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10 November 2020

MEDIA STATEMENT

- 1.0 The Public Accounts Committee today presented its report on the Road Charges (RC) Collection System and Vehicle Entry Permit (VEP) project worth RM149.45 million under the Ministry of Transport (MoT).
- 2.0 This issue was in the audit findings reported in the 2017 Auditor General's Report Series 2, which was presented in Parliament on 3 December 2018.
- 3.0 The Committee started its proceeding on this issue by calling Datuk Mohd Khairul Adib bin Abd. Rahman, the then Secretary General of the Ministry of Transport (MoT) Malaysia on 20 February 2019, followed by the former Minister of Transport Malaysia, Dato' Sri Liow Tiong Lai on 27 March 2019.
- 4.0 After the two proceedings, the Committee decided to call Datuk Seri (now Tan Sri) Dr. Ismail Bakar, the former Secretary General of the Ministry of Transport (MoT) Malaysia on 3 April 2019.
- 5.0 On 3 September 2019, the Committee called Datuk Seri Wee Jeck Seng, the former Member of Parliament (MP) for Tanjung Piai on his involvement as a stakeholder of TC Sens Sdn. Bhd, the company which was given the contract of the RC system dan VEP project.

6.0 Following that, the Committee called Tan Chean Suan, the Chief Executive Officer of TC Sens Sdn Bhd on 23 October 2019.

7.0 The RC system and VEP project is one of the projects under the Ministry of Transport (MoT) Malaysia with the Road Transport Department as the enforcement agency. The system was installed at the Customs, Immigration and Quarantine (CIQ) Complex in Sultan Iskandar Building dan Sultan Abu Bakar Complex in Johor.

8.0 The project was carried out by TC Sens Sdn. Bhd., which was appointed through direct negotiation. The RM149.45 million worth project involved two (2) different contracts, namely the Capital Expenditure Contract (CAPEX) valued at RM45.15 million and the Operational Expenditure Contract (OPEX) at RM104.30 million.

9.0 During those proceedings, Members of PAC raised the following issues: -

- i) Appointment of Main Contractor;
- ii) Appointment of Third Party;
- iii) Physical Performance;
- iv) Output Achievement;
- v) Outcome Achievement;
- vi) Financial Performance;
- vii) Contract Administration.

10.0 Based on the testimonies given by the witnesses, PAC concluded that :-

- i) There was no solid justification for the RC system / VEP project to be implemented through direct negotiation.

- ii) The implementation of the procurement process through direct negotiation for RC system / VEP project under the MoT failed to meet the original purpose which is to expedite the implementation of the projects required by the Government.
- iii) The decision to select TC Sens Sdn. Bhd. was presented to the then Prime Minister without comprehensive and in-depth assessment of the company in terms of financial and technical capabilities to implement the RC system / VEP project.
- iv) There was political influence in the appointment of the contractor / vendor for the RC system / VEP project through direct negotiation.
- v) There were weaknesses in the administration and implementation of the contract as in (a) 16-month delay in signing of the contract for RC system / VEP project; (b) payment was made before FAT completion; (c) the appointment of a third party for the implementation of the RC system / VEP project was without the Ministry's approval.
- vi) Completion of the RC system / VEP project was delayed. As many as three EOT were approved due to the need for system integration, on top of that, the contractor's role as a vendor and not a competent solution provider had also contributed to the delay.

11.0 Following that, PAC recommended to the Government that:-

- i) MoF needs to ensure that all the direct negotiation decisions in future must be supported with solid justifications. Enforcement agencies including MACC gives attention to the above conclusions and investigates accordingly;

- ii) Members of Parliament need to declare their business interest to the relevant Ministry if the business concerned involves Government projects;
- iii) The Government needs to ensure that no exception would be given to any project that is supposed to go through evaluation process by a committee at ministerial-level, including the Value Management Lab and MAMPU's ICT Technical Committee.

12.0 Members of the public who are interested to read and study the PAC report on the Road Charges (RC) Collection System and Vehicle Entry Permit (VEP) project under the Ministry of Transport (MoT) can download the proceeding report and hansard at the PAC website www.parlimen.gov.my/pac.

Thank you.

Hon. Wong Kah Woh