

**MINISTRY OF TRANSPORT
MINISTRY OF HOME AFFAIRS
ROAD TRANSPORT DEPARTMENT
IMMIGRATION DEPARTMENT OF MALAYSIA
ELECTRONIC GOVERNMENT CONCESSION SERVICES
(e-SERVICES) BY THE SERVICE PROVIDER**

Main Points

**What we
examine?**

- The Electronic Government Concession Services (e-Services) Project was initiated for the public to perform all government transactions online.
- The audit was to evaluate whether the online services by the Service Provider 505639-K were economically, effectively and efficiently implemented to achieve its stipulated objectives of enhancing the quality and performance of online government services. The audit was also to evaluate the reliability, validity and integrity of the data in the system.
- The audit covered two main areas, namely the performance and the service management by the Service Provider 505639-K. The performance of the services was evaluated based on the achievement of the output and outcome.
- The output was evaluated based on the performance of the e-Services Project delivery to the public through the service provider's system and value added to the Government.
- The outcome was evaluated based on the e-Services Project objectives to enhance the quality and performance of Government online services provided through the Service Provider 505639-K. The assessment also covered whether the services are available to all groups of public.
- The evaluation of the service management were based on the agreement management, revenue collection management, payment management, test centre, the appointment of the agent and system management.
- The audit was conducted at the Headquarters of Road Transport Department (JPJ) in Putrajaya, the JPJ State Office of Johore, the JPJ State Office of Penang and the JPJ State Office of Sabah as

well as the Headquarters of the Immigration Department of Malaysia (JIM) in Putrajaya, the JIM State Office of Johore, and the JIM State Office of Penang. The audit at the Service Provider 505639-K was conducted at the Headquarters in Selangor, the Johore Branch Office, the Penang Branch Office and the Sabah Branch Office.

Why is it important to audit?

- The e-Services Project supported the Government's aspiration to provide online services as part of the Multimedia Super Corridor Initiatives, Electronic Government Flagship Application.

What we found?

- Overall, it can be concluded that the e-Services Project has assisted the Government to enhance its public service delivery. However, the objective of the e-Services Project was not fully achieved due to the fact that the administration of the services has not been managed effectively and efficiently. The weaknesses identified that needed to be highlighted were as follows:
 - The delay in finalising the agreement has resulted in the payment for services rendered amounting to RM73.43 million was made without a valid agreement but with a special approval from the Ministry of Finance.
 - The discrepancies in payment collection procedures have resulted in the collection of RM4.27 million were retained in the service provider's bank between one to 412 days before being returned to the applicants of the Temporary Foreign Worker Permit (PLKS).
 - A total of 10,726 unsuccessful applications amounting to RM19.74 million were still retained in the service provider's bank.
 - Poor agreement management has resulted in delays in the remittance of revenue into the Government's account amounting to RM38.94 million for JPJ and RM252.01 million for JIM, resulting in the revenue could not be taken into account within the stipulated time frame.
 - A total of RM1.56 million penalty has yet to be paid by the service provider to JPJ. A penalty of RM13.04 million was imposed only in the year 2019 for late remittance of revenue amounting to RM6,167.90 million in JIM within the year 2015

to 2020. Payments were made between the year 2019 to 2021.

- From September 2021 until March 2022, a total of 7,586 Motor Vehicle Licences (LKM) renewal transactions worth RM0.69 million were made through the Identity Document (ID) kiosks. The ID kiosks were not deactivated even though the agreement prohibited LKM renewal in the states of Sabah and Sarawak.
- The Privacy Policy of Personal Data of the Service Provider 505639-K online portal was at risk of having personal data being disclosed to third parties. The personal data was stored in the database of the service provider.

What did we recommend?

- To prevent weaknesses from recurring, the National Audit Department recommends the following actions:
 - JIM needs to accelerate the process to finalise the supplemental agreement to avoid payment without an agreement. If it happens again, the financial procedure AP59 has to be referred to, as the financial procedure for payment was not adhered to.
 - JPJ and JIM should ensure that payment collection procedures and guidelines for remittance are clear and systematic for the Government's revenue to be efficiently managed. Remittance must be made within specified time frame for the revenue to be accounted on a timely basis. Penalties need to be imposed on the service provider within due period.
 - JPJ needs to ensure that the LKM renewal and the usage of ID kiosks by the Service Provider 505639-K is in accordance to the agreement and with approval of JPJ.
 - JPJ and JIM need to ascertain the security of personal data collected through online portal of Service Provider 505639-K to avoid the risk of abuse and disclosure of personal data to third parties.