

<https://www.theedgemarkets.com/article/delay-completion-igfmas-cost-govt-rm23074m-%E2%80%94-ag-report>

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## **Delay in completion of IGFMAS cost govt RM230.74m — AG Report**

KUALA LUMPUR (July 14): The delayed completion of the Integrated Government Financial Management Accounting System (IGFMAS) set the government back by RM230.74 million, according to the Auditor General's Report 2018 Series 3.

The report said the delay involved three postponements of Go-Live IGFMAS between Jan 1, 2015 and Jan 1, 2018.

"The extended development and postponement period of Go-Live IGFMAS had implications for the government.

"The additional expenditure included maintenance of the licence and server of IGFMAS' legacy systems amounting to RM10.68 million," it said.

The report said maintenance of IGFMAS' user and engine licence totalling RM77.11 million in its entirety must proceed as per the contract date in 2013 even though the system is not yet operational, as well as the project management office costing RM22.11 million.

Nevertheless, it noted that the government did take appropriate steps to minimise the implications.

According to the report, it was imperative for IGFMAS' legacy systems to be maintained to ensure smooth running of the federal government's day-to-day operations.

The objective of developing IGFMAS for the Accountant General's Department (AGD) under the Ministry of Finance is to produce modified and accrual cash financial statements and reports in real time at the federal government and ministry levels.

The government had allocated RM773.27 million for the IGFMAS system and accrual accounting.

The Audit Department review also found that the federal government's financial statement (PKKP) in cash could not yet fully be generated in real time through the financial reporting module, Business Warehouse.

Instead, format adjustments were made to the PKKP in 2018 outside the IGFMAS system using other support platforms.

“The Audit Department views that the IGFMAS system was developed in an integrated manner based on cash and accrual principles. However, its achievement outcome cannot be gauged because the accounting reports cannot be generated comprehensively,” it said.

It also found liquidated and ascertained damages (LAD) amounting to RM9.27 million had not been fully paid, with merely RM2.02 million or 21.8% collected from suppliers.

According to the report, as of June 30, 2019, there were 28 non-compliances involving delayed deliverables as stated in the main contract with LAD amounting to RM9.27 million.

Overall, it said the IGFMAS system has not yet reached the optimum level of efficiency.

In this regard, the Audit Department recommends that the AGD provides a clear key performance indicator (KPI) to gauge the outcome achievement of the IGFMAS system once it is completed and fully utilised.

It further advises the AGD to conduct more thorough and comprehensive testing at the developmental stage to ensure accuracy of federal government reports and financial statements as well as competency of the integrated system with external systems.

"Aside from that, the AGD also needs to improve contract management in the government's interest, as well as make LAD deductions based on supplier cash flow and progressive payment of the balance to ensure the government gets to collect the full amount," it said.