

# **PUBLIC PROCUREMENT POLICY OF MALAYSIA – PROBLEMS AND RECOMMENDATIONS**

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28 AUGUST 2018



# WHY THE NEED TO REFORM PUBLIC PROCUREMENT POLICY?

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- Public procurement is one of the government activities most vulnerable to corruption and it is a complex problem which covers a wide range of illegal activities.”

- *Former Auditor General Tan Sri Ambrin Buang*

- Estimated that the country suffers about RM20 billion in losses every year through monetary leakages via corruption, wastage and money laundering

- *Former Deputy Prime Minister Anwar Ibrahim*

- Estimated that poor procurement practices in Malaysia causes losses of up to RM10 billion a year, about 6% of the total value of Malaysia’s public procurement

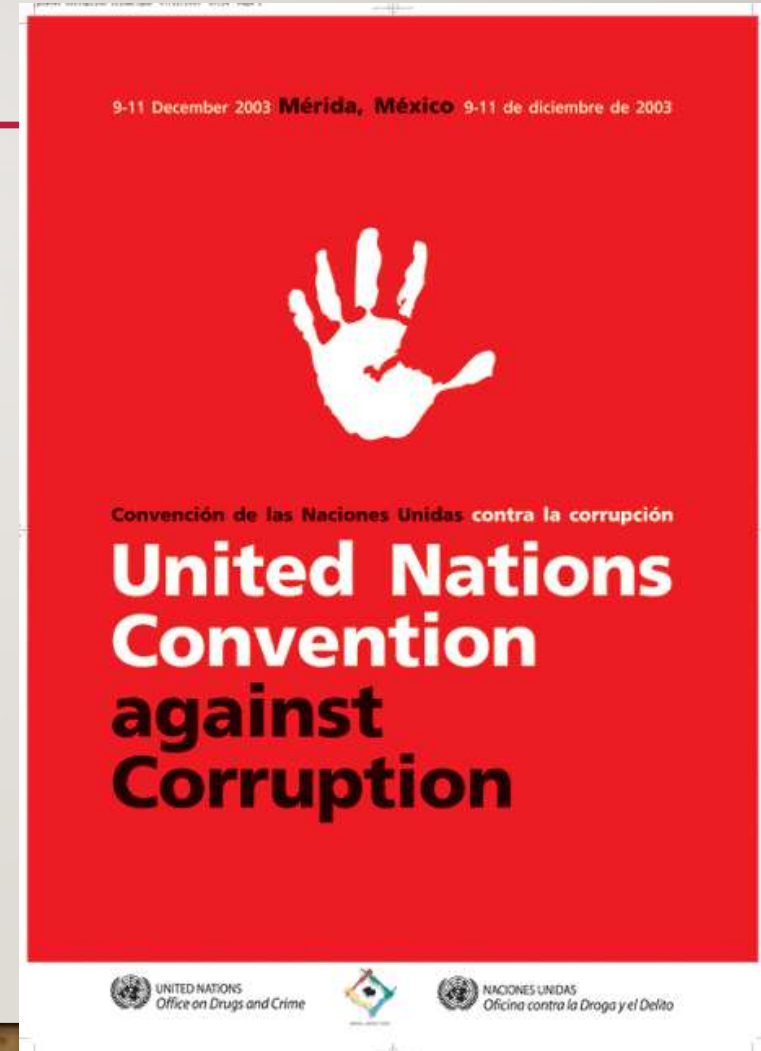
- *Tricia Yeoh, IDEAS*



# UNITED NATIONS CONVENTION AGAINST CORRUPTION (UNCAC)

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- A state party since 2008
- Article 9 of the UNCAC, a State Party is obliged to take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, in preventing corruption



# **PUBLIC PROCUREMENT POLICY OF MALAYSIA**

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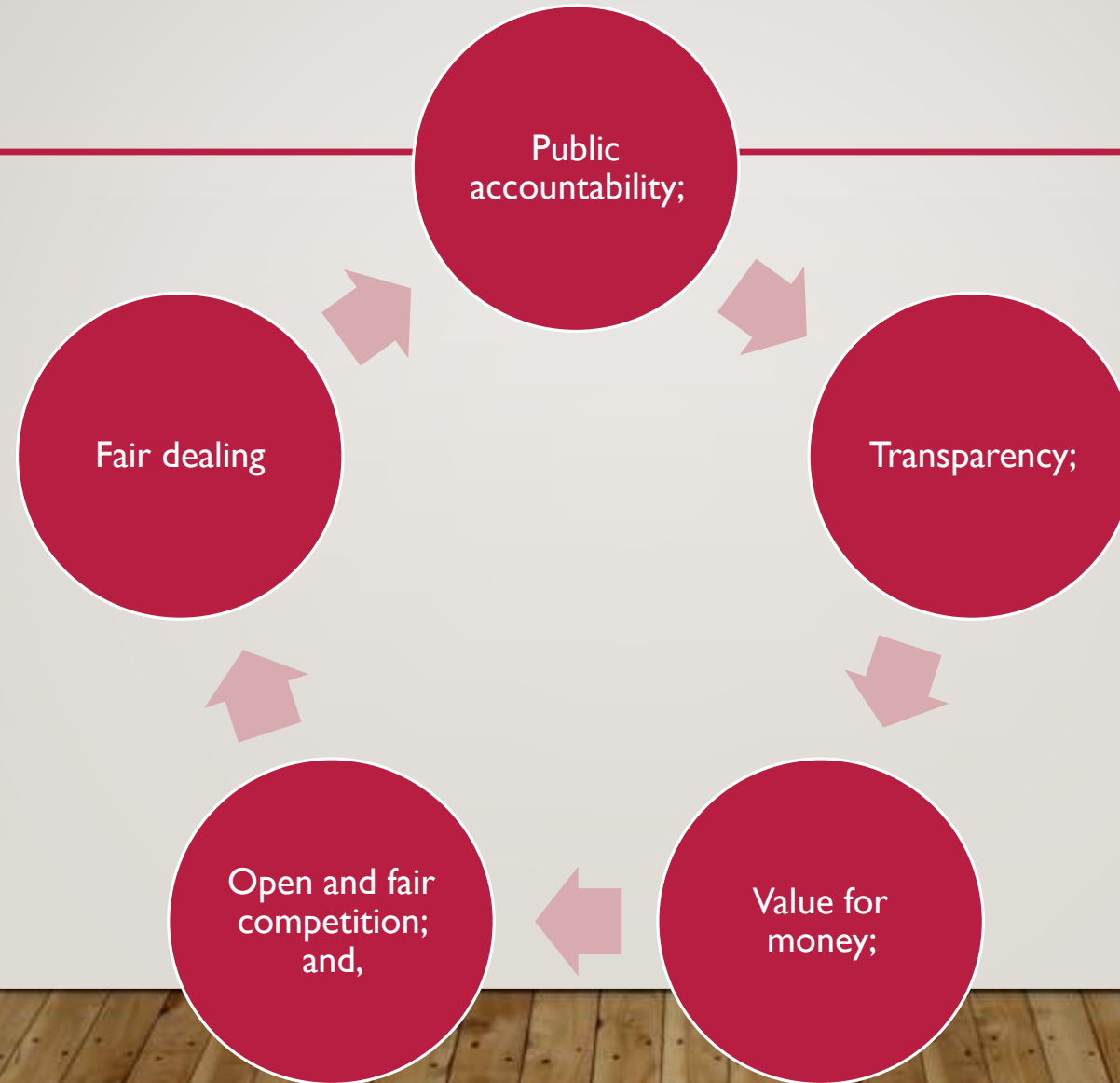


# OBJECTIVE OF PUBLIC PROCUREMENT POLICY OF MALAYSIA

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- a) to ensure continuous supply of materials and services to meet the Government needs from the best and reliable sources;
- b) to ensure efficient, effective and ethical procurement practices to enable the Government to achieve best value for money without compromising on quality, delivery and other price and non-price factors;
- c) to stimulate and encourage the growth and development of local industrial sector by means of transfer of technology and expertise;
- d) to promote alternative and multiple sourcing through supplier/vendor development.

# PRINCIPLES OF PUBLIC PROCUREMENT POLICY OF MALAYSIA



# TYPE OF PROCUREMENT

Type of Procurement	Methods of Procurement		
	Direct Purchase	Quotation/Closed Tender	Open Tender
<b>Goods and Services</b>	Up to RM20,000	RM20,000 - RM500,000	Above RM500,000
<b>Works</b>	Up to RM20,000	RM20,000 - RM500,000	Above RM500,000

# PROBLEMS IN PUBLIC PROCUREMENT

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## Cases of Problematic Projects from Auditor Report 2010 - 2015

	Project	Original	Completed	Delays	Procurement Method
1	Kuching New Prison	RM135 m	RM221 m	8 years	Direct negotiation
2	Living Quarters for Military Personnel	RM1.740 b	RM3.2 b	1240 days	All direct negotiation, limited tender or quotations except one
3	Hospital information system	RM334.02 m			
4	Purchase of Shoes	RM6.86 m			
5	Kuantan New Court Complex	RM157.34 m		560 days	
6	Sultanah Nora Ismail Hospital Upgrading Project	RM200.7 m		90 days	Direct negotiation
7	Tampin Hospital Project	RM138.39 m		494 days	
8	Upgrading of Jalan Klang Lama	RM19 m			Direct negotiation
9	Infrastructure Construction for Helicopter EC725	RM108.89 m	RM127.29 m	Failed to complete	Open tender
10	Integrated Transport Information System	RM373.73 m			
11	15 Procurement of MPPP	RM12.37 m		36 – 387 days	
12	Building construction by Machang and Tumpat District Council	RM3.29 m			Direct negotiation
13	12 projects of Baling and Sik District Council	RM225, 594			Direct purchase instead of quotation
14	22 projects of Tambunan District Council	RM150,037			Direct purchase instead of quotation

# I. LACK OF ADEQUATE ANNUAL PROCUREMENT PLANNING

- Lembaga Tabung Haji Berhad spent RM3.87 million on 566 unoccupied beds for Haji pilgrims in 2015
- Malaysian Immigration Department was found to have spent RM10.3 million on biometric systems and equipment in its implementation of the Malaysian Immigration System (myIMMs) which many ended up unused
- Do we need 12 mega-dams in Sarawak under the Sarawak Corridor of Renewable Energy (SCORE) by 2020 when the 1200 MW-capacity Bakun dam is only operating at  $\frac{3}{4}$  of its capacity now, generating 900MW of electricity.

## **Immediate steps to be taken:**

- ❖ **Conduct consultation with stakeholders on what is needed.**
- ❖ **Appoint expert as advisers when necessary to help ensure projects are on sound footing.**
- ❖ **All needs assessment, market survey and cost and benefit analysis should be recorded and made readily available for internal and external audit.**

## 2. POOR DEVELOPMENT OF SPECIFICATION

- Kuantan New Court Complex - it was found that the construction design of the Complex was not suitable or practical. The cost of the Complex increased by RM19.56 million due to the poor planning in design and scope of works
- Shoes purchased by the Royal Customs Department - 7,659 pairs of new shoes worth RM602,089 were disposed because they did not meet the specifications and were deemed unsuitable to be used
- Equipment purchased by Malaysian Rubber Board – Equipment worth RM32.7 million had not been utilized for various reasons, including a delay in the completion of the latex processing factory, the need for research has not arisen and machine components to produce a product had not been bought

### Immediate steps to be taken:

- ❖ In the annual procurement plan of all government agencies, the method of procurement should be stated clearly for all procurement items. The Treasury Circular TK2 should be amended in line with this requirement.
- ❖ Output or outcome-based specifications should be used.
- ❖ Appoint expert as advisers when necessary to help in developing specifications.

# 3. ABUSE OF PROCUREMENT METHODS - SPLITTING OF CONTRACTS

- University Malaysia Sabah - the Auditor General Report 2015 found that the university authority split a procurement amounting to RM210,297 into smaller amounts, to use the method of direct purchase instead of call for quotations. Purchase price difference for A4 paper and toner of the same type between 2013 and 2015 ranged from 7.1% to 379.6%
- Machang District Council and Tumpat District Council - procurement of supplies and services exceeding RM20,000 was not done through quotation
- Baling District Council - 12 work and service procurements worth RM225,594 were made through direct purchase instead of quotations
- Tenom District Council and Nabawan District Council - a total of 6 and 22 procurements worth at RM21,491 and RM150,037 were procured via direct purchase instead of quotation/tender

## Immediate steps to be taken:

- ❖ **Reduce the threshold for procurement of goods, services and works using the method of quotation from RM500,000 to RM200,000.**
- ❖ **Standardize the threshold for tender for goods, services and works in Treasury Circular PK 2 and PK 2 Lampiran 2.21 on Guidelines for Tender Evaluation.**
- ❖ **Internal audit should be conducted randomly and regularly to detect and prevent practices of splitting of contracts and compliance of procurement policy**

# 4. ABUSE OF PROCUREMENT METHODS – NO OPEN TENDER

- ECRL - costs about RM30 billion, but was awarded without open tender at an alleged inflated price of RM55 billion to the China Communication Construction Company Limited (CCCC)
- Scorpene-class submarines – procured by the Defense Ministry for one billion Euros (about RM4 billion) from DCNS in 2002 with alleged kickbacks of RM540 million in the form of commission paid to Perimekar Sdn Bhd, which is purportedly linked to Razak Baginda and that the payment ultimately benefited Najib Razak, then Defense Minister
- Shah Alam Hospital - Sunshine Fleet Sdn Bhd (SFSB) was appointed by the Ministry of Health through direct negotiation instead of an open tender. The project incurred a loss of RM68.53 million after SFSB failed to carry out construction of the hospital, which was to have a capacity of 300 beds. The project was transferred to Gadang Engineering (M) Sdn Bhd in 2011 with a new contract price worth RM410.87million.
- Kuching New Prison – A project that cost RM165 million, was initially awarded to WMM Holdings Sdn Bhd through direct negotiation and not an open tender. However, due to the failure of WMM Holdings Sdn Bhd to complete the project within the stipulated contract period and extension of time approved, the project was later awarded to TSR Bina Sdn. Bhd. through an open tender in 2005 to complete the abandoned project. As a result, the actual total cost of the project increased to RM221.11 million

## Immediate steps to be taken:

- ❖ The Ministry of Finance must lead by example by following strictly its own rules and regulations on open tender.
- ❖ Review annual procurement plan of all government agencies and ensure method of procurement is stated in all projects and the compliance with the requirements for open tender.
- ❖ Establish an independent internal audit unit on the compliance of procurement policy.

# 5. LACK OF TRANSPARENCY IN PUBLIC PROCUREMENT INFORMATION

The screenshot displays the 'Official Portal for Malaysian Government eProcurement'. The page title is 'Quotation / Tender Notice'. On the left, there is a 'SEARCH CRITERIA' section with input fields for Quotation / Tender No., Procurement Title, Category Code, Ministry, PTJ Group, and PTJ. Below this are filters for PUBLISHED DATE, LOCATION, BRIEFING DATE, SITE VISIT DATE, and CLOSING DATE. The main content area features a table of procurement notices with columns for Procurement Title, IPTJ, Publish Date, Closing Date, Countdown Closing (Days), Briefing / Site Visit, and Action. Two notices are visible in the table.

Procurement Title	IPTJ	Publish Date	Closing Date	Countdown Closing (Days)	Briefing / Site Visit	Action
PERKHIDMATAN PEMUNGUTAN SAMPAH DAN PEMBERSIHAN TONG-TONG SAMPAH DI INSTITUT LATIHAN PENGURUSAN MATERIEL (INSMA) TUDM KINRARA, KINRARA, SELANGOR	BAHAGIAN PEROLEHAN	27/06/2018 12:00 PM	15/07/2018 12:00 PM	13	Yes	
PERKHIDMATAN KERJA-KERJA BANGUNAN DI DALAM DAN DI LUAR PEJABAT SERTA SENTAMAN SELAMA DUA (2) TAHUN DI RUMAH MERDEKA, ARKIB NEGARA MALAYSIA, NEDERI PERLIS/KEDAH (SHAMAM/12/2018)	ARKIB NEGARA MALAYSIA ISU PEJABAT	27/06/2018 12:00 PM	05/07/2018 12:00 PM	07	Yes	

Dapatkan maklumat tender dan sebut harga terkini di negeri Selangor!

Daftar Syarikat

Semak Pendaftaran Syarikat

Tender & Sebut Harga

Semua

Tender

Sebut Harga

Papar 10 rekod

Carian:

No / Tajuk	Kod Bidang	Tarikh Jual	Tarikh Tutup	Harga Dokumen
<b>Majlis Bandaraya Petaling Jaya</b> MBPJ/TD/P/050/2018 <b>CADANGAN PERKHIDMATAN MEREKABENTUK, MEMBANGUN, MEMASANG, MENGUJI, MENTAULIAH DAN MENYELENGGARA PERISIAN DAN APLIKASI SISTEM MAKLUMAT EKSEKUTIF (EXECUTIVE INFORMATION SYSTEM - EIS) BAGI TEMPOH 18 BULAN UNTUK MAJLIS BANDARAYA PETALING JAYA</b>	<b>MOF</b> 210103 <b>DAN</b> 210104	27 Jun 2018	17 Jul 2018	RM 50.00
<b>Majlis Perbandaran Ampang Jaya</b> MPAJ 05/01/02-009/18 <b>CADANGAN KERJA-KERJA PEMBAIKAN 'MONSOON DRAIN' DI TAPAK PASAR PANDAN JAYA, AMPANG, SELANGOR DARUL EHSAN.</b>	<b>Gred CIDB</b> G1  <b>CIDB</b> CE21	4 Jul 2018	11 Jul 2018	RM 100.00
<b>Majlis Perbandaran Ampang Jaya</b> MPAJ 05/10/02-001/18 <b>CADANGAN KERJA-KERJA MEMBANGUN BUMBUNG BELAKANG KAWI CERTA MEMASANG BAHAN TAMBAN</b>	<b>Gred CIDB</b> G1	4 Jul 2018	11 Jul 2018	RM 100.00

**Kehadiran Taklimat Diwajibkan**

4 Jul 2018 09:00

AUDITORIUM ARAS 5, MPAJ

## "Gerbang Pembayaran Online Kerajaan Negeri Pulau Pinang"



### HEBAHAN UMUM

- [KEPUTUSAN TENDER \(BANTAHAN\): MBPP- MBPP.T.NO. 15/2018 \(K\) BARU](#)
- [KEPUTUSAN SEBUT HARGA\(BANTAHAN\): Perbadanan Pembangunan Pulau Pinang PPPP/BPH/QE1/2018 BARU](#)
- [KEPUTUSAN SEBUT HARGA\(BANTAHAN\): Perbadanan Pembangunan Pulau Pinang PPPP/BJP/01/2018 BARU](#)
- [Kursus Penurusan Kualiti MPSP Kepada Kontraktor](#)
- [GANGGUAN SISTEM PEMBAYARAN KERAJAAN NEGERI PULAU PINANG MELALUI SISTEM sysP](#)

[Lagi...](#)

### BERITA PEROLEHAN

- [SEBUT HARGA: PSUK PSUKPP/42/2018 BARU](#)
- [KEPUTUSAN SEBUT HARGA\(BANTAHAN\): PDC PPPP/ICT/Q5/2018 BARU](#)
- [TENDER: MPSP T 0118020 BARU](#)
- [TENDER: PDC-PPPP/TE14/I/2018 BARU](#)
- [CABUTAN UNDI: PDTSPU PDTSPU/P/U/3/2018 BARU](#)
- [SEBUT HARGA: Jab. Kerja Raya-SH/N/J/PJJ/28/2018 BARU](#)
- [SEBUT HARGA: Jab. Kerja Raya-SH/N/J/PJJ/27/2018 BARU](#)
- [SEBUT HARGA: Jab. Kerja Raya-SH/N/J/PJJ/26/2018 BARU](#)
- [SEBUT HARGA: Jab. Kerja Raya-SH/N/J/PJJ/25/2018 BARU](#)
- [SEBUT HARGA: JAB. KERJA RAYA BIL \(24\)JKR.CKM.PP.E/03.2018 BARU](#)

[Lagi...](#)

### IKLAN PEROLEHAN

Tajuk Perolehan :

**CARI**

Tajuk Perolehan	Jenis	Kod Bidang	Tarikh Jual	Tarikh Tutup	Harga Dokumen
<b>Jabatan Kerja Raya</b> Bil (22) JKR.CKM.PP.E/03.2018 <a href="#">KERJA-KERJA PENYELENGGARAAN BULANAN SISTEM PENYAMAN UDARA SELAMA 24 BULAN DI JABATAN PERTANIAN CHEROK TOK KUN, RELAU DAN BALIK PULAU, PULAU PINANG.</a>	Sebutharga	CIDB Gred - G1 - ME - M01 (Bumiputera)	13-Jun-2018	28-Jun-2018 12:00 pm	RM 10.00
<b>Pej. Setiausaha Kerajaan Negeri</b> PSUKPP/39/2018 <a href="#">KERJA-KERJA MENAIKTARAF BILIK SAMPAH YANG TELAH ROSAK DAN KERJA-KERJA BERKAITAN DI RUMAH PANGSA MAK MANDIN 1, SEBERANG PERAI UTARA, PULAU PINANG</a>	Sebutharga	CIDB Gred - G1 - B - B04 atau Gred - G1 - CE - CE21	21-Jun-2018	28-Jun-2018 12:00 pm	RM 10.00
<b>Pej. Setiausaha Kerajaan Negeri</b> PSUKPP/40/2018 <a href="#">KERJA-KERJA MEMBINA 'IMPRINT' DI RUANG KORIDOR BLOK DAN KERJA-KERJA BERKAITAN DI PPR AMPANG JAJAR, SEBERANG PERAI UTARA, PULAU PINANG</a>	Sebutharga	CIDB Gred - G1 - B - B04 atau Gred - G1 - CE - CE21	21-Jun-2018	28-Jun-2018 12:00 pm	RM 10.00
<b>Perbadanan Pembangunan Pulau Pinang</b> PPPP/BJP/02/2018	Sebutharga				



# MYPROUREMENT

Pusat Maklumat Perolehan Kerajaan  
Kementerian Kewangan Malaysia

LAMAN UTAMA | PERATURAN PEROLEHAN | TENDER | SENARAI KEPUTUSAN | LOGIN SISTEM | SOALAN LAZIM

Tarikh Permohonan : Dari  Hingga

Cari Semula

Penafian Tuntutan : Sebarang Maklumat Mengenai Perolehan Secara Rundingan Terus Hendaklah Dirujuk Terus ke Kementerian/Agensi Yang Berkenaan.

[Sebanyak 313 rekod ditemui]

BIL.	TAJUK PEROLEHAN / PROJEK	KATEGORI PEROLEHAN	KEMENTERIAN	AGENSI	NAMA SYARIKAT	NILAI PEROLEHAN (RM)	KRITERIA RUNDINGAN TERUS	TARIKH PERMOHONAN
1.	PERMOHONAN PEROLEHAN SECARA RUNDINGAN TERUS BAGI MEMBEKAL, MENGHANTAR-SERAH, MEMUNGGAH DAN MENYUSUN BAHAN MAKANAN TERNAKAN LEMBU TENUSU KE TAPAK PUSAT TERNAKAN BERSEPADU KENINGAU (KILC)	BEKALAN	JABATAN PERDANA MENTERI	PIHAK BERKUASA PEMBANGUNAN EKONOMI DAN PELABURAN SABAH (SEDIA)	DESA CARGILL SDN. BHD	3,791,097.00	KEPERLUAN MENDESAK	07/02/2017
2.	PERMOHONAN RUNDINGAN TERUS BAGI MEMBEKAL, MENGHANTAR, MEMASANG DAN MENGUJIGUNA AUTO-CHEMISTRY ANALYZER CS-300B DIRUJI KE PUSAT PENYELIDIKAN SAINS TEKNOLOGI MAKANAN, IBU PEJABAT MARDI SERDANG, SELANGOR UNTUK TEMPOH ENAM HINGGA LAPAN MINGGU	BEKALAN DAN PERKHIDMATAN BUKAN PERUNDING	KEMENTERIAN PERTANIAN DAN INDUSTRI ASAS TANI	INSTITUT PENYELIDIKAN DAN KEMAJUAN PERTANIAN MALAYSIA (MARDI)	ALL EIGHTS (M) SDN. BHD.	113,800.00	SATU PUNCA (BEKALAN)	22/12/2016
3.	PEROLEHAN SECARA RUNDINGAN TERUS BAGI PROJEK FOOD SAFETY SYSTEM OF MALAYSIA (FSSM) KEMENTERIAN KESIHATAN MALAYSIA DENGAN MIMOS BERHAD UNTUK TEMPOH 42 BULAN MULAI 16 JANUARI 2017 SEHINGGA 15 JULAI 2020	PERKHIDMATAN BUKAN PERUNDING	KEMENTERIAN KESIHATAN	KEMENTERIAN KESIHATAN	MIMOS BERHAD	11,058,883.50	KEPAKARAN	23/09/2016
4.	PERMOHONAN PEROLEHAN SECARA RUNDINGAN TERUS BAGI PROJEK MALAYSIAN HEALTH DATA WAREHOUSE (MYHDD) FASA 2 UNTUK TEMPOH DUA TAHUN MULAI 16	PERKHIDMATAN BUKAN PERUNDING	KEMENTERIAN KESIHATAN	KEMENTERIAN KESIHATAN	MIMOS BERHAD	10,942,300.00	KEPAKARAN	22/08/2016

# 6. OPAQUE EVALUATION AND DECISION-MAKING PROCESSES

Type of Procurement	Quantum	Procurement method	Evaluation Process	Decision Maker
Goods and services	< RM20,000	Direct purchase	Market survey	Head of department
	RM20,000 – RM500,000	Call for Quotation	<ul style="list-style-type: none"> <li>• Technical Evaluation Committee</li> <li>• Price Evaluation Committee</li> </ul>	Quotation Committee
	>RM500,000	Open Tender	<ul style="list-style-type: none"> <li>• Technical Evaluation Committee</li> <li>• Price Evaluation Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Tender Board A (&gt; RM20m)</li> <li>• Tender B (&lt; RM20m)</li> </ul>
Works	< RM20,000	Direct appointment	Evaluation Committee	Head of department
	RM20,000 – RM500,000	Call for Quotation	Evaluation Committee	Quotation Committee
	>RM500,000	Open Tender	Evaluation Committee	<ul style="list-style-type: none"> <li>• Tender Board A (&gt; RM20m)</li> <li>• Tender B (&lt; RM20m)</li> </ul>

# MEMBERS OF TENDER BOARD A AND B

Type of Procurement	Type of Tender Board	Quantum	Members
Goods and Services	Tender Board A	> RM20 million	<ul style="list-style-type: none"> <li>• Chief secretary of ministry or the deputy as chairperson</li> <li>• Representative of chief secretary of Treasury</li> <li>• Director General of Public Works Department or representative</li> </ul>
	Tender Board B	< RM20 million	<ul style="list-style-type: none"> <li>• Chief secretary of ministry or the deputy as chairperson</li> <li>• A division secretary or head</li> <li>• An officer from the ministry or other departments that can contribute in terms of knowledge and experience in relation to the goods or services procured</li> </ul>
Works	Tender Board A	> RM20 million	<ul style="list-style-type: none"> <li>• Director-General of Public Works Department or the deputy as chairperson</li> <li>• Representative of chief secretary of Treasury</li> <li>• Representative of chief secretary of Public Works Department</li> </ul>
	Tender Board B	< RM20 million	<ul style="list-style-type: none"> <li>• Director-General of Public Works Department or the deputy as chairperson</li> <li>• A representative of chief secretary of Public Works Department</li> <li>• An officer from the ministry or other departments that can contribute in terms of knowledge and experience</li> </ul>

# 7. LACK OF PROJECT MANAGEMENT AND EVALUATION OF PERFORMANCE OF CONTRACTORS

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- **Kuching new prison** - Prison Department of Malaysia did not have any technical personnel to monitor the construction of the new prison and payments were approved despite poor quality works and maintenance
- **New sewerage system** – A project with budget allocation of RM3.162 billion, the effluent quality of 9 out of 16 sewerage treatment plants (56.2%) did not meet the effluent discharge standards set by the Department of Environment due to lack of monitoring by the Sewerage Services Department that procured the project
- **Hospital information system maintenance project** procured by the Ministry of Health - overpayment of RM0.54 million to the contractor (Systematic Conglomerate) for claim of vacant/absent HIS project team members due to lack of monitoring by the Ministry. An estimated difference of up to RM23.95 million between payment claims made to the Ministry and actual payment incurred by the contractor and hardware which did not require maintenance were included in the list of hardware maintenance causing an increase of RM1 million in maintenance cost

## Immediate steps to be taken:

- ❖ Consultant should be employed to monitor, manage and evaluate projects when necessary.
- ❖ Performance report of vendors/contractors for each public procurement should be kept in a database that is accessible to all government agencies for reference in procurement management.

# 8. LACK OF LEGAL ACTION ON NON-COMPLIANCE

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- **Building living quarters for military personnel** – procured by the Ministry of Defense. The contractor Syarikat USL was fined RM87.12 million for delays, but payment was waived by the Finance Ministry following an application by the Ministry of Defense. The Auditor General criticized the decision as the exemption of the fine caused losses and undermined the government's interest. The Auditor General also recommended that the Ministry of Defense blacklist Syarikat USL.
- **Sultanah Nora Ismail Hospital upgrading project** - the Auditor General recommended that the contractor Sejagat Bakti be slapped with Liquidated and Ascertained Damages (LAD) of RM13.34 million, even with an issued Certification of Practical Completion (CPC) despite the project being incomplete and plagued with a slew of issues and non-compliance. The LAD was eventually imposed by the Works Ministry after a second extension application by the contractor was rejected by the Works Ministry. However, the Finance Ministry approved the LAD exemption for Sejagat Bakti on 3 July 2015

## Immediate steps to be taken:

- ❖ Disciplinary action should be taken by the head of agency or controlling officer on public officials for non-compliance of public procurement policy.
- ❖ For more serious cases involving corruption and bribery, criminal legal action should be instituted against perpetrators.

# 9. LACK OF EXTERNAL OVERSIGHT MECHANISM

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- **Auditor-General's Office**

- Provide good external audit of public procurement, but often too late and does not have power to take legal action on perpetrators

- **Malaysian Anti-Corruption Commission**

- Lacks independence and pro-active measures to conduct investigation of problematic public procurement cases

- **Public Accounts Committee**

- Lacks independence and limited resources to conduct inquiry into leakages, wastage and corruption in public procurement

# CONCLUSION

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- Despite clear objective, principles, system and processes on public procurement by the government, leakages, wastage and corruption in public procurement are massive and widespread.
- Main problems lies with the lack of implementation/enforcement against public officials and vendors
- Implementation/enforcement will not take place without disciplinary actions against violators/offenders/perpetrators
- An urgent need for strong and independent external oversight mechanisms on public procurement

# 6 STRATEGIES TO REFORM PUBLIC PROCUREMENT

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1. Review and update the existing public procurement policy
2. Enhance the disclosure of public procurement information
3. Take legal and disciplinary actions on public officials and vendors that committed offences
4. Strengthen internal audit mechanisms
5. Strengthen external oversight mechanisms
6. Building culture of integrity and anti-corruption



# RECOMMENDATIONS ON INTERNAL CONTROL MECHANISM (I)

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- 1. Conduct Proper Needs Assessment, Cost and Benefit Analysis and Market Survey before Embarking on Procurement**
- 2. Annual Planning of Procurement should be Conducted by All Government Agencies**
- 3. Reduce procurement threshold of goods and services using the method of quotation from RM500,000 to RM200,000**
- 4. Make MYPROCUREMENT website a One-Stop Procurement Portal for All Public Procurement of Federal Government and Agencies**
- 5. Establish and review annually database of good suppliers/contractors with good track record and bad suppliers/contractors**

# RECOMMENDATIONS ON INTERNAL CONTROL MECHANISM (2)

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- 6. Publish Bill of Quantity, Specifications and Design, methods of procurement procedure used and criteria for selection for all public procurements**
- 7. Publish Decisions on Award of Contract and the Justification for Selection and Rejection**
- 8. Outline steps to be taken to improve monitoring of production of goods and services as well as construction process of works and inspection of final products in Treasury Circular Letters and Instructions**
- 9. Rotate members of the Agency Procurement Board regularly**

# RECOMMENDATIONS ON INTERNAL CONTROL MECHANISM (3)

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- I0. Assets declaration by public procurement officials**
- I1. KPI and Incentives for Procurement Officials**
- I2. Strengthen Internal Audit Mechanism in all Government Agencies**

# RECOMMENDATIONS ON EXTERNAL OVERSIGHT MECHANISMS

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- 1. Establish a Government Task Force to Review and Reform Procurement Regime**
- 2. Strengthen the role of the Auditor General's Office in public procurement**
- 3. Establishment of Independent Ombudsman Office as a Public Complaint Channel**
- 4. Establishment of Special Ombudsman Office on Defense Procurement**
- 5. Establish Constitutional and Independent Body on Anti-Corruption**