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MEDIA STATEMENT

1. The Public Accounts Committee (PAC) today presented its report on Educational Malaysia Global Services (EMGS) management which is under the jurisdiction of the Education Ministry.
2. This issue was raised in the 2018 Auditor General's Report, Series 1 which was tabled in the Parliament on 15 July 2019.
3. The Committee held the following proceedings on the issue:
 - i) on 4 September 2019, the Committee called the Education Ministry's Secretary General, Dato' Dr. Mohd Gazali bin Abas and Chief Executive Officer (CEO) of EMGS, Mr. Shahinuddin bin Shariff.
 - ii) on 9 October 2019, the Committee called Dato' Dr. Rujhan bin Mustafa, the former CEO of EMGS.
 - iii) on 28 November 2019, the Committee called again the Education Ministry's Secretary General, Dato' Dr. Mohd Gazali bin Abas and Chief Executive Officer (CEO) of EMGS, Mr. Shahinuddin bin Shariff.

4. In those proceedings, the PAC members raised the following issues:

- i) Corporate Governance;
- ii) Absence of Immigration Department Representative in the Board of Directors;
- iii) No Complete SOP;
- iv) Composition of the Audit, Compliance and Risk Committee;
- v) Appointment of Interim CEO;
- vi) EMGS Officer being Placed at the Education Minister's Office;
- vii) Lopsided Agreement on Student Application Registration System (STARS); and
- viii) Check Out Memo

5. Based on the testimonies given by the witnesses, PAC concluded that:

- i) There were weaknesses in the governance of EMGS. Among them was the absence of Government representatives in ALP EMGS at certain times and that led to the decision of appointing an interim CEO on 17 January 2019 and the decision of shortening the tenure of the former CEO on 24 February 2019 in that period of time.
- ii) The agreement between EMGS and SCICOM dated 1 November 2012 ("SCICOM Agreement") was refined in terms of the responsibilities of both parties. PAC was informed by MOHE that the court case on this agreement is not yet settled.

- iii) The STARS was weak in data storage particularly the Check Out Memo (COM) and that caused the issue of overstaying foreign students not being monitored. EMGS was denied the rights to access the students' data, which were supposed to be owned by EMGS. Furthermore, there was security negligence in protecting critical and important data of the foreign students in the country, which was managed by the private company (SCICOM) without any supervision from the Higher Education Ministry.
- iv) The process to complete the SCICOM Agreement was questionable as EMGS / ALP did not demand the best terms for EMGS at the time of signing the SCICOM Agreement. EMGS's internal SOP, on this issue, was also not in compliance with the Finance Ministry's procurement procedure which states that any company procurement that exceeds the budget ceiling must be referred to the Ministry.
- v) Appointment of Mr. Shahinuddin bin Shariff as interim CEO on 17 January 2019 was not in accordance with corporate governance practice as the tenure of the CEO at that time, Dato' Dr. Rujhan bin Mustafa, was still in effect.
- vi) PAC found that a Senior Manager was appointed on a contract basis by EMGS but administratively placed at the Education Minister's Office as a Special Officer to the Minister. EMGS did not benefit from the appointment of this Senior Manager and paid the salary totalling RM71,500 for the period of 1 November-15 April 2019.
- vii) Under the new Minister, the Higher Education Ministry has taken proactive measures to set a new direction for EMGS and it should be given support and cooperation from other Ministries and Government Departments particularly the Finance Ministry, Tourism Ministry, Immigration Department and other relevant agencies.

6. Following that, PAC recommended to the Government that:

- i) Government Agencies / Statutory Bodies / Government Companies should have Government representatives in each Board of Directors at all material times to ensure that all decisions made are in line with the Ministry's direction.
- ii) MOHE and EMGS need to ensure that SCICOM fulfils all its responsibilities as stated in the Agreement signed between EMGS and SCICOM dated 1 November 2012 especially the implementation of the job scope stipulated in Clause 5 and Appendix 2 of the Agreement.
- iii) MOHE needs to review and renegotiate the SCICOM Agreement to meet current development and needs. The STARS needs to be upgraded in terms of data storage and MOHE needs to ensure that all the data in the STARS are to be stored, supervised and owned by both EMGS and the Ministry, not given to or supervised by a vendor.
- iv) The practice of appointing special officers by any Minister or Deputy Minister through posts in Government Agencies / Statutory Bodies/ Government Companies needs to be reviewed. All the appointments in Government Agencies / Statutory Bodies/ Government Companies must be beneficial to both parties involved.
- v) Government Agencies / Statutory Bodies/ Government Companies have to follow the procurement procedure set by the Government. Any exception has to be referred to the Ministry's approval for better corporate governance.

- vi) EMGS should amend the Constitution (Memorandum & Articles of Association) by tightening the corporate governance and restoring the rights and interest of the Ministry. To ensure the success of doing so, the company has to be managed by a senior officer who is experienced in financial management and well versed in the dealings with MOHE.
- vii) MOHE needs to design a new business model for EMGS as entry of foreign students to Malaysia has to be increased in order to help the public and private higher learning institutions especially during the post Covid-19 pandemic period.

7. Members of the public who are interested to read and study the PAC report on Educational Malaysia Global Services (EMGS) management which is under the jurisdiction of the Education Ministry can download the report and Hansard at PAC website: www.parlimen.gov.my/pac

Thank you.

Hon. Wong Kah Woh