

Public Sector Accountability – Evidence from the Auditor General’s Reports

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ABSTRACT

This study aimed to identify the common issues frequently raised in the Auditor General’s reports and to investigate whether the levels of inefficiencies quoted in the Auditor General’s reports keep increasing or decreasing during the period of investigation. This study was based on the secondary data comprising the Auditor’s General report and was supported with feedback reports received from the ministry, department, state, and other government agencies. This study found that not in compliance with procedures recorded the highest issues highlighted in the Auditor General’s report, followed by the procurement and asset management. In addition, all the issues showed a decreasing trend for both federal government and statutory bodies, indicating an improvement in the efficiencies of management and higher accountability that have been demonstrated by civil servants.

Keywords: *Accountability, procurement, asset management, audit report, public sector accounting, Malaysia*

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INTRODUCTION

Good governance and accountability play an important role and contribute significantly to the image and good perception of the organization (Nor et al., 2017; Ahmad et al., 2016; Jaafar et al., 2014; Hamid et al., 2011). In the public sector, it is also a pre-requisite for the public and society to have solid confidence in the services delivered by the government. For example, the local authority is directly responsible for the sustainable development and daily life of the community in their areas of administration (Salin and Abidin, 2010b). Without these two principles, many problems and mismanagement in the government affairs will occur such as waste of resources, misuse of money, and delay in the completion of projects. Consequently, public confidence in government financial management will be affected because all these problems and mismanagement in public services will create opportunities for fraud, corruption, misconduct, and abuse of power.

In the public sector, the areas where accountability issues always arise and criticized are the revenue and expenditure activities. For example, assets and materials purchase or also known as procurement is a very important activity because a huge amount of tax-payers' money is usually spent for this activity. Procurement from government perspectives refers to the processes involved in obtaining the materials and inputs needed by the government organization at the most optimal and favourable cost which can give value for money to the government and at the same time meet customer needs and specifications. It should be implemented in an open, transparent, fair, and equitable environment to all vendors and contractors who are qualified to obtain the jobs or contract. The procurement process also needs to be managed efficiently and properly, subject to the specific laws, procedures, and directives like Treasury Circulars, Treasury Instructions, and Financial Procedure Act 1957. It aims to ensure that acquisitions are made in the most profitable way and meet the goals of value for money for every dollar spent by the government.

However, although the management of the procurement process in the public sector is well equipped with the law, procedures, and instructions to guide its implementation, there are still many people especially the public who perceive this area of financial management as the most vulnerable and at risk for the probability of waste, leakage, fraud, abuse of power, misconduct, unethical practices, and corruption (Rotchanakitumnuai, 2013; Hui, 2011).

For example, a wastage can occur due to many reasons. First, the excessive purchases of materials which lead to unused product and materials. Second, the damage products supplied caused by poor inspection and quality control. Unclear and complex warranty conditions make it difficult to return the product and eventually unsuccessful. Third, the items that are not qualified and do not comply with the specifications required. Fourth, purchases or acquisitions are made without proper planning. Sometimes, a purchase is merely done to finish and meet the financial budget because based on government perspectives, a surplus of fund or money is considered inefficient and not effective. Finally, dishonesty or deception by intentionally creating the need for a supply, service or works. This is normally organized with hidden purposes such as to get a commission or bribe.

The leakage can also occur due to a conflict of interest and poor transparency (Evenett and Hoekman, 2005), such as awarding the contract to close friends and relatives which are more expensive than the usual contract price. Sometimes, government officers also practice favouritism or conspire with the supplier with the intention to get financial returns. Some other officers are too lazy to do a routine check and maintenance and they do not report defects and deficiencies which inflate the maintenance costs. Although certain issues have been raised many times in the Auditor General's reports, wastage and leakage cases still occur and this in turn will frustrate the goal of value for money in government procurement and utilization of funds.

Based on these issues, it is interesting to examine the weaknesses and inefficiencies that occur in the government machineries. Specifically, the purposes of this study are twofold. Firstly, to analyse whether the levels of inefficiencies quoted in the Auditor General's reports keep increasing or decreasing during the period studied. Secondly, **to identify the common issues frequently raised in the Auditor General's reports.**

This study contributes in certain ways. First, this study is based on the information gathered from the Auditor General's report issued by the National Audit Department for the Performance Audit Report in the year 2011 until 2013. Due to the increase in the total amount of the budget approved by the Treasury of Malaysia and the strict regulations

introduced by the government, this study may facilitate the National Audit Department to identify if there still any loophole in government project construction and procurement.

Second, this study will also provide a significant understanding on the impact of the Auditor General's report to the civil servants in order to increase the awareness regarding their accountability and integrity in delivering the service to the public. In addition, this study will identify any other actions that can be implemented in order to ensure the government's funds that are derived from taxpayers hard-earned money have been used and managed economically, efficiently, and effectively.

Finally, this study will contribute to the theoretical understanding and review of literature on the current state of the accountability and performance by the government agencies and statutory bodies in developing countries like Malaysia which are scarce in the literature. Prior studies have concentrated much on the public sector in the developed countries like United Kingdom, United States, Europe and Australia.

This paper is organised as follows. Next is literature review followed by research methodology. Section four is findings and discussion while section five is conclusion and research implication. The last section is the limitation of the research.

LITERATURE REVIEW

Accountability

The accountability concept has been widely discussed in the literature. However, the accountability concept has different definitions and descriptions based on where it is applied whether it is politic, economic, social, or charity. Profit-based organizations need to be accountable because they have to legitimize their existence by conforming to the community expectations (Deegan et al., 2002) which is viewed as the results from the interaction of the organizations and their environments (Khadijah et al., 2015; Milne & Patten, 2002). The legitimacy factor is highly related with accountability as the organizations need to give an account encompassing

the account itself and the process followed by providing the account to the stakeholders (Adams, 2004). In short, the company which is accountable for resources provided by the stakeholders is required to report, most importantly documented financial statements on how the resources are used, managed, and utilised. To be more accountable, the company is also required to report their performance of their objectives and quantified targets together with achieved dates or expected achievement dates (Adams, 2004). This can be accomplished if there is a strong and conducive legal powers and regulatory environment to encourage organizational accountability (Hassan & Kouhy, 2015).

The burden to practise this accountability in non-profit organizations such as the public sector is higher, broader, and more complex than the profit based organizations (Ryan et al., 2014; McGregor, 1999; Parker & Gould, 1999; Samkin & Schneider, 2010; Sinclair, 1995; Wynne, 2004; Salin and Abidin, 2010a). In a private company, the shareholders voluntarily invest their money for profit which involves certain risks and possibilities of loss or no return. However, in the public sector, the government organizations are operated based on taxpayers hard-earned income. Therefore, accountability and integrity are the most important principles, above and beyond others in governmental organizations. For example, in terms of reporting, any information and explanation disclosed about the activities, the decisions and related figures of the governmental organizations should be more precise, informative, and accurate than what has been usually stipulated in the private organizations financial statements and annual report (Nelson et al., 2003; Normanton, 1971). Monfardini (2010) found that public accountability can be increased through more disclosure and more public participation while Nahar and Yaacob (2011) suggested the application of accounting practices and reporting transparency will ensure accountability.

Because of that, Turley et al. (2015) have suggested a comprehensive financial performance measurement framework that used 14 indicators, grouped into five broad categories of liquidity, autonomy, operating performance, collection efficiency, and solvency as an extension to assess the performance of Ireland's primary local authorities. Cooper and Johnston (2012) also posited that accountability can be used by the government to ensure the ministry, department, and agency of the government to become more efficient and effective by requiring them to produce a performance

metrics which could be used to demonstrate their accountability to the general public. However, these financial indicators need to be applied with certain precautions because it was found that the existing size and the wealth of the government organizations may significantly influence the ratio values (Cohen, 2008).

In addition, more non-traditional financial information is needed to provide an explanation about a government organization's accountability (Hyndman, 1990), moral achievement (Gambling et al., 1993), and impact on society (Torres & Pina, 2003). This was supported by Tooley et al. (2010) who found that stakeholders of local authorities in Malaysia showed a strong interest in the performance of non-traditional information that is disclosed in the financial statements such as non-financial information related to the performance measurement of outputs, outcomes, efficiency, and effectiveness.

Nevertheless, Steccolini (2004) found that the local government in Italy has used annual reports merely to comply with legal requirements but to satisfy the internal stakeholders with voluntary disclosure being very rare. Worse off, there was also evidence documented by Pilcher and Van Der Zahn (2010) that some public sector organizations have been managing their earnings or involved in income smoothing practices.

Performance Audit in Public Sector

The International Organisation of Supreme Audit Institutions (INTOSAI) Auditing Standards defines performance audit as the audit which determines whether an agency is using the resources economically, efficiently, and effectively in carrying out its responsibilities. Performance audit has emphasized on the evaluation program and covers not only the policy assessment but also scrutinizes the impact of the output produced by government organizations. In addition, performance audits also assess whether the plan is in line with the objectives of the program and in accordance with the policies determined before although this policy can be modified appropriately to produce a better impact.

In the private sector, auditing and assurance services is important to ensure the company incurs less error in the accounting system (DeAngelo,

1981), lower the risk of the company (Husnin et al., 2013) and enhance reporting transparency and integrity (Jais et al., 2016; Husnin et al., 2016; Asmuni et al., 2015). In the public sector, performance auditing also can improve the public accountability and assist towards prudent governance. It includes financial auditing, compliance, and propriety. Compliance audit is related to the aspects of compliance with the rules and laws. Performance audit is dedicated to the concept of best practice in the management program of public activities. Public money should not be abused by management for personal interest and expenses incurred shall not exceed the allowance. In performing the audit, the auditors should use the above concepts appropriately.

Performance audit in the Malaysian National Audit Department is subjected to section 6(d) of the Audit Act 1957. This section seeks to determine whether the public money has been spent as provided and the activities were carried out efficiently and in a prudent manner to avoid wastage. In planning the audit, auditors are subjected to mandate the set. The objective of the audit is to improve the performance and accountability of the public sector through effective auditing program guidelines and good management practices. In addition, performance audit plays an important role in assisting the legislature administrator in implementing an effective legislative control. Without performance audit, the entities that are subjected to the legislation may simply violate and override the stipulated laws and regulations.

Besides, the performance audit can also provide more information and reasonable assurance of quality management of public resources. The audit will discover any problems experienced by the government organizations in their daily operations. Thus, best practices and recommendations can be provided to improve current weaknesses. This will also help public sector managers to identify and promote good management practices. As a result, performance auditing could improve accountability, more economic and efficient procurement, improve the effectiveness in achieving the objectives of a program, improve the quality of public sector services, and improve planning and management control.

Federal Government Agencies and Statutory Bodies in Malaysia

In Malaysia, the Federal Government consists of all ministries together with the various departments and commissions that are set up under the respective ministries. Ministries are the highest bodies in the federal administrative machinery. Each ministry is responsible for formulating, planning, controlling and coordinating government policies pertaining to its functions. It is also the responsibility of the ministry to control departments and statutory bodies under it. Government departments are the second highest agencies responsible for implementing government policies. Usually the functions of a department are related to certain policies determined by the Government. The daily activities of a government department involve direct rendering of services to the public for the purpose of security, social development and other social services (Royal Malaysian Custom, 2014). Examples of federal government ministries with its departments include Finance Ministry (Inland Revenue Board and Royal Malaysian Custom) and Excise), Ministry of Home Affairs (Royal Malaysia Police, Prison Department of Malaysia, Registrar of Society and Immigration Department of Malaysia) and Ministry of Education (Teacher Training Institutes, Institute of Language and Literature and Malaysian Examination Council).

Statutory bodies are entities incorporated under the Statutory Bodies (Accounts and Annual Reports) Act 1980 (Act 240) under the Federal laws for the purposes of the Federal Government establishment excluding the local authorities or entities incorporated under the Companies Act 1965. The main objective of the statutory bodies establishment is to implement government policies via various programs and activities that are determined by the government generally and the Ministry in which it's accountable to particularly. Statutory bodies have a certain degree of autonomy as set by its own legislation such as it can borrow and lend money, invest, set up a subsidiary company, managing funds and trust account and carry out any programs or activities based on its jurisdiction and legislation. Some statutory bodies are not profit oriented and thus, dependent on government grants to finance its operation while some others need to generate and source their own funds (National Audit Department 2014). Some examples of well-known statutory bodies in Malaysia are Tabung Haji (Pilgrimage Fund), Land Public Transport Commission (SPAD), Armed Forces Fund

Board (LTAT), Port Authority, SME Corporation, Central Bank (BNM) and Employee Provident Fund (EPF).

RESEARCH METHODOLOGY

The purpose of this research was to study the impact of the Auditor General's reports on statutory bodies and federal governments in Malaysia. This study employed a content analysis or archival analysis of randomly selected Auditor General's Reports issued for federal government agencies and statutory bodies. There are five reports analysed for each federal government and statutory bodies, making it a total of ten reports. These reports were the Auditor General's reports which were tabled in parliament from the year 2011 until 2013 series 1. A series means the nth number of Auditor's General report that was tabled in Parliament. As at the time this research was conducted, the report for the 2013 series 1 was the most recent report available for analysis.

The data collected were compiled and analysed using qualitative software and using three methods of data reduction, data display and interpretation as recommended by Malhotra (2010). Data reduction is the stage where the most important information is selected while less or no important information is eliminated. Data display is a visual analysis to examine pattern and relationships among the information filtered. The last method, interpretation, is where the meaning of data analysed using several qualitative analysis techniques such as thematic analysis, and its implication on the objective of the study is assessed. The results are described through tables and a comprehensive explanation to fulfil the objectives of the study.

FINDINGS AND DISCUSSIONS

The Level of Inefficiencies Quoted in the Auditor General's Reports

In order to investigate whether the levels of inefficiencies quoted in the Auditor General's reports keep increasing or decreasing, the study analysed the trends for each category of the issues during the periods studied. Table 1 shows the category of issues raised in the Auditor General's reports on

statutory bodies and the federal government from the year 2011 until 2013 series 1.

Out of five issues investigated, not in compliance with procedures recorded the highest issues highlighted in the Auditor General’s report with 272 issues (41%) followed by procurement with 214 issues (33%), asset management with 88 issues (13%), and revenue management with 71 issues (11%). Federal government recorded the highest number of issues highlighted which was 495, approximately three times the amount of issues from statutory bodies.

Table 1: Number of Issues Raised in the Auditor General’s Reports on Statutory Bodies and Federal Agencies

Bil	Categories of issues/ Year	2011	2012_1	2012_2	2012_3	2013_1	Total	Grand Total
1	Revenue management : Statutory bodies	12	3	7	3	0	25	71
	: Federal agencies	23	5	13	1	4	46	
2	Procurement : Statutory bodies	12	11	13	5	6	47	214
	: Federal agencies	46	34	51	22	14	167	
3	Asset management : Statutory bodies	7	8	2	1	0	18	88
	: Federal agencies	21	15	18	2	14	70	
4	Environment : Statutory bodies	0	0	0	0	0	0	11
	: Federal agencies	3	1	4	2	1	11	
5	Procedures : Statutory bodies	39	4	13	4	11	71	272
	: Federal agencies	93	44	28	9	27	201	
OVERALL	: Statutory bodies	70	26	35	13	17	161	656
	: Federal agencies	186	99	114	36	60	495	

A closer look showed that not in compliance with procedures is also the main concern for statutory bodies with a total of 71 issues or 44% from the overall issues recorded. This is followed by procurement with 47 issues (29%), revenue management with 25 issues (16%), and asset management with 18 issues (11%). No environmental issues were highlighted in all Auditor General's report.

For the federal government, the trend is similar to the statutory bodies. Not in compliance with procedures and guidelines recorded 201 issues or 41% from the total issues highlighted, followed by procurement with 167 issues (34%), asset management with 70 issues (14%), and revenue management with 46 issues (9%). However, unlike statutory bodies, environmental issues were highlighted in all reports with a total of 11 issues.

Weaknesses in Revenue Management

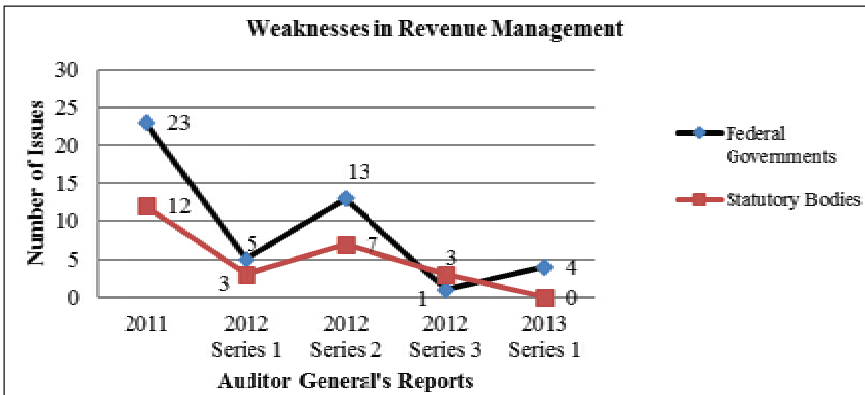


Figure 1: Levels of Inefficiencies Quoted for Weaknesses in Revenue Management in Statutory Bodies and the Federal Government

Figure 1 shows the trends for the weakness issues in revenue management both for statutory bodies and the federal government from 2011 until 2013 series 1. For statutory bodies, the trend increases in 2012 series 2 with 7 issues which mostly focussed on the weaknesses in the management of subsidizing grants and an increase in outstanding rental. The line chart also illustrates an increasing trend for the federal government in the year 2012 series 2 which was 13 issues. For the federal government, the issues

raised were more to the inefficiency of collecting company tax, import duty, and the management and control of duty free shops.

In the public sector, some ministries, departments, and agencies have the power to collect revenue for the government. The revenue collected is a part of government revenue which will be used in the national development agenda. Government revenue collected includes all types of income received by the government in the form of taxes, fees, licenses, and other receipts. This study found that some of the examples for weaknesses in revenue management found in this study are companies failed to comply with the instalments for taxation, taxes were not paid and no penalties levied, no prosecution actions taken on the companies which failed to pay compounds, no action taken on the companies with tax arrears and incorrect assessment on imported goods.

Based on the prior studies, one of the reasons for poor revenue management by the public sector is due to volatility in the revenue structure such as poor collection mechanisms that attributed to instability within tax sources (White, 1983; Gentry & Ladd, 1994; Harmon & Mallick, 1994). Thus, the government needs to improve its revenue management structure such as having more visible tax sources, reduce it complexity, improving coordination among the government agencies (Carroll, 2009) and enhancing tax education programmes to increase tax compliance among the taxpayers (Hassan et al., 2016; Saibon et al., 2016).

Weaknesses in Procurement and Contract Management

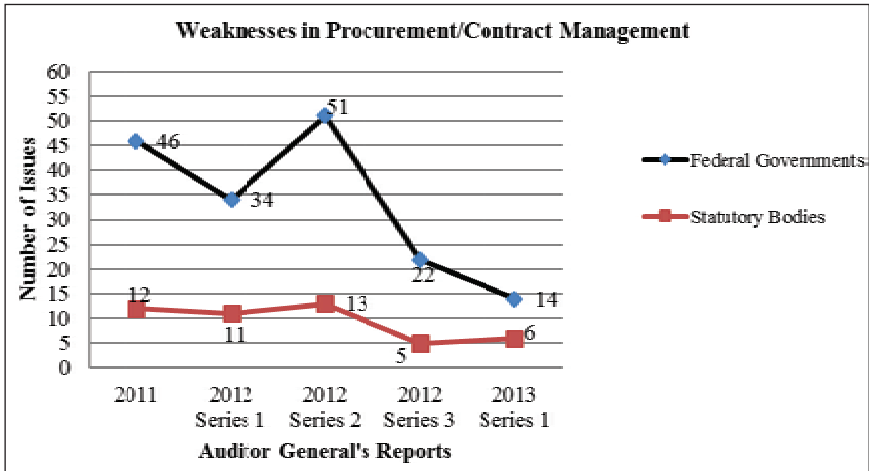


Figure 2: Levels of Inefficiencies Quoted for Weaknesses in Procurement and Contract Management in Statutory Bodies and the Federal Government

The line chart in Figure 2 shows the trends for the weaknesses issues in procurement and contract management both in statutory bodies and federal government from 2011 until 2013 series 1. For statutory bodies, the increasing trend only can be seen in 2012 series 2 with 13 issues which focus mostly on the price of the contract where it is higher than the estimated price and the market value of the contract.

The line chart also illustrates an increasing trend for the federal government in the year 2012 series 2 which was 51 issues. For the federal government, the issues raised were more to poor quality control, an inspection of the contract, and procurement management. This includes the materials, equipment, and models that were supplied with different prices as agreed in the contract but still being paid based on the contract and no effort was taken to recover the differences or refund. In other case, the project was delayed which eventually wastes time because the materials supplied, and the equipment did not perform efficiently and late from the agreed date.

The government has determined that any acquisition should follow the principles of accountability, transparency, value for money, open and fair competition, and fair dealing. However, the Auditor General repeatedly

found that such principles are not followed. The examples of highlighted cases in annual reports are prices determined in value management are not used as the approximate price by the department in negotiating the price, there is an item in the contract price higher than the price estimated by the department, the price in the contract is higher than the market price, the same equipment and models were supplied with different prices and the equipment supplied do not perform efficiently because the delivery cannot be completed within the original contract/extension.

These weaknesses are not healthy as it shows that the public money is wasted unnecessarily. The similar scenario also occurred in Sri Lanka where it was found that numerous irregularities and departures from accepted legal and tender procedures on military procurement deals in the country from time to time (Raymond, 2008). The poor procurement practices can be due to low procurement professionals and lack of awareness to comply with the laws in procurement (Ameyaw, 2012; Rendon & Rendon, 2015).

Weaknesses in Government’s Asset Management and Maintenance System

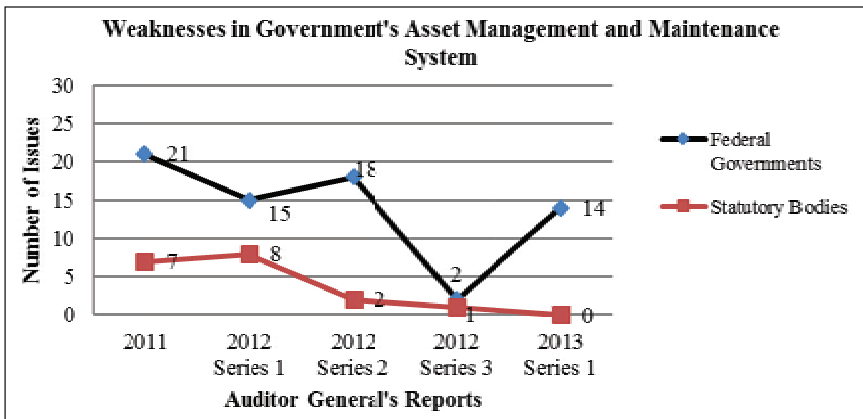


Figure 3: Levels of Inefficiencies Quoted for Weaknesses in Government’s Asset Management and Maintenance System in Statutory Bodies and the Federal Government

The levels of inefficiencies quoted for the weaknesses in government asset management and maintenance system in statutory bodies and federal

government is shown in Figure 3. From the line chart, it is noted that the increasing trend are illustrated in the year 2012 series 2 and 2013 series 1 for the federal government with 18 issues and 14 issues respectively. However, for statutory bodies, the increasing trend only appears in 2012 series 1 with 8 issues.

The frequent issues raised in this category for both statutory bodies and federal government are the assets and inventories that are not registered, assets not in use, delay in action in the case of loss and write-off, delay in the detection of lost assets, storage assets not provided, and maintenance of assets are not carried out properly.

The government is seriously emphasizing on asset management due to the large amount of money and capital that has been invested in the development and provision of assets. Systematic use of assets, comprehensive, and fully integrated policies have been established in accordance with the improvement of service delivery in the public sector. Thus, each of the government assets must be managed properly through systematic and strategic asset management practices. Each government organization and agency need to implement a systematic, integrated, and comprehensive approach in the management of government assets.

Based on the study, there are still some weaknesses in the management and maintenance of government asset maintenance including motor vehicles are not maintained, inspection of the assets not carried out, the government did not set up or install the assets properly, disposal action is not taken on a failed equipment, a maintenance plan is not available, maintenance schedule does not report the damage of the assets and assets lost are not or being reported late.

Based on Kaganova and Nayyar-Stone (2000) the problems in asset management in the public sector can be due to several reasons such as no systematic data on expenses, lack of resources (finance and human) to invest in computerized asset management systems, poor asset records and poor coordination between government agencies at various levels and places. Kaganova et al. (2001) found that public involvement is important for efficient asset management in Kyrgyzstan while based on Phelps (2011) strategic focus, organisation will, and portfolio intelligence are needed in Russia.

Non-Compliance of Environmental Laws

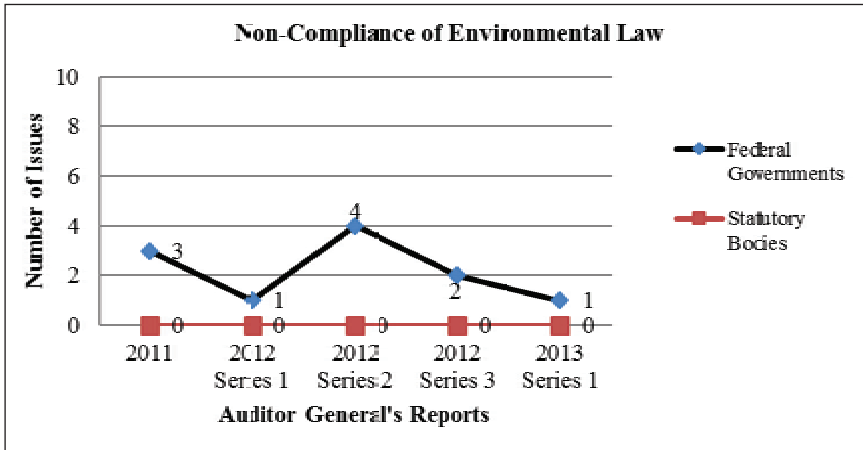


Figure 4: Levels of Inefficiencies Quoted for Non-Compliance with Environmental Laws in Statutory Bodies and the Federal Government

Figure 4 shows the levels of inefficiencies for non-compliance with the environmental laws for statutory bodies and the federal government. It is noted that no issues have been raised in the statutory bodies for this category during the period studied. However, for the federal government, the trends for the issues raised shows a declining trend except for the 2012 series 2 where there is a slight increase with 4 issues.

In rapid economic development and passion to increase productivity of the public sector, the government projects implemented are not exempted from complying with the needs and requirements of environmental laws, especially for projects that can affect human health and the structure of the earth. Therefore, the ministry, department, and agency are also subjected to comply with all the requirements laid down by environmental laws.

Based on the study, among the issues raised for non-compliance of environmental law are, additional report of the Environmental Impact Assessment study (EIA) is not provided, Coastal Management Action Plan is not available and violating the conditions stipulated in the performance of construction work.

Cooper and Johnston (2012) suggest that the issue of non-compliance with environmental laws and regulations among the government bodies and agencies reflected their poor governance and accountability to produce not only a good performance but also minimising an adverse impact of the government jobs like construction and manufacturing to the environment like pollution and deterioration of the natural ecosystem quality. Ironically, while government regulations on the environment become more stringent all over the world (Berry and Rondinelli, 1998) it is bizarre when government-related institutions comply poorly with their own environmental requirements.

Weaknesses in Procedures

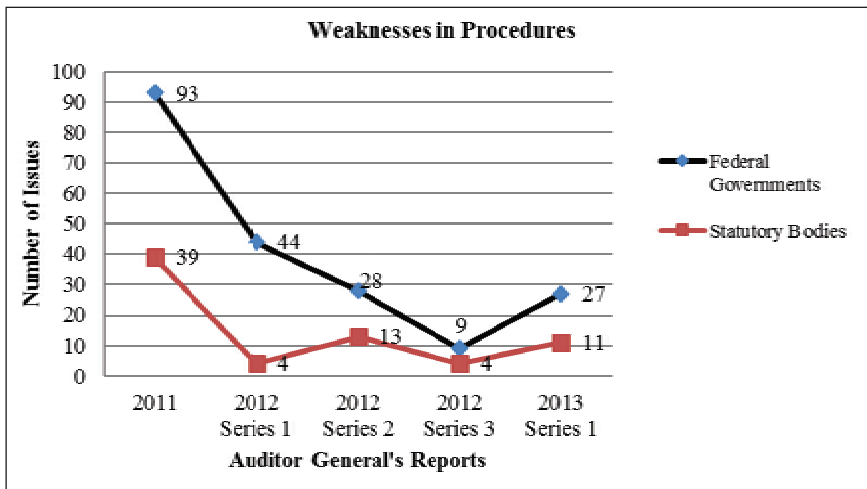


Figure 5: Levels of Inefficiencies Quoted for Weaknesses in Procedures in Statutory Bodies and the Federal Government

Figure 5 illustrates the trend of the issues raised in the Auditor General's for the category of weaknesses in procedures from the year 2011 until 2013 series 1. The line chart shows a fluctuation in this category for statutory bodies and the federal government. There is a huge decrease from the year 2011 to 2012 series 1. However, a huge increasing pattern is shown in the 2013 series 1.

According to the Ministry of Finance, the main laws and regulations related to government procurement are the Financial Procedure Act 1957

(Revised 1972), Treasury Instruction, Government Contract Act 1949, Treasury Circular Letters, and Federal Central Contract Circulars. In addition to the laws and regulations described above, each ministry, department, and agency has their own manual procedures.

Although each department and agency have their own manual procedure and standard operating procedures for the core of business and client charter to ensure the government delivery system can be provided more efficiently and effectively and in a timely manner, there are still shortcomings raised in the Auditor General's reports that are related to procedures. Among the issues raised for weaknesses in procedures are process and workflow chart not updated, delays in follow-up, not in compliance with the terms of the agreement, weak in the provision of a comprehensive operating manual, weak in the allocation of funds, lack of effective monitoring on the internal control weakness in financial management.

Based on Kaganova et al. (2001), the weaknesses in implementing government procedures are related to the lack of professionalism among the public sector and human resource personnel. Phelps (2011) on the other hand suggests poor working culture contributed to the failure of the personnel to fully comply with all the rules and guidelines stipulated in various procedural manuals. The incompliance with the internal control of the organization leads to waste of resources, unnecessary errors and fraudulent activities (Rahim et al., 2017; Zakaria et al., 2016).

CONCLUSION

The purpose of this study was to analyse whether the levels of inefficiencies quoted in the Auditor General's reports keep increasing or decreasing during the period studied and identify the common issues frequently raised. This study found that all issues showed a decreasing trend for both federal government and statutory bodies which indicated an improvement in the efficiencies in management and higher accountability demonstrated by the civil servants. This study also found that not in compliance with procedures recorded the highest issues highlighted in the Auditor General's Report, followed by procurement and asset management.

There were several implications in this study. First, the government or civil servant needs to perform well to meet the high expectation of the public and stakeholders, in line with the principle of accountability that need to be seriously upheld in the public sector (Ryan et al., 2014; McGregor, 1999; Parker & Gould, 1999; Samkin & Schneider, 2010; Sinclair, 1995; Wynne, 2004). The expectation from stakeholders and clients on the role and functions of the government organization at the moment was in line with the government's policy that puts the people first and prioritizes performance. However, it need to be strengthen via easy access to information so that useful information can be easily disseminated to the public while at the same time, feedback and assessment on the efficiency of public service delivery system also can easily received (Salin and Abidin, 2011c).

Second, the government also needs to strengthen the principles of accountability, transparency, and integrity in public services. Having poor ethical practices is detrimental to the organizational performance and may lead to fraud and financial disaster of the organization (Salin et al., 2017; Omar et al., 2016; Manan et al., 2013). In this context, the National Audit Department can play the important role by practising an open door policy and encourage government agencies to forward their problems and difficulties in planning and implementing their jobs and responsibility. The National Audit Department can act as a consultant to suggest the optimal solutions and recommend the best alternatives based on the stipulated laws and regulations.

Finally, the National Audit Department must be more creative and innovative in providing services. For example, establishan online Auditor General's report. The Auditor General's Dashboard was launched on May 30, 2013 and was featured in the Portal National Audit Department on May 31, 2013. It shows the status of actions on the Auditor General's Report, with the latest action from the year 2012. This dashboard also monitors the actions of the ministry and department on the issues raised in the Auditor General's Report. This innovation shows the government's serious commitment to overcome the issues of leakages and mismanagement in government financial management. The explosion of information and communication (ICTs) has changed people live's (Suhaimi et al., 2016) and thus, the government can use this opportunity to disseminate more information to the public at a lower cost (Hashim et al., 2014) and improve

the performance of the government organisations such as adoption of the enterprise resource planning (ERP) that can integrate all functional divisions within an organisation (Suhaimi et al., 2017).

LIMITATIONS AND SUGGESTION FOR FUTURE RESEARCH

There were several weaknesses in this study. First, the data collected were only from secondary sources and depended heavily on the report from the Auditor's General report. Second, the period studied for the analysis was also quite short (3 years only). Third, the analysis was very general by providing descriptive analysis on the main issues raised.

Future research should extend the data collection to other sources such interviews with the related government agencies to understand the reasons of the occurrence of the issues raised. Survey questionnaires also can be used to get more and wider participants so that more generalized findings and conclusion can be derived. Secondly, the study period can be prolonged, so more information can be gathered. Thirdly, more robust inferential analysis and statistics can be employed so that the cause-effect analysis can be conducted to understand the implication of the weaknesses further.

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