

**MINISTRY OF TRANSPORT  
MINISTRY OF WORKS SABAH  
SABAH STATE RAILWAY DEPARTMENT  
THE UPGRADING OF SABAH STATE RAILWAYS**

---

**Main Points**

**What we  
examined?**

- This Audit involved the evaluation of two projects under the Eleventh Malaysia Plan (RMKe-11), namely Additional Upgrading Works in the Gorge Line Area between Halogilat Station to Tenom Station, and The Procurement To Design, Manufacture, Supply, Delivery, Testing & Commissioning Of Three Sets New Diesel Multiple Unit (DMU) And Six Units Of New Non-Powered Car (NPC).
- An Audit was conducted to assess whether the upgrading of Sabah state railways is managed efficiently and effectively in order to achieve the set of objectives of providing efficient, quality and safe infrastructure and services to users.
- Project performance is evaluated based on two main audit areas namely output and outcome. The output was evaluated based on the performance of actual work progress compared to schedule. The outcome was evaluated based on the achievement of project objectives.
- Four items were included in the project management, namely project allocation and expenditure, project planning, project implementation, and project monitoring.
- The Audit was conducted at the Ministry of Transport (MOT), Ministry of Works Sabah and Sabah State Railway Department (JKNS).

**Why it is  
important?**

- The Government has approved RM95.49 million for two projects consisting of RM49.50 million and RM45.99 million respectively.
- The main objective of the project is to provide infrastructure and effective coverage services, quality and safety. This project aimed at providing public transport facilities to urban, sub-urban and rural residents who comprise members of the public, farmers/traders, teachers and students.
- Therefore, an efficient and effective upgrading of Sabah state

railways is important to provide quality public transport services to satisfy the need of consumers and locals.

**What we found?**

- Overall, it can be concluded that the Upgrading of Sabah State Railway was not efficiently and effectively implemented because the project was not completed on schedule.
- In terms of the output for the Upgrading Works in the Gorge Line Area between Halogilat Station to Tenom Station as in September 2021, it was found that the actual work progress was only 99.5% compared to 100% as scheduled, with a delay of 192 days (0.5%). As for the output of the procurement of three DMU sets and six NPC units as in November 2021, was at 92.9% compared to 93.8% as scheduled.
- As both projects have not been completed, the outcome of the projects cannot be assessed.
- Among the weaknesses in project management that need to be given attention were as follows:
  - The construction area (Halogilat to Tenom railway) has topographical issues as well as prone to landslides, river bank erosion and floods that were not taken into consideration at the planning stage.
  - The approval period for extension of time (EOT)/extension of the contract (LK) and variation order work (APK)/variation order (VO) has taken a lot of time.
  - Monitoring by MOT and JKNS was less effective.

**What do we recommend?**

- To overcome the weaknesses highlighted and to ensure that they do not recur in the future, the National Audit Department recommends the following actions:
  - Ensure the issue of landslides and river bank erosion are addressed/resolved by JKNS/State Government in advance with the provision of adequate budget.
  - Manage issues regarding EOT/LK and APK/VO in an orderly, efficient and effective manner so that approvals do not take a lot of time.
  - Provide an effective monitoring mechanism by follow-up actions so that issues that arise can be resolved promptly at every level.