

A BILL

i n t i t u l e d

An Act to amend the Audit Act 1957.

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ENACTED by the Parliament of Malaysia as follows:

Short title and commencement

1. (1) This Act may be cited as the Audit (Amendment) Act 2024.

(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette* and the Minister may appoint different dates for the coming into operation of different provisions of this Act.

Amendment of section 5

2. The Audit Act 1957 [Act 62], which is referred to as the “principal Act” in this Act, is amended in section 5—

(a) in subsection (1), by substituting for paragraph (d) the following paragraph:

“(d) the accounts of—

- (i) any other body, including a company registered under the Companies Act 2016 [Act 777], in receipt of a grant or loan from the Federation or a State;
- (ii) a company registered under the Companies Act 2016, where more than half of paid-up share capital of the company is held by the Federation, a State or a public authority or is so held in the aggregate by two or more of them;
- (iii) any other body, including a company registered under the Companies Act 2016, in receipt of financial guarantee given by the Federation or a State; and
- (iv) any other body, including a company registered under the Companies Act 2016, in receipt of public moneys if the Minister of Finance is satisfied that the public interest urgently requires that the accounts of any such body shall be examined, inquired into and audited by the Auditor General:

Provided that the Yang di-Pertuan Agong so specifies by order under Clause (2) of Article 106 of the Federal Constitution and notwithstanding any law relating to the audit of the accounts of any such body;”;

(b) in subsection (2), by substituting for the words “, (c) and (d)” the words “and (c) and subparagraphs (1)(d)(i), (ii) and (iii)”;

(c) in subsection (3), by inserting after the words “in accordance with” the words “subparagraph (1)(d)(iv) and”;

(d) by inserting after subsection (3) the following subsection:

“(4) For the purposes of subparagraph (1)(d)(iii), “financial guarantee” shall have the same meaning assigned to it in the Public Finance and Fiscal Responsibility Act 2023 [*Act 850*].”.

New section 7A

3. The principal Act is amended by inserting after section 7 the following section:

“Power to issue guideline

7A. The Auditor General may issue any guideline as may be necessary or expedient for the purpose of carrying out the provisions of this Act.”.

Amendment of section 9

4. Subsection 9(4) of the principal Act is amended by inserting after the words “the head of that public authority” the words “, and the Auditor General may make any recommendation to address such irregularities”.

New section 9A

5. The principal Act is amended by inserting after section 9 the following section:

“Follow-up audit

9A. (1) The Auditor General may conduct a follow-up audit to review the action taken by the Federation, a State, a public authority or specified body on any recommendation, comment or observation made by the Auditor General in the audit report under section 9.

(2) The Auditor General may at any time submit a report on the follow-up audit conducted under subsection (1) to the Yang di-Pertuan Agong, and may submit a copy of such report to the Ruler or Yang di-Pertua Negeri of a State or to a Minister.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Audit Act 1957 (“Act 62”).

2. *Clause 1* contains the short title of the proposed Act and the power of the Minister to appoint the commencement date of the proposed Act.

3. *Clause 2* seeks to amend section 5 of Act 62 to extend the power of the Auditor General to examine, enquire into and audit the accounts of any other body, including a company registered under the Companies Act 2016 [Act 777], in receipt of financial guarantee given by the Federation or a State.

This *clause* also seeks to empower the Auditor General to examine, enquire into and audit the accounts of any other body, including a company registered under the Companies Act 2016, in receipt of public moneys if the Minister of Finance is satisfied that the public interest urgently requires such accounts to be examined, inquired into and audited by the Auditor General. The proposed amendment is in accordance with the “follow the public money audit” approach which enables the Auditor General to trace the trail of public money.

4. *Clause 3* seeks to introduce a new section 7A into Act 62 to empower the Auditor General to issue any guideline as may be necessary or expedient for the purpose of carrying out the provisions of Act 62.

5. *Clause 4* seeks to amend subsection 9(4) of Act 62 to empower the Auditor General to make any recommendation to address any serious irregularities occurred in the accounting or custody of public moneys or public stores under his audit.

6. *Clause 5* seeks to introduce a new section 9A into Act 62 to empower the Auditor General to conduct a follow-up audit to review the action taken by the Federation, a State, a public authority or specified body on any recommendation, comment or observation made by the Auditor General in audit report. The new section 9A also seeks to provide that the Auditor General may at any time submit a report on the follow-up audit to the Yang di-Pertuan Agong, and may submit a copy of such report to the Ruler or Yang di-Pertua Negeri of a State or to a Minister.
7. Other amendments not specifically dealt with in this Explanatory Statement are minor or consequential in nature.

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure.

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