



**CHAIRMAN
OF THE PUBLIC ACCOUNTS COMMITTEE (PAC)
CUM MEMBER OF PARLIAMENT FOR ROMPIN**
OFFICE OF THE PUBLIC ACCOUNTS COMMITTEE
PARLIAMENT OF MALAYSIA, JALAN PARLIMEN
50680 KUALA LUMPUR

Tel : 03-2601 7263 / 2698 6852 (DL)
FaX : 03-2698 9218
Email : pacparlimen@parlimen.gov.my
Website : <http://www.parlimen.gov.my/pac>



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**Press Statement by Hon. Dato' Sri Hasan Arifin, Chairman of Public
Accounts Committee (PAC) of The Parliament Regarding the Tabling of
PAC Report on The Management of The Sustainable Village Programme
Under the Ministry of Rural and Regional Development (MRRD)**

- 1) PAC tabled the PAC Report on the Management of the Sustainable Village Programme under the Ministry of Rural and Regional Development (MRRD) today.
- 2) This issue is the findings by the National Audit Department (NAD) in the Auditor General's Report 2016 Series 1 which was tabled in the Parliament on 31 July 2017.
- 3) PAC called for proceedings on this issue, on 25 October 2017 by calling the Secretary General of the MRRD, Datuk Borhan bin Dollah and Dato' Dr. Noor Zari Hamat, the Executive Chairman of the Malaysia Co-operative Societies Commission (SKM) to clarify the issue raised by NAD.

- 4) In the proceedings, PAC members raised the following issues:
- i) Allocation parked under MRRD agency.
 - ii) Failed Project.
 - iii) Contract signed by Unauthorized Officer.
 - iv) Project Without Approval - Additional of a Unit of Hen-House.
 - v) Advance Payment of 10% For Vehicle Procurement.
 - vi) Procurement being break down into smaller figure.
 - vii) The Appointed Company owned by Family/Co-operative Board Member (ALK).
 - viii) Planning Permission (KM) is not obtained.
 - ix) Certificate of Practical Completion (CPC).
 - x) Work Does Not Follow Specification.
 - xi) No Fine Being Imposed although the project is delayed.
 - xii) Unreasonable Price Comparison for the same Construction of the Chalet Cabin.
 - xiii) Appointment of Unauthorized Consultant.
 - xiv) Direct Negotiation Procurement Without Prior Approval by the Ministry of Finance.
 - xv) Procurement of the same Machinery at Different Prices.
 - xvi) Procurement of Used Machinery.
 - xvii) Unused Equipment.
 - xviii) Irregular Land Leases.
 - xix) Account Maintenance by Co-operative.

5) Based on the Proceedings, PAC has summarised that:

PAC is generally satisfied with this Sustainable Village Programme as it is a pure intention of the Government to help villagers to establish co-operatives for business. However, PAC is concerned with some of the weaknesses in the management of this programme such as failed and abandoned projects; procurement of supply and work are not according to specification; abuse of power by officers and lack of monitoring and action by SKM against co-operatives who did not fully comply with the requirements of the Co-operative Societies Act 1993.

6) The PAC recommends the following to the Government:

- (i) The Government shall review the involvement of two Government agencies namely MRRD and SKM in monitoring the Sustainable Village Programme that create various contract management weaknesses among the Co-operatives. It is more efficient that the Sustainable Village Programme is monitored and managed by one Ministry only;
- (ii) MRRD uses and involves a Government Agency that has the skills or expertise in an industry to provide advisory services in the planning and implementation of a project to be handled by the co-operative;
- (iii) SKM needs to be more strict in enforcing regulations in the Co-operative Societies Act 1993 especially on co-operatives who receive the Government's allocation in carrying out a project;

- (iv) The PAC wants the SKM to review the post for the supervisory officer who monitors the Co-operatives to be able to provide a more effective advisory services;
 - (v) MRRD, SKM and the National Audit Department should resolve the problem of updating the Ministry's response to the dashboard of the National Audit Department within a month;
 - (vi) PAC wants the MRRD to retrieve the allocation parked under MRRD agencies.
- 7) For those who like to read further on the PAC Report on the Management of the Sustainable Village Programme under the Ministry of Rural and Regional Development (MRRD), it is available for download at www.parlimen.gov.my/pac.