartiality and effectiveness of enforcement efforts, leading to concerns about favoritism, corruption or inefficiency. Furthermore, deficiencies in financial procedures and incomplete record-keeping underscore shortcomings in data management and documentation practices. Such lapses can impede accountability, decision-making processes and the monitoring of performance.

The absence of contractual provisions suggests deficiencies within contractual agreements or oversight mechanisms, potentially leading to contractual disputes, legal vulnerabilities or project delays. Additionally, there is a lack of coordination and maintenance among government agencies, resulting in weaknesses within the government's administrative system. For instance, the Ministry of Home Affairs (KDN) and the Ministry of Human Resources (KSM) should collaborate in managing and regulating the hiring of foreign workers to prevent an influx of foreign workers, which could lead to the outflow of national resources. Such collaboration is crucial for ensuring effective governance and resource utilization.

Moreover, ineffective internal audits suggest shortcomings in internal control mechanisms or audit practices, which can compromise accountability, fraud detection and risk management. The absence of transparent project evaluations indicates deficiencies in project monitoring, evaluation or reporting mechanisms, impeding evidence-based decision-making, performance assessment and stakeholder accountability. Furthermore, ministerial power abuse suggests misuse or manipulation of ministerial authority for personal or political gain, thereby eroding public trust, institutional credibility and governance effectiveness. Additionally, the absence of due diligence implementation indicates gaps in risk assessment or compliance verification processes, exposing organizations to legal, financial, or reputational risks. Finally, skills shortage refers to deficiencies in human resource capabilities or expertise, which can hamper organizational performance, innovation and service delivery.

Implications and Potential Consequences of the Issues Identified

The outcomes of this study revealed numerous crucial concerns in government operations that could have substantial consequences. Failure to adhere to standard operational procedures (SOPs), intervention from political entities and the misuse of ministerial power can undermine the confidence of the public in government institutions. The erosion of trust can lead to less citizen participation, decreased voter turnout and heightened public opposition, which undermine the government's legitimacy.

Financial deficiencies, inadequate record-keeping and inefficient internal audits can result in significant financial losses and inefficiencies, further depleting public resources and causing budget overruns in

government projects. Inadequate inclusion of contractual requirements and due diligence in government projects can leave them vulnerable to legal disputes, breaches of contract and potential litigation. These issues can result in project delays, higher expenses and harm to the reputation of the project.

Inadequate governance and lack of accountability exacerbate these problems. The absence of collaboration between government agencies and ineffective assessments of projects undermine governance systems and impede mechanisms of accountability, resulting in flawed decision-making, insufficient performance monitoring and subpar delivery of public services. Furthermore, the lack of necessary skills inside government organizations presents substantial obstacles in terms of human resources, hindering the overall performance, innovation and delivery of services. On top of that, inadequacies in risk assessment and compliance verification procedures expose government projects to unforeseen difficulties, which could result in project failures, safety issues and enduring adverse effects on public welfare. Continual problems with governance and corruption can damage a nation's global standing, impacting foreign investment, diplomatic ties and overall economic stability. Addressing these concerns by implementing specific reforms is essential to improve governance, accountability and efficiency in the public sector, which includes strengthening compliance with standard operational procedures through rigorous training and regular audits, minimizing political interference by establishing clear boundaries and independent oversight bodies, as well as enhancing financial procedures and record-keeping with modern management systems and frequent audits. Improving contractual provisions and due diligence processes, fostering interagency coordination and strengthening internal audits and controls are also crucial. Transparent project evaluations, addressing skills shortages through capacity-building programs, promoting good governance practices and reinforcing legal and regulatory frameworks will further ensure accountability, transparency and efficiency in public sector operations.

5. Conclusion and recommendations

The PAC plays a vital role in maintaining financial integrity and upholding government agencies accountable. Studies conducted within the Malaysian context have been inadequate in addressing the issues identified by the PAC and subsequent actions taken by the government to address them. Thus, this study endeavors to contribute to the existing body of knowledge concerning the operational effectiveness of the PAC within Malaysia, aiming to provide a more comprehensive understanding of its impact.

This study involved a comprehensive analysis of PAC reports and subsequent actions taken by government agencies over four years (2019–2022), sourced from the Official Web of Parliament PAC. Issues raised by the PAC were categorized according to classifications proposed by Benton and Russell (2013) and Elston and Zhang (2022), encompassing six key areas for improvement. These areas include guidance and control, information disclosure, contract management transparency, organizational management enhancement, and others.

From the examination of 22 PAC reports encompassing 55 agencies, this study revealed a total of 104 issues flagged by the PAC. Among these, 68 issues have been effectively addressed through actions, while 29 have agreements for action but remained unresolved, with seven issues lacking information on the government's response. The government's response to 97 out of 104 issues, representing a response rate of over 90%, indicated a serious consideration of the PAC's recommendations by the government and related agencies, besides underscoring the significant role of the PAC in enhancing government accountability.

By delving into this investigation, this study is anticipated to provide a thorough understanding of the PAC's impact in instigating positive changes within government agencies, thereby enhancing transparency, accountability and responsible governance. The PAC can enhance the transparency and accountability of government in managing public funds by conducting regular and comprehensive audits, scrutinizing financial reports and ensuring compliance with standard operational procedures. Additionally, the PAC can hold public hearings to investigate financial discrepancies and management practices, issue detailed reports with actionable recommendations and monitor the implementation of these recommendations. By identifying and addressing irregularities, promoting good governance practices and fostering a culture of ethical behavior, the PAC plays a pivotal role in safeguarding public resources, reducing corruption and ensuring that public funds are used efficiently and effectively for the benefit of all stakeholders.

Moving forward, it is recommended that future studies explore whether the composition of PAC committees, including factors like gender representation, political party affiliations of committee members, as well as their education and professional backgrounds, influences the issues raised and the government's responses. Furthermore, detailed research should be conducted to assess the effects stemming from each admonition outlined in the PAC reports.

Acknowledgment: The authors gratefully acknowledge the financial support from Research & Industrial Linkages (PJI) and Money-Laundering Research Group at UiTM Cawangan Melaka.

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Appendix 1

Agencies involved in the Public Accounts Committee (PAC) reporting 2019-2022.

Amanah Raya Berhad
1Malaysia People's Housing Programme Corporation Malaysia
Attorney General's Chambers
Audit Committee MM2H
Central Bank of Malaysia
Federal Territories Islamic Religious Council
Federal Territories Ministry
Immigration Department of Malaysia
Khazanah Nasional Berhad
Kuala Lumpur City Hall
Malaysia Global Education Services
Malaysia My Second Home Centre
Malaysia Stadium Corporation
Malaysian Administrative Modernisation and Management Planning Unit
Malaysian Anti-Corruption Commission
Management of the Malaysian Sports School (SSM) Perlis Project
Marine Department of Malaysia
Ministry of Agriculture and Food Industries
Ministry of Communications and Multimedia Malaysia
Ministry of Defence Malaysia
Ministry of Domestic Trade and Consumer Affairs
Ministry of Economic Affairs
Ministry of Education Malaysia
Ministry of Finance Malaysia
Ministry of Health Malaysia
Ministry of Home Affairs
Ministry of Housing and Local Government
Ministry of Human Resources
Ministry of Science, Technology and Innovation
Ministry of Tourism, Arts, and Culture
Ministry of Transport Malaysia
Ministry of Youth and Sports
National Security Council
Prime Minister's Department
Royal Malaysian Customs Department
The Ministry of Works

Appendix II

Issues Investigated by Public Accounts Committee (PAC) 2019-2022

1	Security Control Activities and Enforcement in Malaysian Maritime Zones
2	Control Activities Against Foreign Workers
3	Amanah Raya Berhad
4	MySejahtera Application
5	Losses in Investments of Khazanah Nasional Berhad (KHAZANAH) Under the Prime Minister's Department (JPM)
6	Management of Educational Malaysia Global Services (EMGS)
7	Public Marina Management
8	Management of Malaysia My Second Home Program (MM2H)
9	Management of redevelopment projects for existing facilities at the National Sports Complex
10	Management of the Malaysian Sports School (SSM) Perlis Project
11	Liquefied Petroleum Gas (LPG) Subsidy Management
12	Sale of Land Owned by Kuala Lumpur City Hall (DBKL)
13	Expenditure Using Zakat Fund Distribution of the Federal Territories Islamic Religious Council (MAIWP)
14	Integrated Government Telecommunication Network Services (Mygov*Net)
15	Acquisition of Second-Generation Patrol Vessels - Littoral Combatant Ship (LCS)
16	Acquisition of Land Lot 41
17	COVID-19 Vaccine Acquisition
18	Film Production Incentive Program in Malaysia, National Film Development Corporation Malaysia (FINAS)
19	PR1MA Housing Projects
20	Road Charge Collection System (RC) and Foreign Vehicle Entry Record (VEP) System Project
21	Automatic Enforcement System (AES) Project