

The Accountability Process of Public Account Committee (PAC) Under Different
Ruling Parties: A Case Study of Kedah State

By

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Abstract

A critical problem concerning the functioning of the Public Accounts Committee (PAC) of the state of Kedah is the delay in tabling the PAC Reports at the State Legislative Assembly (SLA). The delay in this particular process causes outdated information to be presented to the SLA as the PAC reviewed audited financial statements that were no longer current. Consequently, the relevancy of the PAC Reports issued is at stake as the comments and recommendations made by the PAC might be outdated. The PACs under study range over 3 parliamentary terms. The data revealed that the institutional setting and capacity building do not provide concrete explanations for the delay in PAC reporting. The individual alone as well as the collective behaviour of the PAC members also contribute to the PAC's performance as study found that all the problems still prevail regardless of who the ruling party is. It is a massive challenge for PAC of state of Kedah to balance their performance and responsibilities to the public as it may fluctuate as personalities, interests, politics and public opinions reshaping the political landscape within the local context.

Candidate's Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Utara Malaysia. It is original and is the result of my work, unless otherwise indicated acknowledged as referenced work. This topic has not been submitted to any other academic institution for any other degree qualification.

In the event that my thesis is found to violate the conditions mentioned above, I voluntary waived the right of conferment of my degree and agree be subjected to the disciplinary rules and regulations of Universiti Utara Malaysia.

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Acknowledgment

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List of Abbreviations

AGO	Auditor General's Office
DUN	<i>Dewan Undangan Negeri</i>
EXCO	Executive Council Member
MB	<i>Menteri Besar</i> or Chief Minister
PAC	Public Account Committee
SLA	State Legislative Assembly
SFO	State Financial Officer
SSO	State Secretary Office
MMK	<i>Majlis Mesyuarat Kerajaan Negeri</i>
JITU	<i>Jabatan Integriti dan Tadbir Urus</i>

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CHAPTER ONE

Introduction

1.0 Introduction

Nowadays, issues concerning government's spending and financial related policies have become more and more critical. The public has become more aware and sensitive when discussing government's spending and policies. The State Legislative Assembly (SLA) at state level embrace enormous responsibility in making sure that all government's spending on public programmes as well as policies lead to improvements benefiting the public as a whole. Tremendous amounts of fund were allocated in the form of budgets considering the benefits and interests of the public as well as nation. Still, financial oversight by legislative committees such as Public Accounts Committees (PAC) has yet to be fully tapped in securing and monitoring the well-used of public funds by state government. To ensure and enhance public accountability on the funds approved and allocated, thus, the quality and regularity of financial oversight body's activities such as PAC by the legislators should be executed properly.

This chapter provides the background and motivation for the study. It also provides facts concerning the PAC in Kedah as a case study, including the issues and problems that lead to this research. The methodological approach to this research as well as the conceptual framework applied is also highlighted in general.

1.1 The establishment of PACs worldwide

The PACs of the states are select committees in the respective legislatures. The PACs were commonly formed as a tool for ensuring transparency and accountability in the government operations by most of Commonwealth countries. As mentioned by Peake (1948); Dubrow (1999); Jones and Jacobs (2005); Pellizo (2006) and Rose (2011), the structure and functions of PACs were first established following the reforms made by William Gladstone when he was the British Chancellor of the Exchequer, in 1861. According to McGee (2002) and Loney (2004), countries such as Denmark, France, United Kingdom, Canada, Hong Kong, India, Fiji, South Africa, Singapore, Australia and Malaysia are examples of countries with PAC or the like.

The purpose of the PACs has remained unchanged since they were first introduced (McGee, 2002; Stapenhurst and Saghaf, 2002). PAC exists to hold the authorities to account for the lawfulness, efficiency as well as effectiveness with which they use public funds, money and stores. Regardless of under which country they were established except for the term used to refer to such committees, the committees have same roles, duties and responsibilities. Recommendations or solutions on improving the efficiency and effectiveness of government activities are a part of PACs' spirit of establishment (Rose, 2011).

Nowadays, with the vast demand for greater openness in government finances as well as in how they conduct their operations, PACs act as representatives of the people or citizens, need to carry out their functions well in assuring the integrity, transparency and accountability of public budgeting and spending. In fact, according

to Wehner (2002) and Jones and Jacobs (2005), legislatures across the world are faced with challenges in doing so.

1.2 PAC's establishment in Malaysia

In line with the concept of parliament democracy, which become core for the Malaysian Government's administration, the Malaysian Federal Constitution 1957 underline the separation of governing powers among legislative, executive, and judicial authorities both at the federal level. The purpose is to enhance and ensure accountability been well executed in every inch of government's administration (Ahmad Sarji, 1992).

The setting-up of the PAC as a committee of legislature, at state levels, is very likely related to the concept of accountability. Accountability refers to the obligation to give answers and explanations concerning pone's action and performances, to those with a right to require such answers and explanation (Glyn, 1987; Fowels, 1993; Mulgan, 2000; Murray & N ijzink, 2002). Therefore, accountability is in existence through the granting of powers and responsibilities at various government levels to act in the best interests of the public and nation as a whole. The same concept generally applies when the public, through the election process, grants power and responsibilities to their representatives (member of the State Legislative Assembly or SLA) to be in charge of running the state.

Among these state assemblymen, some will be appointed as Executive Council members (EXCOs) to help the ruling party steer the state government's

administration. The decisions or actions regarding public funds by these state governments needs to be accounted for by means of annual financial statements submitted to the SLA. Accordingly, the auditing work by the Auditor General's Office (AGO) boosts the accountability process when an independent view of the existence and execution of public accountability is made through the Auditor General's Office (AGO) Report, which is issued on the submitted annual financial statements (Article 107 of the Malaysian Federal Constitution, 1957). In order to complete the accountability cycle, the PAC of the SLA, will pick up issues addressed in the AGO Report for further actions. However, this study indicates that there is a break in the flow of this accountability cycle. The PAC Reports were found to be tabled at the SLA at a point later than it should be (more than three (3) years).

Nevertheless, without the existence of a financial oversight body like PAC, there may be low probability that public agencies or the executives itself will fully follow and comply with the requirement of SLA including adhering to the policies and procedures in place to ensure the appropriate use of public funds. The public can be considered as a stakeholder of public funds, with few exceptions, many would have been conditioned to think that public finance does not guarantee one would take care so much compare to personal finance. Therefore, all matters relating to public finances or funds, including whether it was used in the most appropriate manner and purposes, to be ironed out by those entrusted with the power to do so. Taxpayers as the public; through their representatives at SLA, is actually have the right to know about the conduct and performance of the activities of the government.

Hence, the concept of PAC oversight exists as an essential effect of the SLA's process in taking into account budgets passed by the SLA before any funding and expenditure is provided by the government. Thus, the oversight function complements rather than hampers the effective performance of financial accountability with which the state government is entrusted. In this respect, the PAC is an example of the oversight body of the SLA, which has structure, functions, and relationships with the state government. In addition, the AGO provides assurance on the efficiency and effectiveness of public spending as well as maintaining the integrity of financial accounts (Rose, 2011).

1.3 Motivation of this study

Researcher became interested in studying about PAC after reading many of those Auditor General Office's reports and local newspaper reports which highlighted various improprieties and weaknesses in the government financial controls and administrative systems whether at states or federal level, when both parties are entrusted to balance the nation's book.

Over the years, the issues concerning the poor administration and mismanagement of public funds have received considerable critical attention from public especially when AGO Report were tabled at SLA or press releases were issued. After being highlighted by the Auditor General's Office (AGO) Reports; that should have initiated PAC to start probing.

To date highlights include issues such as the Land Swapping Process (AGO Report Kedah 2013); the conflicts in Yiked Holdings Sdn Bhd (Sinar, 23 September 2014); the controversial issue of School security guards' contract (Kosmo, 15 October 2014); the large consolation of Felcra's Board of Director of amount up to RM 723,000 (Utusan, 3 November 2014); the controversial issue behind Kolej Universiti Insaniah (KUIN)(Berita Harian, 19 November 2014) and the implementation of SUKHAT and SPTB in Kedah's Land Administration (Sinar, 21 Disember 2014). The problems such as wastage, misappropriations and mismanagement are difficult to ignore as we are still seeing public funds being misused; high government's contract value with unsatisfied end result, useless and excessive spending made and delays in major government projects. Every time such issues are brought by media, many are quick to point fingers at others (Harian Metro, 12 November 2014; Berita Harian, 16 June 2014; Berita Harian, 6 October 2013; Sinar Harian, 16 October 2012).

Even though the offenders such as departments and government agencies are being highlighted in AGO Report, the AGO got no jurisdiction to enforce any kind of penalty towards them. The government has been quick to assure that actions will be taken against offenders through their very own respective agencies (Berita Harian, 6 October 2013; Utusan, 16 September 2014; Sinar, 23 September 2014; Berita Harian, 19 November 2014). The Malaysian Anti-Corruption Commission (MACC) and the Royal Malaysia Police (PDRM) are examples of entities expected to be able to take stern actions against perpetrators. If only enough evidence and witnesses gathered, then the investigations can take place.

The AGO Report should not be treated lightly and weaknesses exposed should be discussed in SLA and be given the attention they deserve. However, lack of action taken on issues highlighted and documented in AGO Report gave bad reputation on various parties, from government to enforcement agencies, to legislature (SLA) and also the judiciary (Berita Harian, 29 December 1999; The Star, 29 December 1999; The New Strait Times, 28 September 2010; The Sunday Star, 24 October 2010). PAC as a committee of SLA, entrusted with financial oversight function should demonstrate that it is serious in addressing the issues raised by the AGO (Degeling and Anderson, 1996; Loney, 2004). Is the responsibility and function of PAC being carried out and executed well as it should be? Did PAC play their role well in monitoring and ensuring issues brought up by AGO Report are looked into? Will the quality of performance by PAC vary under different parties (ruling vs opposition)?

The issue has led the researcher to look further into the PAC, specifically in Kedah. The proof of the financial oversight work by SLA in this study comes in the form of PAC Report produced by PAC, tabled yearly at the State Legislative Assembly (SLA). However, initial work into Kedah state PAC shows that there were delays in the tabling of PAC Reports at the SLA of Kedah state.

Previously, study was carried out by Rose (2011) on nationwide PACs including Kedah state found that the important of the PAC Reports are at stake as the comments and recommendations made might not be relevant anymore as PACs generally reviewed financial statements which are not current and hence, PAC Report issued during that period of study were outdated.

When Rose (2011) conducted her study on Kedah PAC from 2003 to 2008, Kedah was under the ruling party, *Barisan Nasional* (BN). However, in the 2008's general election, Kedah was led by opposition party, *Pakatan Rakyat* (PR) and last year (2013) in the 13th General Election, Kedah state was again under the ruling party *Barisan Nasional* (BN). With all this transitions it crosses researcher's mind whether being under ruling or opposition has changed the performance as well as how the PAC works under such periods.

A look into the PAC Report of Kedah state for the last 3 years (2009 – 2011) found that the problems of untimely reporting still prevail. Apart from looking at the PAC Reports, AGO Report, this research also use newspapers' reports and websites search. Interests were initially triggered by AGO and newspapers' reports, followed by a look into Kedah state PAC Report. It was found that information on PAC process, reports and outcomes are still limited and inaccessible for public reviewing. Browsing through a few PAC reports, by comparison between respective AGO Reports and PAC Reports, it was found that not all issues raised in the AGO Reports were taken up by PAC for review. Observation on SLA meeting was made and issues relating to PAC were identified leading to further extensive research work being conducted as detailed out in chapter three (3).

1.4 Problem statement

To be able to carry out their oversight functions over the conducts of state government, the PACs need to know where they stand in the process of executing

better governance within the accountability framework that Malaysia has today. The PACs needs to understand their role or otherwise, it would not be easy to reach consensus with the state government and the AGO as to who would be responsible when matters regarding government financial affairs becomes unresolved issues, especially when a significant amount is lost as a result of deficiencies or lack of accountability. For example, the non-existence of prevention or detection measures, insufficient follow-up on possible fraud cases, wrongdoings or action against lawbreakers being taken too late.

Pertaining to this matter, proper researches on current state are needed in order to tackle the factors deterring accountability from taking place. Despite the assurance given on the appropriateness of the financial conduct of the government, precaution actions need to be delivered at first. Problems such as conflicts of interest, lack of personal integrity or inefficient accountability reporting system, or even the malfunction of the oversight body like PAC, will continue its efforts to improvise the systems or ill intentions to abuse government funds are not presented though many would claim that no such reflection was intended. Since PAC reports issuance were delayed and actions taken on AGO Reports are process taken too long to execute, it is questionable as to who scrutinize or oversee the work of PAC to ensure the oversight body is working as expected.

Based on the background literature, AGO Report, newspapers' highlights, and documentary evidence in the form of a state PAC Reports, the following have been identified:

- i. The significance of the PAC Reports is questionable as it might not be relevant anymore since the report, which reviewed the state financial statements, are outdated;
- ii. The issue of PAC performance in terms of reporting prevails regardless of who helm the state over the years;
- iii. Not all issues raised in the AGO Reports were chosen, raised and discussed in PAC meetings because there is no clear-cut guidelines as to how they are selected for review up to reported in the PAC Report; and
- iv. The vagueness in the guidelines and procedures might influence the process of accountability as a whole reporting as carried in the form of PAC Report over the years.

1.5 Research questions and objectives of this study

This study is particularly interested in focusing on Kedah's PAC and thus, plans in addressing the issue on how PACs are working in practice and through its financial oversight role, as the public in general look at legislative members (Members of State Legislative Assembly) as their representatives. More specifically, questions relating to the following are expected to be addressed:

- 1) What is the current state of PAC regarding its establishment, general functions, common conduct and practices and also how it fares within the financial accountability framework?

- 2) What are the PAC members views regarding their appointment, functions and the delay? Will their understanding of the whole scenario influence their work?
- 3) What are the reason(s) behind the delay in PAC Reports being tabled at the SLA?
- 4) In term of reporting on the issues highlighted by the AGO to the SLA, how are these issues chosen to be highlighted in the PAC Report? Is there any frame of references or guidelines to be followed by PAC members?
- 5) Has the transition in the ruling of state or the question of who helm the state, influence the performance of PAC in terms of PAC reporting?

Based on the problems identified, the main objective of this study is thus, to determine the PAC's understandings concerning its functions of reporting on Kedah state governments audited financial statements and overseeing the financial accountability of the state government is executed.

To deal with the main objective, the following sub-objectives addressed:

- i. To depict how the PACs are working in practice through their oversight function especially in terms of selecting issues for review and reporting;
- ii. To identify whether there is a halt in PAC reporting under different ruling parties in different parliamentary terms and the reason(s) why such situation occurred;

- iii. To identify possible grounds for impediments in the PACs reporting process, which indirectly also impede the financial accountability process as a whole.

1.6 Methodological Approach

This study uses qualitative research design (Manson, 2002; Creswell, 2003). Suitable with the Kedah PAC context, not much about the related situations is known due to the lack of or limited exploration of the concerning matter. Apart from study by Rose (2011), no attempt or writing has looked into this matter. The main focus is to capture detailed, descriptive data for the settings or experience, particularly regarding the PACs. Within the approach, various methods including interviews; non-participatory observation; and documentary evidence were used to reach at a comprehensive understanding of the PACs in executing their role and function.

The first phase of this research involved descriptive analysis of documentary evidence collected about the PAC. Effort was made to obtain PAC Reports from the Kedah state's government, followed by the information regarding the status of the PAC Reports produced and tabled at the SLA. In addition, the general processes that PACs take into consideration in executing their functions were reviewed and examined.

Consequently, interview sessions were conducted with a few PAC members as participants in this case study. Besides that, at the initial stage of this research, three (3) key informants, being an ex-PAC member, a PAC secretariat and the Head of the state AGO were interviewed so that the researcher could gain insight into the PAC as

well as provide feedback on questions to be asked in the actual interviews. According to Jandosova (2003), the interview method has advantages because it can give us a possibility of extending the spectrum of ideas about the subject under research as well as for investigating relations, subjective perceptions and also the views of the participants.

This study used the “interview guide approach” whereby topics and issues covered were specified in advance in outline form. However, the interviewer only decided on the specific sequence and wording of the questions in the course of the interviews depending on how the interviewees responded or reacted towards the questions posed. Patton (1987) cautioned that by applying this instrumentation, important topics may be accidentally omitted, although the instrument increases data comprehensiveness; and data collection is more systematic for each participant.

1.6.1 Methodology key assumptions

Since this research adopted a qualitative approach, the researcher had a few assumptions in mind in approaching this research, which are summarized as follows:

- i. People’s knowledge, views, opinion, understanding, interpretation, experiences and interaction are meaningful properties of the reality; and
- ii. Knowledge is situated and contextual and, thus, there are sometimes subjective, personal and diverse experiences of interviewees are vital to the research. Hence, the relevant context and also knowledge of the topic under

study may be brought into focus by using multiple methods, in the case interviews, observation and documentary evidence.

1.6.2 Triangulation

In this study, methods used to collect the data are triangulated (interviews, non-participatory observation and documentary evidence) (Patton, 1987; Loveridge, 1990; Marohaini, 2001; Rubin & Rubin, 2005). Bringing the concept of triangulation into this research, systematic bias in research work especially in the data is likely to be kept at minimal, as suggested by Patton (1987) and Neumann (1991). Furthermore, triangulation upholds the sophisticated rigor of the data collection and data analysis, as well as helping to disclose the richness of information under the PAC settings for such qualitative inquiry. The data were also triangulated as the sources of data collected from the PAC members was supported by point of views given by the States Head of AGO, the State PAC Secretary and a PAC Secretariat.

1.7 Structure of the thesis

This thesis consists of five (5) chapters. Chapter one (1) gives an overall view of the thesis including the objectives and methods adopted in carrying out the research. Chapter two (2) covers some literature on the PAC's background including the attributes needed for PACs to function effectively. Chapter three (3) describes more extensively the research process carried out in collecting the data together with the analytical framework for dealing with the findings and the founding of the thesis.

Chapter four (4) present the findings of the thesis including the identifying of issues promising from the research work and how they are interconnected. They also deal with some conceptual issues in relation to the findings. Finally, chapter five (5) concludes the thesis with an overview in the form of summary of the findings, implications of the thesis, limitations faced, as well as recommendations made.

CHAPTER TWO

Literature Review

2.0 Introduction

In this chapter, the theoretical perspectives concerning the Public Accounts Committees (PACs) are highlighted. Writings on state of Kedah PAC are very limited and required the researcher to explore various sources to gradually build a clear picture of the current situation of state of Kedah. On the other hand, globally, considerable studies on legislative committees, including PACs, has been conducted though diverse systems of government including presidential, semi-presidential systems, and parliamentary. The diverse systems do influence the types and roles of the committees in the different legislatures (Adler and Lapinski, 1997; Wehner and Byanyima, 2004).

2.1 Theoretical Perspective

2.1.1 Bandura (1986) Reciprocal Determinism

Reciprocal Determinism is a theory set forth by psychologist Albert Bandura. He posited that humans are cognitive being as they process information from their environment and what they perceive concerning a situation defines their reactions to it (Bandura, 1986; Bandura, 1999; Bandura, 2000). In other words, people are more likely to take on a behaviour that they believe they can do well. In this theory, a person's behaviour both influences and is influenced by personal factors such as

attitudes, abilities, goal and expectations, as well as the social environment surrounding the individual. Hence, the theory asserts that a person's behaviour can have an impact on the environment while, at the same time, it is possible that the behaviour of a person is conditioned through the use of consequences (Bandura, 1974; Bandura, 1982; Bandura, 1986; Bandura, 1999; Bandura, 2000).

Social influences play a large role in theory and are commonly labelled as social learning and cognitive development, as prescribed by Vygotsky and Piaget (Tudge and Winterhoff, 1993). However, unlike many others, Bandura (1986) does not posit unidirectional or direct influences of the social factors. He propose basic triad theoretical construct of reciprocal determinism which treats social factors as "influencing" and also "being influenced" by personal as well as behavioural determinants. Hence, to Bandura (1986), instead of unidirectional, the "triad" relationship takes place, where by observing others, a person forms rules of behaviour and the observation stays cognitively, and on future occasions, this coded information serves as a guide for future actions.

Bandura also believes that the consequence of a person's own behaviour affects learning and motivation for future actions. Hence, Bandura (1986; 1991) claimed that being purposive, most human behaviour is regulated by foresight whereby people form beliefs about what they can do, and anticipate the likely consequences of prospective actions; they set goals for themselves and subsequently set course of actions that are likely to produce preferred outcomes. Through the exercise of foresight, people motivate themselves and guide their actions in an anticipatory proactive way.

Bandura (1986) also distinguishes between the three types of environmental structure-imposed environment, selected environment, and constructed environment. To him, the imposed physical and socio-structural environment is thrust upon people whether they like it or not. Although people have little control over its presence, they have flexibility in how they interpret or react to it. Hence, the environment is only a potentiality, whose rewarding and punishing aspects do not come into being until the environment is selectively activated by appropriate courses of action by people. For example, the choice of associates and activities constitutes the selected environment. In other words, the environment that is created within an entity or a surrounding does not exist as a potentiality waiting to be selected or activated. Instead, people are the ones constructing the social and institutional systems through their generative efforts. As such, the understanding, selection and construction of the environment affect the nature of the reciprocal interplay between the personal, behavioural and environmental factors.

2.1.2 Agency theory, accountability theory and organizational practice

The analysis and evaluation of public accountability demands a specification of who (or is supposed to be) accountable to whom. This is a core ingredient of principal-agent theory or agency theory. According to Jensen and Meckling (1976), principal-agent relationship can be defined as “a contract under which one or more persons (the principal (s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent”. In other words, principal-agent theory specifies a set of actors, possible

actions they can take, and how they evaluate consequences of those actions (Gailmard, 2012). Such relationships are quite common. In this scenario, the state government representing the public at large is the principal and the Public Account Committee (PAC) act as the agent.

Agency theory traditionally assumes that these principal-agent relationships will be characterized by a conflict between the interests of the principal and those of the agent, and that the agent will be motivated to pursue their own goals (Pontes, 1995; Sundaramurthy and Lewis, 2003). Thus, when the agent's behaviour is not controlled or restrained, the goals of the principal are unlikely to be attained.

When decision making power is transferred from a principal (state government on the public) to an agent (PAC), there must a mechanism in place for holding the agent for their decisions and if necessary for imposing sanctions, ultimately by removing the agent from power (Lindberg, 2009). In accounting, the concept's long tradition is more limited in scope, referring to financial prudence and accounting in accordance with regulations and instructions (Normanton, 1966; Barton, 2006), but the principle of delegating some authority, evaluating performance and imposing sanctions is essentially the same. According to Lindberg (2009), the concept of accountability has become fashionable not just in expanding circles of political scientist and economists but among broader community of scholars and practitioners concerned with such diverse areas as administration, development, business ethics, governance, international organizations, policy networks, democratization, civil society, and welfare state reform. Yet, accountability may still be useful if we are able to organize its usage appropriately.

Betham's principle – "The more strictly we are watched, the better we behave" (quoted in Lindberg, 2009), perhaps best capture the idea behind the necessity of accountability. Accountability is closely related with authority though not necessarily political authority or bodies. Puppets acting as extensions of someone else's will are not legitimately objects of accountability (even if puppets sometimes become scapegoats in practice). That is why accountability is different from 'responsiveness'. While a certain degree of responsiveness is often hailed as a desirable characteristic of leadership, in its extreme form it removes both leadership as such and any need for accountability mechanisms. Only actors with some discretion to make authoritative decisions can be the object of accountability relationships (Christiano, 1996; Hyden, 1992; Thomas, 1998). In Burke's succinct statement on representatives accountability: '*Your representative owes you not his industry only, but his judgement; and he betrays, instead of serving you, if he sacrifices it to your opinion*' (cited in Lindberg, 2009).

The Public Account Committee (PAC) is a committee of the State Legislative Assembly (SLA). Therefore, the PAC forms part of the structure under the SLA for creating a system by means of law making, oversight mechanism or representation under which the state government operates on a daily basis. McKevitt & Lawton (1994) mentioned in their article, which, the existence of the public sector that does not rest solely on the ideologies of political purpose but rather, on economic, social and moral grounds. Thus, the analysis has led researchers to look at the various contexts within which the PAC operates; the PAC duties and responsibilities as well as functions; and the process through which PAC does them.

Tullock (1987) mentioned that the public choice theory gives emphasis to the behaviour of public-sector politicians, voters, government officials as self-interested agents and their interactions in the social system. The PAC's appointment starts with the process of when a group of individuals or party win the general election, and are afterwards appointed as members of the SLA, in which the majority winning party or parties forming the government. In addition, members of the SLA, whether from the ruling party or the opposition, will be appointed to sit on various SLA committees. There are various number of questions come to mind at the beginning, whether those members that being chosen, delegated and trusted to administer the nation are competent and capable enough, and next, whether an effective and efficient oversight system can be established to undertake the responsibility of check and balance the works nation's administration and doings.

To address such issues, it is important to assess the effects of creating numerous powers and administrative functions within government as well as among those entrusted with the oversight function such as PAC. It may be crucial to evaluate whether the rights that have been reserved for the general public to enforce oversight function are fully executed, such as the PAC on the state government, to avoid harm or wrongdoings due to the misuse of power or misconduct by government officials.

The PAC members, as contributors in this study, to some extent, either implicitly or explicitly indicated in the interviews the existence of organizational political tactics in their behaviour. Allen et al. (1979) in the article mentioned that, politics is an important behavioural process in organizational settings and the PAC is

no exception. The way of organizational politics can also be examined using the public choice theory.

Under the public choice theory, the behaviour of PAC members are presumed to be at two extremes – they are self-interested utility maximizes, motivated by factors such as patronage, power, prerequisites of the office, public reputation, and salaries, while, conversely, PAC members are characterized as individuals who work for the public interest to ensure that laws and practices passed at SLA are working as efficiently and effectively as possible, have pride in their performance, and also wish to best serve the public.

Since organizational politics involve intentional acts of influence to enhance or protect the self-interest of individuals or groups, such as behaviour is explainable when it is associated with public choice theory. This is because being self-interested utility maximizes, the PAC members may portray reactive behaviour that is intended to protect self-interest or group interest, or may under certain circumstances, depict proactive behaviour that is intended to promote their self-interest or group interest. According to Allen et al. (1979), organizational politics involve both reactive behaviour, whereby political actors minimize and avoid association with an undesirable situation, and also proactive behaviour, where blaming and attacking and making rivals look bad in the eyes of influential organizational members also occurs.

The aspects above represent the contexts under consideration for exploring and explaining the variation in the practices of PACs in general, and state B's PAC in particular. According to Tullock (1987), the public choice analysis has roots in positive analysis (what is), however, it is often used for normative purposes (what

ought to be) that identify the problems that emerge, or provide suggestions as to how a system can be improved by changing the rules.

2.1.3 Rockman (1984) framework in explaining oversight activity

Bibby (1966) and Lees (1977) are examples of scholars who noted that many political systems' concern the control over bureaucratic behaviour, but that little research has been conducted in the contribution of representative assemblies to that form of control. In relation to that, Rockman (1984) put forward that the subject of legislative-bureaucratic relations is both elusively broad and remarkably diverse. He asserts that clear terminology and standard definition of oversight are absent, making the subject hard to handle.

Schick (1976) identifies oversight as also being a review after the fact whereby investigatory activity by committees is conducted of past administrative actions. However, Ogul (1976) insisted that there is no agreed upon definition of oversight, thus, he proposes that the assessment of oversight is actually conditioned by one's perception of what oversight is. In an attempt to produce a definition of oversight, he describes it as behaviour by legislators and their staff, individually or collectively, resulting in an impact on bureaucratic behaviour. However, Rosenthal (1981) claimed that political institutions, including state legislatures, are shaped largely by the people who inhibit them, and that to understand the institutional life, individuals who serve as members need to be examined first.

In this study of oversight, Rockman (1986) provides a scheme for looking into oversight as he claims that although oversight is done in many guises, whether these various guises are complementary or exclusive is not clear. This is contributed by the fact that much of the literature on oversight is implicitly prescriptive, encompassed by assumptions about governments and also proper institutional arrangements, activities, and norms. In line with this, according to Rockman (1984), images of oversight process, which also contain assumptions concerning the proper role of the executive and the legislative institutions, is reflective of scholars' belief about how the need for delegation should be balanced against the need for accountability.

2.2 PAC as an oversight body of legislature

The theory on legislative oversight started to gain interest with the fall of the Berlin wall, when democracy became a value that could not be compromised. Before that, Huntington (1968) had purported that economic development could disrupt the stability of political regimes and that in the absence of strong and stable institutions, government would not be able to innovate or execute policy. Based on that belief, many then acknowledged that political order is a determinant of policy success and some were even willing to sacrifice democracy in the name of development (Pelizzo, Stapenhurst and Olson, 2004).

However, with the expansion of democracy in the world, according to Pellizo et.al (2006), international organizations started taking interest in frameworks or conditions that allow strategies to be properly implemented. As such, interest sparked

for institutions that can make democracy or a country operate well, including legislature, the relationship between legislature and executives, efforts to strengthen legislature, and the role that legislature plays in poverty reduction. Bibby (1966) maintained that political philosophers and scientist have been explicit about the need for legislative control of administrative action if a representative government is to function properly. According to Pelizzo, Stapenhurst and Olson (2004), the current renewed interest in legislative oversight revived what was before referred to as an important but inadequately researched area of legislative activity.

A considerable amount of literature has discussed the role of legislature, more specifically the committees towards the betterment of public administration (Eulau and McCluggage, 1984; Battista, 2006). Recent studies have also tracked down the role of parliament and state legislatures from previously being a mere consultative forum, to a level where it could ask the executive to account for funds collected from the public in the form of taxes. As the stature and authority of legislature grew, parliament devised processes aimed at equipping it sufficiently to exercise effective oversight of the executives (Krafchik and Wehner, 1999; Neal, 2003; Mandel, 2004). For example, as the state government's financial needs increased, so did the need to raise the level of taxation and, thus, the permission of the legislature is needed. Consequently, this eventually led to the legislature of the state demanding the right to oversee the activities on which the taxpayers' money was spent.

The passing of financial bills is dependent on the legislature having satisfied itself of the appropriate use funds through AGO Reports to the PAC of the legislature. That is, the use of public funds by state governments must be explained and those

who hold power to do so are accountable to legislature, i.e. the people's representatives, for the use of those funds. A number of researchers, including Nelson (2000), have proposed that among others the main objectives of oversight function is to ensure that: 1) the executive complies with the will of the legislature; 2) ethical behaviour in the civil service is maintained; 3) efficiency and cost-effectiveness in the use of public funds is applicable at all levels of government; 4) sound internal financial controls are operational at all levels of government; and 5) reduction of the opportunities for corruption occur. To this point, the preliminary report by the Inter-Parliamentary Union (2005) argued that everybody agrees on what the functions of legislature are, however, how legislature performs its role or should perform it is a subject that has not been sufficiently explored.

Though there are many other oversight mechanism within legislature, the PAC is considered important as finance is at the core of most if not all government activities and, thus, the system of committees such as the PAC is highly recommended (Report on a Commonwealth Parliamentary Association Workshop, 2001). The Report recommended that notwithstanding the attributes, advantages and suitability of committees in assisting legislature to enforce accountability, they should be made to operate in isolation from other mechanisms. However, legislature as a whole should remain focused on the need to demand that government responds to the issues they raise on behalf of the people. It is, therefore, important to ensure that legislature's oversight mechanisms, such as that PAC, are not subordinated to government or to interest groups and other advocacy groups in civil society.

The question commonly raised is whether the chair of the PAC should be held by a member of the ruling or opposition parties, and it was resolved largely in favour of the opposition parties (McGee, 2002; Wehner, 2003; Neal, 2003). There are countries like Britain, Australia, Canada and New Zealand that have an opposition member of parliament as chairman of the PAC. While legislatures among countries may differ in terms of size, facilities and in their procedures and practice in the oversight of finance, they are driven by common principles. The underlying principle is that legislatures have a constitutional mandate that the future of effective legislature oversight lies (Degeling and Anderson, 1996; Neal, 2003).

The presence of legislature seems to be considered vital, most probably because they have stronger contact with citizens and interest groups, contrary to the executive whose processes for the drafting of policies and procedures take place behind closed doors. Neal (2003) pointed out that although concerns were raised regarding the framework and mechanisms of oversight in legislature, and despite wide ranging reforms in strengthening the oversight of the executive, the response and attitude of executives towards accountability and oversight, will largely determine whether transparency is achieved. Therefore, the lack of executive support for material, or lack of funds needed in functional oversight restricts full legislative scrutiny of the executive's activities.

According to Grizzle (1986), in exchange for using public funds, the public administrator is constrained to use them in a way that is responsive to the preferences of persons or groups external to the administrators. Hence, by holding the government responsible for what it does, accountability and stewardship of public resources are

put into practice. In the case of deviance or lack of accountability, the executive have obligations to appear before the PAC, leading to the process of informing the PAC of misconduct; the questioning and passing of judgement by the committee; the executive facing of sanctions (Grizzle, 1986; Mulgan, 2003; Bovens, 2005).

In order to make accountability operative, PACs as an instrument of accountability need to ensure that actions of the government are accounted for. Hence, to be effective in their oversight role, PACs need to ensure that recommendations put forward in their PAC Reports are acted upon by the state governments. Indeed, proactive actions such as the implementation of PAC's recommendations by the government, establishing preventive measures and facing up to rectifying problems that arise are actually efforts to apply proper procedures regarding fraud prevention (Graycar, 2000).

When looking into and raising issues, PACs normally base their investigations on AGO Reports, which are annually laid before State Legislative Assembly (SLA). Likewise, based on their studies of other Commonwealth countries a similar process of the legislature's scrutiny of audit findings by PACs was described by McGee (2002) and Wehner (2003). In reviewing audit findings, the PAC considers testimony by witnesses from government departments via hearings, visits, etc and sends its PAC Report to the State Legislative for action. If the legislature's role is effective, legislative recommendations made by PACs based on audit findings are reflected in future budgets, and the new rules and regulations introduced, thus, allowing for continuous improvements in public financial accountability.

2.3 Implication on reporting lag

Most studies on timelines of financial reporting have associated timelines as an important determinant of their usefulness (Dyer and McHugh, 1975; Whittred, 1980; Givoly and Palmon, 1982; Chambers and Penman, 1984; Payne and Jensen, 2002). Chambers and Penman (1984) define timeliness as the reporting lag from the end of the fiscal period covered by a report to the date of the report. In the accountancy field, many of the studies on reporting lag were on annual reports, quarterly reports, earnings reports or the auditor's reports (Dyer and McHugh, 1975; Whittred, 1980; Givoly and Palmon, 1982; Chambers and Penman, 1984; Payne and Jensen, 2002).

In their study on timeliness of annual earnings announcements, Givoly and Palmon (1984) pointed out the delay in releasing financial statements is likely to increase the level of uncertainty associated with decisions for which the financial statements provide information, resulting in decisions being non-optimal or delayed. Longer reporting lags provide for more of the information in the report to be supplied by other sources either through search activity, other voluntary disclosure, or through predictions (Chambers and Penman, 1984).

In carrying out its oversight functions, PACs also need to sift through extensive information, which should be credible, detailed and received in a timely manner. Along these lines, in their studies, Morgan (1976) and Lees (1977) suggest that increase in resources of information and personnel, and changes in the perception of members of Parliaments are important determinants of the future impact of the scrutiny and oversight activities. Similarly, Miko and Robinson (1996) adapting the

typology of Parliament developed by Nelson Polsby (1975), link the information needs of Parliament to the functional levels of Parliament and, thus, came out with a theory that the desired level of Parliamentary functioning will have an important bearing on the need for legislature for information and research.

2.4 Summary

Many of the PAC related literature seems to indicate that PACs are important to the workings of the legislature, particularly parliamentary oversight. Reforming and improving parliamentary committee systems such as PACs is one way in which many critics believe that the legislature could be made more relevant. Based on literature work too, it seems the relationship between PAC and the state government and the public at large can be reflected by referring to agency, accountability and organizational theory especially when explaining the way each parties reacted or behave within the accountability system that is in place.

CHAPTER THREE

Methods of Data Collection

3.0 Introduction

According to Marshall & Rossman (1989), Merria (1998), Rubin & Rubin (2005), in their articles mentioned that a research philosophy normally shapes how people study their world. In line with this, a research philosophy will indicate how research ought to be conducted, by whom, and with what degree of involvement. In this study, the researcher's objective and aim of research was to describe and gain understanding with regards to the subject matter under study, instead of developing new or testing theories. As mentioned under the methodological key assumptions of Chapter One, taking from Patton (1987), Merrian (1998) and Travers (2001), it was assumed that truth is not independent of human perception and point of view and thus, it differs from one person to another, varying according to what the individuals see, feel and experience and also how they interpret events, situations, and conversations.

3.1 Methodological Approach

Taking into consideration the accessibility, sensitivity, and complexity of the situation under study, interpretive research is a more favourable approach for the reason that interpretive research asks questions about social interactions that can be addressed systematically through qualitative methods. As being described by Marshall & Rossman (1989), Patton (1990), Merrian (1998) and also Rubin & Rubin (2005),

qualitative studies tend to explore what, how, and why, it offers insight into social, emotional, and experiential phenomena in the area under study.

After considering and taking into account on the distinctiveness and complexity of the topic; the information needed to answer the research questions; and the prominence of the research participants involved, using a qualitative research design is more likely suited in such situation. The main idea was to sort out detailed descriptive data concerning PAC work of reviewing and reporting on state government's audited financial statements. Exploring individual and collective participants' understandings and perceptions by means of PAC's chairman and members, and also the processes they undertook as committee members' of PAC in order to lead to some meanings of the context under study.

3.2 Research Context

3.2.1 Selection of Participants

The spirits of qualitative studies tend to discover and describe important variables, particularly in terms of social dynamics and the subjective realities of those involved in a given situation (Denzin & Lincoln, 1998; Esterberg, 2002). Hence, the unit of analysis in a given qualitative study may include such as documents, individuals, dialogs, or settings. In this study therefore, purposive samplings were had aimed to cover a wide range of potentially relevant social phenomena and perspectives, from the appropriate selection of data sources (Marohaini, 2001) as explained below.

3.2.1(a) Documents – PAC Reports

At the beginning stage of the research process, preliminary work was done which involved looking into the Public Accounts Committee (PAC) Reports of Kedah state. Using that reports, the research problems were initially established. In order to verify the problems identified in the preliminary finding using the documentary evidence, researcher extended the number of PAC Reports in state of Kedah to many more years.

Taking eight (8) PAC Reports had enabled researcher to paint a better picture of the current state of problem under the study. All the eight (8) reports that were personally collected at the State Secretary Office State of Kedah, used in the documentary analysis, as stated in Table 3.1 below.

**Table 3.1
PAC Reports Obtained**

Year	Terms Referred to PAC	Means of Obtaining Reports
2006	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2007	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2008	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2009	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2010	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2012	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2013	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA
2014	Jawatankuasa Kira-Kira Wang Negeri	Personally collected at SLA

3.2.1(b) Individuals – PAC members, State AGO’s Officer, Secretary to PAC, State Treasury’s Officer

Based on the analysis done on all the PAC Reports obtained, the PAC composition normally has a Chairman backed by three (3) to four (4) members.

Therefore, this would number to around five (5) individuals in that particular committee.

In this study, state of Kedah was selected as the case study for a number of reasons. Firstly, as mentioned earlier, purposive sampling was done because this study aimed to cover a range of potentially relevant observable facts and state of Kedah suited the purpose. Based on the PAC Reports received and analysed, it was discovered that state of Kedah has experienced the period where the state PAC Reports were previously seriously delayed (Rose, 2011), to the current condition, where the PAC Reports should have been timely produced and tabled for the SLA. The PAC has also experienced changes in the state government ruling from *Barisan Nasional* (2004) to *Pakatan Rakyat* (2008) and back to *Barisan Nasional* (2013). Lastly, the researcher managed to obtain approval and access to and interviewed a few individuals involved in PAC. In order to triangulate the data collected and also the data sources, during the later period of this research, the State AGO's officer, State Treasury's Officer and also the PAC Secretary of state of Kedah were also interviewed.

The following Table 3.2 disclose the individuals participated as interviewees in this research. However, with regard to request made by the individuals involved in this interview, they want all information regarding themselves to be highly confidential. They are termed as participant 1 to participant 4 as stated in Table 3.2 below.

Table 3.2
Interviewees

Interviewees	Status	Initial Background Information
Participant 1	Vice-chairman PAC	From Ruling Party – UMNO BN
Participant 2	State Treasury's Officer	State Government Officer
Participant 3	State AGO's officer	Federal Government Officer
Participant 4	Secretary to PAC	State Government Officer

3.2.2 Methods Used to Generate Data

The data collection methods involved website search, documentary evidence, field observation, and interviews. The collected data provided by these various methods allowed researcher to observe, as clearly as possible, the interactions, processes, and behaviours that research had sought to describe.

3.2.2(a) Website search

Through the Kedah state's website (last accessed in 1st week of November 2014), initial work showed that state of Kedah has its PAC under the Standing Order of the State Legislative Assembly Meeting, and properly mentioned that PAC as part of its committee systems in their perspective websites. However, none PAC Reports were attached at the website for public read-through. Furthermore, state of Kedah had PAC members and their role and functions outlined. Remarks or references regarding PAC were placed under the legislative section of information.

3.2.2(b) Non-participatory observations made

The main purpose of observation is to record the social setting directly (Esterberg, 2002). This is done by the researcher with non-participant observation whereby the researcher stays relatively uninvolved or neutral in the social interactions being observed. The non-participatory approach was taken considering how the researcher's presence might influence the findings. Researcher had reservations on adopting participant observation since the members of the SLA may try to cover up some issues, try to look good or act differently from normal circumstances, in order to provide good impression of them (Rose, 2011).

3.2.2(c) Documentary evidence collected

During preliminary work, the PAC Report of state of Kedah was obtained after sending an official letter and making a personal visit to the State Secretary Office of Kedah. Researcher requested for the previous ten years editions (2004 to 2013) of PAC Reports, including their latest. However, the administration can only provide eight (8) years of PAC Reports including the newest produced in the year 2014. This is due to the short notice given by the researcher, however, the person in charge in PAC Secretariat has promised to try his best to search and gather previous years' PAC Reports as requested by researcher. Unfortunately, later on the researcher was informed that he cannot entertain the researcher due to time constraint as the Secretariat need to prepare for SLA's meeting. Based on the latest PAC Report

obtained, it was found that the 2014 PAC Report of state of Kedah was made based on the 2011 audited financial statements (3 years reporting lag).

Based on the eight (8) years of PAC Reports obtained from the state of Kedah, it allows the researcher use the reports to make better comparisons relatively in terms of issues discussed, power, functions, and control throughout three (3) terms of General Election's period. The purpose of having asking for ten (10) years period of PAC Reports was to enable researcher to observe some kind of pattern in reporting. In addition, the letter informed them that their participation was highly appreciated and that their reports would remain highly confidential.

In this study, it is assumed that under normal circumstances, the financial statements of 2013 and previous years would have been submitted and audited by the AGO (Malaysian Federal Constitution 1957; Audit Act 1957). By using the AGO's website, all information regarding the audit certification of 2013 financial statements and the previous years by AGO were obtained.

The PAC related paragraph of the Standing Order of the Rules And Regulations of State Legislative Assembly Meeting cautioned that PAC should be getting a memorandum, prepared and presented by the State Financial Officer regarding actions taken on matters brought up in the PAC Report, as soon as possible, before the next PAC meeting discussing on the subsequent year AGO's Report is held (Treasury Instruction, 1957). Since one accounting cycle involves one financial year, therefore the 2003 financial statements were supposed to have been reviewed, reported and tabled by PAC, by the end of 2004 or in early 2005, after the AGO's

Report was tabled at SLA. Similar process was expected from all the PAC Reports under study.

Being able to obtain the past eight (8) years of PAC Report including the PAC Report produced in year 2014, had helped the researcher to minimise the possibility of respondents being bias and defensive about their performance. As a result, the researcher was able to identify that there were gaps between the audited financial year and the actual PAC Report being produced and tabled in SLA. When the PAC Reports were obtained, the researcher immediately checked for the important dates such as the date PAC Report were tabled in SLA, the audited year being reviewed and discussed in PAC Report and lastly the date of audit certification given on respective financial statements. Based on these dates, researcher created a database on the important dates and subsequently, noted the gap in years between PAC Report produced and tabled in SLA and the audited financial statements that being discussed in that particular PAC Report.

In addition, researcher extracted some additional important information on each year PAC Report, as provided in the PAC Report, such as the legislation applicable; the review process by PAC; the names of PAC members and number of meetings that they hold per PAC Report issued; and also the format of the PAC Report.

3.2.2(d) Interviews performed

Interviews can be considered as the main method applied in this study whilst other methods, such as documentary evidence and observations, were performed to strengthen the research and support the main research findings. Indeed, qualitative interviewing is known to be especially good at describing social and political process, that is, how and why things change (Patton, 1989; Esterberg, 2002; Rubin & Rubin, 2005; Bailey, 2007). In this study, within the framework of research, views and opinions towards the PAC process and the reasons for delayed PAC Reports were captured by means of interviews conducted with the SLA members of state of Kedah who are PAC members.

With regards to PAC, interviews were carried out as part of the case study to find the possible answers on what happened, why, and what it meant, concerning the delaying of PAC Report. Being able to discover the pattern in PAC reporting was useful as the interview questions were designed around such fact. In the interview, researcher probed further on this, looking into the suitability of the interview session, and drew out the finer details. Such option also helped to create follow-up questions which explore and test out new ideas during the interviews.

To begin with the interview sessions, all sort of information such as names, correspondence addresses, and telephone numbers of the interview participants were gathered. These kinds of information were obtained by accessing the state government's website. Since they were all politicians or the "*Yang Berhormat (The Distinguished)*", some manner of protocols need to be follow. For instance, some of them were very concern about their salutation, and the others preferred to be made

through their personal assistant rather than directly approach them. At the same time, researcher needs to be very concern in citing the interest of the research to persuade the PAC members cooperate in the interview as they seemed to be very curious and cautious of the real reason behind the interview that may affect their political mileages. With regard to this, the interviewees needed to sign a consent form specify statement that mention that he or she has been explained about the research, and thus is willing to participate and contribute as interviewees (see Appendix A). Semi-structured interview questions were used during the interviews with details of the interview strategy, all of which outline in Appendix B. The Appendix also provides additional information about the content of the interview.

The draft questions designed were worded in simple, bi-language, namely in the National Language (*Bahasa Malaysia*) and in the English Language. The interviews were tapped-recorded and the sessions took about thirty (30) to fifty (50) minutes to complete depending on the interviewees' availability. This is due to the interviewees being so busy during sessions conducted. Researcher used recorder software installed in hand phone Samsung S4 to record all the conversations during all interviews since all the interviewees had given their consent. Besides the hand phone, researcher also took notes, especially minimal ones, so as not to interfere with the flow of the conversation. Furthermore, a separate recording file was used for each and each was labelled with the name of the interviewee, date of interview, and also the venue where the interview took place. The next step done by researcher was to have them transcribed. The transcribing work was done by the researcher himself. The transcriptions were written using Microsoft Word and transcripts of the interviews were seldom corrected for grammar or word choice.

3.2.2 (d)(i) Interview with PAC Members

In order to gain better understanding on the process taken by PAC in carried out their roles, functions and gradually coming up with PAC Report that tabled at SLA, PAC members of state of Kedah were interviewed. The following information describes the context under which PAC under state of Kedah has operated.

As mentioned in every PAC Report (2006 until 2014), the Public Account Committee (PAC) in state of Kedah is termed “*Jawatankuasa Kira-Kira Wang Negeri*” and it is established under the Provision of Ruling 75(1), the Standing Orders of Rules and Regulations of Kedah State’s Assembly. Throughout the term of study, the states maintained the number of PAC members of five (5) including the chairman per term appointed. However, it was found that during the PR’s administration, the numbers of PAC members goes up to nine (9) members at maximum. As outlined by the Standing Orders of State of Kedah, the PAC has been established to execute the following function of examining:

- i. that public funds were used in accordance with laws and purpose as endorsed by the budget;
- ii. any accounting of state administrative bodies and other associations that handle state funds tabled at the SLA;
- iii. the Auditor General’s Report tabled at the SLA as provided by state constitution; and
- iv. any other matter that the PAC or SLA thinks should be checked or requires close scrutiny or inspection of the PAC

As mentioned in the chapter earlier, researcher managed to obtain eight (8) out of ten (10) year reports as requested. Thus, researcher was able to review the reports and subsequently noted that over the eight (8) years period, state of Kedah had previously been experiencing delay in PAC reporting, as shown by the following table (Table 3.3).

Besides documentary evidence in the form of PAC Reports, researcher has managed to contact and thus, obtained permission to interview some of the PAC members of state of Kedah. One of the PAC members has been serving as members for a term (more than four (4) years). The other committee member even has the experience of serving the PAC for more than seven (7) years. The addresses and contact numbers of the members were gathered either through the State Legislative Assembly's (SLA) website or from their Personal Assistants. Besides the PAC Members, the AGO of state of Kedah, State Treasury's Officer and also the respective secretary to PAC were also being interviewed as displayed by the following table (Table 3.3). Some background information on them are also provided in the Table 3.3. The purpose of having included different parties to be interviewed is to triangulate the sources of data since they worked closely with the PAC in their oversight function as PAC Secretariat.

Table 3.3
Triangulation of Data Source

No.	Participants	Age Group	Educational Level	Affiliation
1	Vice-chairman PAC	40 – 50	Secondary (STPM)	Being in PAC for almost 7 years. ADUN Bukit Kayu Hitam.
2	Kedah's PAC Secretary	40 – 50	Secondary (STPM)	An officer at the Office of the State Legislative Assembly who has been serving as the Secretary to PAC for the last three (3) parliamentary terms. He is involved in assisting in the preparation of the PAC Report and also PAC meetings.
3	AGO of state of Kedah	30 – 40	Tertiary (Degree)	An officer at the AGO of state of Kedah. Being involved in PAC for almost 12 years. A special invitation member in PAC. Assisting the PAC to understand the subject under queries.
4	State Treasury's Officer	30 – 40	Tertiary (Diploma)	An officer at the Treasury Office of state of Kedah. Assisting the PAC to understand the subject under queries generally under financial scope. A special invitation member in PAC.

At the end of each interview sessions, in order to ensure that the data gained from interviews covered issues concerning on activities and attributes of PAC, thus, referred to McGee (2002); Stapenhurst and Sagal (2005) and Rose (2011), then researcher then came out with a one-piece card, listing the PAC activities; expected achievements and attributes of PAC as prescribed by literature for the interviewees to answer. The interviewees were supposed to tick “/” if they carried on the activities and achievements listed while serving as PAC members. The card also requires the interviewees to rank the attributes needed by PAC members in executing their functions as PAC member successfully. This card will act as a support to what

transpired between interviewer and interviewees during the interview sessions with them (interview participants).

3.2.3 Comprehensive of Data Collection

In this study, data were collected using multiple approaches such as documentary evidence in the form of PAC Reports; the interviews with PAC members; and also the observation made on SLA meeting. In addition, researcher also used multiple sources of views to enhance the reliability and validity of the findings. Involved in the interviews were the PAC member, AGO of state of Kedah, State Treasury's Officer and the Secretary of PAC itself.

3.2.3 (a) Triangulations

The use of various methods has allowed researcher to capture information from several angles and sources, and something that may be overlooked by one method, may be revealed by another method (Patton, 1987; Creswell, 2003; Rubin & Rubin, 2005). Thus, in this study, triangulations were done not only in terms of methods used, but also in terms of sources of information sought too. Within this scope of study, besides looking at the PAC's performance of their functions, the main concern lay in researcher's mind is about the reasons behind delayed in PAC's reporting on the state government's audited financial statements. Thus, in order to

gain understanding and able to explain the situation involved or subject under study, multiple methodologies being used by researcher.

Besides observation and documentary evidence, the interview method was heavily used as a source of uncovering the meaning and elaboration for observation made (Patton, 1987; Marohaini, 2001; Rubin & Rubin, 2005). This is applicable in the subject under study because interview done for matters that could not be directly observed during the research process. Apart from triangulating the approach to this research (observations, documentary evidence and interviews), data sources itself were also triangulated to enhance or increase the reliability of the data provided.

3.2.4 Procedures for analysing the data and corroborating the findings

At the beginning, researcher had general explanatory questions and preliminary concepts. With regards to data collected, patterns were observed in the data, and they were later organised and transferred into a clearer concept. Data collection which involved documentary evidence, observations, and interviews resumed to both explore and acknowledge the concept or theory association. Thus, the cycle between data collection, analysis, and theory association continued until the concept was well-developed and further observations into the data yielded minimal or no new information to further challenge or elaborate the framework. This is called theoretical saturation or informational redundancy (Marohaini, 2002; Rubin & Rubin, 2005), whilst the term used to describe the continuous process is the interim analysis.

The next stage of the data analysis was involving transcribing the interviews into word processing documents. Then the transcriptions were read through every single lines and dividing them into meaningful analytical units or segments. In this study, segmenting the data led to the process of coding them with appropriate or suitable category names. During this coding process, a main list of all codes was maintained since the codes were reapplied to new segments or categories when an appropriate category was encountered. After this coding was finished, researcher attempted to organise and summarised the data. At this stage, revision and refining of codes also took place. The summarisation included the process of searching for relationship in the data. At the end of this analysis work, theory-triangulation was done, which was a process whereby emergent findings were corroborated with existing social science theories.

3.3 Summary

The qualitative research design is being used in this study because within Malaysia PAC context, much about the related situations is not known for sure due to lack or limited exploration on the matter (Mason, 2002; Creswell, 2003). The point is that researcher will be able to capture the detailed, descriptive data of the setting or experience particularly regarding PAC. Within this approach, multiple methodologies being interviews, non participatory observation, and documentary evidence were used to arrive at a comprehensive understanding of the group, including their interdependence and interactions with AGO and the SLA in general. Besides that, the financial statements and annual Audit Reports issued by AGO were also being used as

references. Data sources were triangulated by interviewing the State AGO's officer, State Treasury's Officer as well as the PAC Secretary instead of just relying on information gathered from the PAC member. The triangulation of methods as well as data sources will strengthen the literature and analysis part of the research

CHAPTER FOUR

Findings and Discussions

4.0 Introduction

In chapter four, researcher will be discussing the findings regarding the subject under study. To enables researcher to extract as much information as possible, this research has attempted to provide as much descriptive details as possible to give a clear picture of the social settings and interactions under study. Hence, key findings from analysis are supported with data excerpts from field notes, interview transcripts, and documents. These data offer support for the main points discovered and also offer contextual details on the topic under study.

4.1 PAC establishment in state of Kedah

The PAC of Malaysian states is established by the SLA. In state of Kedah context, the names used to refer to PAC it is termed as *Jawatankuasa Kira-Kira Wang Negeri*. The term used is consistent throughout the period of study (2006 – 2014). As displayed in Table 4.1 showing the term referred to PAC and the related legislation.

Table 4.1

PAC Establishment of State of Kedah

Year	Terms Referred to PAC	Legislation
2006		
2007		
2008		
2009	Jawatankuasa Kira-Kira Wang	Paragraph 74 The Standing
2010	Negeri	Orders on Rules and
2011		Regulations of SLA Meeting of
2012		state of Kedah
2013		
2014		

The Article 107 of the Malaysian Federal Constitution requires the Auditor General (AGO) to submit the yearly Audit Report on the financial statements to the His Royal Highness the *Yang Di Pertuan Agong* who will then order the report to be tabled at the House of Representatives. Under the same Article, similarly, at state level, the Head of State will order the Audit Report to be tabled at the SLA.

In order to review the AGO's Report, the SLA at state level, are given power to form a “*Jawatankuasa Pilihan*” or “Selection Committee”. In accordance with Paragraph 76(1) Standing Orders of the House of Representatives, there must be such committee established to execute tasks assigned by the House from time to time. Paragraph 76(2) provides the committee, which consists of the *Tuan Yang Di Pertua Dewan* as the chairman, will also have six other members chosen by the *Majlis Dewan Rakyat*. Likewise, the state governments have the provision of the Standing Order on the Rules and Regulations of SLA Meeting to form similar committee. The committee is special in the sense that, it has the power to appoint members of other committees established by the SLA such as the PAC. As such, it is appropriate that the members of the selection committee consist of members of the governing and also the opposition parties so as to avoid favouritism.

The formation for PAC of state of Kedah consists of a chairman and vice-chairman with no more than three (3) but not less than two (2) members, appointed by the Selection Committee under Paragraph 74(2), the Standing Orders on Rules and Regulations of SLA Meeting of state of Kedah. It is to be noted that under paragraph 74(4) of the Standing Orders on Rules and Regulations of SLA Meeting of state of

Kedah, a member of SLA cannot be appointed as a chairman or a member of the PAC, if he is concurrently a State Executive Council member (*EXCO*).

Whether at federal or state levels, the PAC seems to hold the same functions. Paragraph 75(1) of the state of Kedah's Standing Order for example, provides that the PAC is elected to function in checking:

- i. Government's accounting and funds allocation approved by the SLA as having met the expenditure;
- ii. Any accounting of national or state administrative bodies and other associations that handle federal or state funds tabled at the SLA;
- iii. National Financial Statements or State Financial Statements tabled at the SLA in accordance with Article 107(2) of the Malaysian Federal Constitution; and
- iv. Any other matters that the PAC thinks should be checked, or other matters handed or assigned by the SLA.

The PAC has the power to summon the presence of anyone or request the issuance of letters and records from time to time. For example, based on the state of Kedah's Standing Orders of the SLA, such power is provided under paragraph 74(5). In terms of assistance, whether at federal or state levels, the AGO or his representatives (at state level) can be invited to attend the committee's meetings, to observe, hear or with permission of the committee's chairman, and question those who are called upon to answer to the committee.

4.1.1 Kedah PAC's composition

As mentioned earlier, the formation of PAC in state of Kedah is governed by Paragraph 74(2), the Standing Orders on Rules and Regulations of SLA Meeting of state of Kedah. It consists of a chairman and vice-chairman with no more than three (3) but not less than two (2) members. Through PAC Reports obtained, researcher looked further into PAC membership and composition, thus, data on PAC member were grouped according to General Election's periods which displayed in Table 4.2, showing members' appointment term and their party, and also their duration they served as members.

As specified in the Standing Orders on Rules and Regulations of SLA Meeting of state of Kedah, the composition of PAC members are not more than three (3) members but not less than two (2) members. The PAC in this study have an average membership of five (5) per term appointed. As being displayed in the Table 4.2, the members of PAC consist of both parties (ruling and opposition). The ruling party got more seats in the PAC out of five (5) members allocated per appointment. Hence, the current ruling party (BN) got the largest percentage of members as PAC members compared to the opposition party (PR), 80% and 20% respectively.

Among the current and ex PAC members, there were members that has been served in PAC for almost seven (7) years. The PAC members are appointed from amongst the non-Executive Council members (non-EXCOs) of the SLA. Surprisingly, during *Pakatan Rakyat's term* (PR) led the state, the PAC members were being replaced more frequent compared to when *Barisan Nasional's term* (BN). Throughout three (3) General Elections, changes in PAC members normally took place as

members were not re-appointed in the subsequent term. Hence, it seems that the appointment and composition of PAC members were more stable during BN's term.

Table 4.2
Composition of PAC Members over the Period 2003 – 2014

General Election Period	Ruling Party	PAC Member	Party	Duration Served (Years)
2003 – 2008	Barisan Nasional (BN)	1. YB Dato' Haji Jamil Bin Haji Md. Idross	BN	3
		2. YB Encik Boey Chin Gan	BN	3
		3. YB Dato' Haji Abdul Razak Bin Hashim	BN	3
		4. YB Encik Ariffin Bin Man	BN	3
		5. YB Tuan Haji Md. Roshidi Bin Haji Osman	PR	7
2008 – 2013	Pakatan Rakyat (PR)	1. YB Ustaz Abd. Ghani Bin Ahmad	PR	4
		2. YB Tuan Haji Md. Roshidi Bin Haji Osman	PR	7
		3. YB Johari Bin Abdullah	PR	5
		4. YB Encik Lim Soo Nee	PR	2
		5. YB Dato' Ahmad Zaini Bin Japar	BN	5
		6. YB Tuan Haji Md. Zuki Bin Yusuf	PR	2
		7. YB Tuan Haji Yaakub Bin Hussin	PR	2
		9. YB Encik Tan Joo Long	PR	5
		10. YB Encik Azmi Bin Che Hussain	BN	2
		11. YB Dato' Saad Bin Man	BN	2
		12. YB Encik Mohd Tajudin Bin Abdullah	BN	2
		13. YB Ustaz Ahmad I'zzat Bin Mohamad Shauki	PR	5
		14. YB Encik Lee Guan Aik	PR	4
2013 – current	Barisan Nasional (BN)	1. YB Encik Azmi Bin Che Hussain	BN	7
		2. YB Dato' Ahmad Zaini Bin Japar	BN	5
		3. YB Encik Ali Bin Yahaya	BN	3
		4. YB Encik Harun Bin Abdul Aziz	BN	3
		5. YB Encik Romani Bin Wan Salim	PR	3

Since the PAC members were frequently changed except for one or two members (Eg: YB Tuan Haji Md. Roshidi Bin Haji Osman (PR) and YB Dato' Ahmad Zaini Bin Japar (BN)), the number of members appears important if we were to relate the number with the quality of oversight role of PAC members are supposedly to play. With the frequent changes, what come to researcher's mind are question like "are the members appointed enhancing the effectiveness and efficiency of PAC in promoting greater accountability and transparency of state government? Or are they (PAC members) only listeners and just to fill the requirements needs by the rules and

regulations?” It can be noted from Table 4.2 and Table 4.3 and also from the interviews conducted that of the PAC members appointed, no PAC chairman was ever appointed from the opposition party to counter balance the state government doings.

Table 4.3
PAC Members (Proportion Out of State Assembly Seats)

General Election Period	Ruling Party	SLA Seats	SLA Seats (Ruling vs. Opposition)	Total PAC Members	Breakdown of PAC Members (Ruling vs. Opposition)		Percentage (Ruling vs. Opposition)
2003 – 2008	Barisan Nasional (BN)	36	31	5	4	1	80% 20%
2008 – 2013	Pakatan Rakyat (PR)	36	22	14	10	4	71% 29%
2013 – Current	Barisan Nasional (BN)	36	21	15	5	4	80% 20%

This contradicted to the suggestion made by the Handbook for Best Practices of PAC (Wehner, (2002)), which mentioned that the chair of the committee should be occupied by a member from the opposition party. In Table 4.2 and Table 4.3, it is clear that regardless of whether the state being ruled and governed by any party, they still did not have a balanced representation of all major political parties especially with regards to appointment of PAC chairman.

It was observed that an imbalance in the ruling party-opposition party ratios exist in PAC of state of Kedah. Currently, state of Kedah has only one opposition member in the committee. Throughout its establishment, whatever rules, the opposition party only got fewer seats in PAC of state of Kedah. Based on the observations made and interviews conducted, PAC members and their secretariat, they seems to have mutual respect for each other’s appointment to the committee

regardless of their political views or political parties they represent. Furthermore, they appear to work in harmony situations in achieving the common goal and objective of safeguarding the proper usage of public funds and securing the interests of the public as a whole.

The issue of imbalanced seats in PAC of state of Kedah was addressed by researcher during interview sessions, surprisingly; there were conflict among the participants' answers. Participant one (1) keep on mentioning about allocation of seats in PAC was fair enough and the PAC members themselves were accountable and full of integrity. Participant two (2) is well satisfied with the members compositions as the things discussed in PAC are considered confidential and hence, whatever the party the member is representing, they need to uphold confidentiality.. However, participant three (3) gave response that contradicts to the first two statements. The participant mentioned that he would like to have more opposition party members as to reflect the PAC is more independent. Similarly the last participant also replied that he would also like to see more seats taken by opposition party and also he mentioned that being in politic, accountability and integrity, are in danger or at risk. The following are some of their responses during the interviews conducted.

[...Bagi saya, komposisi ni tak dikisahkan sangat sebab PAC ni kena telus dalam buat kerja yang diamanahkan. Macam sekarang ni pun kita memang maintain ada parti pembangkang dalam PAC. Tu maksudnya kita tak selindung apa-apa dan kita telus...]

(2014/Part II/Q2/P1)

[...Kalau minta pendapat saya, saya rasa komposisi sekarang ni dah cukup elok, sebab benda yang dibincangkan oleh PAC ni dikira sebagai sulit. So pembangkang tak lah menggunakan benda atau isu ni untuk political mileages...]

(2014/Part II/Q2/P2)

[...From my point of view, I lebih suka untuk parti pembangkang yang ada dalam PAC sebab depa ni yang akan balance kan balik semua. Macam yang ada sekarang ni, ruling lagi banyak dalam PAC, mungkin tak berapa nak independence sangat la...]

(2014/Part II/Q2/P3)

[...Kalau tengok teorinya, mesti la same portion or bigger yang lagi independence. Tapi dalam reality, susah kita tengok nak implement. Dari dulu sampai la ni, dok macam tu la. Ruling dapat lagi banyak seats dari pembangkang. Dah tu macam mana nak independence. Politik tak pernah nak telusnya...]

(2014/Part II/Q2/P4)

In addition, the Standing Orders on Rules and Regulations of SLA Meeting of state of Kedah did not provide any guideline regarding the composition of PAC. With the imbalanced number of representatives in the committee, the researcher doubt that members could be non-partisan in carrying out PAC work. However this idea was rejected with the statements made by interviewees where they seemed to have no problem to work together in harmony and every member participated in every meeting that PAC had before.

4.2 The work of PAC prior to producing PAC Reports

As part of the PAC members, the members should have a clear understanding about their functions and responsibilities towards SLA and public citizens as a whole. The spirit and the motivation of members should be maintained throughout the process. The chairman play as key role in steer and interpret the values lay in PAC's responsibilities, thus, brings the committee towards performance (Rose, 2011).

In term of the degree of transparency and independence of state of Kedah PAC, the PAC did their meetings in private which proves favourable to a cooperative and harmony working environment within the committee. However, this kind of "privacy" is then counter balanced by tabling the reports done in SLA during sessions. Gay & Winetrobe (2003) in their article argue that whether the PAC meetings are held in public or private is subject to the definition of what constitutes a meeting or hearing. In their article, they also mentioned that some respondents said that PAC sessions were open to the public and the media but the media were not allowed or the public access to meetings when they were deliberating certain matters such as outlining future programmes, drafting reports, lines of questioning and when under discussion with third parties. In state of Kedah, none of PAC hearings or PAC meetings were done available for public viewing as the PAC meetings, hearings or deliberating issues tends to take place in private.

Based on the data gathered, as displayed in Table 4.4, the PAC of state of Kedah met on average eight (8) times before each PAC Report was produced.

Table 4.4

Numbers of PAC meetings before a PAC Report was produced.

No.	Year of Financial Statements Discussed in PAC Report	Number of PAC meetings
1	2003	10
2	2004	7
3	2005	6
4	2006	11
5	2007	12
6	2008 & 2009	7
7	2010	6
8	2011	7
9	2012	Not Available. Reason being currently reported PAC Report is on 2011's financial statements in 2014's PAC Report produced
10	2013	
11	2014	

In order for a PAC meeting to be held and discussion carried out, sufficient quorum is needed by the committee. The number of quorum needed in the meetings is at least three (3) members including the chairman and vice chairman. The PAC members, who have various roles in various committees such as SLA members, PAC members and other committees as well including to serve people of the constituents they are representing, might not have an ample time to fully commit with their duty as PAC members. However, effective scheduling of meetings by the PAC Secretary helped the members to arrange their time accordingly as the notices or letters for meetings or cancellation can be sent earlier. Sometimes, there are unavoidable clashes between events or meetings that could not be avoided. Even so, the priority of events or meetings under normal circumstances will go to PAC unless that meetings or events involved the presence of KDYMM Tuanku Sultan Kedah or Chief Minister (MB).

[...Planning yang sempurna la dari awal. Kita block tarikh mana kita nak buat. Cuma kalau dah terkena dengan tarikh Tuanku Sultan, kita kena pinda la...]

(2014/Part IV/Q9/P1)

The validity of quotation above was verified by the State AGO's officer whereby the AGO confirmed that other than being called upon by the KDYMM Tuanku Sultan Kedah, the State AGO's officer will attend the PAC meetings because of its importance over other concerns. There are several meetings that the state Head AGO himself cannot attend, the PAC meetings due to unavoidable reasons but representative or proxy to state Head AGO was being sent to attend and took part in the meetings. This is important, as they need to have a quorum to precede with the PAC meetings.

4.2.1 The PAC members' opinion of their functions and activities

To effectively execute and carry out their role and functions, committee members should presumably have more knowledge and skills concerning their own functions, and be able, thus, to participate more without fail in the development of the committee's views on topics within their committee's jurisdiction. From the interviews conducted, participants were asked about their functions.

Most of them answered in general, referring, to the Paragraph 75(1) of the state of Kedah's Standing Order which is checking on government's accounting and funds allocation approved by the SLA as having met the expenditure; and also

checking any accounting of national or state administrative bodies and other associations that handle federal or state funds tabled at the SLA; ensure that State Financial Statements tabled at the SLA in accordance with Article 107(2) of the Malaysian Federal Constitution; and any other matters that the PAC thinks should be checked, or other matters handed or assigned by the SLA. The following are several quotations regarding PAC's functions by the participant:

[...Tanggungjawab committee ni secara overall nya adalah untuk menyemak dan meneliti laporan yang dikeluarkan oleh Jabatan Audit Negara. Selain daripada itu, committee ni juga akan meneliti perkara-perkara yang difikirkan perlu oleh DUN. Lagi satu, committee ni juga akan memastikan bahawa tindakan yang dilakukan oleh state government adalah bertepatan dengan prosedur dan peraturan yang berkaitan...]

(2014/Part I/Q2/P1)

[...Secara amnya ada empat bidang tugas PAC Kedah. Yang pertama depa ni kena check state nya statements dan peruntukan yang ada..balance dengan belanja yang depa buat. Keduanya, ambil kira dan tengok apa yang dibentangkan dalam Audit Report. Ni termasuk la badan-badan state dan agensi yang gunapakai wang awam. Last sekali, apa-apa saja yang difikirkan perlu oleh Dewan, endos di Dewan, then PAC kena tengok la...]

(2014/Part I/Q2/P3)

Based on the interviews conducted too, interview participants perceived PAC as a “watchdog committee”. This was reflected in their responses when asked by the

interviewer about their power to compel officials. Some of the responses were as follows:

[...Tiada yang terkecuali. Macam yang saya kata tadi, salah tetap salah...]

(2014/Part III/Q3/P1)

[...Integriti, tak kira orang. Kalau dah salah, tiada yang terkecuali...]

(2014/Part III/Q3/P3)

Besides these interviews, participants were asked to fill in a card to support what have they said during interviews sessions. These was given at the end of every interviews, asking the participants to tick whether “Yes” or “No” related to activities listed in the card.

Table 4.5
PAC Activities of State of Kedah

No.	Activities	Yes	No
1.	PAC examines and reviews that the accounts of the government and the funds allocated to meet the expenditure of the government	4	
2.	PAC reviews and examines the accounts of public authorities and other related bodies which have their accounts tabled at the <i>Dewan</i>	4	
3.	PAC examines the Auditor General’s Report tabled at the <i>Dewan</i>	4	
4.	PAC examines any matters considered necessary or matters put forward by the <i>Dewan</i> to PAC	2	2
5.	PAC tables a report at least annually at the State Legislative Assembly	4	
6.	PAC monitors follow-up procedures and corrections by executive of deficiencies reported by the Audit General Report (AGO)	2	2
7.	PAC allows the auditor (AGO) to contributing input in PAC meeting	4	

As shown in Table 4.5, participants were in agreement for all activities except for activity 4 and activity 6, where two (2) participants have different answers. The

participants answered that the PAC did not examines any matters considered necessary or matters put forward by the Dewan to PAC and also PAC did not monitors follow-up procedures and corrections by executive of deficiencies reported by the AGO Report.

In order to support their responses on the activities conducted, the participants were also asked to answer a card designed to capture the PAC achievement in the last four (4) years. As seen in Table 4.6, the participants mutually agreed that the government responds favourably to PAC recommendations. However, the other answers were inconsistent with one another.

Table 4.6
PAC Achievements

No.	PAC's Achievement in the Last Four Years	Yes	No
1.	Government responds favourably to PAC recommendations	4	
2.	Government implements PAC recommendations	2	2
3.	Changes in legislation were adopted as a result of PAC work	1	3
4.	Legal action was taken against officials who contravened laws	1	3
5.	Disciplinary action was taken against official who contravened administration guidelines	2	2

With regard to statement 2 on whether government implements PAC recommendations and disciplinary action was taken against official who contravened administration guidelines, participants' responses seems divided, whilst for statement 3 and statement 4, most of participants answered "No" except for one participant who chose "Yes".

Besides the above, interviewer asked participants on crucial factors in achieving successful results for PAC. In response to this question, the following quotations are examples of responses by the participants:

[...Kerjasama ahli tu sendiri, kerjasama jabatan yang dipanggil dan bantuan dari Jabatan Audit Negeri. Sebab semua ni tak jalan kalau ahli tu tak aktif, jabatan enggan bagi kerjasama, Jabatan Audit depa ni tak da masalah, bila-bila pun on saja...]

(2014/Part II/Q4/P2)

[...Peranan MB tu sendiri, kalau MB dok tekan depa ni, memang sakan la depa buat kerja. Kalau MB tak dan, Exco tu kena main peranan depa. Yang penting PAC tu ingat tanggungjawab, takdan nak kena suruh, depa dah buat. Macam tu yang kita mau...]

(2014/Part II/Q4/P3)

[...MB.. sebab dalam politic world ni, dalam state yang tersendiri, MB control semua. Kalau MB kata nak PAC tu perform elok, elok la jadi dia. Kalau selain dari MB, ni EXCO la..tapi kena ada pressure dari Audit. Baru depa kelupoq kalut nak buat itu ini...]

(2014/Part II/Q4/P4)

4.2.2 Power to execute prescribed roles and functions

Upon appointment, the PAC members should obtain their appointment letter that stated their responsibilities, roles and functions as well as their scope of

limitations. Such document would be a binding contract between the PAC members and their stewardship functions. In state of Kedah, the PAC members being appointed through meeting and being given an appointment letter as PAC members. These being verify with the statements given during interview sessions by the participants involved where all the participants gave nearly similar answers upon appointments.

[...MB akan appoint siapa yang dia rasa boleh buat kerja dan o.k dengan dia la. Biasanya akan diberikan pengurus kepada timbalan speaker dan yang lain-lain kepada 4 orang wakil rakyat. Termasuk timbalan speaker tadi semua 5 orang. Untuk kali ni ada 4 orang dari parti memerintah dan seorang lagi dari pembangkang. Pasal prosedur tu memang ada prosedur dia dan lantikan tu ikut prosedur. Saya nk habaqt pun tak ingat la ni...]

(2014/Part I/Q3/P1)

[...Menggunakan Peraturan 74, Jawatankuasa Pemilih akan melantik PAC. Selalunya MB akan pilih orang yang dia rasa o.k untuk buat kerja. Segala prosedur yang terkandung dalam Peraturan-Peraturan Mesyuarat Dewan Undangan Negeri Kedah Darul Aman akan digunakan lah. Macam sebelum ni, MB main tunjuk ja orang yang dia nak tu...]

(2014/Part I/Q3/P2)

[...Ada Jawatankuasa yang akan pilih sapa yang akan jadi PAC. Kalau tak salah saya, guna Peraturan 74 kot, selalunya, yang mana MB pilih yang tu la jadi PAC. Endos dalam meeting, then surat lantikan akan dikeluarkan. Dalam surat tu ada nyata semua bab kerja buat PAC ni...]

(2014/Part I/Q3/P3)

Procedures and rules normally define and regularize the appointment, functions, distribution and the use of power by the PAC. The state of Kedah's Standing Order itself does not prescribe in detail the standard of procedure in carrying out the PAC's duties and so on. During data collections period in SLA office, researcher cannot find any manuals or written books that containing such matters. Thus, it is concern as to how the PAC members execute their functions and with what kind of references they refer to or did they just asking help from the AGO office to do so.

4.2.3 PAC attributes

Besides the interviews, the participants involved were asked to fill in cards that were designed to support of what have being captured during the interviews. These cards were issued at the end of every interview done. The attributes listed in the cards are adapted from research done by Rose (2011). In these cards, participants were asked to indicate the importance of attributes listed on the cards in establishing an effectively functioning PAC. Table 4.7 below indicates that all participants generally agreed on the point that the most important attribute is the PAC chairman to be enthusiastic about his work whilst PAC members in general need to have sound judgement. The participants also agreed that attributes like fully understanding the purpose and responsibilities of PAC are important too. Other important attributes include 1) Enthusiastic chairman of PAC; 2) Variety of background among PAC members; 3) Ability to devote necessary time and attention; 4) Members knowledge of accounting, finance and auditing; 5) Members knowledge of the government's

financial and non-financial rules, regulations and procedures and 6) Inquisitive members of PAC.

Table 4.7
PAC Attributes

No	PAC Attributes
1.	Sound judgement of PAC Members
2.	PAC members' independent opinion
3.	Full understanding of purpose and responsibilities of PAC members
4.	Enthusiastic chairman of PAC
5.	Variety of background among PAC members
6.	Ability to devote necessary time and attention
7.	Members knowledge of accounting, finance and auditing
8.	Members knowledge of the government's financial and non-financial rules, regulations and procedures
9.	Inquisitive members of PAC

4.2.4 Autonomy and independence of PAC

Gay and Winetrobe (2003), mentioned that the PAC should be independent of government. Based on observations made in this study, it is hard to agree with such statement as the state of Kedah's PAC itself exists within the SLA where the ruling party or government has a major stake in it. To secure greater independence and autonomy, the important factors such as members' appointment, composition, meetings' arrangement, powers and resources should be taken into considerations. These factors are believed to play huge role in determining the autonomy and independence of PAC. According to the statements given about PAC members composition in the interviews, the participants are likely to have a differ point of views regarding this matter. Some were agreed and want to stay as it is but the others are not. The statements were as follows:

[...Bagi saya, komposisi ni tak dikisahkan sangat sebab PAC ni kena telus dalam buat kerja yang diamanahkan. Macam sekarang ni pun kita memang maintain ada parti pembangkang dalam PAC. Tu maksudnya kita tak selindung apa-apa dan kita telus...]

(2014/Part II/Q2/P1)

[...Kalau minta pendapat saya, saya rasa komposisi sekarang ni dah cukup elok, sebab benda yang dibincangkan oleh PAC ni dikira sebagai sulit. So pembangkang tak lah menggunakan benda atau isu ni untuk political miliages...]

(2014/Part II/Q2/P2)

[...From my point of view, I lebih suka untuk parti pembangkang yang ada dalam PAC sebab depa ni yang akan balance kan balik semua. Macam yang ada sekarang ni, ruling lagi banyak dalam PAC, mungkin tak berapa nak independence sangat la...]

(2014/Part II/Q2/P3)

[...Kalau tengok teorinya, mesti la same portion or bigger yang lagi independence. Tapi dalam reality, susah kita tengok nak implement. Dari dulu sampai la ni, dok macam tu la. Ruling dapat lagi banyak seats dari pembangkang. Dah tu macam mana nak independence. Politik tak pernah nak telusnya...]

(2014/Part II/Q2/P4)

Further study was done by researcher to look into PAC's financial and human resources. The PAC of state of Kedah seems very much dependent on the SLA in handling their expenses or budget needed as well as the skilled personnel where it is only available upon request or as the need arises. Without specified funds allocated to the PAC, any activities done by PAC would be limited and even they need to get endorsement by the EXCOs to spend a bigger amount on their works. The following was comment made by one of the participants:

[...Kita tadak bajet khas tapi segala peruntukan atau perbelanjaan tu kerajaan tanggung la. Kalau ada aktiviti yang nk guna bajet besar, kita akan buat paper angkat pi ECXO untuk kelulusan...]

(2014/Part I/Q9/P1)

There are personnels that being assigned to support the PAC, helping with their works. It consists of three (3) personnels, a Secretary to EXCO Meetings, an Assistant Secretary to EXCO Meetings and a clerk. Besides that, the PAC would also asked for help from the AGO office and The State Treasury Office, hence, the PAC's autonomy and independence would be questionable and as a consequences, this may put the PAC'S credibility and quality at risk.

4.3 Issues chosen to be highlighted in the PAC Report

The issues that the PAC discussed and reported in their PAC reports are generally based on those highlighted in the AGO Report. The matters brought up by AGO will be discussed in depth by the PAC. As studied by researcher, there were no

issues left out unattended by the PAC in this particular process. In addition, based on the interviews conducted, the participants relayed that the PAC can also examine, review or undertake urgent inquiries when the need arises, such as complaints or questions put forward before the PAC by the public and interest groups; reports enquiries from Jabatan Integriti dan Tadbir Urus (JITU); and others. Besides that, the PAC also look into matters that they consider necessary to maintain the best practices in the departments and governments agencies. The following except as depicted by one of the participants in the interviews is example of responses by PAC members when being asked about the reference used and the selection of issues:

[...Itu yang utama la tapi kita bergantung jugak pada laporan JITU, dan lain-lain laporan atau aduan yang kita dapat samada dari Dewan sendiri atau lain-lain...]

(2014/Part IV/Q1/P1)

The PAC's information, facts and data collection involves inspection of documents and information from witnesses or informers as well as respondents. In general, it is more of an assessment based type of inquiry as the PAC is more inclined towards an ex-post budget form of oversight work.

4.4 Issues on untimely PAC Reports issuance

4.4.1 Non-existence of a standard format of PAC Report

It was noted from the interview with the PAC Secretary that there is no official standard format or guidelines for presenting the PAC Report to the SLA. There is no specific rules and regulation with regard on the format and content of a PAC Report. As being mentioned by most of participants in the interview,

[...Hmmm...guidance ni saya rasa tada. Kita ni ikut lazim ja. Tapi kita masukkan semua perkara yang patut ada dalam sesebuah laporan la...]

(2014/Part IV/Q5/P1)

[...Kita gunapakai kandungan yang patut ada dalam semua laporan. Sebab kita tada satu guideline khas untuk laporan PAC. Kira laporan ni ikut mat lazim la...]

(2014/Part IV/Q5/P1)

[...Yang saya dok tengok la ni, mat lazim la...]

(2014/Part IV/Q5/P3)

Without standards of best practices bringing uniformity or standardization in PAC Report presentation, a comparison for the purpose of improving, refining or benchmarking the work of PAC between years and with others state's PAC as well as Federal Government's PAC would not be possible (Rose, 2011).

4.4.2 Delay in the review of audited financial statements

In Table 4.8 below, it seems that the PAC Reports involved in period of study (2006 – 2014) were not tabled on timely manners at the SLA. Based on the PAC Reports obtained and studied, they were some serious delays in tabling the PAC Report at SLA.

Table 4.8
Audited Financial Statements Reviewed by PAC and Tabled at SLA

Audited Financial Statements Reviewed (Year)	PAC Report Tabled at SLA (Year)	Elapsed Period
2003	2006 Kertas Dewan Bil. 21/2006	3 – 4 years
2004	2007 Kertas Dewan Bil. 9/2007	3 – 4 years
2005	2008 Kertas Dewan Bil. 9/2008	3 – 4 years
2006	2009 Not Available	3 – 4 years
2007	2010 Not Available	3 – 4 years
2008	2012 Not Available	3 – 4 years
2009	2013 Not Available	3 – 4 years
2010	2014 Not Available	3 – 4 years
2011	2014 Not Available	3 – 4 years
2012	Not available reason being currently	3 – 4 years
2013	reported and reviewed is on 2011's	3 – 4 years
2014	financial statements in 2014	3 – 4 years

Throughout the period of study (2006 – 2014), as displayed in Table 4.5, the delays are ranging from three (3) to four (4) years. For example, the audited financial statements for year 2004 were reviewed, discussed and tabled at SLA in year 2007,

however, researcher were not capable in getting details of *Kertas Dewan* presented. In addition, from the PAC Reports handed for this study, noted that the audited financial statements for year 2008 and 2009 were discussed and tabled together in year 2012 (concurrently). This may be efforts made to overcome the delay and expediate the presentation of PAC Reports at SLA.

4.4.3 Timely submission of audited financial statements

As displayed in Table 4.9, it shows that the state government's financial statements of 2003 up to 2014 were audited on time by the AGO. The audit certification issuance by the AGO of the financial statements (2003 – 2014) took place within one (1) year after audited financial statements respectively.

Table 4.9
Audit Certification of Kedah State's Financial Statements

Audited Financial Statements (Year)	Date of AGO Audit Certification
2003	06 September 2004
2004	20 July 2005
2005	8 June 2006
2006	10 July 2007
2007	29 June 2008
2008	29 June 2009
2009	06 July 2010
2010	27 June 2011
2011	25 June 2012
2012	27 May 2013
2013	17 June 2014
2014	Not available as the financial has not yet end.

In addition, the state government too need to hand over the state government's financial statements to the AGO on timely basis to enables them proceed with their

audit processes. With reference to the Table 4.6, note that the AGO Reports and AGO Audit Certifications were produced and also issued on time, hence, the delays in PAC Reports (Table 4.5) was not caused by either the AGO or the state government.

4.4.4 Reasons for delay in PAC Reports issuance

Based on the documentary evidence, there is a lag or gap in time between the process of PAC reports issuance and AGO reports tabled at SLA. After AGO report being tabled at SLA, the issues raised in AGO Reports should be picked up by PAC for discussions and follow-up actions, followed by the PAC reporting back to the SLA with their satisfactorily findings and explanations from the state government.

It is important to identify the factors or points of delay and the reasons behind it. Being at highest control level of public expenditure, the PAC should be more accountable and timely in doing their works. Doing so, they can hold the state government accountable for their respective actions in timely manner.

After the interview sessions with all participants, a question asking on problems behind the delay of PAC Reports was addressed to them to answer: *“The committee shall table a report at least annually in the Legislative Assembly. However, our analysis into PAC reports has shown differently. There is delay in PAC reporting. What are the most pressing problems faced in producing timely PAC report?”* In response to this question, the following quotations are examples of responses by the participants:

[...*Masa...kadang-kadang kalut dengan benda lain sampai tak dan nak tengok...yang delay ni start bila transition time pilihanraya dulu.. sementara nak appoint orang baru.. tu yang dok delay tu...*]

(2014/Part IV/Q3/P2)

[...*Isu paling utama masa la. Selalu yang dok jadi punca, transition antara management dalam Kedah. Maksud saya tukaq ruling party. Sementara depa nak lantik hat baru, yang tu yang dok jadi delay. Lambat gak depa nk lantik hat baru pun...*]

(2014/Part IV/Q3/P3)

Furthermore, based on the interview card given at the end of interview sessions, participants were asked to tick “/” to support their statements whereby directly or indirectly mentioned a few concerned parties accountable to the delay. As summarised in Table 4.10, indicates that the ranking of parties as the main factors for any lag or anomaly in PAC reporting.

Table 4.10
Parties Identified as Critical to Promote Timely PAC Reporting

No	Authorities	P1	P2	P3	P4
1.	PAC Chairman	1	1	1	3
2.	Other PAC Committee Members	2	4	2	4
3.	Secretary to PAC	4	3	4	7
4.	Members of State Legislative Assembly	7	5	8	2
5.	The Speaker and Secretariat to SLA	6	6	6	5
6.	Chief Minister and the EXCOs	5	7	3	1
7.	Opposition Parties at the SLA	8	9	7	6
8.	Auditor General Office (AGO)	3	8	5	8
9.	Government Department + Agencies	9	2	9	9

In the Table 4.10, the interviewees has ranked (from 1 – 9) the above parties to blame when delay occur, indicates that most of the participants agreed that the PAC chairman is the one to blame. However, there is one participant who in contradiction to others said that the Chief Minister and the EXCOs would be the one to be blamed. Similarly, to the least responsible for the problem, majority of participants agreed that Government Department and Agencies should be the one. For the ranking of other parties, there are inconsistencies among the answers given. Furthermore, what have being captured by this interviews card were differ from their interviews' transcription, whereby responses in the interviews are as follows:

[...Setiausaha kepada PAC sebab setiausaha kepada PAC adalah orang yang sama bagi setiausaha MMK. Depa ni yang dok atur kertas nak angkat bentang. Depa laju kita laju. Kita laju depa tak, hmmmm.. tak jalan jugak...]

(Part IV, Q4, P1)

[...Setiausaha MMK. Sebab yang dok atur paper nak masuk, dia yang atur...]

(Part IV, Q4, P2)

[...MB.. kalau MB dah bagi arahan, mau tak mau, kena siap jugak...]

(Part IV, Q4, P3)

[...PAC sendiri..sebab depa boleh request bila-bila saja untuk bawak masuk bentang dalam Dewan. Secretariat depa kan MMK. Kalau depa lambat siap, lambat la bentang...]

(Part IV, Q4, P4)

Looking at the statements above, it seems that participants involved tried to point at others or they refuse to honestly answer this sort of question. However, this

could lead to interesting findings if it is further explored by researchers in the future research.

4.5 Summary

In order to improve the efficiency and effectiveness of PAC in dealing with their roles and functions, it requires the members to be responsive and alert to the needs of PAC itself. There are many areas where attention should be focused on, for example, PAC institutional setting, the regulations and capacity building which demand further improvisation in order to get more actions done, better quality and results as well as outputs from PAC. Reviewing current PAC operating practices may result in some course of action or solutions to help the SLA members generally and most importantly PAC to be more informed, better prepared or equipped to carry out their duties and tasks given.

If the issues highlighted in the PAC process especially relating to untimely PAC Reports are tackled and refined, PAC will possibly be able to improve their quality of works as well as make a difference in carrying out smooth execution of financial accountability cycles and thus, make its contribution significant to the financial accountability process as a whole. Besides that, this could help in the ruling of the state because the public funds are and lead to better management with a good level of transparency.

CHAPTER FIVE

Conclusions and Recommendations

5.0 Introduction

Before concluding discussion of the previous chapters, it is advisable to review some of the observations made in the earlier chapters. This study has examined the function of state of Kedah's PAC relating to their work in monitoring and reporting on the audited state governments' financial statements and reports. The focus has been on the workings done by PACs and takes into account the potential issues emerging from the performance of such function by PAC such as the PAC members' understanding of their functions and how their operational procedures and practices have influenced their review and report efforts on the state governments audited financial statements. This study look into PAC work over a period that covers pre and post election period where the ruling party changed from *Barisan Nasional* (BN) to *Pakatan Rakyat* (PR) and back to *Barisan Nasional* (BN) again. With such focus in mind, the study concentrates on factors that are relevant to the PAC work process or work stages, leading to the preparing of PAC Reports which was later being tabled at the SLA.

5.1 How the PAC works and critical factors affecting performance

In the state of Kedah, there are two main accountability institutions which are the AGO and the PAC. There are also internal units or bodies within various government agencies whom being given responsibility to help internally in guarding

governments' expenditure. In this research, researcher found that the AGO has properly executed its work by producing timely AGO Report on state's financial statements. The AGO reports are being published in a timely manner. However, what the SLA in general and PAC in particularly has done with the AGO Report is not as transparent and accountable enough. The information gained by the PAC in conducting their works are obtained via secondary data that is after the AGO Report being tabled at SLA. Although it is called public documents once tabled at SLA, PAC reports produced by PAC are not available and accessible to public. In fact, the content are not widespread through any form of media. Thus, many were not aware of the availability and existence of such reports, specifically in the state of Kedah. This is compounded further by the untimely issuance of PAC Reports where as a result, the information contained is outdated. This is consistent with the results obtained by Rose (2011) leading to conclusion that to date, the situation still prevails. Since the period under study involved Pre and Post Election period, it seems that the situation is consistent regardless of who is helming the state.

In current practice, PAC meetings and hearings are not freely observable to public or press. Furthermore, such parties are rarely briefed about this kind of activities. In consequence, public interest and awareness over PAC Report is often limited. In terms of content of report, there are weaknesses of state government and agencies being reported repetitively by the AGO in their reports and consequently, in the PAC Reports too. Hence, it is becoming more obvious whether the PAC are contributed fairly enough to the limited impact of PAC Report including its recommendations for better management quality and improvements within the state governments.

5.2 Impacts on releasing outdated PAC Report

Even when review and reporting process were done by the PAC, however, the gap in time between the AGO reports tabled in SLA and the PAC reports ranges between three (3) to four (4) years. Significant findings highlighted by AGO, that should pickup by the PAC may no longer be relevant or outdated due to the elapsed time. Timely PAC reporting is vital as improved overseeing and safeguarding including timely report issuance, may enable the SLA in general, to queries or questions the actions or decisions made by the government more effectively during its current SLA sessions (Rose, 2011). In addition, as mentioned in her article, Neal (2003) also cautioned the consequences of reacting late towards AGO's Reports as discussed in the literature chapter as well as commented by the interview participants and summarized as follows.

5.2.1 PAC's recommendations are probably outdated

Although AGO provides reasonable assurance to SLA and public as whole through its reports, with the delay in PAC actions and reporting, the implementations and executions of any recommendations by AGO or PAC would be delayed. As a result of this, corrective measures or actions over highlighted subjects which should been long dealt will often repetitively reported or re-appear in incoming audits reports. This is consistent with the findings in others studies made by Wehner (2002), Neal (2003), Stapenhurst (2004), Saghaf (2005) and Rose (2011) where they

cautioned that one weakness regarding PACs is that, regardless of debates in the chamber of the legislature and reports to the executives, the government often fails to address the issues raised or implement the recommendations of the PAC.

5.2.2 Slow follow-ups on AGO and PAC recommendations

Referring to the Federal Constitution (1957), the Audit Act (1957) and no to forget the Standing Orders on Rules and Regulations of SLA Meetings, the AGO and the PAC do not have any kinds of enforcement power on state executives divergence from the acts, rules and regulations passed by the SLA (Hazman Shah, 1991). Thus, the state executives are the ones who have the authority to do so. State government should take to take corrective actions as suggested by AGO and PAC, impose punishment on officials upon delinquent or misconduct acts on financial statements. Since the PAC reports were delayed, actions to be taken take longer than it should be. The enforcement of recommendations may also be affected in term of their readiness to do as recommended as the subjects happened long ago.

5.2.3 Initiatives taken to monitor delay during pre and post election period

Throughout the period of study (2006 – 2014), there existed serious delays in PAC reporting in state of Kedah. Even after two (2) terms of General Election (GE) and changes in state ruling party took place, the study shows that there is no improvement or indications that this matter being improvised. It is an indication that the PAC members appointed, in particular, and members of the SLA in general, are

unacquainted, unaware or left out the importance of timely PAC reporting. A timely PAC reporting by the responsible parties is important as this would enhance and promote the image of good governance and accountability of the ruling party.

5.3 PAC work climate and work process of PAC

In this study, researcher discovered the importance for close working connections and effective communications between PAC members that consist of both ruling and opposition party, with others within the financial accountability systems, for instance, government agencies, AGO and also SLA. Without a good connections or relations with all players, problems such as bi-partisan PAC membership could trigger clash of ideas, differing opinions and views that would affect the quality delivered by PAC members as a whole. Like “Dominos Effect”, this will spread to the SLA members, thus, the public interest would be at risk.

The PAC composition throughout period of study (2006 – 2014) showed that imbalance representations in PAC of state of Kedah. With the fact that, only ruling party being appointed as chairman to the PAC and the ruling also got more seats in PAC. With the facts obtained in interview sessions, two (2) out of four (4) participants thought that the PAC should have at least balanced representation among parties within PAC as it is very important to deliver a good quality and transparency of PAC works as well as PAC’s effectiveness.

With regard to PAC’s procedure and practices, researcher discovered that all the participants involved in interviews agreed that certain stages of PAC process are

more important than others. For instance, the scheduling of PAC meetings with appropriate preparation by the secretary of PAC, the selection of issues to be discussed, the PAC hearings, the issuance and tabling of timely PAC Reports and the effective follow up actions or procedures regarding PAC's recommendations. Furthermore, the PAC itself only has few procedures on determining whether their recommendations being followed or implemented.

Even though the PAC does not have their very own financial budget, but all theirs expenses were being paid by the state government. That is why participants claimed that financial resources would not be a threat to PAC. However, results on such limitation are not conclusive as researcher was unable to obtain sufficient information detailing all the contributions financial or otherwise, by external expertise including independent witness during hearing process. Researcher was also prohibited to obtain information on PAC's expenses in general, PAC's annual expenditure as being claimed confidential.

5.4 The process of issues chosen for PAC review

Familiarity with the issues of financial management and accountability would induce the PAC to appreciate their appointment to the committee and also help them in carry out their PAC functions and duties especially with regards to issues highlighted in AGO Reports. The interviewees relate their understanding of PAC as to what was theoretically made known to them, for example, through the Standing Orders of the Rules and Regulations of SLA that specify their functions, in general, to

examine the state governments' audited financial statements as well as AGO's Reports. However, the PAC seems have inadequate knowledge or ideas on how the flows of the process from budget planning and preparations, endorsement and implementation to the external AGO audit and public scrutiny. According to Saghal (2005), this matter is unfortunately least understood and suggested that this is a constraint which until today remain so in many of the PACs all over the world. The frequently change term of appointments or tenures of members which lasted annually except to a few members may have contributed to difficulty in scheduling training, and capitalize on long term experience as members.

Based on this study, there are no special methods or guidelines on how to choose issues to be highlighted or review. From the answers given by the interviewees too, it seems that they have reservation or apprehension in answering questions on basis of choosing issues for review. As such, researcher is under assumption that PAC has no full control over how issues are selected.

5.5 Recommendation on potential areas where state of Kedah's PAC can improve

Some of the issues discussed earlier regarding to the PAC's effectiveness in delivering its functions heavily depended on external control beyond its sole control. The connections build around PAC, the rules, regulations and practices of the SLA which the PAC operates are examples of such factors. The following are potential areas where the PAC may take into consideration to improve its situation.

5.5.1 Improve or update database or sources of reference and information

Currently, the PAC resources are very limited with some relevant information and guidance materials are inadequate and also outdated. The development of the PAC in terms of best practices, guiding materials as well as innovative process is considered relatively slow. The financial scrutiny framework legislations and certain norms and culture such as the PAC's appointment process, the reporting format, as well as the operating practices have not improved much over time. The appointment process should be taken lightly as every appointments made should be accompanied by a formal letter that clearly stating and specify the terms of reference of a PAC member.

To make it easier for PAC member to understand overall work flows in PAC, it is wisely advice for PAC to compile all of their standard operating procedures, manuals, plans, budgets, or anything that could help PAC in carrying out their functions. It also helps the PAC member to keep right on track as what have been doing by PAC over time was always based on norms not as clearly stated procedures. In terms of state government's websites specifically SLA office's website, it should be updated more frequent with up-to-date information. The PAC also should consider publishing all their reports or findings and make it available and accessible via online to public. It will enhance the PAC level of transparency as currently, nothing such this be practice by the PAC of state of Kedah. This suggestion is in line with McGee (2002) where mentioned that PAC need to exchange information and ideas in order to stay up-to-date with recent developments, changing standards, and best practices in carrying out PAC functions.

5.5.2 Upgrade the quality resources of financial or otherwise

The SLA needs to ensure that they have some kind of supporting conditions that will promote solid support for PAC work. For instance, currently PAC of state of Kedah is assisted by PAC Secretary who is also act as Secretary to SLA. One of the tasks is to provide procedural advice as well as PAC Report drafting or preparations. The PAC only be helped by AGO and State Treasury Office on analyzing issues discussed. The PAC should also consider inviting Internal Audit Department of the state government as well as Management Audit Department of Director of Lands and Mines Office to help or contribute in PAC as they two departments play huge roles in day to day supervising and monitoring their respective portfolios. Since addressing issues in the AGO Report requires PAC to have some skills in understanding matters on financial and non financial such as land matters that quite complex. For financial funds or budget, PAC needs to have their very own funds allocated specifically for them to enables them to organize or structure their plan of trainings, works, and special expert attendance. So that, the PAC could have more freedom to carry out their functions as well as deliver more quality works.

5.5.3 Promote greater credence and relevancy of PAC

Currently, public are not aware of the PAC's existence at the state level as there only little exposure and awareness upon PAC. To maintain the significance and relevance of PAC, it needs to have certain degree of power and will with support from political players to enables them to do so. Living in very challenging political and

administrative environment, the PAC should portray itself as having a range of expertise in its committee's membership. The committee also is able to uphold the concept of integrity, accountability and fulfil its stewardship functions. With certain level of independence and fairness in their conduct, effectiveness and efficiency of PAC actions could be take into another step. To do so, the SLA needs to play their huge roles where looking into PAC appointment and composition. The SLA should at least bring balanced seats for both ruling and opposition in PAC. As to appointment of PAC Chairman, the SLA needs to have a clear standard or clear cut pre-requisites as such action can help to enhance or increase prestige of position.

The PAC needs to speedily address or take corrective action about the problems of delay in the PAC Report issuance. By hook or crook, to overcome with this problem, its require PAC to finish up reviews on the previous AGO Reports on state financial statement. Having done all this, the PAC could start a fresh with the current one. Besides that, the PAC members in current, should have willingness to do and they need to have a proper time planning management as they need to complete reviews and discuss three (3) AGO Reports to keep right on track. By doing so, the PAC will be able to promote and hold the interest of the SLA members as the PAC Report is tabled is based the newest one. This will make the sessions as the SLA more meaningful, livelier, better quality as well as more transparent.

5.5.4 Effective follow up procedures to keep ensure PAC's recommendations being implemented

In order to ensure that all recommendations by PAC and the AGO, close collaboration between AGO, PAC and state government is very important as the

recommendations made were not being follow-up through carefully. This will also avoid comments and queries from re-appear in the following reports. The PAC should try to collaborate with the internal counter measure that lay within the government agencies. The PAC itself should aside their egos for the goodness of the public as a whole. The PAC can try to approach and collaborate, for example, with the Internal Audit Department in State Secretary Office. This department will be quite useful for PAC as this department reported directly to the State Secretary. So there will be enormous influential power to see things done as most of the government agencies in state of Kedah are under Kedah Civil Service.

5.6 Research Implications

5.6.1 Practical

Rather than just providing just the settings, and the capacity to functions, for the PAC to be effective and for tasks to be successfully quality accomplished, PAC should addresses issues of members commitment and selection, complementary contributions of associated parties, such as member of SLA, as well as the PAC; AGO; and the government in fulfilling the PAC's objective. This is parallel with findings by McGee (2002), Saghaf (2005) and Pelizzo and Stapenhurst (2006) who outlined partisanship, lack of interest by government, improper behaviour, such as conflict of interest, as obstacles to good functioning of the PAC.

This research also found little evidence to suggest that any one factor is a significant or major contributor to the problems of PAC ineffectiveness. Thus,

hopefully these findings will trigger lot more research looking or studying in this field extensively. A study on possible benchmarks for measuring PAC performance and may help in enhancing PAC's quality and performance.

5.6.2 Theoretical

Based on this study, the concept of accountability seems not to be fully executed. They may look good on paper since PAC is in place for some years. However, whether it is fully executed is another question altogether due to the untimely reporting. In addition, the “answerability” factor which is important in the accountability concept is not fully addressed by PAC due to late reporting. This is because perpetrators may not be answering or account for what they have done due to the delay in the process of selecting issues, hearing and reporting as prescribed by Graycar, 2008; Grizzle, 1986; Mulgan, 2003; and Bovens, 2005.

Hence, as Rockman (1984) framework explains, the role and work of the executive (state government) and the PAC should be balanced against the need for accountability. In short, all parties need to act their parts in order to execute accountability as actions of one will affect the work of others because accountability works in cycle.

This study also seems to reflect what was earlier discussed on Bandura (1986) Reciprocal Determinism. Since the PAC performance seems not to improve and the problems keep repeating itself, as Bandura (1984) says, “a person's own behaviour affects learning and motivation for future actions”. In another word, because no action

was taken for the delay, whoever is in position may not feel the need to improvise the situation. Hence, PAC chairman for example need to set a good example, showing will to overcome the delay, and reprimand those who cause the delay leading to improvement taking place as seem by others.

5.7 Limitations

This study acknowledges the limitations in the approach to this study. Firstly, the accessibility to the data or information required that is the PAC Reports where the SLA office does not have enough copy of it while previous ones are not well-maintained. The researcher has to borrow and make a copy out of it. Secondly, the availability of PAC members, where most of the members are being busy with so many meetings to attend and cannot fully commit to this research. That is why the researcher opted to have in depth interview with the special invitation member in PAC of state of Kedah. Thirdly, the topic chosen is sensitive and distinctive, hence, members have reservation and apprehension before committing themselves as responses may affect their political mileages even though the researcher has many times stressed that this only for academic purposes. Fourthly, the assessment on the PAC is conditioned by norms and tradition as well as economic consideration. The best practices of the PAC need to be observable and in place to practically compare and contribute to improved the PAC roles, functions and their quality of works. Lastly, the time constraint in conducting the research has hindered a more extensive study being conducted.

5.8 Conclusion of the study

The PAC is one of the most important forms of internal legislative organization where being given huge responsibilities to oversee the conduct of the respective government. However, existing research has been unable to sufficiently and concretely explain the factors behind PAC's effectiveness and efficiency of Kedah state. Therefore, this research proposes a rational-efficiency view of PAC of state of Kedah; that describe the current situation in this state at the same time, acknowledging the need of a rational explanation to the problems of delegation of authority, power and accountability as well as the PAC's performance and legislative settings of state government.

The evidence discovered by this study suggests that PAC's performance is difficult to measure and a significant number of reasons collected by the research relate to the organizational setting, capacity building and the function of PAC. With the good cooperation from the others such as, State AGO, PAC Secretary, Special Invitation Members as well as the PAC members itself, the PAC would be functioning well and ready to bring the better performance.

In the state of Kedah where the study was conducted, the focus was on the PAC Report issuance performance as it experiencing delay ranging three (3) to four (4) years. The case of state of Kedah also provides qualitative evidence of the connection between the effectiveness of the PAC in its function and the issue of untimely report issuance, thus, may help to uncover the mechanisms that may be able to induce other PACs to improve performance. Most of the suggestions made on the PAC's improvisation involve reshaping the scope of the PAC roles and functions,

which could be expanded through giving more credence and independence to members, increasing accountability, having meaningful work cycles, imposing performance feedback, and fully utilize the members' abilities.

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