

FAQ

1. Why are audit issues frequently repeated?

The intention of Audit issues raised either by Internal Audit or National Audit Department are to assist the controlling officers become aware of such shortcomings, to act fast and do their best to prevent such recurrences. But such shortcomings continue to remain the same, year after year and seems not to learn from past mistakes. The truth is that although audit findings are basically the same but the Ministries/Departments being audited are different each year.

Another reason is that each audit is based on different representative samplings. The lack of competency and negligence of duty in the work of public servants entrusted also contribute to the recurrence of audit issues. Lack of internal controls and staff supervision too has added the repetition of such shortcomings. The most important thing is to learn from past mistakes and the mistake of others, correct the mistakes and rectify the shortcomings and ensure they are not being repeated.

2. What are the types of audit conducted by the IA of MoF?

Presently, the IA of MoF conducts 2 types of audits, namely compliance audit and performance audit. Compliance audit includes financial audit and financial management audit. Financial audit evaluates whether financial systems, internal control of financial transactions and financial records are properly managed to ensure fair and true financial positions of MoF. Financial management audit evaluates whether the financial management of MoF is in accordance with the relevant financial rules and regulations. This evaluation covers the elements on the organizational management, budget, receipts, expenditure, procurement, Trust Fund/Trust Accounts and deposits, assets and stores as well as vehicle management.

Performance audits are conducted to evaluate whether the programme/ activities/projects of MoF have been carried out economically, efficiently and effectively to achieve its desired objectives/goals as well as outcome and its impacts on targeted groups. This audit also includes ICT audit and procurement audit.

3. How does the IA conduct an audit in MoF?

IA conducts audit in MOF based on Annual Audit Plan approved by the Audit Committee of MOF and endorsed by the Secretary General of Treasury. The auditing process conducted by ADP is illustrated in the following chart

Process of developing audit findings and recommendations is illustrated in the

following chart.

4. What is the role of IA in the implementation of Accrual Accounting of The Federal Government?

The key role of IA as a second line defender in the implementation of accrual accounting is to assist MoF to verify the accuracy and completeness of the financial data on Immovable Assets (ATA), Moveable assets (AA), Accounts Receivable (ABT), Accounts Payable (AKB) and Assets Under Construction (AUC) for the purposes of preparing the financial statements of the Federal Government. In addition, IA also attends the Accrual Accounting Implementation Committee Meeting at MoF to discuss issues and challenges in the course of accrual accounting implementation.

5. What is the difference between Internal Audit Unit in the Ministries and the National Audit Department?

The Internal Audit Unit in the Ministries is established under the Treasury Circular year back to 1992. Such circular empowers the Internal Audit Unit to carry out various types of audit at all departments under the particular ministry. The Internal Audit Unit reports directly to the Secretary General of the Ministry.

The Federal Constitution and the Audit Act 1957 give the mandate to the Auditor General of the National Audit Department to perform various types of audit for the Government of Malaysia. Powers, duties and responsibilities of the Auditor General is by statute laws and the Auditor General reports directly to Parliament and Public Accounts Committee.

6. What is the Mandate of the Treasury Internal Audit Division (IA) in Ministry of Finance (MoF)?

As stimulated in the Treasury Circular PS 3.1, the Treasury Internal Audit Division (IA) in MoF is entrusted with the responsibility to assist MoF in ensuring that good governance and integrity is consistently practised in managing public monies by the Federal Treasury of Malaysia, Malaysia Royal Customs Department, Accountant General's Department of Malaysia, Valuation & Property Services Department and Inland Revenue Board of Malaysia.