THE AUDIT ASSESSMENT PRACTICE OF PUBLIC BUILDINGS IN MALAYSIA: EXPLORATORY STUDY ON NATIONAL AUDIT DEPARTMENT AND PUBLIC WORKS DEPARTMENT

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Abstract:
Purpose - The purpose of this paper is to assess the existing audit assessment practice on public buildings (PBs) in Malaysia conducted by both National Audit Department (NAD) and Public Works Department (PWD).

Design/methodology/approach – An exploratory study was conducted to assess the depth of audit assessment conducted on the PBs by NAD and PWD. Data were collected through guided interviews, documentation review and retrieval, archival records review, and direct observations.

Findings - This paper assesses an actual depth of performance audit conducted on PBs in Malaysia and reviews the effectiveness of the audit. The findings suggest for further recommendations and improvements on the existing practice of the audit assessment.

Practical implications - This paper presents the real life experience in audit assessment practiced on PBs in Malaysia and identifies the weaknesses, if any, and recommends solutions to improve.

Originality/value - This paper is built based on current audit assessment practice in Malaysia that builds on new knowledge and ways of improving audit assessment practice on PBs.

Keywords - Audit assessment, Public Buildings, Malaysia

1.0 INTRODUCTION

This paper discusses the data collection, analysis and findings on the exploratory studies carried out at both NAD and PWD. This paper is structured to explain the objectives of the study, to justify the methodology adopted, to discuss the audit assessment practiced by NAD and PWD, and to present the process of audit assessment by NAD and PWD. The data collection and findings of the exploratory study are presented and analyzed. At the end of the paper, the findings and its relevance to the study is thoroughly discussed.
2.0 OBJECTIVES OF THE EXPLORATORY STUDY

A list of objectives has been lined up in conducting this exploratory study.

- To understand the real life issues of audit assessment practice on PBs in Malaysia.
- To identify the stakeholders involved in the audit assessment of a PBs in Malaysia.
- To explore and identify issues in relation to the practice of audit assessment by both NAD and PWD.

3.0 METHODOLOGY

This exploratory study design was developed following the methodology laid down by Yin (2009). It highlights the five elements of case study design: Research Question (discussed in previous papers); Research Propositions; Units of Analysis; Logic Linking Data to Propositions; and Criteria of Interpreting the Findings.

3.1 Research propositions

As discussed in previous papers, the selection of the exploratory study as methodology is for this study is based on the descriptive questions of 'What' and explanatory questions of 'Why' (Yin, 2009). However these questions need propositions to define and shape data collection and analysis. The propositions based on the questions are:

- How audit assessment in PBs by NAD and PWD is conducted.
- Stakeholders involved in the audit assessment practiced by NAD and PWD.
- The real life issues on audit assessment of PBs being practiced at NAD and PWD.

3.2 Data Collection Methods

The data collection methods for the exploratory study phase were divided in two main methods:

3.2.1 Document reviews

Documents from various resources have been reviewed in the exploratory study process. The documents reviewed are as follows:
Table 1: Documents reviewed from NAD and PWD (Source: The Study, 2010)

| NAD | Annual Audit Reports presented in Parliament | Trend of audit on PBs from 2003 to 2010 |
| NAD | Audit Act 1957/NAD | This act stipulates the audit power of the Auditor General to perform audit on any government entity |
| NAD | Project-Based Audit Manual/NAD | Processes and procedures of conducting audit assessment on PBs |
| PWD | Total Asset Management Manual/PWD | Detailed process and procedure adopted by PWD in conducting audit assessment on PBs |
| PWD | Building Acceptance Inspection Criteria Guideline | Detailed procedures and process of audit conducted on new buildings |

3.2.2 Interviews

a) National Audit Department

The interview conducted was significant in providing early information on the types of audit conducted by the National Audit Department. A preliminary interview with an officer from the department was conducted with a senior auditor on August 2009 at the National Audit Department in Putrajaya to gain basic information on the process and procedures of conducting audit on PBs in Malaysia. The interview were conducted for 45 minutes and targeted at the audit assessment practice on PBs by NAD. The interview was semi-structured and questions were based on the answers provided by the respondents. Published reports and related manuals provided with regard to audit assessment were also reviewed. All data collected are of relevance to the exploratory study on audit of PBs in Malaysia.

b) Public Works Department

An interview was conducted on December 2009 with a senior officer at PWD Kuala Lumpur from the Maintenance and Facilities Department who is responsible of conducting audit on PBs. The interview was held for duration of 45 minutes to gain information on the audit activity on PBs by PWD. The interview managed to gain information on the audit practice on PBs by PWD. This interview was important in establishing the contact required for future interviews.

A more thorough and detailed interview was conducted in June 2010 with the same officer from PWD to gain data and relevant documents for review. The interview, which lasted for 53 minutes, managed to get important and main documents with relevance to audit assessment on PBs.
3.3 Linking data to propositions

The key issues of the study were derived from the propositions. The key issues that needed further study were:

- How audit assessment is being practiced on PBs at NAD and PWD.
- The audit assessment process for PBs at NAD and PWD.
- The stakeholders’ expectations from the audit assessment practice for PBs at NAD and PWD.
- The different stakeholders who are involved in audit assessment of PBs at NAD and PWD.
- Issues in audit assessment practice for PBs at NAD and PWD.
- Barriers of audit assessment practice at NAD and PWD.

3.4 Criteria for interpreting the findings

There are two forms of research techniques in for interpreting the findings:

Firstly, the data collections were carried out in forms of:

- Reviewing related documents from NAD and PWD.
- Conducting interviews with the officers from NAD and PWD. The interviews were conducted between November 2009 and October 2010. The interview questions are in forms of semi-structured questions and open-ended questions that are centered to the process and methods of audit conducted on PBs.

Secondly, the data gathered from this exploratory study were analyzed using Nvivo2 (content analysis tool). The data analysis is further discussed in section 4.5.1, and the real life issues from the findings of the exploratory study are further discussed in the reflection phase section 4.6.

4.0 ORGANIZATIONS INVOLVED IN AUDIT ASSESSMENT OF PBS IN MALAYSIA

This exploratory study starts by the author’s observation on the audit activity on PBs in Malaysia. An early review of published papers and reports on such audit indicated that the National Audit Department (NAD) is one of the departments that conduct audit on PBs in Malaysia. NAD has experts from the Public Works Department (PWD) to help the department conduct audit on PBs. Through observation and review, the author identified that only NAD and PWD conducts audit on PBs.

From the document reviews and preliminary interviews with the officers involved both in NAD and PWD the later was established:
4.1 National Audit Department

National Audit Department (NAD) of Malaysia was known as the Audit Institutions in Malaya in the early 20th Century. It has been established during the British Colonial administration to strengthen the Government financial management system. At that time, the office of the Auditor General was formed separately into the Federated Malay States and the Straits Settlements. In each of the Federated Malay State, the Institution was known as the Audit Office and was headed by a State Auditor. The headquarters of the Audit Office was situated in Kuala Lumpur and was headed by a Chief Auditor.

A more organised National Audit Institution in respect of the structure and audit scope could be traced back to 1906 when the Auditor General of the Federated Malay States, W. J. P Hume was appointed. For the Straits Settlements, even though the Audit Institution has been traced as early as the end of the 19th Century, it was centred in Singapore and only involved in two Malayan States namely, Penang and Malacca. Both institutions were merged in 1932 and placed under the Director of Colonial Audit centralised in London. Auditing and the preparation of the audit report were carried out by the Auditor of the Straits Settlements and the Federated Malay States in Kuala Lumpur. When the Federation of Malaya attained its independence in 1957, the post of Director of Audit Malaya was changed to the Auditor General. The appointment as well as the responsibilities of the Auditor General is spelt out under Article 105 of the Federal Constitution and the Audit Act 1957.

Under the act, the Auditor General, through his department, is responsible in carrying out audit on the accounts and other type of audit seemed fit on any government body or government related body or company in assuring that public money is used at the most efficient and economic manner.

4.1.1 Types of audit performed by NAD

Audit is the main business for NAD since its establishment in 1906. There are three types of audits conducted by NAD (Figure 1) which are financial, management and performance audit.

![Diagram](source: The study, 2008)

Figure 1: Types of audit practiced by NAD (Source: The study, 2008)
Financial audit involves checking and auditing of financial documents and statement and giving a fair view of the organization's financial standing. This is to ensure public monies are spent effectively, efficiently and economically. It is also to check on fraud or other related misconduct related to finance.

Management audit involves auditing the actual practice against the stipulated rules and regulations set by the government. Management audit is an audit on the process and procedures stipulated in the related Act associated to the entity. This audit is more like a compliance audit i.e. to ensure that every process is according to the Act, rules and regulations.

Whereas performance audit is an audit performed to check on the performance of a government construction projects. It can either be a construction of a public building, public road, systems etc. This study focuses on performance audit in general particularly audit done on PBs in Malaysia. Performance audit is an activity aimed at helping enterprises raise economic efficiency, generally called "operational audit" or "management audit" in some foreign countries (Bowerman & Hawksworth, 1999). NAD performs performance audit every year. Performance audit are done by sampling. Auditors select a project to be audited after thorough evaluation that took in consideration, the total cost of the project and its value and importance to the government. Once everything has been taken into consideration, only selected few of the projects conducted by these government-related entities are being audited and reported. Projects chosen by sampling and will be audited for all the stages of construction, i.e. tender, construction and maintenance.

Performance audit is chosen for the purpose of this study as it performs audit on PBs in Malaysia. The detail of the study on this type of audit is further discussed in the next section.

4.1.2 Audit assessment on PBs performed by NAD

For the purpose of this study, the Federal Statutory Bodies Audit Sector has been chosen as an example. To show how performance audit is selected, the Sector is divided in three departments, namely Finance Department, Social Department and Subsidiary Department. Under both Finance and Social Department, a few groups of audit teams are formed. Each group consists of an auditor and between two to three assistant auditors. Each team is given a number or accounts under their group for them to monitor and audit. Among others, the team will audit the financial aspect of the account/entity under their responsibility and perform management and performance audit as well. NAD requires each team to suggest at least one performance audit project each year. After the Sector has decided and chose the projects, the team will conduct only one performance audit each year. This audit will be reported in the Auditor's General Report and presented to the parliament. Below is the example of how a performance audit is selected for the year 2005:
Figure 2: NAD’s organization chart and example of how performance audit for one audit branch at the headquarters is segregated for the year 2005 (Source: The study, 2008)

Referring to the chart in Figure 2, NAD consists of three major departments that produce reports to be presented to the parliament. Each year, there will be two types of report presented by each department, namely the Financial Statement Verification and Financial Performance Report, and Auditor’s General Report.

The Financial Statement Verification and Financial Performance Report is a fixed yearly report produced by each of the department reflecting the financial standings of the related ministries, statutory bodies or state governments. This report will be presented in parliament together with the Auditor’s General Report. This report is a totally different report as it consists of the management
and performance audit done by the related departments. For this paper, a preliminary study was done on the frequency of audit on PBs done per year based on the published reports resulted the following:

Table 2: The number of performance audit conducted on PBs by NAD from year 2003 to 2010 (Reports presented to the parliament of Malaysia from 2003 to 2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Audit on PBs</th>
<th>Other</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>8</td>
<td>107</td>
<td>6.96%</td>
</tr>
<tr>
<td>2004</td>
<td>14</td>
<td>95</td>
<td>12.84%</td>
</tr>
<tr>
<td>2005</td>
<td>6</td>
<td>84</td>
<td>6.67%</td>
</tr>
<tr>
<td>2006</td>
<td>13</td>
<td>87</td>
<td>13%</td>
</tr>
<tr>
<td>2007</td>
<td>20</td>
<td>75</td>
<td>21.05%</td>
</tr>
<tr>
<td>2008</td>
<td>13</td>
<td>109</td>
<td>10.65%</td>
</tr>
<tr>
<td>2009</td>
<td>21</td>
<td>103</td>
<td>16.94%</td>
</tr>
<tr>
<td>2010</td>
<td>17</td>
<td>112</td>
<td>13.18%</td>
</tr>
</tbody>
</table>

*Figures are in total of audit done by Federal Government, Federal Statutory Bodies and State Government Audit Sectors' Reports.
Audit on PBs = Audit on PBs
Others = Audit on assets, property/land and building acquisition/maintenance.

The data is only made available from the year 2003 to 2010. From the figures, we can conclude that the number of performance audit conducted by NAD on PBs for the six years range was only 12% from the total number of performance audit. Even though the table shows more than 50% increase from 2008 to 2009, the figure dropped approximately by 20% in the next year. The trend indirectly shows that NAD does not emphasize on audit of PBs as their main audit each year. This can be verified from NAD's practice of using random selection as its method of selecting a topic for its yearly performance audit.

NAD provides a manual called 'Guideline for Project Management Audit' to help its officers to cope with performance audit dealing with PBs and structures. The manual provides a guideline which includes flow charts and checklists. The reports of such audit are published and presented in parliament. This way, the stakeholders, the relevant ministry and departments as well as the public will have first hand information on the condition of these buildings and its performance. This audit is important as it helps the government to identify if any of its projects are not done according to plan or any of its projects are facing problems. Immediate action can then be taken before the problems worsen. This scenario is not a new thing in Malaysia. Alarming cases of faulty buildings have been reported in the media and the government is being blamed and bears the charges. The findings are further illustrated in Figure 3 below:
Figure 3: The number of performance audit conducted on PBs by NAD from year 2003 to 2010 (Reports presented to the parliament of Malaysia from 2003 to 2010)
Suggested topics are sent by each auditor from each section to Deputy Audit Director for consideration

One selected topic for each audit branch is decided

Letter is sent out to auditee two weeks prior of audit requesting list of documents to be prepared for audit

Performance audit conducted

Draft of report is sent out to Chief Auditor, Director and Auditor General for verification and corrections

Amended report is sent out to auditee for comments and reply on issues raised

Report received from auditee and amendments are done

Final report is sent out to auditee and related ministry for further action and later presented in the parliament of Malaysia

Figure 4: Flow chart of a typical performance audit process by NAD (Source: The study, 2008)

4.2 Public Works Department

The Public Works Department (PWD) was established in 1872 during the British occupation. In 1956, it was placed under the Ministry of Public Works (then known as Ministry of Public Works, Post and Telecoms) when the latter was established. PWD’s clients are other ministries, federal and state governments (Abdul-Aziz & Ali, 2004). PWD is the largest construction project based organization in Malaysia with an elaborate organization set-up as in Figure 5.

PWD is responsible for planning, designing and constructing infrastructure projects for the government and reports directly to the Ministry of Works which is currently governed by its Minister, Dato' Shaziman Abu Mansor. It acts as an implementation agency and technical consultant to the government. PWD has
set up its office in all states throughout Malaysia. Its role is to monitor government projects through its more than 60 branches all over Malaysia.

Figure 5: Public Works Department's Organization Chart (Source: The study, 2010)
4.2.1 Audit assessment practiced by PWD

In 2007, PWD has established a new department known as Maintenance and Facility Department. The department is responsible for the organization of the National Assets and Facility Management Convention (NAFAM) in August 2007. NAFAM Convention 2007 marks the establishment of NAFAM as a medium for the government to manage its assets and facilities in a proper manner. The two days convention saw 14 proposals presented by public and private sectors prominent figures. Papers presented ranges from ‘National Asset and Facilities Management’ to ‘Critical Issues in Managing Government’s Assets and Facilities in Malaysia’. The convention concluded among others:

- The need for a strategic plan before project implementations.
- Integrated asset management.
- PWD need to develop an Asset Management Framework for the Government.
- PWD has to works with other government ministries, departments and agencies as well as industry specialists in planning, re-evaluating and monitoring of the asset and facilities management integrated program execution.

The Maintenance and Facilities Department’s main responsibility is to conduct audit on public office buildings owned by the Federal government throughout Malaysia. In 2009, PWD has established two core types of audit i.e. audit on new buildings and audit on existing building (Figure 6). This is to ensure that all aspects of the project are in compliance to the approved plan. The objective is to mitigate the building defects before handing over to the owners and to identify fault (if any) and report to the owner for rectification and repair.

![Figure 6: Types of audit assessment performed by PWD](Source: The study, 2009)
There are two types of audit assessment practiced in PWD.

a) **Audit on new buildings**

Audit on new buildings are conducted by internal qualified professionals from PWD. The main tasks of new buildings' audit are to:

- Determine the level of readiness of a building to be accepted by the owner
- To elevate the design and construction quality
- To reduce complains
- To increase customers' satisfaction, trust and confidence
- To increase the level of competency amongst PWD's officers in realizing quality and safe product
- Act as guide for future asset planning and management.

There are three basis of evaluation for audit on new buildings; Default quantity, Default category and Default stage. These bases are reflected in the audit report in a scale form to indicate the level of default or repair for the audited building. There are three scales for building acceptance laid out by PWD.

1. Building is ready for acceptance
2. Building can be accepted with added terms
3. Building is not ready for acceptance

PWD has laid out the flow chart for conducting audit assessment on PBs in its Guideline for Building Acceptance Criteria. There are basically 4 levels that must be audited for new buildings:

1. Planning stage
2. Pre-construction stage
3. During construction stage
4. Post-construction stage

The study identified the most recent audit on new building is being conducted on the Batu Pahat District Health Clinic (The Clinic Building) in Batu Pahat, Johor.

The Clinic Building is a federal government project under the Ministry of Health. The contract costs RM17, 761,875 with a duration of 21 months completion. The site was handed over to the contractor, HLM Sdn. Bhd. on the 11th of September 2007 and completed on June 2009. Audit assessment was conducted by PWD on 1st June 2010 by PWD and a report was released on the 21st of July 2010 to the Director of Health Work Branch in the Ministry of Health Malaysia for further action. It was highlighted that the building is yet to receive its Certificate of Completion and Compliance (CCC) from PWD but has already operated.
b) Audit on existing buildings

Kumpulan IKRAM (Institut Kerja Raya Malaysia) Sdn. Bhd. (IKRAM) was established as early as 1952 (then known as ILP), operating as a laboratory unit for the Penang Airport Project. It became part of the research and development department of the Public Works Department (PWD) Malaysia, with headquarters in Kuala Lumpur.

Since 2007, PWD engaged IKRAM as its consultant in conducting audit on existing PBs in Malaysia. PWD has set it up its terms of requirement (TOR) for IKRAM to execute during the audit. Each building has to meet its requirement before it can pass up the check. However, PWD relies on IKRAM to establish a checklist for the audit. IKRAM will produce individual report on these buildings as well as cost recommendation (if any) on the repairs needed on the buildings.

Until 2009, a total of 2432 existing projects have been audited by the department through the help from IKRAM. Since the department is relatively new, the number of staff is still minimal, PWD appointed IKRAM for its expertise in the area to help the department audit federal buildings all over the country. The number of buildings audited since 2007 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Number</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>-</td>
<td>64</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>-</td>
<td>1440</td>
<td>224.38%</td>
</tr>
<tr>
<td>2009</td>
<td>67</td>
<td>928</td>
<td>-35.55%</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>2432</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Total number of audit conducted by PWD *(Source: Maintenance and Facilities Department, PWD headquarters, Kuala Lumpur, June, 2010)*

![Figure 7: Number of audit conducted by PWD](Source: Maintenance and Facilities Department, PWD Headquarters, Kuala Lumpur, June, 2010)
Referring to Table 3 and Figure 7, despite an increasing number of audits done on existing buildings in 2008 by more than 224 percent, the number had dropped approximately 35 percent in 2009. The figure also shows that PWD has only started audit on new buildings in 2009. From the table, we can conclude that audit assessment is relatively new to PWD.

Unlike NAD, audit reports by PWD and IKRAM are not presented in the parliament. The reports are available only to the stakeholders (Figure 6) for further action.

5.0 DATA ANALYSIS AND FINDINGS

5.1 Data analysis

5.1.1 Different stakeholders who are involved in audit assessment of PBs at NAD and PWD

5.1.1.1 National Audit Department

There are various stakeholders involved in audit assessment of PBs performed by NAD, which are divided according to departments as laid out in its organization chart (Refer to Figure 8) are shown below:

```
Federal Government Audit Sector
  - NAD
  - Related Ministry

State Government Audit Sector
  - NAD
  - State Government

Federal Statutory Bodies Audit Sector
  - NAD
  - Federal Statutory Bodies
  - Related Ministry
```

Figure 8: Stakeholders involved in audit assessment practice on PBs by NAD (Source: The study, 2009)

The exploratory study identified three departments responsible for carrying out audit assessment on PBs in NAD (as shown in Figure 8 above).

The Federal Government Audit Sector is responsible for auditing all federal government accounts and assets. These include conducting performance audit on buildings owned by the related ministries which falls under their audit scope.

The State Government Audit Sector is responsible for auditing all assets belonging to the state excluding those of the federal or statutory bodies in the state. This sector is also responsible to audit all financial related issues related to the state's assets including performing audit on PBs.
Similar to the Federal and State Government Audit Sector, the Statutory Bodies Audit Sector perform audit on PBs under their performance audit program. This sector aims at auditing all assets belonging to any bodies or entities that falls under the Statutory Bodies (Discipline and Surcharge) Act 2000 (Act 605).

5.1.1.2 Public Works Department

PWD only audits federal government owned buildings, thus there are limited number of stakeholders involved in audit assessment by this department; namely PWD, IKRAM and the related ministry being audited (Refer to Figure 5).

5.1.2 Issues in audit assessment practice on PBs at NAD and PWD

a) National Audit Department

The study identified three issues on audit assessment of PBs performed by NAD:

i. Unskilled auditor to perform audit assessment on PBs. NAD employs its staff with major consideration for audit and financial background to facilitate its main business, i.e. financial auditing.

ii. Methodology for auditing. NAD adopts sampling method in choosing performance audit yearly. There is no emphasize on audit on PBs as performance audit includes audit on other activity as discussed earlier in section.

iii. Emphasize on report. NAD presents its audit report to the parliament after each year end. The report is given a wide media coverage and encourages the related parties to take action immediately. However, there are cases when no action was taken from the report.

b) Public Works Department

There are three main issues on audit assessment of PBs performed by PWD.

i. Understaffing of skilled workers to perform audit assessment on PBs. PWD appoints IKRAM as consultant to reduce the work load of audit assessment. Audit on new buildings are done by the audit team from KL branch as other branches are yet to appoint staffs to perform the audit.

ii. Emphasize on report. Unlike NAD, PWD does not present its report to the parliament. Reports are sent to the related ministry for further action.

iii. Despite having guidelines for building acceptance criteria, audit is only done at 95% stage of construction (during construction stage). Audit prior to this are mainly documentation audit and are not reported for review.
Table 4: Issues in audit assessment practice at NAD and PWD (Source: The study, 2009)

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Methodology</th>
<th>Audit Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understaffing of skilled workers to perform audit assessment</td>
<td>Audit done at 95% stage despite having guideline</td>
<td>Does not present report in parliament and no emphasize on correction on report presented to stakeholders</td>
</tr>
<tr>
<td>Unskilled auditor to perform audit assessment</td>
<td>Sampling method and no emphasize on audit on PBs as performance audit</td>
<td>Though report presented to the parliament and received media coverage, no enforcement can be put on stakeholders to do rectification on default reported</td>
</tr>
</tbody>
</table>

5.1.3 The stakeholders’ expectations from the audit assessment process for PBs at NAD and PWD

The exploratory study conducted also identified the stakeholders’ expectation from the audit assessment process for PBs at NAD and PWD, which is summarized in Table 5 below:

Table 5: Stakeholders’ expectations from audit assessment process for PBs at NAD and PWD (Source: The study, 2010)

<table>
<thead>
<tr>
<th>Related Ministry/Agency/ Federal Statutory Bodies</th>
<th>PWD</th>
<th>NAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>To elevate design and construction quality on PBs as well as reduce complains</td>
<td>N/A</td>
<td>To identify fault on buildings and suggest for solutions</td>
</tr>
<tr>
<td>N/A</td>
<td></td>
<td>To identify problems, if any, and rectify problems within reasonable time</td>
</tr>
<tr>
<td>To identify problems, if any, and rectify problems within reasonable time</td>
<td></td>
<td>To identify problems, if any, and rectify problems within reasonable time</td>
</tr>
</tbody>
</table>

From the table, it is concluded that stakeholders’ expectation can be summarized into one main concern, i.e. quality in construction. Despite having different view on expectations, both departments have one main objective, i.e. to reduce and minimize damages on buildings as well as ensuring quality building in giving confidence to the end user.
5.1.4 Barriers of audit assessment practice at NAD and PWD

Preliminary interviews with both NAD and PWD for the exploratory study summarized the barrier that limits the audit assessment practiced by them. Among the barriers identified are limitations of skilled staff to conduct audit and time constraints.

PWD is dealing with shortage of unskilled staffs. The interview conducted at the Batu Pahat branch found that the audit assessment on PBs in Batu Pahat is done by the Kuala Lumpur (headquarters) audit team. This is due to the lack of skilled staffs to conduct audit at the Batu Pahat branch.

NAD has allocated audit staffs throughout its various departments to conduct audit on PBs. However, the lack of technical skills on construction amongst its auditors limits the scope of audit.

5.2 Findings

Research findings from the exploratory study phase identify the following:

5.2.1 The National Audit Department

Firstly, there is an issue of lack of expertise in the related field. Most officers attached to NAD are those of accounting, financial or economic background academically. As financial audit forms their main service, NAD emphasizes financial related background from their auditor and assistant auditors. Thus, there is an issue of lack of skill when performing audit assessment on PBs. The technical skill required for an auditor to audit PBs is very minimal. The audit report on performance audit barely covers the technical aspect of the audit assessment. This reduces the quality of audit and exposes the buildings to potential risk even after being audited. Though NAD appoints PWD staffs as its advisor, the number is very minimal and could not cover the quantity of audit performed yearly by the department.

Secondly, the number of reports on PBs per year by NAD is very small. The main criteria for an audit sample are of the financial impact of the PBs to the government. With the wide range of projects from building construction to federal road construction, the likeliness for PBs to be selected is small.

Lastly, though the reports were presented to the parliament, there is no enforcement for immediate action by the owners. It is entirely up to the owner of the building to make fast and effective rectification on the published report.

5.2.2 The Public Works Department

Though having IKRAM to perform audit on existing building, PWD faces problems in the form of human resource. There is a pressing issue relating to inadequate personnel to perform the audit. Though this is remedied by
appointing IKRAM as its consultant, PWD has yet to appoint officers for its regional office for the purpose of this audit.

The assessment audit reports, either by PWD or IKRAM, are sent out to the ministry/owner for further action. Unlike NAD, the reports are not presented in the parliament and thus reduce the need for immediate action by the owner (since there is no pressure from any party to do so). At the same time, PWD has no enforcement power to emphasize on immediate and corrective action. The reports are mainly used as a benchmark and tools for the owner to seek budget for repair.

6.0 CONCLUSION

This paper has presented key findings from the exploratory study phase. Three main themes of study propositions have been identified. First, the real life issues on audit assessment practice on PBs in Malaysia; Second, barriers that limit the audit assessment practice in Malaysia. Third, the stakeholders who are involved in the audit assessment process.
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