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Spotlight on GLC misconduct

Nearly 2,000 companies to be audited over repeated issues

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PUTRAJAYA: The National Audit Department will conduct audits on nearly 2,000 government-linked companies (GLCs) starting this year after continuous governance misconduct, says Prime Minister Datuk Seri Anwar Ibrahim.

He said GLCs were repeatedly found to have governance issues such as weaknesses in key performance indicators (KPIs), failures of chief executive officers, persistent losses, profits not being returned to the government and major decisions made without approval of the GLC's board of directors.

He said this in his speech at the launch of the Implementation of Auditing of Government-linked Companies at the Putrajaya International Convention Centre here yesterday.

"Among the governance issues identified are weaknesses in monitoring the presentation and achievement reports of KPIs and the strategic plan of the company.

"There was also failure of the chief executive officer to play a role in managing, supervising and overseeing business operations to achieve the goals or objectives of the parent company, including its subsidiaries.

"These also include persistent and consecutive losses at either the parent company or its subsidiaries, and profits of the companies were not distributed to the government as a return to the government," said Anwar.

On top of that, he said, the appointed investment committee members and audit committee members of the GLCs were found unable to provide advice to the board of directors or senior management of the companies.

He said despite such govern-



All systems go:
Anwar visiting a booth at the launch of the Implementation of Auditing of Government-linked Companies in Putrajaya.
— RAJA FAISAL HISHAN/The Star

ance issues being highlighted in the Auditor-General's Report annually, such misconduct continued to be repeated.

"Significant company decisions, such as salary payments and services, are not presented for approval and information to the board of directors," said Anwar, referring to cases where higher management of GLCs were found to have had pay increments despite poor KPIs.

On May 20 last year, the government decided to further govern and audit GLCs and Companies Limited by Guarantee (CLBGs).

"This directive provides guidance to the ministries overseeing these companies on regulations and procedures related to management and governance within GLCs and CLBGs established by the Federal Government," said Anwar.

The pilot audit method for GLCs will employ the e-SelfAudit system, which utilises artificial intelligence (AI) and was initiated last November.

"More importantly, this system has been developed internally through the National Audit Department Digitalisation Project without additional cost implications," Anwar noted.

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He called upon GLCs to prioritise values in their governance and uphold full accountability, and not only focus on making profits, adding: "As Muslims, we were taught from young to be responsible and accountable for all that we do."

Earlier at the same event, Auditor-General Datuk Seri Wan Suraya Wan Mohd Radzi said the amendment to the Audit Act 1957 is a game changer for the National Audit Department.

"This includes the introduction of a new auditing approach known as the Follow-up Public Money Audit," she noted.

"The scope of powers of the Auditor-General has been expanded to include the auditing of other bodies, including companies that receive government interests in the form of financial guarantees."

She said any serious irregularity issues found during the auditing process could be brought to the attention of the Follow-up Committee on the Auditor General's Report at any time.

"This committee is co-chaired

by the Auditor General and the Secretary-General of the Treasury.

"The membership includes the Malaysian Anti-Corruption Commission, Attorney General's Chambers, Public Service Department and Royal Malaysian Police to ensure that irregularities discussed are acted upon by enforcement agencies and the audited parties," said Wan Suraya.

She noted that the e-SelfAudit system was developed internally with partners such as Deloitte, Ernst & Young, and PwC (PricewaterhouseCoopers).

"The efficiency and performance of the system were tested through a pilot project on Nov 18 last year involving 206 GLCs. All data obtained and uploaded into the e-SelfAudit System are protected under the confidentiality provisions of subsection 8(3) of the Audit Act 1957," she said.

"All National Audit Department officers are subject to the Official Secrets Act 1972, and any information obtained will be securely stored in our database and comply with the Cybersecurity Act 2024 (Act 854), Data Sharing Bill 2024 and the National Audit Department's Cybersecurity Policy 2022."