

INSTITUTE OF TECHNOLOGY PETRONAS SDN. BHD.

Main Points

What we examined?

- Institute of Technology PETRONAS Sdn. Bhd. (ITPSB) is a wholly-owned subsidiary of the Petroliaam Nasional Berhad (PETRONAS) with a paid-up capital of RM20 million. ITPSB is a legal entity which owns and manages Universiti Teknologi PETRONAS (UTP) in accordance with the University Constitution and ITPSB Limits of Authority.
- Assessment on the ITPSB main activities for the year 2019 to July 2022 covering two main Audit areas, namely the performance and management of main activities of UTP as a private university. The performance activity was evaluated based on achievements of output and outcome.
- In addition, the management activity encompassing two aspects namely the teaching and learning; and student residential village were examined.
- Assessment on nine aspects of good corporate governance, namely the Chairman, the Board of Directors, the Chief Executive Officer, the Company Secretary, the Strategic Plan, Business Plan and Key Performance Indicator (KPI), the Standard Operating Procedures (SOP), the Audit Committee, the Internal Audit, and the Nomination and Remuneration Committee for the year 2019 to July 2022.
- Analysis of financial positions were conducted on audited financial statements for the year 2019, 2020 and 2021.

Why is it important?

- To evaluate the achievement of ITPSB main objectives via the main activities of UTP as a private university.
- For the period from 2019 to 2021, grant from the Yayasan UTP channelled from PETRONAS worth RM756.87 million has been disbursed to ITPSB.

What we found?

- On overall, based on the Audit scope, the objective of the establishment of ITPSB to run the business of a private university has been achieved. The Audit findings that require attention are as follows:
 - three out of five KPIs did not been achieve the targets set for the year 2019 to 2021 due to the pandemic Covid-19;

- the performance of student enrolment for the year 2019 to July 2022 ranged from 31.9% to 98.2% although the target remained unchanged;
- the performance of student fees collection was less satisfactory because RM58.35 million of bad debts were written off from 2019 and only 5.2% of the debts were successfully recovered as of 31 July 2022; and
- the capacity of UTP residential village bed was not optimally utilised as current utilisation ranged from 26.9% to 87.1% for the year 2019 to July 2022.

What do we recommend?

- The stakeholders involved should consider the following recommendations:
 - increase the enrolment of new students in line with ITPSB KPI targets;
 - improve the efficiency of student fee collection management to reduce bad debt and writing off of outstanding debt;
 - optimising the use of student residential village beds to achieve the sustainability of residential village operations income; and
 - improve corporate governance in the aspects of:
 - establish Board Charter to ensure the terms of reference related to the Board of Directors are clearly and orderly defined; and
 - appoint independent directors to serve on the ITPSB Board of Directors.