

## **YAYASAN HIJAU MALAYSIA**

---

### **Main Points**

#### **What we examined?**

- Yayasan Hijau Malaysia (YHM) was established with the role to promote, nurture, develop and enhance education in energy efficiency, green technology application and green lifestyle practices at the grassroots level in the Malaysian society. The main activity of the company is to conduct education and public awareness programmes to increase the appreciation of a green lifestyle at the grassroots level as well as to promote and encourage the use of green technology among the target group.
- Two aspects assessed for performance activities are output and outcome achievement. Output performances were assessed based on the Key Performance Indicator (KPI). The outcome was assessed based on the achievement of the mandated role and the success of awareness and acceptance of green technology.
- The three things assessed in the activity management were programme planning, programme fundraising and sponsorship as well as programme implementation and monitoring.
- Assessment of eight aspects of corporate governance best practices, namely the Chairman; the Board of Trustee (BOT); the Chief Executive Officer (CEO); the Company Secretary; the Strategic Plan and KPI; the Standard Operating Procedures (SOP); the Audit Committee; and the Internal Audit for the period of 2019 to 2022.
- Analysis of financial positions was conducted on audited financial statements for the years 2019, 2020 and 2021.

#### **Why is it important to audit?**

- YHM plays an important role in promoting, educating and giving awareness to the community especially at the grassroots level on the application of green technology and green lifestyle practices. This is to realize the Government's intention in making green technology the main driver of the country's economic growth and promote sustainable development.
- Since its inception, YHM has received a total of RM52.62 million in grants from the Government and RM7.62 million in private contributions. YHM has implemented 101 programmes with an expenditure of RM39.91 million.
- YHM has never been audited by the National Audit Department since its inception in 2013.

### What we found?

- Overall, YHM has not fully achieved the objectives of its establishment through mandated promotional, educational and awareness activities. Corporate governance best practices are at a satisfactory level while aspects of YHM's financial position is at a stable level. Aspects that need to be given attention are as follows:
  - YHM did not prepare company's KPI. The KPI prepared started from 2020 was for the CEO;
  - only 50% of the KPI Fundraising and Operational Expenditure KPI targets were achieved. Five of the six Fundraising KPI targets as well as four of the 12 Operating Expenditure KPI targets for the financial year ended 31 March 2020, 2021 and 2022 were not achieved. Project KPI have not been set. In addition, YHM was unable to maintain the minimum operating reserve ratio at 0.60 as targeted;
  - the role and direction of YHM's operations have deviated from the objectives of the establishment. In addition, measurement methods for programme outcomes were not provided while an overall evaluation of programme outcomes was not implemented;
  - the management of Green Guardian's programme was less than efficient, of which the renovation of the programme centre and equipment worth RM0.99 million was not utilized until the end of the programme due to the relocation of the programme site. In addition, there were arrears in operating fees amounting to RM3.31 million. The programme was in operation from October 2018 to February 2020 (16 months); and
  - there were weaknesses in the aspects of corporate governance regarding the lengths of service of BOT members, preparation of programme SOP, targets setting and achievement of KPI, the appointment of Audit Committee's Chairman, qualification of Audit Committee members and establishment of internal audit.

### What do we recommend?

- The stakeholders involved should consider the following recommendations:
  - to set comprehensive and measurable output targets so that programme implementation has a clear direction. In addition, the results of the programme need to be evaluated to determine the impact and effectiveness of the programme on the objectives of the establishment of YHM;
  - to ensure that the programmes implemented are in accordance with the constitution of the company;
  - to increase efforts in fundraising, especially from the private sector to fund programmes that will be implemented without depending on receipts from Government grants. YHM is also

advised to open corporate membership to relevant private companies to increase revenue and contribution of expertise;

- to resolve payment arrears to the programme operators involved immediately to avoid any legal claims being imposed in the future; and
- to strengthen governance practices in the aspects of Board Of Trustees, SOP, Strategic Plans and KPI, Audit Committee and Internal Audit.