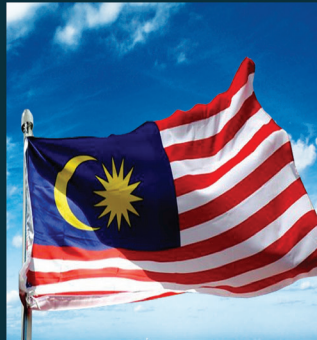




ON THE ROAD TO

A CORRUPTION-FREE NATION



ANTI-CORRUPTION INITIATIVES IN MALAYSIA



You Can Make A Difference, **FIGHT** Corruption!



Contents

	A Concern Shapes a Purpose	➤	1
	About the Malaysian Anti-Corruption Commission	➤	3
	The Legal Tools	➤	11
	Strengthening Integrity in the Government Machinery	➤	23
	NKRA - Fighting Corruption	➤	33
	Combating Fraud in the Private Sector	➤	49
	Supports of NGO's In Anti-Corruption	➤	69
	Global Advocates of Anti-Corruption	➤	77

Copyright © 2012 by Malaysian Anti-Corruption Commission

No part of this publication may be reproduced, distributed or transmitted in any form, or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

First Edition : September 2012



A Concern Shapes A Purpose

A nation strives on the vision of creating a society that is harmonious, united, constantly developing, successful, and that upholds integrity. The core catalyst to achieve this goal is the Vision 2020 aspiration, introduced in 1991 by the Government of Malaysia with the aspiration to build a nation that is united, with strong moral and ethical values, democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient. Vision 2020 outlines nine central strategic challenges in which the fourth challenge specifies the establishment of a fully moral and ethical society, whose citizens are strong in religious and spiritual values and imbued with the highest of ethical standards.

These principles and strategies formed the foundation towards the fight against corruption. The absence of fundamental ethical principles has led to the concern on the existence of corrupt practices that has caused economic loss as well as destroys the very basis of humanity and integrity. Economies have been shattered, political unrest is more prevalent, opportunities are culled, and the rise in organised crime and other human threats, all of these are due to the deadly disease of corruption.

Malaysia is a proud nation of its people, and hence, has taken a concerted and united effort in creating a high integrity society. The formation of the Malaysian Anti-Corruption Commission (MACC) in 2009 witnessed the establishment of a body that is independent, transparent and professional in the efforts in curbing corruption. Evidences on the effective enforcement especially through the high profile cases as well as educational initiatives in correcting systems and procedures in organisations are testimony of its success.

In aligning with such efforts, many reforms in policies, procedures and the laws have been made through various legislative, regulatory, policy making and enforcement bodies such as the Public Complaints Bureau (PCB), Malaysian Institute Of Integrity (MII), Business Ethics Institute of Malaysia (BEIM), PEMANDU – the driver of the Government Transformation Programme (GTP), Securities Commission Malaysia, Companies Commission of Malaysia, Malaysian Institute of Corporate Governance (MICG) and the most recent Enforcement Agency Integrity Commission (EAIC). Such widespread initiatives enable a greater reach to society towards engaging greater participation in curbing and eradicating corruption.



MALAYSIAN ANTI-CORRUPTION COMMISSION

“Strengthen confidence and enhance domestic and international perception on the effectiveness of the Malaysian Anti-Corruption Commission in combating corruption based on the principles of independence, transparency and professionalism.”

MACC's Aspiration



ANTI-CORRUPTION - How It Started

THE COLONIAL ERA

The issue concerning corruption existed since the colonial administration period. A study on the problems of corruption existing in the Government bureaucracy was conducted in 1940 by Mr. Shearn, a council member of the Federal Government Colonial Administration. In his report, he remarked that *"Bribery and corruption flow to an appalling extent in government department"*.

In 1950, the colonial government formed a commission headed by Judge E. N. Tylor to ascertain the level of integrity amongst public servants. The commission was entrusted to investigate on the extent of acts of corruption amongst public servants and to provide recommendations to curb such activities.

In 1955, the Report of a Commission to Enquire Matters Affecting the Integrity of the Public Service was deliberated and emphasised on the need to reform the government administrative system in order to curb corruption in government departments.

SHAH NAZIR ALAM STUDY

In 1958, the Government of Malaya invited Mr. Shah Nazir Alam, Inspector General of Special Branch of the Pakistan Police Force, to advise on ways and means of eradicating corruption and on the set-up of an anti-corruption agency to detect and investigate corruption cases.

The study among others proposed for the undertaking of a sustained and comprehensive moral education programme in schools and through information services, amendments to the existing anti-corruption legislation and the formation of an agency to specifically conduct investigations on corruption related cases at the federal, state and district level.

Proposal from the Shah Nazir Alam Study was further deliberated and arrived at the conclusion to form a special unit within the Police Force for the purposes of investigating corruption cases.

Hence, began the anti-corruption agenda in Malaysia.



Mr. Shah Nazir Alam

Towards an Independent Commission

In early 1959, Malaysia's (then Malaya) efforts to combat corruption were formally carried out by a small unit under the Prime Minister's Department which handled corruption prevention activities mainly through lecturing. Investigation of corruption cases were being handled by the "Special Crimes Unit" that was set up within the Police Department while the prosecution of corruption cases were conducted by the Prosecution Division of Ministry of Justice

In view of the fact that anti corruption activities were carried out independently by three different agencies, the Government decided to consolidate the task of investigation, prevention and prosecution under one roof through the set-up of the Anti-Corruption Agency (ACA) in 1967 as per the Anti-Corruption Act 1967. In 1973, the ACA was to be re-named as the National Bureau of Investigation (NBI) as a full fledged department under the Home Ministry. The change in name became official upon the passing of the NBI Act 1973 and giving the NBI greater powers to investigate on corruption cases as well as cases of national interest and to manage its own staffing.

Subsequently, in a move to specialise the anti-corruption body in terms of its roles and functions, the ACA Act was passed by the Parliament in 1982 for which the NBI had to be re-named back to the ACA.

In 2008, the Parliament and the Government unanimously approved for the formation of the Malaysian Anti-Corruption Commission (MACC) as an independent body to manage the nation's anti-corruption efforts effectively and efficiently.

The transition to becoming an independent anti-corruption body became a reality when the MACC Act came to effect on 1st January 2009 which witnessed the establishment of the MACC.



The first ACA's office located at Jalan Petaling, Kuala Lumpur

MALAYSIAN ANTI-CORRUPTION COMMISSION (MACC)

The MACC was established in January 2009, replacing its predecessor – the Anti Corruption Agency (ACA), is the sole body that manages cases related to corruption and is in the forefront in anti-corruption initiatives nationwide.

The role of the MACC is to eradicate corruption, abuse of powers and malpractices and its functions rooted to the principles of Independent, Transparent and Professional.

In its vision to create a corruption-free society based on high spiritual and moral values as well as establishing as a profession and par excellence anti-corruption body, the MACC engages a three prong approach in the fight against corruption:-



Enforcement

- ▶ *To detect corruption offences.*
- ▶ *To investigate corruption offences.*

Community Education

- ▶ *To educate the public against corruption.*
- ▶ *To enlist and foster public support against corruption.*

Prevention

- ▶ *To detect the risk of corruption in practices, systems and work procedures in all sectors.*
- ▶ *To advise as deem necessary on the likelihood of the occurrence of corruption.*

Check And Balance Mechanisms

Testimony of the MACC being independent, transparent and professional is evident through a check and balance mechanism in the form of five independent bodies that closely monitors the functions of the MACC. Members of these bodies represent the general public and comprise of senior ex-government officials, politicians (government and opposition), professionals from the business and corporate sector, academicians, lawyers and well respected individuals.

There are five check and balance bodies - an advisory board, two committee's and two panels - for which three are formed under the legal provision of the MACC Act 2009 (Act 694) while two are formed administratively.



The **Anti-Corruption Advisory Board** (set-up as per section 13 of the MACC Act 2009) consists of at least seven members appointed by His Royal Highness the King of Malaysia to advise and oversee the Commission on policies and strategies as well as to advise and endorse proposals from the Commission towards the efficiency and effective administration of the Commission.



The **Special Committee On Corruption** (set-up as per section 14 of the MACC Act 2009) consists of seven Members of Parliament (Government and Opposition) duly appointed by His Royal Highness the King of Malaysia and represents the Parliament. The Committee advises the Prime Minister on aspects related to the issue of corruption and also examines, comments, seeks clarifications on the annual report of the MACC and its comments from the Anti-Corruption Advisory Board, and presents the annual report to the Prime Minister to be tabled at the Parliament.



The **Complaints Committee** (set-up as per section 15 of the MACC Act 2009), consisting of not more than five members appointed by the Prime Minister, monitors the handling of complaints by the MACC on misconduct (non-criminal) of officers of the MACC as well as to identify weaknesses in work procedures of the Commission and to suggest recommendations for improvements.



The **Operational Review Panel** is an administrative appointment and consists of seven members who study reports by the MACC on decisions pertaining to the investigation papers and decisions made by the Deputy Public Prosecutor to enhance the quality of investigations by the MACC.



The **Consultation and Corruption Prevention Panel**, also an administrative appointment, consists of not less than seven members who advise, scrutinize and endorse the MACC on matters related to strategies in prevention programmes carried out by the Commission through its community education and inspection and consultancy departments.



The submission of MACC's Annual Report to Special Committee On Corruption

Malaysia Anti-Corruption Academy (MACA)

The Malaysia Anti-Corruption Academy (MACA) is the regional centre of excellence for the prevention of corruption. MACA is recognised as the centre in developing the capabilities and capacities for the eradication of corruption in the Asia-Pacific region. It is also a specialized training academy established by the Malaysian Anti-Corruption Commission for the purpose of training anti-corruption officers from Malaysia and across the region. The academy, established in 2003, reflects the seriousness and the commitment of the Malaysian Government in combating corruption, abuse of power and malpractice.

In its efforts to strengthen the training and academic development of the MACA, an International Advisory Board advises on the curriculum and module development.

The Academy is well-equipped with state of the art equipments needed to conduct seminars, workshops, talks and training programmes covering topics such as effective investigations, monitoring and enforcement, and in newer training areas such as forensic accounting and forensic engineering including the Basic Course for MACC Officers. The academy is also sufficiently equipped with dormitories and rooms to accommodate more than 200 participants at any one time.

MACA training programmes for officers and staff of the MACC as well as other organizations at the international and domestic levels, focus on topics ranging from specific anti-corruption skill (enforcement and prevention) to general topics related to ethics and integrity. MACA courses are open to all and information regarding the courses can be obtained from its official portal <http://maca.sprm.gov.my/>.



MACA is sufficiently equipped with moot court for some of the training programmes.



MACA is well-recognised as training centre for anti-corruption based courses

THE LEGAL TOOLS

The government of Malaysia has embarked and channelled its resources significantly towards the fight against corruption as well as emphasising on the need to heighten integrity within its administration system. Legal framework have been put in place to manage the integrity and anti-corruption effort to create public awareness on the information and procedures as well as complaint platforms that would contribute in the fight against corruption.



MALAYSIAN ANTI-CORRUPTION COMMISSION ACT 2009

The MACC Act 2009 serves as a tool for better enforcement and prevention of corruption and a comprehensive guide for the structure and functions of the MACC. The act was officially enforced on 1st January 2009 and outlines the provisions of law for the prevention of corruption and matters pertaining to it. The Act also defines the MACC in terms of its organisation structure, the powers and responsibilities of its officers and the roles of the MACC.

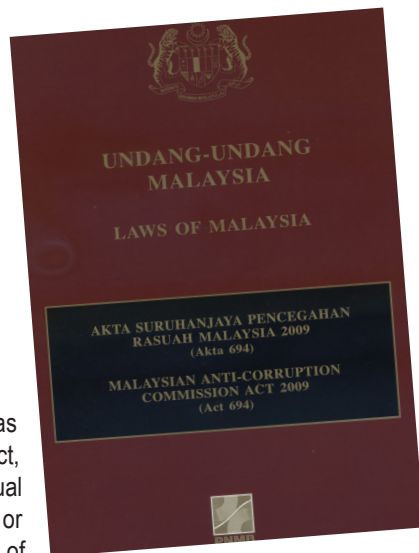
The principal objectives of this Act are :

- (a) to promote the integrity and accountability of public and private sector administration by constituting an independent and accountable anti-corruption body; and
- (b) to educate public authorities, public officials and members of the public about corruption and its detrimental effects on public and private sector administration and on the community.

Generally, there are four core offences under the MACC Act 2009:-

- a. Soliciting and accepting bribe.
- b. Offering and giving bribe.
- c. False claims.
- d. Abuse of position/office.

As such, any of the above provisions as well as other provisions stipulated in the Act, performed for the self interest of any individual or his accomplice/relative/friend either directly or indirectly, will be deemed as committing an act of corruption.



ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING ACT 2001 (AMLATFA)

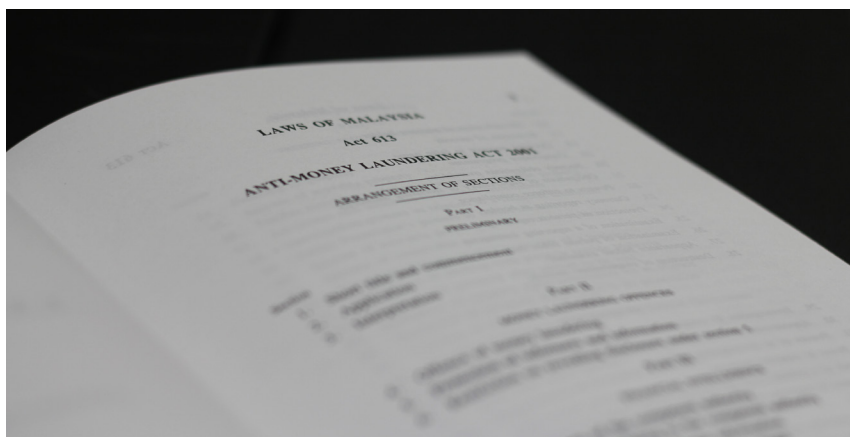
The Anti Money Laundering Act (AML) was gazetted on 5th July 2001 and came into force on 15th January 2002. It was amended in 2003 to include measures to combat against terrorism financing. Following the amendment, AMLA was renamed Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA).

The AMLATFA aims to criminalize money laundering i.e. any act of dealing with proceeds related to criminal activities, provide measures to prevent and detect money laundering and terrorism financing and mechanisms for the seizure and forfeiture of proceeds of crime and terrorist property. It includes measures for the investigation of money laundering and terrorism financing offences and the freezing, seizure and forfeiture of criminal proceeds.

The preventative measures provided in the AMLATFA includes the requirement for the reporting institutions to establish compliance programme, reporting of suspicious transactions as well as the establishment of the competent authority to receive suspicious transaction reports (STR) which are to be analysed and shared with the relevant local law enforcement agencies and international corresponding authorities.

Banks as the main reporting entities have borne the brunt of the measures introduced by AMLATFA. Banks are required to report any suspicious transactions to Financial Intelligence Unit (FIU) at Bank Negara as part of their obligations.

In relation to anti-corruption initiatives, selected offences under the Malaysian Anti-Corruption Commission Act 2009 have been incorporated as serious offences listed in the Second Schedule of the AMLATFA. The offences included:



Section 16	>> Offence of accepting gratification
Section 17	>> Offence of giving or accepting gratification by agent
Section 18	>> Offence of intending to deceive principal by agent
Section 19	>> Acceptor or giver of gratification to be guilty notwithstanding that purpose was not carried out or matter not in relation to principal's affairs or business
Section 20	>> Corruptly procuring withdrawal of tender
Section 21	>> Bribery of officer of public body
Section 22	>> Bribery of foreign public officials
Section 23	>> Offence of using office or position for gratification
Section 26	>> Dealing with, using, holding, receiving or concealing gratification or advantage in relation to any offence
Section 28	>> Attempts, preparations, abetments and criminal conspiracies punishable as offence

The offences listed in the Second Schedule of the AMLATFA

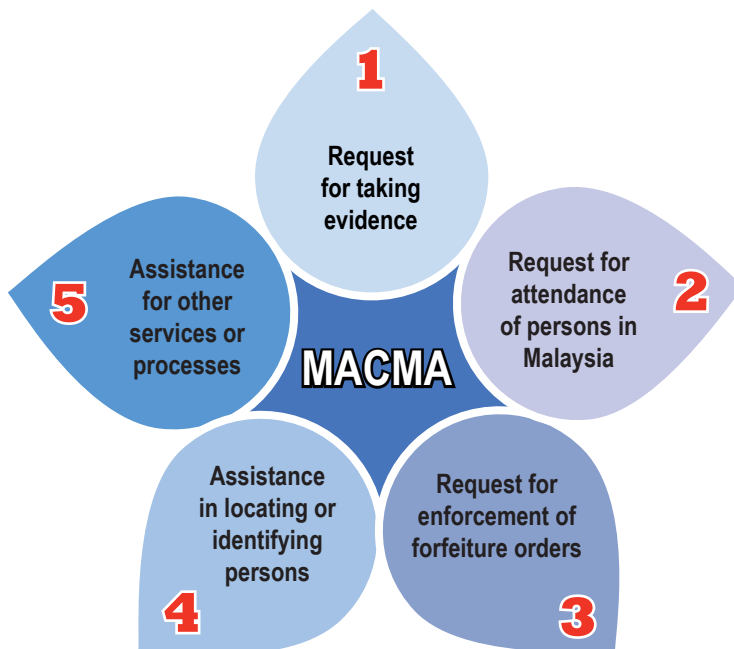
MUTUAL ASSISTANCE IN CRIMINAL MATTERS ACT 2002 (MACMA)

The MACMA 2002 is a progressive step taken by the government of Malaysia to obtain the needed assistance in the management of criminal cases with international connections.

The Act, passed in April 2002, is a bilateral and multilateral cooperation between local enforcement agencies and their foreign counterparts on matters such as investigations, criminal procedures and forfeiture of illegal proceeds. Extradition, Mutual Legal Assistance (MLA) and the recovery of proceeds in Malaysia are also governed by this Act and the Extradition Act 1992 (Act 479).

In corruption cases, the Malaysian Anti-Corruption Commission (MACC) will cooperate with the Attorney General's Chamber's (AGC) as the central authority to execute the request for such cooperation. On the other hand, incoming MLA requests are provided directly to the AGC, which will review the request in consultation with other relevant agencies, e.g. the MACC in corruption cases.

The assistance provided under the Act is as follows :



WITNESS PROTECTION ACT 2009

Witnesses are vital assets to the MACC in relation to corruption cases and must be protected from all forms of threat. The cooperation by witnesses is crucial in ensuring that corruption cases are strong enough for prosecution in the criminal justice system.

In addressing the need for a formal and legal obligation to protect witnesses, the Witness Protection Act 2009 was drafted and came into effect on 15th April 2010. The Act aims to establish a formal and legal bound protection programme for witnesses who fear for their safety during the investigation and prosecution of a corruption case. Witnesses who fear for the security and welfare of themselves and their family/friends/close associates, can forward an application for the protection programme through the MACC to the Witness Protection Unit (WPU) under the Prime Minister's Department.

The decision on the protection as well as the protection programme will be decided by the WPU who will then liaise with various enforcement or regulatory bodies such as the Police, Immigration and Registration Department etc. for the necessary protection arrangements as per the approved protection programme.



Prime Minister's Department, Putrajaya

The type of protection under this programme will be considered based on the nature and seriousness of the threat. Types of protection include:

- change of identity;
- relocation of place of employment or residence;
- remuneration, provision of living expenses; and
- work and education opportunity as well as security protection for their families at all times when required and including during the prosecution period.

Such protection programme further aims to convince and encourage witnesses to come forward to testify in corruption cases with the assurance on their safety.

WHISTLEBLOWER PROTECTION ACT 2010

The Whistleblower Protection Act 2010 is a protection mechanism to provide protection to whistleblowers that voluntarily come forward to report or reveal information on corruption activities. The Act, passed by the Parliament in 2010, also serves to encourage the public from all sectors to disclose any corruption related activities.

The Attorney General's Chambers with the cooperation of the five key enforcement agencies (Malaysian Anti-Corruption Commission, Royal Malaysia Police, Road Transport, Royal Malaysian Customs and Immigration Department) has issued a guideline in implementing this Act.

Protection will only be granted to those who are willing to reveal their identity to the enforcement agency. Subsequently, the identity of the whistleblower and the information provided will be kept confidential from any other party as per the provision of the Act. Whistleblowers are also given immunity from any civil, criminal or disciplinary action due to revealing the act of corruption.

Protection to whistleblowers will be administered by the enforcement body upon the request or application by the whistleblower. The types of protection under section 15 (1) of the Whistleblower Protection Act 2010 are:-

- Compensation or damages;
- Injunction; or
- Any other relief deemed fit and appropriate by the court.



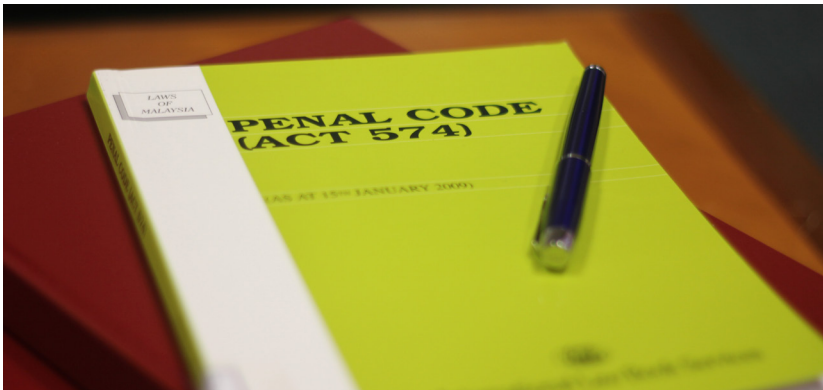
PENAL CODE

The Penal Code represents the core law of Malaysia which determines criminal offences and its punishment. Corruption offences are deemed as criminal offences and are provided under sections 161-165 and 213-215 of Penal Code.

Sections 161-165 are offences by, or relating to, public servants taking gratification other than legal remuneration in an official capacity. Areas covered in the Penal Code are matters related to the taking of gratifications by public servants or assisting in obtaining such gratifications for a personal interest. Sections 213-215 dwells on giving and receiving of gratifications for the purpose of preventing or concealing from any punishment or legal action.

Section 165 of the Penal Code specifically deals with public servants obtaining valuable items from official clients. Public servants are advised not to have any unofficial transaction with any person who is having or would have an official transaction with the public servant in order to avoid any issue of vested/self/conflict of interest in performing the official transaction.

The Penal Code serves to ensure that public servants perform their duties and responsibilities in the true spirit of service – serving without expecting any remuneration other than his official salary and to uphold integrity at all times.



ELECTION OFFENCES ACT 1954

The Act was established to prevent electoral offences and corrupt and illegal practices at general and by elections. In addition, the Act aims to imply to voters to make their choices based on the merit and capability of the candidate and not otherwise.

Section 10 details the offences related to corruption – bribery while section 11 illustrates the punishment for the various offences pertaining to corruption before, during and after the general and by election.

In section 10, the Act stipulates that voters who are either given money or valuable items, gifts, services, offers – covering expenditure or employment opportunity, promises before, during or after an election for the purpose of nominating or voting a candidate; is considered as an act of bribery.

The penalties for offences under section 10 are imprisonment ranging from below one year to a maximum of five years and fines ranging from RM1,000 to RM5,000. Furthermore, upon conviction, the candidate will be removed from the elected seat and disallowed from standing for election in future elections.



CUSTOMS ACT 1967

The Customs Act 1967 is an Act specifically focused on the matters pertaining to customs. The purpose of the Act is to focus on curbing offences pertaining customs procedures and regulations. The inclusion of the element of bribery as an offence is to prevent activities of smuggling of goods which affects the national income.

Dealings involving customs regulations have long been a favourable environment for corruption activities. Both customs officials as well as those who are required to comply with customs regulations and procedures often engage in a giving and receiving of bribes to get away from high taxes or tedious and time consuming procedures.

The Customs Act imposes a penalty for offering or receiving bribes as stated in section 137 of the Act. An officer receiving any form of bribe to allow the smuggling or evasion from any procedural inspection in performing his official duty or abetting with other officers, has committed an offence under section 137 of the Customs Act 1967.

Such offences will be liable to imprisonment for a term not exceeding five years or to a fine not exceeding RM10,000 or to both such imprisonment and fine, and shall be interdicted from holding office in the public service of the Federal Government or the Government of any State. The same penalty will be applicable to those who offer such bribes to the customs officers.





STRENGTHENING INTEGRITY & ERADICATING CORRUPTION IN THE PUBLIC SERVICE DELIVERY

Corruption in the public sector hampers the efficiency of public services, undermines confidence in public institutions and increases the cost of public transactions. Integrity is essential towards building strong institutions resistant to corruption.

Hence, the Government of Malaysia has made continuous efforts and placed an elaborate set of strategies and institutions aimed at combating corruption and promoting integrity in society.



SPECIAL CABINET COMMITTEE ON GOVERNMENT MANAGEMENT INTEGRITY (JKKMKPK)

The Special Cabinet Committee on Government Management (JKKMPK) was established on 30th November 1988 due to raising concerns on the level of corruption in the Government sector. On 2nd April 1997, the functions and roles of the JKKMPK were strengthened and the Committee was subsequently renamed the Special Cabinet Committee on Integrity of Government Management (JKKMKPK). The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and the MACC were appointed as Joint Secretariat of the Committee.

The Committee aims to establish a Government administration and public service that is efficient, disciplined and imbued with the highest integrity by enhancing noble values. The Committee also focuses on efforts to overcome problems and weaknesses particularly in the Government financial management, public administration, handling of disciplinary cases, corruption, abuse of power and malpractices as prohibited by the regulation, law and religion.

All heads of department were required to allocate sufficient budget to roll out comprehensive internal proactive programmes aimed to curb corruption and instil noble values. The programmes emphasis on creating a public delivery system of high integrity and in ensuring transparent, fast, effective, efficient and timely delivery.



*JKKMKPK meeting on 26th July 2011
chaired by Prime Minister*

COMMITTEE ON INTEGRITY GOVERNANCE (JKTU)

The Committee on Integrity Governance (JKTU) was established in 2009 and was set-up in every Government Ministry, State Government, Department and Agency to improve and strengthen the Government administrative and management system, enhance governance and reduce bureaucratic red-tape to prevent corruption.

The establishment of JKTU is to support and carry out strengthening initiatives pioneered by the JKKMKPK. The objectives of JKTU are:

- ▶ To ensure that the quality of Government service delivery system is based on an administration with integrity, good governance and devoid of bureaucratic hassle. At the same time, evading managerial weakness as well as the threat of corruption, malpractices and abuse of power;
- ▶ To provide a service delivery system that is customer friendly, with integrity and capable of meeting customer satisfaction; and
- ▶ To create an atmosphere of public administration that has the competitive resilience to match the demands of stakeholders.

MALAYSIAN INSTITUTE OF INTEGRITY (MII)



The mandate to promote the aspect of integrity in Malaysia has been tasked to the Malaysian Institute of Integrity (MII). The MII was established in 2003 as the coordinating organization for the implementation of the National Integrity Plan which consists of comprehensive strategies and action plans focused on integrity development.

MII's goal is to develop a nation of integrity that is sustainable and embraces universal good values by implementing objectives, strategies and programmes that will enhance the level of integrity among all Malaysians.

The MII operates with the philosophy of promoting integrity as a way of life among Malaysians through the dissemination of information as well as suggesting of policies for the practice of ethical principles in all sectors including political institutions, non-governmental organizations and individuals.

NATIONAL INTEGRITY PLAN (NIP)

The National Integrity Plan (NIP) was introduced in 2004 emphasising the promotion of a values-based society with a serious effort to make integrity and honesty a way of life. The NIP aims to promote an accountable and corrupt-free society. This is complemented by its objective of establishing “a fully moral and ethical society whose citizens are strong in religious and spiritual values and imbued with the highest ethical standards.”

The NIP's five priority targets are to:

- 1 Effectively reduce corruption, malpractices and abuses of power
- 2 Improve the public service delivery system and overcome bureaucratic red tape
- 3 Enhance corporate governance and business ethics
- 4 Strengthen family institution; and
- 5 Improve the quality, life and people's well-being

PUBLIC COMPLAINTS BUREAU (PCB)



A public agency under the Prime Minister's Department established to provide an avenue for the public to file complaints pertaining to non-compliance to systems and procedures with regards to the public sector services.

Apart from receiving, responding and resolving the complaints, the PCB is also entrusted to be proactive in improving the public services system by repairing, reforming and restoring the efficiency of the public sector delivery system. Public opinion is also viewed and sought to contribute to the success of the Governments' development programmes.

ENFORCEMENT AGENCIES INTEGRITY COMMISSION (EAIC)



The EAIC is a fresh face in the public administration integrity monitoring system set-up in April 2011 as an offspring from a recommendation by the royal commission for an independent tribunal on the police and as per by law through the Enforcement Agency Integrity Commission Act 2009.

EAIC is a government check and balance mechanism to infuse and improve the level of integrity amongst enforcement agencies and its officers in order to regain public's confidence on the nation's enforcement fraternity.

EAIC serves as an additional platform to implore the public to officially lodge complaints or grouses on the misconduct of enforcement agency officers. There are 19 enforcement agencies under its purview and its role is to only conduct investigations on complaints and to submit the findings to the relevant authorities for further actions.

Some of the important roles of the EAIC are:

- Managing and processing of complaints with the view of reducing complaints against enforcement agencies and its officers to reflect greater effectiveness and efficiency of such agencies;
- Monitor, audit, analyse and provide recommendations to the government on improving procedures and matters related to the discipline of enforcement officers; and
- Conduct frequent visits to enforcement agencies and provide consultation and discuss on ways to improve the image of the agency.

PUBLIC ACCOUNTS COMMITTEE (PAC)

The Public Accounts Committee, appointed when a new session of Parliament commences, examines the Auditor-General's report which has to be submitted to the Yang di-Pertuan Agong who then shall cause it to be laid before the House of Representatives, the *Dewan Rakyat*.

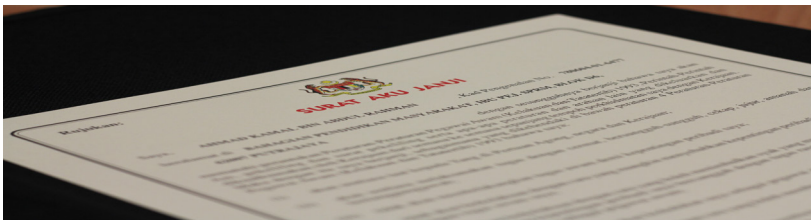
The report relates to the accounts of the federation and the States which have been audited by the Auditor-General. The PAC will identify areas in the report which warrant explanation. The Chairman of PAC may request relevant agencies or ministries to respond to queries of non-conformity raised in the Auditor-General's report.

The PAC has an important role in initiating action on concerns expressed in the Auditor-General's report. PAC's task is to ensure that serious inefficiencies, as stated in the AG's report, in federal and state level departments and agencies are checked and investigated to see that such inefficiencies are not repeated year after year.

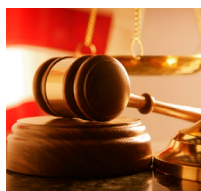
The current PAC is strong with a former Minister and president of the Backbenchers Club as Chairman and a member of the opposition as Deputy Chairman with three opposition MPs as members. PAC must act to ensure financial accountability on the part of the Government agencies and departments.

LETTER OF UNDERTAKING

The government requires every public servant to sign a Letter of Undertaking. This serves to create awareness among public servant on the importance of loyalty, honesty, responsibility, dedication and professionalism. This document will help to create competent public service of high integrity so that Malaysia can continue to develop in peaceful and harmonious environment.



JUDGES' CODE OF ETHICS 1994



The Malaysian judicial system also ensures that its judges administer their duties and responsibilities based on the prescribed code of ethics for judges. Judges found to have breached any of the codes stated in the Judges' Code of Ethics 1994 may constitute a ground for the removal of a judge from office.

Such codes are to ensure that decisions by judges are for the purpose of upholding justice and to bring honour to the Judiciary. Furthermore, the code serves to enhance the effectiveness, efficiency, independence and transparency in the judiciary.

ASSET DECLARATION OF MINISTERS AND GOVERNMENT SERVANTS

Ministers and top government officials are required to declare their assets to the Prime Minister in a move to stamp the mark of seriousness in curbing corruption amongst top level government officials apart from all government servants in order to ensure integrity in the administration of the Government.



Currently, Cabinet members only have to declare their assets to the Prime Minister's Office annually but the declarations are not made public. The state of Penang has paved the way towards public transparency by publishing the information on the assets of their state executive councillors on their web portal. The initiative is also echoed by the judicial fraternity that has set-up a special task force to identify an appropriate mechanism for the implementation of the declaration of assets by judges.

This move towards transparency has recently been enhanced through the decision of the Prime Minister to allow and authorise the Chief Commissioner of MACC to have complete access to the asset declaration files. In addition, the most recent proactive and complementary initiative taken by the MACC was to propose to include declaration of assets of their spouses and family members.

INTEGRITY VETTING

According to the Confidential General Circular No. 1 Year 1985, it is a compulsory for all civil servants to pass the Integrity Vetting as a pre-requisite for promotion, optional/early retirement, conferment of Federal or State honorary awards or medals. The main objective of the Integrity Vetting is to ensure that civil servants who are due for promotion and honorary awards are free from corruption.

The integrity vetting also ensure that only candidates who are cleared from corruption records activities and investigations be accorded clearance for optional /early retirement. Every year, the MACC vets between 100,000 to 200,000 applications for various integrity vetting. Vetting can also be conducted, upon request, on certain individuals amongst the general public who are on a national or state awards list.

CODE OF ETHICS FOR MEMBER OF PARLIAMENT

The Cabinet has approved a Code of Ethics which is a non-legal framework to complement the efforts of eradicating corruption and the abuse of powers. The Code enables Members of Parliament (MPs) to fulfil their solemn oath of implementing their duties and responsibilities to the Parliament and the nation.

MP's are required to declare their assets every two years in detail, listing their local and overseas bank accounts, landed property, vehicles, jewellery, their direct or proxy stakes in companies and the number of shares held. MPs also have to report on their work every three months so that the Prime Minister's Department can monitor the performance of MPs.



CIRCULAR ON GIFT GIVING AND RECEIVING

The practice of giving and receiving of gifts has been a culture signifying gratitude and appreciation as well as camaraderie. This culture has made its way into the Government system as well as in the private sector. However, the MACC Act provisions that under certain circumstances, transactions of gifts can be perceived or classified as a form of corruption.

In ensuring that giving and receiving of gifts do not tarnish the integrity of Government servants, the Civil Servant Circular No. 3 Year 1998: Guidelines For The Giving And Receiving Of Gifts In The Civil Service was enforced. The circular explains on the parameters concerning the giving and receiving of gifts. According to the circular, civil servants are prohibited from receiving any form of gifts under the following circumstances:

- a. The giver has an official dealing with a Government officer;
- b. The amount/value of the gift does not commensurate with the purpose of the gift; and
- c. Element of influence on a decision from the receipt of gifts.

The circular also requires all Government servants to officially declare any gifts received while performing an official duty. Gifts with a value of more than RM500 (or $\frac{1}{4}$ of salary whichever is lower) will require the approval of the Head of Department.



NATIONAL KEY RESULT AREAS (NKRA) FIGHTING CORRUPTION

The Government is committed in the efforts of combating corruption in the country. This is evident through the Government Transformation Programme's (GTP) National Key Result Areas (NKRA) – Fighting Corruption. The idea was first mooted by the Prime Minister and became a reality in July 2009. The GTP reflects the Government's commitment in moving towards a corruption-free nation. Fighting Corruption is the second from the seven focus areas and is driven by PEMANDU (Performance Management & Delivery Unit) and the MACC.



GOVERNMENT TRANSFORMATION PROGRAMME AND NKRA

The Government Transformation Programme (GTP) is an ambitious, broad based initiative aimed in addressing key areas of concern to the people while supporting Malaysia's transformation into a developed and high-income nation by year 2020 as per Vision 2020. In line with "1Malaysia - People First, Performance Now", the GTP focused on:

1

Priorities that matter most to the *rakyat* (people)

2

Delivering fundamental changes on a nationwide basis

The GTP identified seven National Key Results Areas (NKRAs) to evaluate the people's demands on the Government and the most pressing issues were selected to develop the NKRAs. A focused list of projects and initiatives for each NKRA was developed to ensure that big fast results for specific targets are achieved in the interest of the people.

Fighting Corruption is one of the key areas aimed to improve the perception of corruption in Malaysia. The need to regain the people's confidence in the government's regulatory agencies and services is of high priority which will then pave the way to Integrity Pacts by investing companies and followed by a cap on corruption incidences. The main agendas in this key area are:

1

Regain public's confidence in regulatory and enforcement agencies

2

Reduce leakages in government procurement

3

Tackle grand corruption (including political corruption)

Integrity is testament to Malaysia's move in a new direction to inject more accountability and transparency into its environment. The implementation of GTP is to ensure a strong foundation is laid for the transformation of Malaysia into a progressive, harmonious, and high-income nation.

LIST OF GTP AND NKRA INITIATIVES

REGULATORY & ENFORCEMENT ► GOVERNMENT PROCUREMENT ► GRAND CORRUPTION

Core Initiatives	Descriptions
1 Effective enforcement over illegal activities	▶ When the public sees that law enforcement agencies are effectively tackling offences such as vice activities, smuggling, human trafficking, etc. The perception of corruption within law enforcement will disappear.
2 "Support letters" cannot circumvent Government due processes	▶ Clear definition that "support letters" are not to be taken as approvals that can supersede existing processes within law enforcement agencies, issuing of licences, procurement, privatisation, fast tracking of approvals, etc.
3 Disclose details of all government procurement and privatisation contracts	▶ With the exclusion of a small proportion of annual budget spent on national security, all procurement > RM500,000 done through tender or privatisation contracts will be disclosed. Details to be disclosed include awarded vendor, award price and project title.
4 Enforce existing political laws and conduct study to revamp political funding.	▶ Study will be conducted on the following topics: <ul style="list-style-type: none"> • Limit and monitor political contributions by individuals and companies. • Government to provide supplementary funding to reduce reliance on private sources of funding. • Election Commission, Registrar of Societies Malaysia (RoS) and other agencies to monitor political funding and spending.
5 Announce zero tolerance policy supported by whistleblower protection framework	▶ <ul style="list-style-type: none"> • Announce zero tolerance policy for corruption. All new cases of corruption will be investigated, charged and punished irrespective of size and persons involved. Multiple high profile arrests will send a powerful signal that the government is very serious about tackling the issues. • Whistleblower's identity will be protected.
6 Independence of key institutions	▶ Keys institutions like the Judiciary, Attorney General, Auditor General, MACC and Election Commission must be independent and be seen to be independent. Otherwise accountability is a key missing factor among senior politicians and civil servants which will greatly affect public perception.
7 Completion of corruption trials within 1 years	▶ Speed up trial of corruption cases. Total length of time should be no longer than 1 year. Focus on high profile cases initially.
8 Stiffer Punishment	▶ Impose a minimum jail sentence via a tiered approach based on the severity of the offence. Any asset which cannot be explained to the satisfaction of the court will be confiscated.
9 Name and shame offender database	▶ Publish name and details of convicted offenders for all new cases. Details will be removed from public access after three years.

LIST OF GTP AND NKRA INITIATIVES (CONT'D)

Initiatives Developed Against Corruption

A total of 27 initiatives between Regulatory & Enforcement, Government Procurement & Grand Corruption were developed against corruption.

REGULATORY & ENFORCEMENT	<ol style="list-style-type: none"> 1. Strengthen and enhance Integrity unit (compliance). 2. Establish a central body to manage and dispose confiscated assets. 3. Hot-job rotation. 4. Reduce discretion through automation. 5. League table for performance of all local authorities. 6. Enable transfer of local authorities officers. 7. Increase accountability on local authorities officers and councillors. 8. Reduce bureaucracy in enforcement agencies. 9. Increase public awareness on government agencies' service levels, amendments in laws/regulations and new procedures.
GOVERNMENT PROCUREMENT	<ol style="list-style-type: none"> 1. MyProcurement portal and MyPartnership portal. 2. To define parameter of support letters. 3. Training for procurement officers. 4. Integrity Pact. 5. Demarcation between Procurement & Privatisation/Public Private Partnership. 6. Review the procurement price negotiation. 7. Enhance technical capability by setting up standard and costs committee at every ministry and agencies.
GRAND CORRUPTION	<ol style="list-style-type: none"> 1. Implementation of Whistleblower Protection Act 2010. 2. Develop a database for corruption offenders. 3. Complete trials of corruption cases within a year. 4. Enforce stiffer punishment. 5. Develop a centralised database on declaration of asset at MACC. 6. Develop a reward & recognition scheme for civil servants who report on corrupt practices. 7. Political Funding 8. Segregation of duties between Ministers and Secretary Generals. 9. Formalise political appointees at Ministries. 10. Increase credibility and integrity of the media. 11. Strengthen Independent of key institutions.

SUCCESSFUL INITIATIVES

► SPECIAL COURTS FOR CORRUPTION

The Special Corruption Sessions Court was established throughout Malaysia in 2011 in the move towards greater efficiency in managing corruption cases. The primary purpose of these special courts are to have a specific court to focus through the trials of corruption cases in order to expedite trials and to clear backlog cases.

There are 14 courts established throughout Malaysia - three each in Kuala Lumpur, Selangor, and Johor, and one each in Pahang, Perak, Negeri Sembilan, Sabah and Sarawak.

Within a year is the target set for the completion of trial of those cases. The Special Court is also tasked with assisting in the implementation of the Whistleblower Protection Act by giving adequate remedy and order.



► COMPLIANCE UNIT

The Compliance Unit in each Ministry and State Government departments as well as agencies under its purview was initiated to regain public's confidence in regulatory and enforcement agencies. As a stringent compliance units in the key enforcement agencies, the role of the compliance unit is to ensure the compliance to the policies, rules and regulations as well as identifying weaknesses in the department's delivery system.

In addition, the unit is a driver in implementing integrity enhancement programmes in each department. Accordingly, the unit shall act as a 'watchdog' on any forms of unethical act committed by the department officers. Compliance Units have been formed within departments and agencies as follows:-

- a** Malaysian Anti-Corruption Commission
- b** Royal Malaysia Police
- c** Immigration Department of Malaysia
- d** Road Transport Department
- e** Amanah Raya Berhad
- f** Tenaga Nasional Berhad

▶ **PARAMETER FOR SUPPORT LETTERS**

Support Letters no longer has a place in attempting to influence the decision making process pertaining to Government approvals and applications. There is a clear guidelines in the circular issued by MAMPU that explains *support letters* are not to be accepted as approvals or supersede existing processes within government agencies in issuance of licenses, procurement, privatisation, fast tracking of approvals etc. All approvals will be based on merits, fulfilled requirements also subject to current procedures and regulations.

▶ **NAME & SHAME DATABASE**

Offenders as well as those under trial are highlighted on the MACC website (**www.sprm.gov.my**) with the objective to create greater awareness on the seriousness of the crime of corruption. The database is an effort in curbing corruption and highlights details of the convicted offenders including detailed of the offence committed and the penalty imposed.

Details of those convicted are made available for public viewing and remains on the website for a maximum of three years. Recently, the database has been an effective reference by the immigration, the banking fraternity and also foreign embassies for applications pertaining to entry permits, financial services and entry visas.



► JOB ROTATION SYSTEM

Under the job rotation system, Government officers will undergo rotations of their job placement and tasks to circumvent possibilities of acts of corruption. The system tends to reduce the “*comfort interaction zones*” between the public and an officer. Furthermore, it ensures that every officer performs his duties and responsibilities according to the process and procedures and to deter the misuse of power and position. Under this system, the department need to identify where is the 'Hot Spot', what is the 'Hot Job' and who is the 'Hot Staff'.



► REWARD & RECOGNITION

A scheme to recognise public servants who demonstrate high levels of integrity as well as those who report corruption activities such as bribery, malpractice and abuse of power to the MACC.

The objectives of the recognition are to:-

a	encourage civil servants to report on bribe offering and giving which is an offence under section 17 (b) of the Malaysian Anti-Corruption Commission Act 2009 (Act 694).
b	create a specific scheme to give recognition to civil servants who report on corruption cases and dispel the negative perception among colleagues for making such reports.
c	enhance the public sector's image and cultivate a positive perception on public officials of their uncompromising attitude when it concerns corruption.

► CORPORATE INTEGRITY PLEDGE (CIP)

The CIP is a document for corporations in Malaysia that engages companies to commit in upholding the Principles of Anti-Corruption.

The CIP is a collaborative effort between the IIM and the MACC to engage corporate organisations to officially pledge to uphold integrity in their organisations processes, procedures and policies. By signing the pledge, a company is making a unilateral declaration that it will not commit corrupt practices, will work towards

creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with its business partners and the Government.



The British Malaysian Chamber of Commerce (BMCC) signed the Corporate Integrity Pledge (CIP) on 26th June 2012 at the Kuala Lumpur Convention Centre.

CIP participants will pledge to:

- Promote the principle of transparency, integrity and corporate governance;
- Include anti-corruption elements to strengthen its internal procedures;
- Adhere to the anti-corruption law;
- Eradicate all forms of corruption; and
- Support the anti-corruption initiatives by MACC and the government.

Among major organisation in CIP are:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Business Community • Sime Darby Berhad • Tenaga Nasional Berhad • Malayan Banking Berhad • SME Corporation Malaysia (SME Corp.) • KPJ Healthcare Berhad • Google Malaysia Sdn. Bhd. • Shell Malaysia Limited • Mercedes-Benz Malaysia Sdn. Bhd. | <ul style="list-style-type: none"> • Telekom Malaysia Berhad • Top Glove Corporation Berhad • Alcatel-Lucent Malaysia Sdn. Bhd. • Tesco Stores (Malaysia) Sdn. Bhd. • AirAsia Berhad • Carrefour Malaysia Sdn. Bhd. • Siemens Malaysia Sdn. Bhd. • Malaysia Airports Holdings Berhad • British Malaysian Chamber of Commerce |
|---|---|

The updated list of CIP participants can be viewed at the Corporate Integrity System Malaysia website <http://cism.my>.

▶ INTEGRITY PACT


The Integrity Pact (IP) is a tool developed in the 1990's by Transparency International to help the government, businesses and civil society to prevent corruption in public contracts. It consists of a process that includes an agreement between Government department and bidders for a public sector contract.

The introduction of the Integrity Pact further ensures that public contracting is free from corruption such as:-

- Prevent bribery by parties involved
- Report acts of corruption
- Ensure that 'unnecessary costs' are not incurred on the Government

If this undertaking is breached, pre-agreed sanctions, including blacklisting, can be enforced. The Government department or agency also signs an undertaking not to demand or accept bribes and guaranteeing access to information and the publication of the award decision. An arbitration process is built into the Integrity Pact to strengthen the enforcement of its provisions. Civil society groups are roped in to monitor the contracting process as has been done in several countries who have introduced the Integrity Pact that has successfully reduced public expenditure.

The Integrity Pact also provide elements that the bidder must:

<p>➤ Receive an official invitation to submit a tender</p>	
<p>➤ Pledge not to participate in any act of corruption</p>	
<p>➤ Establish a Code of Conduct to eradicate corruption</p>	
<p>➤ Adhere to the contract which includes an anti-corruption clause.</p>	

▶ AGENT LANG (ANTI CORRUPTION MASCOT)

Agent Lang is the official mascot for the national anti-corruption campaign in promoting the MACC hotline which is a single, easy to recall toll free number for the reporting of corruption complaints. This initiative is a joint effort between five key law enforcement agencies in taking the fight against corruption to a higher level through the formation of the Joint Enforcement Agencies Initiative.

The Malaysian Anti-Corruption Commission (MACC), Royal Malaysia Police, Road Transport Department, Royal Malaysian Customs and Immigration Department formed an inter-agency campaign featuring the anti-corruption mascot, as well as promoting the hotline for reporting corruption.

The 24hrs Hotline **1-800-88-6000** is a communication tool made available to the public to allow quick and dedicated reporting facility thus providing information related to corruption.



► CERTIFIED INTEGRITY OFFICER PROGRAMME (CeIO)

The CeIO programme is a one-of-a kind training programme conducted by the Malaysia Anti-Corruption Academy. The certified programme was first conceptualised in 2006 when two government-linked companies requested for MACC staff to be stationed in their respective offices to monitor corruption activities. The MACC certifies selected senior officers, upon completion of the six months programme, from Government agencies and the private sector as Certified Integrity Officers (CeIOs) to assist the Commission in the corruption prevention efforts.

This programme is geared to form the CeIO Network who will act as a catalyst to create an *integrity-based work culture* in the Government and private sector and as experts in the areas of:-

- Anti-corruption
- Misuse and abuse of power
- Integrity development

To-date, Petronas, Telekom Malaysia, Tenaga Nasional Berhad (TNB), Social Security Organisation (SOCSO), Amanah Raya Berhad and various enforcement agencies including Royal Malaysia Police (RMP), Road Transport Department (RTD), Royal Malaysian Customs Department and Immigration Department have participated in the programme.



POLITICAL FUNDING MONITORING MECHANISM

The main purpose of this new initiative is to ensure greater transparency and accountability in the move towards curbing corruption in every level of society. It is also an approach to dispel the alleged 'kick-back' culture whereby individual politicians are perceived to be using their political clout to ensure the award of lucrative Government contracts to their favourite donors.

By implementing this initiative, all contributions to political organizations must conform with some criteria as follows:

- Contributions must be made in the name of the political organisation and not on individuals name;
- All contributions must be recorded and issued receipts; and
- Organization's account must be audited at the end of its financial year

This initiative is implemented with the Registrar of Societies (ROS) whereby the first move was to incorporate the above criterion as a new regulation under Item 14 of the Societies Regulation.

Based on the need to further strengthen anti-corruption efforts in the political arena especially during election period, the Government has taken a serious effort in assessing and reviewing various related acts namely the Malaysian Anti Corruption Commission Act 2009, the Anti-Money Laundering and Anti Terrorism Financing Act 2001 (AMLATFA), the Societies Act 1966 and the Elections Act 1958.



COMBATING FRAUD IN THE PRIVATE SECTOR

Report To The Nations On Occupation Fraud & Abuse 2012 by Association of Certified Fraud Examiner (ACFE) estimates that a typical organisation loses 5% of its revenues to fraud each year. This figure translates to a potential projected loss of more than \$3.5 trillion annually according to Gross World Product 2011.

Businesses in the private sector play a pivotal role in the growth of our economy. The Government continuously sets numerous initiatives to encourage private businesses in enhancing corporate governance as well as in anti-corruption efforts and identifying fraud in their respective organizations.



COMPANIES COMMISSION OF MALAYSIA

The Companies Commission of Malaysia (CCM) is the regulatory body for companies and businesses in Malaysia. The CCM enforces several core legislations governing the conduct and management of companies and business in Malaysia, such as the Companies Act 1965 and the Registration of Businesses Act 1956.



The Companies Act 1965 plays a pivotal role in promoting anti-corruption measures amongst officers of companies specifically company directors who shoulder fiduciary duties towards the company.

► Preventing Conflict of Interest

Under section 131 of the Companies Act 1965, a director who directly or indirectly having an interest in a contract or a proposed contract is obligated to disclose his/her interest at a meeting of directors. Furthermore, under section 131A of the Companies Act 1965 provides that directors of a public company or its subsidiaries having a personal interest on a contract, are prohibited from participating in the discussion on the contract in consideration as well as from voting on the said contract or proposed contract.

Failure to comply to the requirements under sections 131 or 131A is an offence and a company has the option to void the contract or proposed contract entered in contravention of these sections unless if it is in favour of any person dealing with the company for a valuable consideration and without actual notice of the contravention.

To strengthen the duties and responsibilities of directors, section 132 requires a director to exercise his powers for a proper purpose and in good faith in the best interest of the company. Section 132(2) also prohibits a director of a company from using:

- The property of the company;
- The information he acquired by virtue of his office;
- His position as director or officer;
- Any opportunity of the company which he became aware of; or
- Engage in a competing business with the company in which he gains directly or indirectly, a benefit for himself or other person or caused detriment to the company.

The duties imposed under sections 131, 131A and 132(2) prove that company directors are under an obligation to act in the best interest of the company and to avoid any conflict of interest.

► Whistleblower Protection

The Companies Act 1965 has also put in place a “whistleblower protection” provision to uphold the integrity of company officers and that there is appropriate internal control mechanisms within the company. Section 368B of the Companies Act 1965 accords protection to officers of company who make disclosure to the Registrar, if such officer has reasonable belief that a serious offence is committed, has been committed or likely to be committed by other officers against the company. Under this “whistle-blower” provision, an officer who makes disclosure shall not be removed, demoted, discriminated against or interfered with his work.

Through the philosophy of “Balanced Enforcement”, CCM is committed in enforcing all its regulatory functions under its purview. CCM utilises the conventional enforcement activities and stakeholders' education complemented by initiation of criminal sanction and administrative action in pursuit of its ‘Balanced Enforcement’ approach.



► Directors and Officers of Companies Training Programme

CCM is an active proponent in encouraging directors and officers of companies to attend continuous education programme such as the “Corporate Directors Training Programme” and “Licensed Secretaries Training Programme”. Such programmes are designed with the objectives of ensuring that the directors and officers of the company understand fully the role and responsibilities expected in the course of discharging their duties. Amongst the modules included in the programmes are as follows:

- Role and responsibilities of directors;
- Law and practices for company meetings;
- Common offences committed by directors under the Companies Act 1965;
- Understanding and application of good corporate governance;
- Changing role of company secretaries;
- Companies and statutory books; and
- Common offences committed by secretaries under the Companies Act 1965.



► **Special Task Force on Prevention of White Collar Crime**

CCM has been appointed as the Secretariat for the Special Task Force on Prevention of White Collar Crime which was established by the Cabinet and chaired by the Minister of Domestic Trade, Cooperatives and Consumerism. The Special Task Force is aimed at handling all matters concerning “white collar crimes” including illegal investments and deposit taking, money laundering, fund manipulations, etc.

Members of the Special Task Force are;

- CCM
- Commercial Crime Investigation Division (CCID), Royal Malaysia Police;
- Securities Commission of Malaysia (SC);
- Bank Negara Malaysia (Central Bank of Malaysia);
- Malaysian Co-operative Commission (MCC);
- Enforcement Division, Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC);
- Inland Revenue Board (IRB);
- Malaysian Anti-Corruption Commission (MACC); and
- Malaysian Communications and Multi-Media Commission (MCMC).

CCM is also a member of the tri-partite arrangement of sharing information between CCM, SC and the Royal Malaysia Police to facilitate investigations carried out by any one of these bodies concerning illegal corporate activities.

► **Corporate Responsibility Agenda: Towards Achieving Integrity Corporate Sustainability**

CCM advocates the inculcation of the corporate responsibility (CR) culture in the Malaysian business community to strive in striking equilibrium between the quest for profitability and creating a sustainable environment based on the triple bottom line concept that entails consideration of the social condition, environment and the economy of the nation. As the pursuit of CR is consistent with CCM's statutory function in promoting proper conduct and good corporate governance under subsection 17(d) of the Companies Commission of Malaysia Act 2001, CCM had initiated its CR Agenda in 2009, to drive CR in Malaysia amongst its “regulatees” comprising approximately 900,000 companies and 4 million businesses.

CR is applicable to all types of companies regardless of their size and types. Although the main business objective is profit making, companies need to go beyond profitability and towards sustainability. Being responsible is not just about doing the

right thing; it is also behaving responsibly and being accountable for impacts on the society, environment and economy.

In its effort in creating awareness and promoting CR, CCM carries out various activities. CCM issues Best Business Practice Circulars (BBPC) on a periodical basis, containing recommendations and best practices in relation to the three aspects of corporate responsibility which are the society, the environment and the economy.

► **Best Business Practice Circular**

In driving CR amongst corporate and business citizens to adopt integrity values in their overall business practices by way of voluntary soft-rules approach, CCM collaborates with Corporate Integrity Roundtable Members comprising of Malaysian Institute of Integrity (MII), Performance Management & Delivery Unit (PEMANDU), Malaysian Anti-Corruption Commission (MACC), Transparency International Malaysia, Bursa Malaysia, Securities Commission, SME Corp and NKRA Corruption Monitoring & Coordination Division in the development and dissemination of CCM's Best Business Practice Circular 2/2011 (BBPC 2/2011) entitled "Strengthening Corporate Integrity: The Key Element Toward Economic Transformation".

This BBPC/2011 features Malaysia's first assessment instrument to assess the 12 dimensions related to corporate integrity which is known as The Corporate Integrity System Assessment (CIS). The CIS provides companies with a blue-print for risk assessment, areas of improvement and a general indicator of the company's corporate integrity. It is a tool for helping companies assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace. Through the assessment, opportunities for improvement can be unearthed to help the company to turn them into strategic, organisational and operational advantages.

The BBPC 2/2011 is a guideline which could be used by businesses and companies to enhance and improve their business practices on improving its integrity value. Though the nature of this document is not obligatory, the business and corporate community are encouraged to adopt the suggested best practices, being efforts towards ensuring business viability and sustainability.

SECURITIES COMMISSION MALAYSIA: PROMOTING GOOD GOVERNANCE AND A CULTURE OF INTEGRITY

The Securities Commission Malaysia (SC) was established under the Securities Commission Act 1993, with a dual function to regulate and develop the Malaysian capital market. This function is encapsulated in the SC's Mission Statement:

“To promote and maintain fair, efficient, secure and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market.”

The SC is a self-funding statutory body with investigative and enforcement powers. The SC report to the Minister of Finance and its accounts are tabled in Parliament annually. The SC's many regulatory functions include:

- registering authority for prospectuses of corporations other than unlisted recreational clubs;
- approving authority for corporate bond issues;
- regulating all matters relating to securities and derivatives;
- regulating the take-overs and mergers of companies;
- regulating all matters relating to unit trust schemes;
- licensing and supervising all licensed persons;
- supervising exchanges, clearing houses and central depositories;
- encouraging self-regulation; and
- ensuring proper conduct of market institutions and licensed persons.

Underpinning all these functions is the SC's ultimate responsibility of protecting the investor.

The SC is an active member of the International Organization of Securities Commissions (IOSCO) and is committed to the IOSCO principles of securities regulation to protect investors; ensure fair, efficient and transparent markets; and reduce systemic risk.



► Robust Regulatory Framework

The SC derives its powers from the:

- Securities Commission Act 1993 (SCA);
- Capital Markets and Services Act 2007 (CMSA); and
- Securities Industry (Central Depositories) Act 1991 (SICDA).

A sound and balanced regulatory framework which supports fair and orderly markets and promotes ethical conduct through effective supervision, surveillance and strong enforcement is an integral building block of market confidence. There are processes and procedures adopted within the SC to ensure that regulatory actions undertaken by the SC are fair, reasonable, consistent and transparent.

Following the global crisis, an extensive regulatory risk review was undertaken to ensure that its regulatory framework is sufficiently robust to meet the challenges of the next decade. Significant amendments to the SCA and CMSA have been effected to promote the development of the capital market in line with global standards and to enhance investor protection.

The CMSA was amended in 2010 to include sections 317A and 320A which gave SC the power to act against directors of listed corporations who cause wrongful loss to their company and against any person who influences, coerces or misleads any person to prepare false financial statements or false audited financial statements of a listed corporation. These new provisions carry a maximum imprisonment term of 10 years and fine not exceeding RM10 million. Mandatory imprisonment sentences were introduced for serious offences such as destruction and alteration of records.

► Promoting Good Corporate Governance

Malaysian Code on Corporate Governance (CG Code) - Over the years, Malaysia's corporate governance framework has been continuously strengthened through enhancements to securities and companies laws, and regulations focusing on protecting the interests of investors. The CG Code was introduced in 2000, following which improvements were made to the then Kuala Lumpur Stock Exchange Listing Requirements in 2001. Whistleblowing provisions were introduced in 2004. The CG Code was revised in 2007 and alongside that, the responsibilities of boards and audit committees were considerably augmented.

Corporate Governance Blueprint 2011 (CG Blueprint) - The CG Blueprint was launched in July 2011. It sets out the strategic directions and specific action plans to be implemented over a five-year period. This CG Blueprint aims to strengthen self and market discipline, to complement regulatory discipline and promote the internalisation of a culture of corporate governance to underpin the sustainable growth of corporate Malaysia.

Malaysian Code on Corporate Governance 2012 (MCCG 2012) - In April 2012, the MCCG 2012 was launched. It was the first deliverable of the CG Blueprint. It sets out broad principles and specific recommendations on structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture. The MCCG 2012 is effective immediately and the reporting on MCCG 2012 is required of listed companies with financial year end 31 December 2012 onwards.

► International Recognition

Malaysia's progress in strengthening its corporate governance framework has received international recognition. Malaysia has consistently been ranked 4th for investor protection in the World Bank Doing Business Report during 2006-2012. The World Bank Corporate Governance Report on the Observance of Standards and Codes (CG ROOSC), in 2006, awarded full marks for Malaysia's compliance with International Financial Reporting Standards (IFRS).

In 2007, the Institute of International Finance (IIF) ranked Malaysia in the top quartile of emerging market countries surveyed for compliance with the IIF Corporate Governance Guidelines. This was further reinforced by the SC's acceptance as a signatory to the IOSCO Multilateral Memorandum of Understanding, reflective of the recognition of the Malaysian securities regulatory framework and enforcement capabilities. The SC has also been independently assessed to be highly compliant with IOSCO's Objectives and Principles of Regulation.

► Combating Fraud Through Enforcement

The SC has broad inspection, surveillance, investigation and enforcement powers. The SC applies a range of enforcement options to deal with breaches of securities laws ranging from criminal, civil and administrative actions. Criminal sanctions are pursued to achieve deterrence while civil remedies are used to seek restitution for investors and to prevent possible dissipation of monies resulting from breaches of the law. Various administrative sanctions are imposed for breaches of the SC's guidelines and regulations and have been used particularly to deal with licensed persons who are subject to fit and proper requirements under the law.

Close and effective co-operation among key regulators is an important element in promoting the integrity of the capital market. In this regard, the SC works closely with other enforcement agencies such as the Companies Commission of Malaysia, Bank Negara Malaysia and the Royal Malaysian Police, especially when the offence being investigated straddles across legislations enforced by these other agencies. The co-operation also extends to foreign regulators and enforcement agencies.

The SC's enforcement actions are regularly published on the SC's website and in a tri-annual The Reporter bulletin which is also made public on the website.



► Complaints Management and Investor Education

Complaints management is a critical pillar of investor protection and an important element in the development of our capital market. The complaints management process also caters for the requirements of the Whistleblower Protection Act 2010. The public are encouraged to forward complaints or concerns about market activities such as possible breaches of securities laws, unfair market conduct and tip-offs or whistle-blowing information.

Investor Education is another critical area as informed and vigilant investors can exert greater discipline on market participants and in turn reduce the cost and burden of regulation. Being armed with the necessary information is a form of protection for investors.

Investors are not normally aware of their rights and responsibilities as investors. Many fall prey to investment scams and many are ignorant of the need for financial planning. Therefore, the SC delivers a range of investor education programmes for different segments of the public. These include those living in rural areas, blue collar workers, housewives, schoolchildren, university and college students as well as the general investing public. These programmes are conducted together with the training and development arm of the SC, the Securities Industry Development Corporation (SIDC), which also manages the Malaysian Investor website (<http://www.min.com.my>), which provides useful information to help Malaysian investors distinguish fraudulent transactions and make choices as informed market participants.

The SC also engages with the public through a multi-lingual edu-mercial radio series, exhibitions, roadshows and Investor Clinics throughout the country. At these clinics, the public are also able to raise their concerns or queries to SC's officers and where necessary lodge or check on the status of their complaints.

BANK NEGARA MALAYSIA (CENTRAL BANK OF MALAYSIA)

BNM is the competent authority appointed by the Minister of Finance to administer and enforce the Anti Money Laundering and Financing Terrorism Act 2001 (AMLATFA). In tandem with its regulatory and supervisory roles for the banking and insurance sectors, BNM's initiatives with respect to anti-money laundering and counter financing of terrorism (AML/CFT) measures are part of broader efforts to preserve the stability and integrity of the financial system, and maintaining public confidence in the domestic financial system.



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

► Effective Anti-Money Laundering and Countering Financing of Terrorism Regime in supporting Anti-Corruption Initiatives in Malaysia

Corruption and money laundering are intrinsically linked. As with other serious crimes, corruption offences are committed for personal gain, but at high social cost. It also has the potential to adversely affect the country's image and foreign investments into the country. Money laundering is mainly the process of concealing and disguising the proceeds of crime, including corruption, to prevent the detection of such criminal activities and to avoid the confiscation of illegal proceeds.

Based on this link, the national AML/CFT regime also plays an important role in the fight against corruption in Malaysia.

The AML/CFT regime has been implemented since 2001 in Malaysia with its overarching objective of safeguarding the financial system's integrity from money laundering and terrorism financing (ML/TF) activities and threats.

Malaysia's AML/CFT regime is characterised by a robust legal and regulatory framework that is consistent with international standards, preventive measures

applied to financial institutions and designated non-financial businesses and persons, a comprehensive financial intelligence infrastructure to support analysis and investigations, and strong domestic and international inter-agency cooperation arrangements to support capacity building, surveillance and enforcement.

► **Establishment of Comprehensive Legal and Enforcement Frameworks in Line with the International Standards**

The Anti-Money Laundering and Anti-Terrorism Financing Act (AMLATFA) – The AMLATFA provides for the offence of money laundering, the measures to be taken for the prevention of ML/TF offence and the forfeiture of property and property involved in, or derived from ML/TF activities.

Financial Intelligence Unit and Law Enforcement - The appointment of BNM as the competent authority led to the establishment of the FIU in BNM on 8 August 2001, to carry out the competent authority mandated functions under Section 8 of the AMLATFA. The FIU receives, analyses and disseminates financial intelligence for the purpose of facilitating the implementation of the AMLATFA nationwide.

Suspicious Transaction Reports (STR) and Cash Threshold Reporting (CTR) – Among others, the effectiveness of the AMLATFA hinges on the capability of the financial system to identify and detect suspected ML/TF activities. In this regard, the AMLATFA provides for reporting obligations by the relevant financial and non-financial institutions on suspicious and cash transactions, so as to disclosure of financial intelligence by the FIU of BNM to support financial investigations.

The analyses on STRs and CTRs by FIU of BNM provide important financial intelligence to the relevant law enforcement agencies, including the MACC, to facilitate further investigations and eventual prosecutions under the AMLATFA and/ or other relevant legislation. The gradual improvement of the quality of the STR due to the enhanced AML/CFT awareness, skills and knowledge among the reporting institutions has also contributed to improved quality of financial investigation by law enforcement agencies .

► **Implementation of Preventive Measures for Financial Institutions and Designated Non-Financial Businesses and Persons**

The gradual and systematic approach in implementing the AML/CFT measures has enabled BNM to strategically leverage on its existing regulatory and supervisory framework to include the AML/CFT components. Mainly, the approach has resulted in the implementation of some key measures, including comprehensive guidelines which are in line with international standards and strengthened supervisory and enforcement cooperation.

► **Strengthening Domestic Cooperation: The National Coordination Committee to Counter Money Laundering (NCC)**

The National Coordination Committee to Counter Money Laundering (NCC) was formally established in April 2000 after the establishment by inter-agency agreement on 5 November 1999, with the appointment of BNM as the lead agency.

According to the NCC terms of reference, the two-pronged objectives are targeted on policy and implementation and compliance issues which are as follows:

1. Policy issues
 - Develop national policy on measures to counter ML/TF;
 - Co-ordinate national policies with regional and international initiatives; and
 - Agree upon action plan to counter ML/TF.
2. Implementation and compliance issues
 - Ensure Malaysia's compliance with Asia/Pacific Group on Money Laundering (APG) membership requirements and the Financial Action Task Force (FATF) Recommendations;
 - Identify remedy and overlap or discrepancy of AML/CFT measures;
 - Create legislation and administrative structures for implementation of measures; and
 - Monitor effectiveness of implemented measures.

In the fight against ML/TF, close cooperation among the relevant Government Ministries and domestic agencies is critical given that the scope of the provisions under the AMLATFA spans across the jurisdiction of various supervisory/regulatory and law enforcement agencies. Accordingly, the promotion and execution of effective collaborative arrangements primarily through the NCC for the purpose of supporting AML/CFT initiatives have been a key priority.

The NCC's vision, as stated in The National AML/CFT Strategic Plan 2010-2012, is to ensure that AML/CFT regime is effectively implemented to reduce crime and terrorism financing. In addition to the existing term of reference, the Plan also included the alignment of the AML/CFT regime with the national KRA; especially in contributing towards the initiative of reducing crime and combating corruption.

In general, the AML/CFT co-ordinating framework can be summarised in the following diagram. BNM as the lead agency works closely with various agencies, namely supervisory and regulatory, law enforcement, self-regulatory, reporting institutions as well as foreign FIUs.

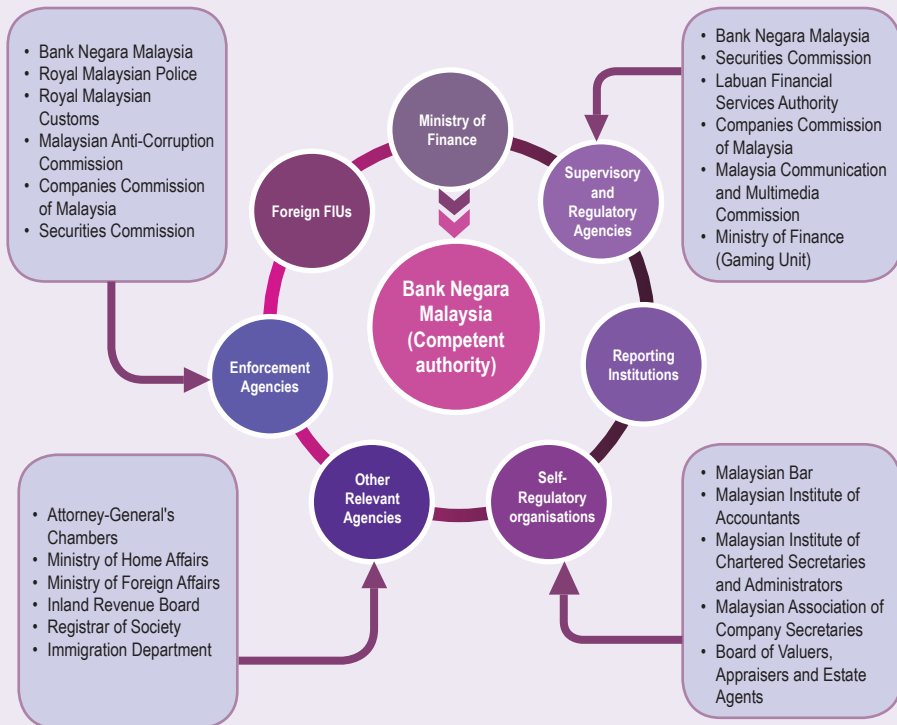
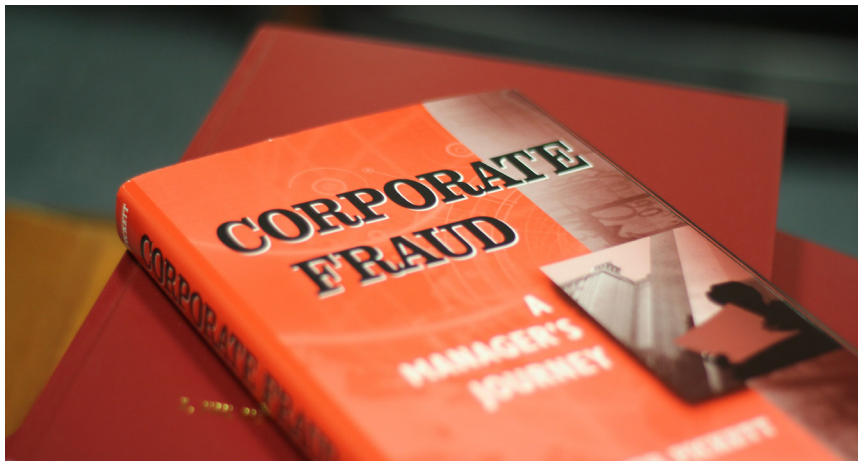


Diagram: Illustration on the stakeholders in the national AML/CFT regime

As part of the cooperation efforts, there were joint activities undertaken by the NCC members, which among others, include notably:-

- Measures to improve the effectiveness of enforcement efforts and joint analysis;
- the introduction of the Certified Financial Investigator Program since 2006, which has to date produced 214 graduates (of which, 32 are from SPRM);
- Proposed amendments to further enhance the AMLATFA and the establishment of centralised body for the management of forfeited property;
- Wider collaboration among relevant regulatory agencies on initiatives related to non-profit organizations;
- Implementation of a framework for the reporting of cross-border transportation of currency, which became operational from 1 January 2010; and
- On-going review of cross-cutting issues and human resource requirements among the NCC members.



ANTI-CORRUPTION PRINCIPLES FOR CORPORATIONS IN MALAYSIA (2011)

The Anti-Corruption Principles for Corporations in Malaysia (2011) sets out principles for corporations to adopt to demonstrate their commitment toward creating a business environment that is fair, transparent and free from corruption.

The Principles are intended to act as guidance on areas that corporations can focus on to play their role in contributing toward anti-corruption efforts in Malaysia, in line with the objectives of the National Key Result Area of “Fighting Corruption” under the Government Transformation Programme, introduced by the Prime Minister.

The Anti-Corruption Principles for Corporations in Malaysia (2011) represents a key nexus between reforms taking place in the public sector and the continued improvements taking place in the private sector, to drive the nation’s progress towards becoming a developed nation. The principles were the result of discussions among Bursa Malaysia Berhad, Companies Commission of Malaysia, Malaysian Institute of Integrity, Malaysian Anti-Corruption Commission & NKRA Corruption Monitoring & Coordination Division, Securities Commission Malaysia, Transparency International Malaysia, and Performance Management and Delivery Unit (PEMANDU), Prime Minister’s Office.

According to this principle, a company shall strive to create a Malaysian business environment that is free from corruption through the following actions:

- 1 Committing to promoting values of integrity, transparency and good governance
- 2 Strengthening internal systems that support corruption prevention
- 3 Complying with laws, policies and procedures relating to fighting corruption
- 4 Fighting any form of corrupt practice
- 5 Supporting corruption prevention initiatives by the Malaysian Government and Malaysian Anti-Corruption Commission (MACC)

MALAYSIAN INSTITUTE OF CORPORATE GOVERNANCE (MICG)

MICG was established in March 1998 by the High Level Finance Committee on Corporate Governance. It is a non-profit public company limited by guarantee, with founding members consisting of the Federation of Public Listed Companies (FPLC), Malaysian Institute of Accountants (MIA), Malaysian Association of Certified Public Accountants (MICPA), Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), and Malaysian Institute of Directors (MID).

MICG's mandate is to raise the awareness and practice of good corporate governance in Malaysia. MICG's mission is to facilitate Business and Corporate Governance Development in the country through roundtable forums and dialogues, public seminars and conferences, and lecture series for corporations, institutional investors and professional bodies & educational institutions.

BUSINESS ETHICS INSTITUTE OF MALAYSIA

The Business Ethics Institute of Malaysia (BEIM) was established in 1997 to encourage high standards of corporate behaviour and the sharing of best practice.

BEIM is endorsed and supported by the Ministry of Domestic Trade and Consumer Affairs and have established a powerful track record of enabling companies to build relationships of trust with their customers, employees, owners and stakeholders.

BEIM is committed in promoting ethics through education, inculcation and nurturing of values such as honesty, fairness, integrity and self-regulation among businesses with the vision of creating positive awareness of ethics among businesses in Malaysia.

Spearheading the noble vision is its mission of increasing the awareness of business ethics through educational courses, seminars, talks and conferences.

CIDB: INTEGRITY COURSE FOR OWNERS OF CONSTRUCTION COMPANIES

Construction Industry Development Board (CIDB) was established in accordance to the Industry Development Board Act 1994 to act as a body to register and provide accreditation to contractors in the building and construction industry. CIDB aims is to ensure the development of a world class construction industry and to develop the capacity and capability of the construction industry through the enhancement of quality and productivity by placing great emphasis on professionalism, innovation and knowledge in the endeavour to improve the quality of life through development and enhancement of the Malaysian construction industry.

As part of its efforts in contributing towards the upholding and instilling of integrity, CIDB initiated the Integrity Course in 2008 for all owners of construction companies in collaboration with the MII, the MACC and the Ministry of Works. The course is compulsory and emphasises on the principles of honesty in responsibility, adhering to the law and regulations, respect for individuals and the community at large, emphasis on quality, expertise and authentication, importance on safety, health, welfare and the environment.





SUPPORT OF NGO'S IN ANTI-CORRUPTION

Empowering communities to design programmes and activities that improve their quality of life is one of the best indicators of a good Government. The Government encourages civil society to play a more active role in assisting the Government in the fight against corruption. This includes performing watchdog functions and providing information and feedback that could eventually help improve the Government service delivery.

Various Government programmes and activities including anti-corruption campaigns are being organised through smart partnerships to ensure greater participation from the civil society.



TRANSPARENCY INTERNATIONAL MALAYSIA (TI-M)

TI-M is the local chapter of the global anti corruption network Transparency International. It is registered as a society under the Registrar of Societies, Malaysia. TI-M envisions a Malaysia in which the daily lives of the people are free of corruption and its negative effects.

TI-M, one of the leading Malaysian Non-Government Organisations (NGO) involved in the fight against corruption, has undertaken numerous initiatives to implement workable, practical solutions for the issue at hand.

Currently, TI-M is involved in the following programmes:

- Forest Governance and Integrity;
- Business Integrity Programme for the Public and Private Sector;
- Reforming Political Financing; and
- Reducing Corruption and Raising Transparency in the Defence and Security Sector.

TI-M'S INITIATIVES

► Forest Governance and Integrity (FGI)

FGI is a TI programme initiated in March 2009 which involves six countries in the Asia Pacific region that have significant timber trade, namely China, Indonesia, Malaysia, Papua New Guinea, Solomon Islands and Vietnam. Its objectives are to:



1. increase awareness of the challenges of corruption in the forestry sector;
2. foster the development and application of monitoring tools; and
3. strengthen cooperation among relevant stakeholders in addressing the challenge.

The FGI project in Malaysia has to date recorded the following results:

► Conferences / Seminars

- Workshop on Anti-Corruption Tools in Forest Governance Integrity
- Talk on Native Customary Rights to Land (NCR) in Malaysia
- Workshop on Reducing Emission from Deforestation and Forest Degradation (REDD+)
- Workshop entitled Care to Action: Multi-Pronged Strategy Needed to Reverse the Decline of Tasik Chini
- Public Forum and Exhibition on Forest Conservation, incorporating the launch of TI-M's Forest Watch Project

► Research

- FGI's research findings based on inputs provided by stakeholders are being reviewed and adapted for implementation by the Forestry Department
- Developing Anti Corruption tools for the national strategy on REDD+

► Advocacy

- Collective approach in monitoring forest cover in Malaysia through the Forest Watch Project (www.timalaysia-forestwatch.org.my)
- Recruitment of Voluntary Forest Monitors (VFM) from among members of the public
- A nationwide public education campaign to raise awareness and fight corruption in the forestry sector

► Business Integrity Programme (BIP)

The BIP project was established to address corruption in the public and private sector with practical, working solutions. It champions good governance practices by promoting business integrity and the implementation of measurable anti-corruption standards and practices. In Malaysia it is a natural extension of the government's Corporate Integrity Pledge (CIP) initiative for the business sector, where TI-M helps companies move beyond the pledge by implementing workable anti corruption systems.

The BIP project engages with both private and public sector stakeholders, including state enterprises, private sector companies, Government Linked Companies (GLC) and Small and Medium Enterprises (SME). By employing a wide range of tools, including TI's Integrity Pacts (IP), and the creation of coalitions and the implementation of Corporate Integrity Systems (CIS), it promotes good governance and the business case for operating with zero tolerance for corruption.

Launched in August 2011, the BIP project aims to:

- bring about change in corporate governance and the public delivery system to recognise the business value of operating with a zero tolerance of corruption
- provide full transparency at every step of a well designed contracting and procurement process through a legally binding no-bribe agreement
- promote merit-based government procurement by encouraging changes in corporate governance in the public sector
- implement Corporate Integrity Systems (CIS) for corporations based on TI's 6 Step Process
- develop course ware and modules on the vital components of the CIS, and offer these training modules to corporations

Major Outcomes:

- Successful implementation of the first pilot CIS with a Malaysian SME in November 2011
- CIS services deployed to two (2) state enterprises in Selangor
- Signing of the Integrity Pact (IP) by contractors for a Selangor state subsidiary
- Completion of anti-corruption policy templates for SMEs
- Appointment as an independent monitor for the on-going My Rapid Transit (MRT) project

► **Reforming Political Financing (PF)**

Political Financing addresses the main cause of institutionalised bribery and corruption in politics. TI-M undertook a research on the levels of transparency in current legislation, such as election laws, the financing practices of political parties, the funding of electoral campaigns and the institutional capacity of the relevant regulatory bodies to ensure fairness and accountability during elections.

The project was initiated in June 2009 with the following objectives:

- To assess levels of transparency and accountability in political financing in Malaysia and propose reform measures
- To enhance transparency and accountability in the financing of political parties and electoral competition with the aim of increasing public trust in the political system.

► **Reducing Corruption and Raising Transparency in the Defence and Security Sector**

TI-M has opened a debate in Malaysia about the corruption risks of defence and security sectors in Malaysia. A conference in Kuala Lumpur in November 2011 attracted a lot of attention and great media interest. It has struck a chord relating to a subject that has for long been hidden under an excessive veil of 'national security', through which wasteful corrupt practices seem to have become embedded.

Goal

To advocate for the Malaysian government in particular and ASEAN in general to reduce corruption risks in the defence and security sectors through the introduction of effective anti-corruption measures such as transparency in defence budgets, increased open bidding in defence procurement and greater accountability and transparency to the public and media awareness by the defence and security sectors.

Objectives

- To tackle defence and security corruption and raise transparency and accountability
- Undertake research on: defence policy, defence budgets, security sector reform, military-owned businesses, defence procurement, etc.
- To assist in the development of integrity tools for defence procurement
- To influence negotiations on The Arms Trade Treaty (ATT) [negotiations are ongoing and the ATT is scheduled to be negotiated in July (2-27) by UN member states]

- To strengthen civil society participation in defence and security issues through training and research
- To enhance media competency and awareness on issues related to integrity and accountability in the defence and security sectors through training

VETTING, MONITORING AND INTEGRITY COMMITTEE OF THE FOOTBALL ASSOCIATION OF MALAYSIA (FAM)

A recent rise in match fixing in the football fraternity has caused the FAM to step-up its effort to curb corruption in the national football scene. The newly formed Vetting, Monitoring and Integrity Committee was set-up to address the issue of corruption and comprises of members from the Royal Malaysia Police, the Malaysian Armed Forces and the MACC. A monitoring committee will be set-up in all 14 state football associations in a move to curb corruption amongst professional football players and officials.



*Malaysian
Anti-Corruption
Commission*



*Football Association of
Malaysia (FAM)*



*Royal Malaysia
Police*



*Malaysian Armed
Forces*

ORGANISATION OF CORRUPTION PREVENTION EDUCATION MALAYSIA (*PERTUBUHAN PENDIDIKAN PENCEGAHAN RASUAH MALAYSIA OR PPPRM*)

PPPRM which established in 2010 is a non-government organisation that focuses in creating anti-corruption awareness through education and to support the anti-corruption activities by the MACC.

PPPRM is guided by its purposes of reaching out to the public through the mode of education by providing public education via seminars and education programmes on the prevention of corruption.

The involvement of PPPRM has opened a new page in the country's efforts towards combating corruption. The organizing of various serial programmes, such as "*1 Rakyat, 1 Integriti*" ("1 People; 1 Integrity") and "*Gelombang Rakyat*" ("The People's Wave")- in rural areas were impactful in their own way as the programmes organised by PPPRM were well received and supported by the people.

In addition, PPPRM also intends to support the Government initiatives by collaborating in the various public awareness programmes which includes providing counselling services to ex-convicts of corruption offences, thus guiding them to the path of morality and ethical living.

On the other hand, PPPRM also engages in welfare activities for the benefit of senior citizens, the disabled, children, single mothers and the poor.



GLOBAL ADVOCATES OF ANTI- CORRUPTION

Corruption is a worldwide concern and thus requires a concerted and united effort from various global organizations with the attention aimed at this most harming global issue which is prevalent in both rich and poor countries. The fight against corruption will contribute in improving the stability in systems and procedures, eradicating poverty and building a nation principled with integrity and moral values. Leading the way is the United Nations and its agencies together with the International Association of Anti-Corruption Authorities (IAACA) and Transparency International (TI).



UNITED NATIONS CONVENTION AGAINST CORRUPTION (UNCAC)

The United Nations Convention Against Corruption (UNCAC) is the only legally binding universal anti-corruption instrument. The Convention's far-reaching approach and the mandatory character of many of its provisions make it a unique tool for developing a comprehensive response to a global problem. The UNCAC covers five main areas: prevention, criminalization and law enforcement measures, international cooperation, asset recovery, and technical assistance and information exchange. Malaysia officially became a part of this convention and its mission when it signed the convention in 2003 and ratified the same in 2008.



Malaysia is currently undergoing the UNCAC First Cycle review process which covers the compliance to articles under Chapters III and IV. In this respect, the Government has appointed the Malaysian Anti-Corruption Commission (MACC) as the focal point for the review process which includes a computer based application Self – Assessment Checklists which allows an accessed country to assess it's own compliance to the Convention. Towards this end, The Attorney General Chambers office representatives and a special taskforce formed by the MACC's Policy, Research and Planning Division have been mandated to gather information based on the Checklist, under the leadership of the MACC Deputy Chief Commissioner (Operation).

Thus far, the preparation of the Checklists has been carried out within the time frame determined by UNCAC Review mechanism. The final drafts of the Checklists have been vetted by the Attorney General Chamber's International and Prosecution Divisions in July 2012.

Malaysia has complied with most if not all of mandatory provisions of the Articles of the Convention. The most recent being the bribery of foreign public officials included under section 22 of the Malaysian Anti-Corruption Commission Act 2009 in line with Article 16 of UNCAC.

Malaysia's other efforts in compliance with UNCAC provisions include the enforcement of the Witness Protection Act 2009 and the Whistleblowers Protection Act 2010.

Assessment of Malaysia's implementation of UNCAC will be carried out by governmental experts from the Republic of Philippines and Kenya as was decided by a ballot at the 3rd IRG (Implementation Review Group) meeting in Vienna in June 2012.

INTERNATIONAL ASSOCIATION OF ANTI-CORRUPTION AUTHORITIES (IAACA)

The establishment of the International Association of Anti-Corruption Authorities (IAACA) was initiated at the High-Level Political Conference for the Purpose of Signing the United Nations Convention against Corruption (UNCAC) in Merida, Mexico in December 2003, and has since received enthusiastic support among the various anti-corruption authorities in many countries, as well as critical advice from the United Nations Office on Drugs and Crime (UNODC) at Vienna.



Malaysia is a founder member of IAACA and the Chief Commissioner of the MACC is a member of its Executive Committee. Malaysia has actively participated in almost all IAACA seminars and has contributed in sharing of its experiences with member countries.

The IAACA has more than 300 organizational members covering nearly all law enforcement for national institutions and bodies entrusted with the task of fighting against corruption and more than 2000 individual members, including prosecutors, investigators and experts with experience in anti-corruption research or practice. Located in Beijing, China, the IAACA conducts seminars on anti-corruption annually, inviting experts with different expertise from anti-corruption fields to give lectures and inviting senior prosecutors and investigators to share their experiences on corruption crimes investigation, prosecution and corruption prevention.

Malaysia, represented by the Malaysian Anti-Corruption Commission, has been given the honour of organising and hosting the Sixth Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities (IAACA), in Kuala Lumpur, from 4th to 7th October 2012.



INTERNATIONAL ANTI-CORRUPTION ACADEMY (IACA)

An international organization as of 8th March 2011, IACA is a joint initiative between the United Nations Office on Drugs and Crime (UNODC), the Republic of Austria, the European Anti-Fraud Office (OLAF) and other stakeholders. IACA is a pioneering institution that aims to overcome current shortcomings in knowledge and practice in the field of anti-corruption.



The MoU signing ceremony between MACA and IACA

Malaysia is among the first few countries that signed the Agreement of the Establishment of IACA as an international organization on 2nd September 2010. The Chief Commissioner of the MACC is a member of its Academic Advisory Board.

In pursuing its aim, the Academy functions as an independent centre of excellence in the field of anti-corruption education, training, networking and cooperation, as well as academic research. It pursues a holistic approach which is international, inter-disciplinary, inter-sectoral, integrative and sustainable.

IACA has a Provisional Commission mandated with supporting IACA's activities, adopting strategic rules for its operations, carrying out all necessary arrangements for finalizing the effective implementation of the IACA Agreement and preparing for the first session of the Assembly of Parties to this Agreement. This Commission brings together all IACA Members.

The IACA is in collaboration with the Malaysia Anti-Corruption Academy (MACA) which focuses on capacity building in the areas of anti-corruption with a special focus on the best practices and good governance implemented at the international level. On 30th July 2010, a Letter of Intent (LoI) was signed between the MACA and the IACA. Among the highlighted objectives of the LoI are as follows:-

- to coordinate anti-corruption training activities between the two organizations and build co-operations with other international organizations;
- to enhance the confidence and improve public and international community perception on the effectiveness of the MACC in corruption prevention based on independence, transparency and professionalism; and

- to make the MACA a world class anti-corruption training centre. The MACA had so far only focuses within the Asia Pacific Region and it is hoped that the signing of this LoI, would prove MACA capacity in the areas of anti-corruption training at a higher level.

APEC ANTI-CORRUPTION AND TRANSPARENCY WORKING GROUP

The Asia Pacific Economy Co-operation (APEC) which comprises of 21 countries, representing the capacity of 40.5% of the world population, 54.20% of GDP and 43.7% of the world's trade value, has further enable the co-operation to become an important forum in facilitating economic coalition, trade and investment in the Asia Pacific region. With the understanding that corruption is a hindrance to the economic development and the rising of businesses costs, the APEC has taken the initiative to create the Anti-Corruption and Transparency Experts Task Force (ACT).

This initiative aims to coordinate the implementation of various measures in preventing corruption and fostering the practices of integrity in governance and economy within the Asia Pacific region.

Since its establishment in 2005, the MACC, along with other countries has taken an active role in enhancing the prevention of corruption efforts through discussions and presentation of views in the event of producing the 2010 – 2015 mid-term work plans. The credence shown by the international community towards the MACC's initiatives was highlighted when the proposal for all the member countries to pay heed on the improvement efforts in the partnership between the public and private sector as well as the knowledge that good governance does not well depend on the profits gained were accepted and will be undertaken as one of the four plans to be implemented within the predetermined duration of 5 years.

ADB/OECD ANTI-CORRUPTION INITIATIVE FOR ASIA AND THE PACIFIC

Countries in the Asia-Pacific region through international co-operation have resolved to co-operate in the fight against corruption by establishing action plan known as the Anti-Corruption Initiative for Asia-Pacific under the joint leadership of Asian Development Bank (ADB)/Organisation for Economic Co-operation and Development (OECD).

The action plan attests to the specific goals and standards for keeping up with resistance against corruption in the economic, social and political sphere among the regional countries. The ADB/OECD confidence towards Malaysia was reflected through the appointment of the MACC as the host to the 15th Steering Group Meeting and Regional Seminar on Criminalisation of Bribery of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific held from 22nd to 24th September 2010 in Kuala Lumpur.

The organization of these meetings and seminars is a testimony of Malaysia's commitment in promoting and strengthening measures to combat corruption at domestic, regional and global level. Not only did Malaysia organize meetings, but with the MACC as its representative, took part in seminars to evaluate the progress of the action plan accordingly as outlined and summarized along the implemented initiatives. A positive feedback was received during the meeting and has placed Malaysia in an acclaimed position among the foreign anti-corruption law enforcement agencies.



SOUTH EAST ASIA PARTIES AGAINST CORRUPTION (SEA-PAC)

Over the past decade, corruption together with its devastating effects on social and economic development has emerged as a major global concern and challenge. While international bodies such as the United Nations Office on Drugs and Crime (UNODC) has taken a leading role in responding to this and providing international instruments for the suppression of corruption, these do not obviate the need for smaller and more informal groupings to network and collaborate on a range of related issues in the spirit of sincere cooperation and mutual assistance. In this regard, the Southeast Asia Parties against Corruption (SEA-PAC) group is able to fulfil this significant role.

The SEA-PAC slogan, "Together against Corruption" succinctly indicates both the objective of the group in being 'against corruption' and the value added of co-operating and collaborating rather than acting alone in the fight against corruption.

► Establishment of Parties

On 15th December 2004, in Jakarta, Indonesia, four Southeast Asian Anti-Corruption Agencies signed a MoU on Preventing and Combating Corruption within the region. These countries/agencies are as follows:

- Brunei Darussalam: Anti-Corruption Bureau (ACB);
- Indonesia: Corruption Eradication Commission (KPK);
- Malaysia: Malaysian Anti-Corruption Commission (MACC); and
- Singapore: Corrupt Practices Investigation Bureau (CPIB).

Four more Anti-Corruption Agencies within the Southeast Asian region joined and signed the MoU on 11th September 2007 which took place in Singapore. The countries/agencies are as follows:

- Cambodia: Anti-Corruption Unit (ACU);
- Philippines: Office of the Ombudsman (OMB);
- Thailand: National Anti-Corruption Commission (NACC); and
- Vietnam: Government Inspectorate of Vietnam (GIV).

On 4th November 2010, the number of SEA-PAC members totalled up to 9 countries/ members when the Government Inspectorate of the Lao PDR signed the MoU in Siem Reap, Cambodia.

► The SEA-PAC MoU

The MoU states explicitly the two main objections of SEA-PAC which are:

- to establish and strengthen collaborative efforts against corruption among the Parties; and
- to increase capacity and institutional-building among the Parties against corruption.

The following methods are stated as those being best served to achieve these goals:

- to exchange and share information on anti-corruption efforts;
- to cooperate on training and professional skill developments;
- to exchange expertise and personnel in anti-corruption related fields;
- to host and participate in meetings, forums, workshops and conferences; and
- to provide technical assistance on operational activities.

► Establishment of SEA-PAC

In the year 2008, the parties to the MoU agreed on the nomenclature "South East Asia Parties against Corruption" (SEA-PAC). The MoU generally covers all the country in the region except for Myanmar. Though the SEA-PAC geographically covers the same region as the Association of South East Asian Nations (ASEAN). However, the SEA-PAC is not accredited in the ASEAN framework, it has the similar strategic plan, a more flexible, informal structure and working system which is based on information sharing and consensus.

► Annual Meetings

Parties to the MoU host annual meetings on rotational basis, attended by high-level representatives from each agency. The host agency acts as the SEA-PAC Chair and Secretariat from one annual meeting to the next.

At least one Secretariat Meeting is organized annually by the Chair agency, four months prior to the main SEA-PAC Meeting. The Secretariat Meetings are normally attended by the focal points of each SEA-PAC member and/or other delegates as deemed necessary.

MACC has been appointed to host the 9th SEA PAC Annual Meeting in Kuala Lumpur in the year 2013.

ASIA PACIFIC GROUP ON MONEY LAUNDERING (APG)

The Asia/Pacific Group on Money Laundering (APG) is an autonomous and collaborative international organisation founded in 1997 in Bangkok, Thailand consisting of 41 members and a number of international and regional observers. Some of the key international organisations who participate with, and support, the efforts of the APG in the region include the Financial Action Task Force, International Monetary Fund, World Bank, OECD, United Nations Office on Drugs and Crime, Asian Development Bank and the Egmont Group of Financial Intelligence Units.

APG members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism, in particular the Forty Recommendations of the Financial Action Task Force on Money Laundering (FATF). The key roles of the APG are:

- 1** to assess compliance by APG members with the global AML/CFT standards through a robust mutual evaluation programme;
- 2** to coordinate bi-lateral and donor-agency technical assistance and training in the Asia/Pacific region in order to improve compliance by APG members with the global AML/CFT standards;
- 3** to participate in, and co-operate with, the international anti-money laundering network - primarily with the FATF and with other regional anti-money laundering groups;
- 4** to conduct research and analysis into money laundering and terrorist financing trends and methods to better inform APG members of systemic and other associated risks and vulnerabilities; and
- 5** to contribute to the global policy development of anti-money laundering and counter terrorism financing standards by active Associate Membership status in the FATF.

The APG also assists its members to establish coordinated domestic systems for reporting and investigating suspicious transaction reports and to develop effective capacities to investigate and prosecute money laundering and the financing of terrorism offences.

Malaysia through the National Coordinating Committee (NCC) represented by the Malaysian Anti-Corruption Commission (MACC) joined the APG in May, 2000 and has contributed in the drafting of the national anti-money laundering acts, AMLA 2001 and MACMA 2002.

ANTI-CORRUPTION AGENCY FORUM

The first meeting of the Anti-Corruption Agency (ACA) Forum was held in Seoul, South Korea in November 2002. Organized by the Anti-Corruption and Civil Right Commission of South Korea, the forum sought to identify desirable roles for anti-corruption authorities and enhance policy capacity by learning from experiences of other countries. Since then, the ACA Forum has been held on a biennial basis.

The ACA Forum provides a venue for policy dialogue among the heads of anti-corruption agencies that have been leading collaborative efforts for the fight against corruption in the Asia Pacific region.

It is aimed at promoting the exchange and cooperation among anti-corruption agencies in the region and seeking ways to strengthen the roles and enhance the anti-corruption capacities of those agencies.

Currently, the Forum consists of seven members in which Malaysia, represented by the Malaysian Anti-Corruption Commission (MACC), is an active member of this Forum. Other member agencies are:

- Australia: New South Wales Independent Commission Against Corruption (NSW ICAC);
- Hong Kong, China: Independent Commission Against Corruption (ICAC);
- Indonesia: Corruption Eradication Commission (KPK);
- Korea: Anti-Corruption and Civil Right Commission (ACRC);
- Philippines: Office of the Ombudsman; and
- Singapore: Corrupt Practices Investigation Bureau (CPIB).



Member of ACA Forum





MALYSIAN ANTI-CORRUPTION COMMISSION

Block D6, Complex D,
Federal Government Administrative Centre,
P.O.Box 6000,
62007 Putrajaya, Malaysia.
+603 8886 7000
www.sprm.gov.my

