

# **PAAB ANTI CORRUPTION PLAN (PAAB ACP)**

## **2021 - 2024**

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Pengurusan Aset Air

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**PENGURUSAN ASET AIR BERHAD**

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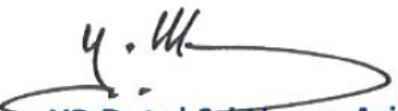
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## FOREWORD BY CHAIRMAN

Good Corporate Governance is the foundation for the success and sustainability of an organisation. It provides a sense of confidence and trust within stakeholders and the community. PAAB has always been committed in the transformation of water service industry. We believe strengthening our governance structure helps us to deliver our mandate more effectively in the transformation of the water service industry.

PAAB Anti-Corruption Plan is our way of portraying commitments towards continuous improvement. It set PAAB on the right path. By implementing this ACP, PAAB is able to deliver our services more efficiently, contribute to the sustainability of water service industry and further boost our reputation.

PAAB Anti-Corruption Plan aims to combat corruption, improve governance and cultivate culture of integrity in our business environment. I urge PAAB employees to work together in achieving Malaysia's aspiration towards a Corrupt-Free Nation and make PAAB known for its Integrity.



YB Dato' Sri Hasan Arifin  
Chairman

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## STATEMENT OF COMMITMENT BY CEO

As one of the key players in water service industry, PAAB must set a good example. Hence, all PAAB employees are expected to act with high level of integrity and professionalism. It is my hope that PAAB employees always choose to do the right thing voluntarily rather than out of obligation.

By upholding integrity, our business would prosper and the whole nation would be able to enjoy the resultant benefits. On the other hand, if we fail to act with integrity, the industry may collapse and experience long term consequential financial loss.

In combatting corruption, it is important that every individual plays his or her role. PAAB ACP outlines actions plan to prevent corrupt practices, uphold good governance and integrity in delivering our services. This document is a proof of our commitment and our way of showing our support to the national effort in corruption prevention.



**Abdul Hadi Ali**  
Chief Executive Officer

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## A WORD FROM HEAD, INTEGRITY & GOVERNANCE DEPARTMENT

Corrupt practices often hinder development and diminish trust. Corruption prevention requires relentless effort. At PAAB, Integrity and Governance Department is established as a catalyst responsible in enriching a culture of integrity. However, it is without doubt that everyone in PAAB plays a role in making PAAB free from corruption.

PAAB Anti-Corruption Plan 2021 – 2024 outlines the action plan and initiatives as proactive management of issues and challenges in this competitive world. PAAB aims to deliver excellent services without compromising values and ethics.

Key process personnel, Board of Directors, senior management and Malaysia Anti-Corruption Commission were involved in the development of this plan. This participation ensures that the plan covers all necessary area as well as portrays commitment at all layers within the company.

The success of PAAB Anti-Corruption Plan falls within our responsibilities. Together, we can be stronger and achieve greater things.



A stylized, handwritten signature in black ink, appearing to read 'Azila'.

Azila Azhar

Head, Integrity & Governance Department

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## ABBREVIATION

AD	Accounts Department
AMD	Asset Management Department
COO	Chief Operating Officer
CEO	Chief Executive Officer
COBE	Code of Conduct and Business Ethics
COMD	Commercial Division
CD	Contract Department
CCD	Corporate Communications Department
RMD	Revenue Management Department
CRM	Corruption Risk Management
GOC	Government Owned Company
HIGD	Head, Integrity and Governance Department
HR	Human Resource
IBR	<i>Ikrar Bebas Rasuah</i>
ITD	Information Technology Department
IGD	Integrity and Governance Department
LMD	Land Management Department
LD	Legal Department
MACC	Malaysia Anti-Corruption Commission
NACP	National Anti-Corruption Plan
OACP	Organisational Anti-Corruption Plan
PAAB	Pengurusan Aset Air Berhad
ABC	Policy for Anti-Bribery and Corruption
PD	Procurement Department
PMD	Project Management Division
QA	Quality Assurance
SD	Secretarial Department
SPAN	Suruhanjaya Perkhidmatan Air Negara
TED	Tender Evaluation Department
TSD	Tender Secretariat Department
TD	Treasury Department

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# **CHAPTER 1 : INTRODUCTION**

- 1.1 Corporate Profile**
- 1.2 Vision, Mission and Key Result Area**
- 1.3 Organisational Chart**
- 1.4 Requirement for OACP Development**
- 1.5 Ikrar Bebas Rasuah (IBR)**
- 1.6 Corruption Risk Management (CRM) Workshop**
- 1.7 Talk on 'Kesedaran Kesalahan Rasuah Dan Liabiliti Korporat' Series 1 & 2**
- 1.8 Awareness Talk on Policy for Whistleblowing and Policy for Gift, Entertainment and Hospitality**
- 1.9 Organisational Anti-Corruption Plan (OACP) Workshop**
- 1.10 Implementation of Integrity and Governance Policy**



## 1.1 Corporate Profile

Pengurusan Aset Air Berhad (PAAB) is a wholly owned company of the Minister of Finance Inc., incorporated on 5 May 2006 with the objective of being the holding company for the nation's water assets.

PAAB forms part of the Government's efforts to restructure the water services industry in the country to achieve better efficiency and quality, as well as to ensure sustainability of the industry.

Our main responsibility is to develop the nation's water infrastructure in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan, in line with Water Services Industry Act 2006 (Act 655) and Concurrent List of Federal Constitution.

We are tasked with the following objectives:

- Construct, refurbish, improve, upgrade, maintain and repair water infrastructure and all other assets in relation to the water system.
- Source and obtain competitive financing for the development of the nation's water assets and lease such asset to the water operators licensed by Suruhanjaya Perkhidmatan Air Negara (SPAN) for operations and maintenance.
- Assist Federal Government to restructure the nation's water industry towards achieving the Government's vision for efficient and quality water services.

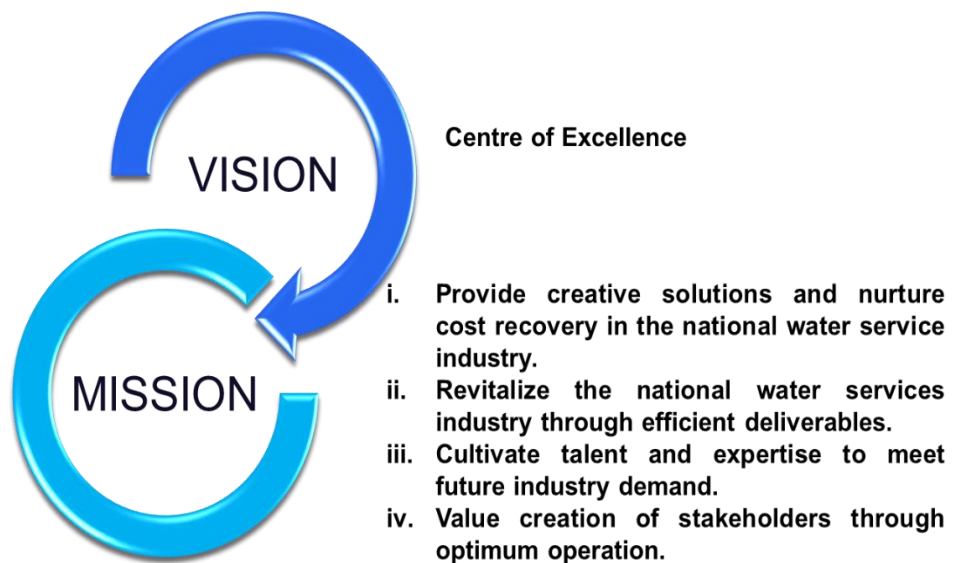


Since its operation, PAAB has been entrusted with the implementation of 754 projects with estimated value of RM10.389 billion. As at 31 December 2020, 619 projects amounting to RM3.353 billion has been successfully completed. The volume of project is expected to grow in the future with new states entering into migration agreements with PAAB and increasing water demand.

Summary of status of project implementation as at 31 December 2020 as per table below:

STATE	APPROVED BY PAAB		AWARDED PROJECTS		COMPLETED PROJECTS		ONGOING PROJECTS	
	NO. OF PROJECTS	VALUE (RM MIL)	NO. OF PROJECTS	VALUE (RM MIL)	NO. OF PROJECTS	VALUE (RM MIL)	NO. OF PROJECTS	VALUE (RM MIL)
JOHOR	415	3,635.41	384	1,553.01	344	885.69	40	667.32
MELAKA	95	734.21	90	575.69	87	476.43	3	99.26
NEGERI SEMBILAN	178	916.93	160	475.69	158	431.09	2	44.60
PERAK	5	152.95	5	136.70	1	21.74	4	114.96
KELANTAN	37	418.86	22	46.37	20	21.52	2	24.85
SELANGOR	24	4,530.64	23	2,498.02	9	1,516.73	14	981.29
TOTAL	754	10,389.00	684	5,285.48	619	3,353.20	65	1,932.28

## 1.2 Vision, Mission and Key Result Area



### Mission Statement

**Provide creative solutions and nurture cost recovery in the national water service industry.**

- Recognising the challenges faced by the national water services industry, PAAB would strive to provide tailored creative solutions to help nurture cost recovery in the national water services industry.

**Revitalise the national water services industry through efficient deliverables.**

- PAAB is committed towards provision of efficient deliverables to its stakeholders which in turn, would help to revitalize the national water services industry.

**Cultivate talent and expertise to meet future industry demand.**

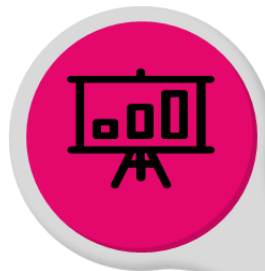
- PAAB endeavours to attract, cultivate, and retain the right talent, expertise and skillset to drive PAAB towards fulfilling the prevalent aspiration of the national water services industry.

**Value creation of stakeholders through optimum operation.**

- In cognizant of the various challenges and limitations faced by PAAB, it is critical to ensure PAAB creates value to its stakeholders by allocating the right balance of resources.

### **SUSTAINABLE FINANCIAL POSITION**

Ensures long term capability of PAAB to play its mandated roles in national water industry restructuring exercise.



### **COMPETENT HUMAN CAPITAL**

Ensures our people are equipped with the right skillset to drive PAAB towards fulfilling the prevalent aspiration of the national water service industry.



### **KEY RESULT AREA**

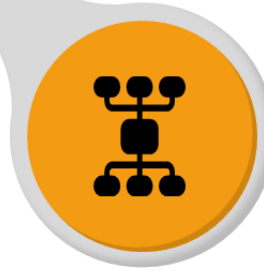
### **EFFICIENT DELIVERABLE**

Support the Federal Government's agenda in improving the national water services industry.



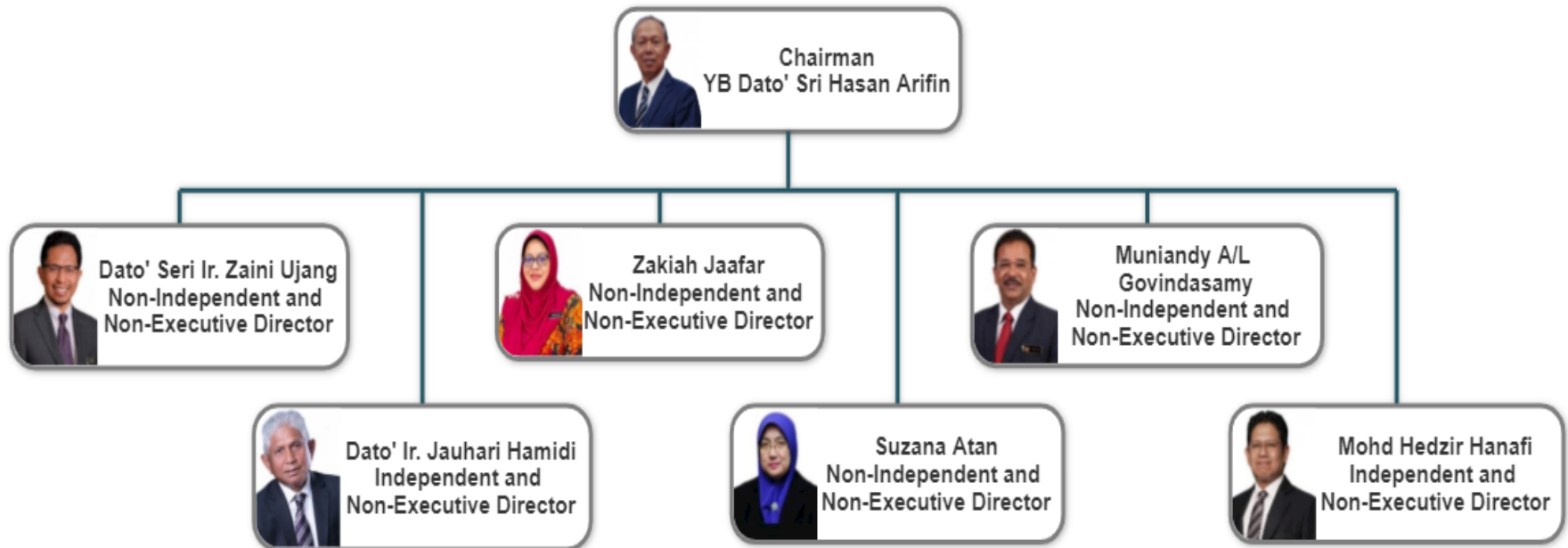
### **OPTIMUM BUSINESS PROCESS**

Ensures optimal allocation of the Company's resources.



### 1.3 Organisational Chart

#### Board of Directors



## Executive Leadership










## 1.4 Requirement for OACP Development

Based on the definition of corruption from Malaysian Anti-Corruption Commission (MACC), corruption is the act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task or otherwise in relation to his/her job description. On 08th June 2018, Malaysia's 7th Prime Minister decided that a comprehensive anti-corruption plan must be developed immediately in order to address corruption-related issues in Malaysia. As a result, the National Anti-Corruption Plan (NACP) was created.



NACP is a national policy on corruption prevention which focuses on governance, integrity and anti-corruption elements. It was launched on 29 January 2019 by the YAB Tun. Dr. Mahathir bin Mohamad, Prime Minister of Malaysia. The vision of NACP is to create a nation free from corruption through 3 missions, 3 goals, 6 priority areas, 6 strategy and 115 initiatives.

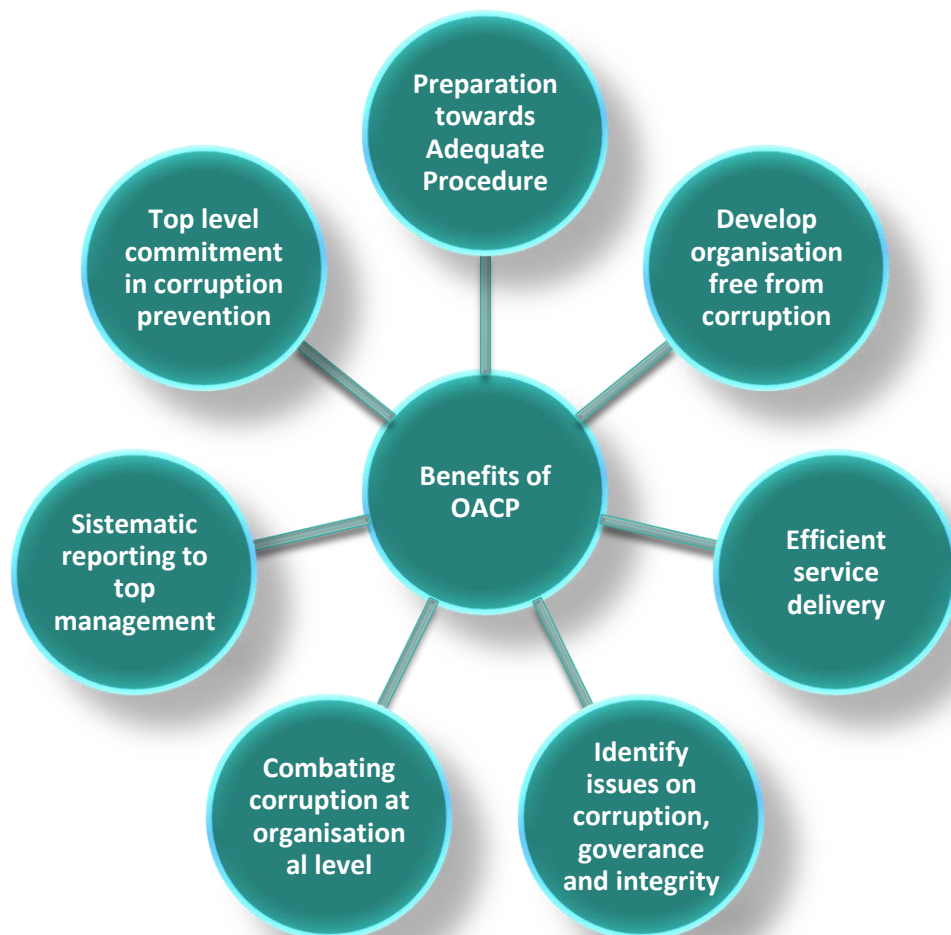
### NACP framework.

<b>VISION</b>	 <b>Towards a Corrupt-Free Nation</b>					
<b>MISSIONS</b>	To Uphold The Rule of Law      To Improve Government Efficiency, Transparency and Accountability Based on Good Governance      To Create Clean Business Environment					
<b>GOALS</b>	Accountability and Credibility of Judiciary, Prosecution and Law Enforcement Agencies      Efficient and Responsive in Public Service Delivery      Integrity in Business					
<b>PRIORITY AREAS</b>	 Political Governance	 Public Sector Administration	 Public Procurement	 Legal and Judicial	 Law Enforcement	 Corporate Governance
<b>STRATEGIES</b>	Strengthening Political Integrity and Accountability	Strengthening the Effectiveness of Public Service Delivery	Increasing the Efficiency and Transparency in Public Procurement	Enhancing the Credibility of Legal and Judicial System	Institutionalising the Credibility of Law Enforcement Agencies	Inculcating Good Governance in Corporate Entity





Establishment of Organisational Anti-Corruption Plan (OACP) is made **mandatory** via Prime Minister Instruction Series 2, No. 1 Year 2019 on Enhancement of Governance, Integrity and Anti-Corruption - Implementation of NACP. The intention of OACP is to overcome issues and weakness in governance, integrity and anti-corruption within organization business areas and activities. The OACP shall be established in collaboration with the Malaysian Anti-Corruption Commission (MACC) and Malaysian Institute of Integrity (MII).





## 1.5 Ikrar Bebas Rasuah (IBR)

On 13 December 2017 and 22 February 2018, all employees of PAAB took pledge and signed '*Ikrar Bebas Rasuah*' (IBR). It is a sign of commitment and promise to perform duties with high integrity, free from corruption and abuse of power. The event took place at Songket Ballroom, Silka Maytower Kuala Lumpur. IBR was led by PAAB Chief Executive Officer, Mahadzir Mustafa and witnessed by Director of the MACC (Federal Territory), Razaliah Abdul Rahman and PAAB Chairman, Tan Sri Tajol Rosli Mohd Ghazali.

This IBR demonstrates PAAB's commitment to strengthen ethics and integrity in business operation. IBR reaffirmed the principle of working with integrity and served as a reminder to all employees to avoid corruption. By signing the IBR, it sends a message to the community that the responsibility to eradicate and combat corruption is not solely the responsibility of MACC; rather, it is shared with everyone.



## 1.6 Corruption Risk Management (CRM) Workshop

For the purpose of CRM development, a workshop was conducted from 27 to 29 July 2020. The workshop was facilitated by MACC officers and attended by representatives from all departments. Pursuant to the workshop, series of reviews were conducted at divisional and Senior Management level. In addition, input from MACC was obtained and incorporated accordingly.

Based on the assessment conducted, a total of 62 risks were identified. Pursuant to the assessment, 61 additional controls were proposed under CRM Plan. The CRM Plan was approved by PAAB Board of Directors in December 2020 and shall be monitored every six (6) months to ensure the controls proposed in the CRM Plan are implemented.

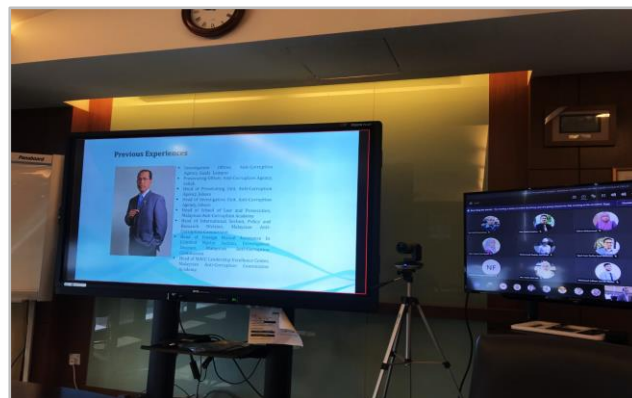




## 1.7 Talk on ‘Kesedaran Kesalahan Rasuah dan Liabiliti Korporat’ Series 1 & 2

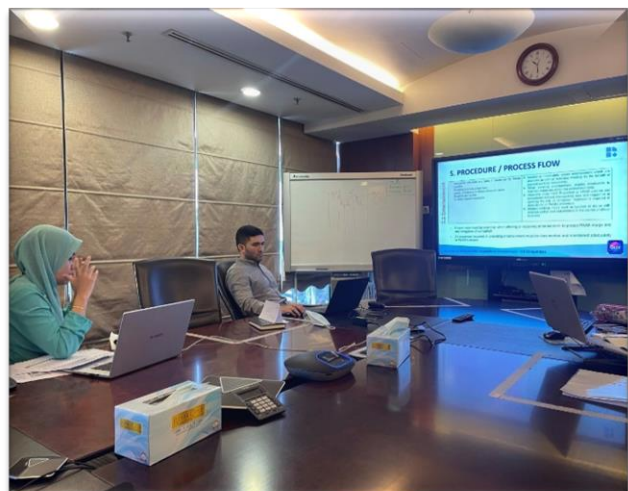
Talk on ‘Kesedaran Kesalahan Rasuah dan Liabiliti Korporat’ was held on 12 October 2020 and 8 March 2021. A total of 83 employees attended the first session in-person (Hall 25, Hall 25M and Meeting Room 1&2). The three-hour talk was delivered by MACC Officer – Mr Pang Mai Teck. The second session was attended by 140 employees via virtual (Microsoft Teams). The talk was delivered by Dr. Azmi Hj. Mohd, a Retired Senior Assistant Commissioner, MACC.

Both sessions aimed to create awareness on corrupt practices and its implication to the company. During the session, in-depth explanation on Section 17A of Malaysian Anti-Corruption Commission Act 2009 was given. The sessions were interactive session, whereby employees were allowed to raise question for better understanding. In addition, assessment was also carried out using polls and quizzes to gauge employee’s understanding.



## 1.8 Awareness Talk on Policy for Whistleblowing and Policy for Gift, Entertainment & Hospitality (GEH)

Pursuant to the approval of Policy for Whistleblowing and Policy for Gift, Entertainment & Hospitality, IGD has conducted awareness talk on 9 and 15 April 2021 to promote and give better understanding to all PAAB employees regarding the new policy. The talk was conducted via virtual (Microsoft Team). Attendance was made compulsory for all PAAB employees. During the sessions, IGOs delivered the talk, while HIGD addressed questions raised by the employees. During the talk, questions related to the policy was given to measure employee's understanding of the policy.





## 1.9 Organisational Anti-Corruption Plan (OACP) Workshop

Five (5) OACP Committee Members successfully completed OACP training from 22 to 25 February 2021 with MACC. Pursuant to the training, IGD together with OACP Committee Members organized PAAB ACP Workshop as continuance to Corruption Risk Management (CRM) Workshop held in July 2020. The workshop was held from 6 to 8 April 2021.

Group discussion was carried out based on five (5) key process areas namely; Project Management; Procurement Management; Finance, Corporate Services; and Governance & Human Resource. The three-day workshop focused on data analysis, risk assessment and development of action plan or initiative to address rooms of improvement in integrity, governance and anti-corruption. Senior Management attended the first day of the workshop session, portraying management support in the development of PAAB ACP.



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## 1.10 Implementation of Integrity and Governance Policy

PAAB is committed to carry out its business in accordance with high standards of professionalism, honesty, integrity and ethics. In portraying this commitment, PAAB establishes referral policies and guidelines as binding rules which guide our conduct toward our business partners, colleagues, stakeholders and the general public for an orderly business operation apart from ensuring that integrity is maintained.

In accordance with established requirements under MACC Act 2009 (Act 694), Section 17A – Offence by Commercial Organization (Corporate Liability) and Malaysian Whistleblower Protection Act 2010 (Act 711), PAAB has taken an important step forward by establishing two (2) policies: Gift, Entertainment & Hospitality Policy and Whistleblowing Policy. Main objectives of these policies are to enhance corporate governance by facilitating and encouraging disclosure of any misconduct within PAAB and guidance in recognizing and dealing with different forms of Gifts, Entertainment and Hospitality which may lead to corruption.

PAAB adopts zero tolerance to any forms of bribery and corruption. In ensuring organisation operating in environment free from bribery and corruption, Policy for Anti-Bribery and Corruption (ABC) is established. This policy demonstrates PAAB's commitment in prevention of corrupt practices and protects PAAB against negative perception.

In order to create an ethical and integrity working environment, PAAB provides guidelines on how employees are expected to conduct themselves. Code of Conduct and Business Ethics (COBE) is developed to serve as the primary guideline for all employees. This Code emphasizes and advances the principles of discipline, good conduct, integrity and professionalism as part of PAAB corporate image apart from ensuring PAAB's success and well-being.

## **CHAPTER 2 :**

# **ISSUES AND CHALLENGES IN COMBATING CORRUPTION**

### **2.1 Issues and Challenges**

### **2.2 Key Challenges**

#### **2.2.1 Abuse of Power**

#### **2.2.2 Lack of Internal Control**

#### **2.2.3 Difficulties in Detecting Corrupt Practices and Malpractices**

#### **2.2.4 Punishment is More Lenient and Inconsistent**

#### **2.2.5 Lack of Ethical Practices**

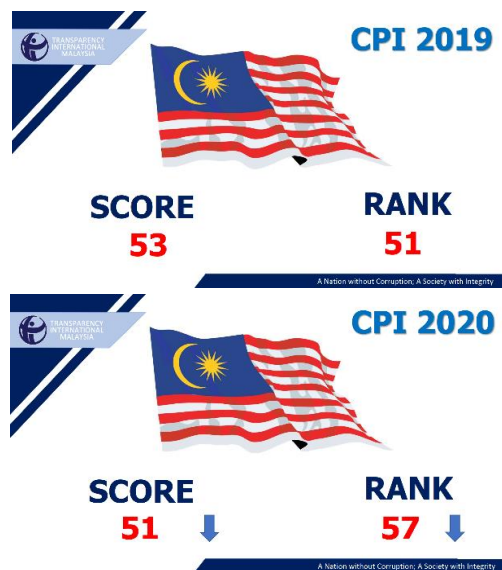
#### **2.2.6 Political Interference in Organisation Operation**

#### **2.2.7 Governance Issues**

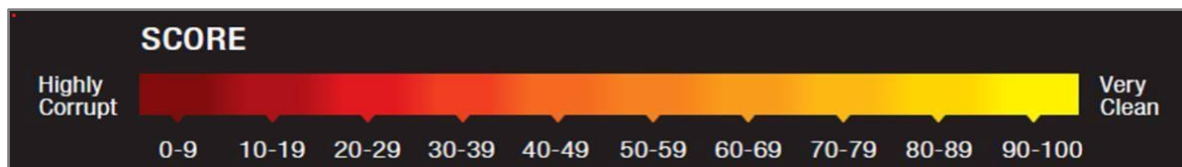
### **2.3 Factor of Corruption in Organisation**

### **2.4 Scenario for Future Planning**

## 2.1 Issues and Challenges

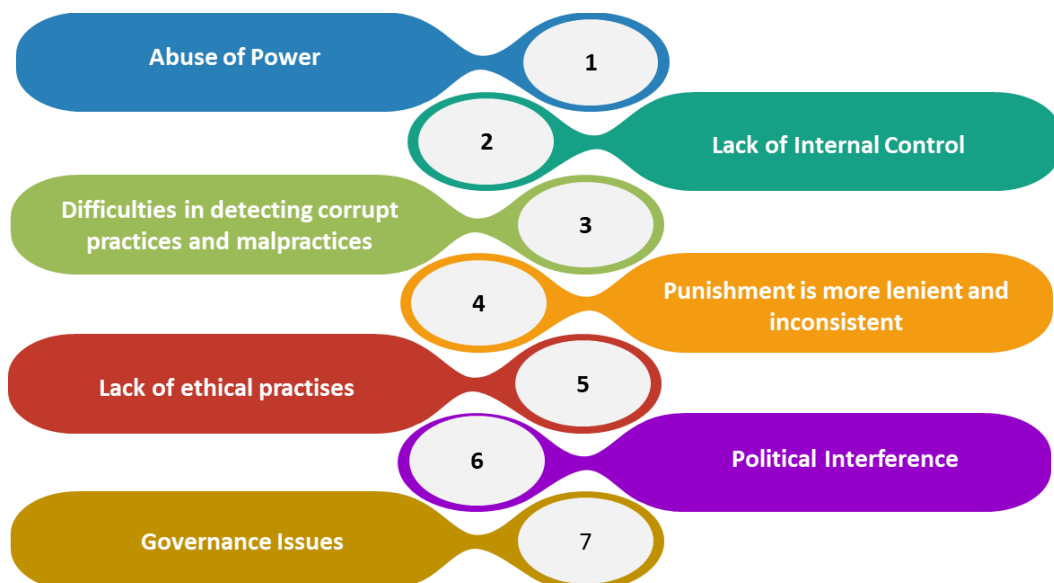


According to Transparency International Malaysia's Corruption Perception Index (CPI) Report for 2020, which was released on 28 January 2021, Malaysia is ranked 57th among ASEAN countries, dropped by 6 ranks compared to 51st back in 2019. For year 2020, Malaysia received a CPI score of 51 out of 100. This index focuses on elements of corruption in the public sector, as well as politician's involvement for personal gain.



Considering the phenomenon of corruption at national level, PAAB must increase efforts to combat corruption and to ensure that services are delivered ethically with high level of integrity.

Among key challenges faced by any organisation in fighting corruption are:





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## **2.2 Key Challenges**

### **2.2.1 Abuse of Power**

A bureaucratic system within an organisation that indirectly provides gaps in processes and opportunities for individuals at various levels to take advantage. It occurs when management process requires an individual involved to go through various channels and complicated process, causing the individual to take a shortcut by providing any form of gratification in return for the action. Abuse of power takes place when an individual in authority misuse power bestowed upon them and commit an unlawful act for personal gains or other reasons.

### **2.2.2 Lack of Internal Control**

Internal controls are an important part of a business and lack of internal controls can lead to devastating consequences for an organisation. Lack of monitoring and enforcement by respective departments within organisation is one of the reasons corruptions is still prevalent. In addition, policies and procedures need to be periodically reviewed to ensure their relevance and effectiveness.

### **2.2.3 Difficulties in Detecting Corrupt Practices and Malpractices**

Organisations have a difficult time identifying corrupt practices or malpractices as it is common that people are reluctant to report such incident due to hesitation or fear to report to the relevant authorities. Furthermore, there is lack of awareness on existing complaint channel.

### **2.2.4 Punishment is More Lenient and Inconsistent**

Existing penalties for corruption under MACC Act 2009 (Act 694) is punishable by imprisonment not exceeding 20 years while Anti-Corruption Act 1997 (Act 575) dictates imprisonment for a term not less than 14 days and not more than 20 years. Comparing the two Acts, MACC Act 2009 (Act 694) does not specify any minimum imprisonment and it can be construed that corruption offenders may not be facing any imprisonment.

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At organisation level, respective department must take punitive action for every violation to the code of conduct or wrongdoings. Lack of punitive action may result to such offence being extensively practised and accepted as norm. Organisations need to take appropriate punitive action as it sends a message to employees that such action is not tolerated.

#### **2.2.5 Lack of Ethical Practices**

Lack of ethics has a negative effect on employee performance. In some cases, employees are so concerned with getting ahead and making money that they ignore the organisation's policies and procedures. Unethical behaviour in workplace may potentially cause loss of trust among employees. When lack of ethics in practices of an organisation becomes public knowledge, the organisation may lose its credibility.

#### **2.2.6 Political Interference in Organisation Operation**

Running a business can be a challenging task. During the course of implementing large scale project, many things can go wrong, resulting in cost and time overruns as well as poor outcomes. Political interference in organisation operation is one of most difficult issues to be resolve.

Based on NACP, politicians have mostly interfered in administrative and financial matters to serve their own interests at the expense of organisation. Such political interference occurs during decision-making process commonly leading to deviation from established policies and procedures. Implications of such deviation are such as poor quality of deliverables, financial loss and diminishes trust.

Some of common interference are such as during tender award, employee recruitment and law enforcement, whereby at times decisions made based on political interest. Without political interference, organisation would be able to operate their business based on industry best interest in mind.

### 2.2.7 Governance Issues

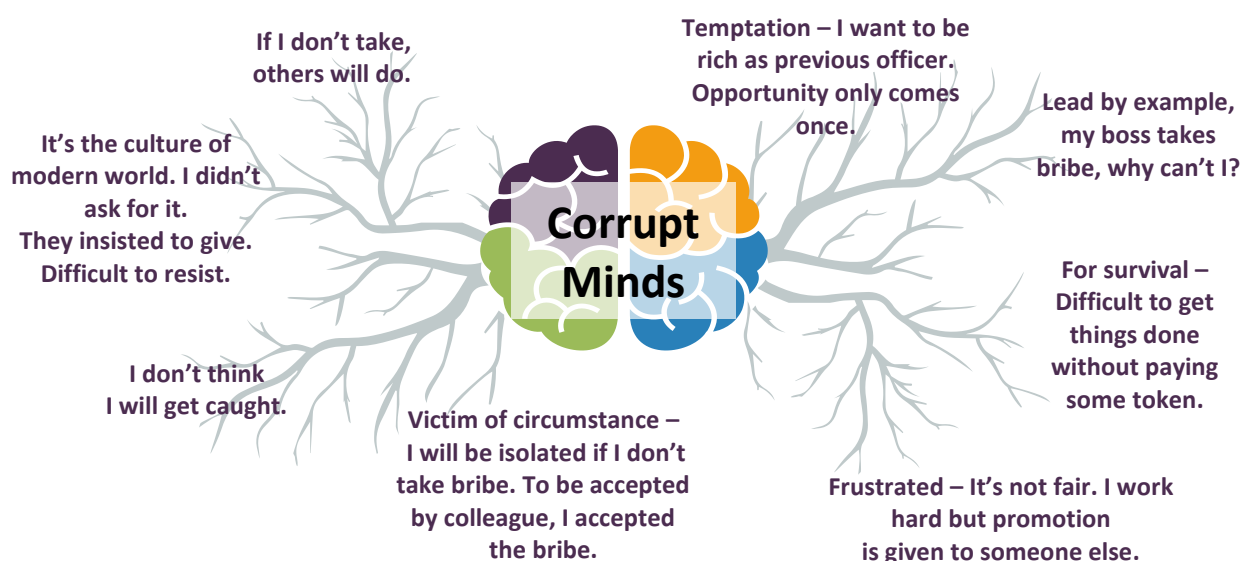
In any sector, good governance can improve honesty, transparency, accountability and trust in the organisation. Any financial leakages and non-compliance with policies and procedures must be addressed as soon as possible to reduce risk of fraud and corruption.

Weakness in governance occurs when there is lack of commitment from top management, gaps in internal control, poor implementation, monitoring and review of referral policies and procedures. Such weakness creates opportunity for corruption to take place which will ruin reputation and potentially lead to financial loss.

## 2.3 Factors Contributing to Corruption within Organisation

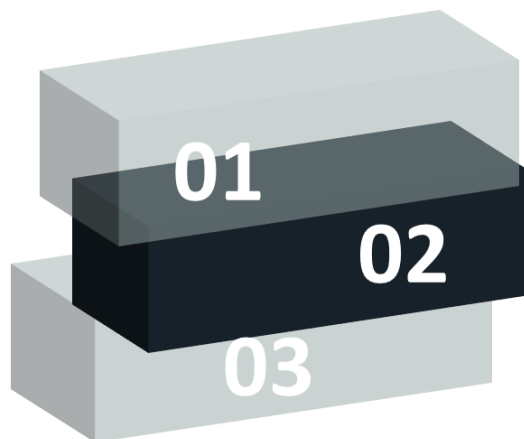
Corruption may occur at all levels regardless of status or position of giver or receiver. Corruption may happen when an individual lacks integrity, provided with opportunity and has the power to conduct such an act.

Based on a study by MACC, most corrupt practices they are driven by greed, thirst for luxury lifestyle, lack of responsibility and betrayal of trust.



## 2.4 Scenarios for Future Planning

### Importance of Scenario Planning



————— A tool for identifying opportunities and threats

————— An important risk management instruments

————— A warning indicator against unexpected results

### Future Scenario

It is a foreshadowing of potential future corruption scenarios after launching of OACP. There are four (4) key scenarios for predicting what might happen in the future.

01	CONTINUATION	A future whereby the success obtained through implementation of the Anti-Corruption Plan is not sustainable and the status quo persists.
02	LIMITATION	A future whereby the vision outlined in the Anti-Corruption Plan cannot be fully realised due to internal and environment limitations.
03	GROWTH	A future whereby introduction of Anti-Corruption Plan has resulted to transformation towards a more ethical nation upholding high integrity and values.
04	DECLINE & COLLAPSE	A (bleak) future where corruption is the norm and major social systems are strained beyond the breaking point.

	Project Management	Procurement Management	Finance	Corporate Services	Governance & Human Resource
<b>S1</b>	Corruption and abuse of power continues to occur as a result of personal interest/conflicts	Leakage of information or money management via procurement methods such as direct negotiation and instruction from specific parties	Information or money leakage due to non-competitive investment, lack of specific guidelines governing company finances	Lack of integrity and internal control elements for the implementation of policy and procedure allowing for gaps and opportunity for corruption to take place	Organisation prioritise outputs and outcomes while placing little emphasis on the element of integrity in policy implementation
<b>S2</b>	Lack of commitment and communication of company's procedures or guidelines	Violations of integrity in procurement process due to manipulation of policies and information by interested parties	Interested parties manipulates policies and procedures leading to violations of integrity in financial processes	Non-compliance and interference in business operation	Integrity in workplace is not prioritized and existing system has not undergone any positive changes in term of improving service quality
<b>S3</b>	A strong and cohesive governance framework that limits interference from interested parties	Procurement is managed transparently and efficiently as officers involved has high integrity and limited interference	Financial management is implemented well and effectively when internal control is strengthened and adequate financial resources are available	Strengthening of policy / guideline related to conflict of interest to make decision-making more transparent	Strengthening of organizational structure and resources resulted in the development of good governance practices
<b>S4</b>	Abuse of power by politicians in positions of authority over organisation is becoming increasingly common	Abuse of power in performing procurement duties as a result of weaknesses in internal controls and interested party's intervention	Weak enforcement has resulted in an increase in corrupt practices and legal violations in financial management	Weak enforcement led to an increase in corrupt practices and violations of law resulting in bad reputation	Employee apathy, interested party's intervention and outdated policies and procedures have contributed to poor governance

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## **CHAPTER 3 :**

# **DATA ANALYSIS AND RISK IDENTIFICATION**

**3.1 Data Collection**

**3.2 Data Analysis**

**3.3 Risk Areas**

### 3.1 Data Collection

#### Quantitative Data

01

Refers to internal and external statistics such as:

1. Disciplinary Record.
2. Corruption Risk Management (CRM).
3. MACC Report.
4. Complaints received by PAAB.



02

#### Qualitative Data

Refers to information gathered from survey or findings:

1. Customer Satisfaction Survey.
2. Employee Satisfaction Survey.
3. Internal Audit Report.
4. External Audit Report.
5. Corporate Virtue and Integrity Assessment.
6. Workshop / Brainstorming.

### 3.2 Data Analysis

In identifying risks related to governance, integrity and anti-corruption in PAAB that may affect business operation and reputation, data analysis was carried out. Among data observed are:

#### Quantitative Data : Disciplinary Record from year 2015 to year 2021.

- Only one (1) case potentially related to corruption in PAAB has been identified from 2015 until 2021. This case involved accusation of fraudulent claim.
- For the period, there were nine (9) governance related cases, generally relates to absenteeism.
- There was only one (1) case involving integrity from 2015 until 2021.





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### Qualitative Data : Audit Report and Survey Outcomes

- Internal audit report is a report prepared by Internal Audit Department based on audit activities carried out either as per Annual Audit Plan or on ad-hoc basis. This report covers issues related to integrity and governance.
- Customer Satisfaction Survey was conducted by Risk Management & Quality Assurance Department on an annual basis.
- Other survey outcome studied are Employee Satisfaction Survey and Corporate Virtue Integrity Assessment.
- Based on analysis conducted, it was found that compliance issues and weakness in governance are more common than corruption issues.
- Findings from the above sources were discussed and deliberated during OACP workshop to identify gaps in internal control and look out for improvement in governance and integrity for each business process.

There has been no case or allegation made by MACC to any of PAAB's employee or Board of Director (BOD) with regard to corrupt practices.

Since PAAB does not have actual data on corruption matters, PAAB ACP has been prepared based on proactive and preventive to minimise the potential of corruption from occurring in PAAB.

## Customer Satisfaction Survey

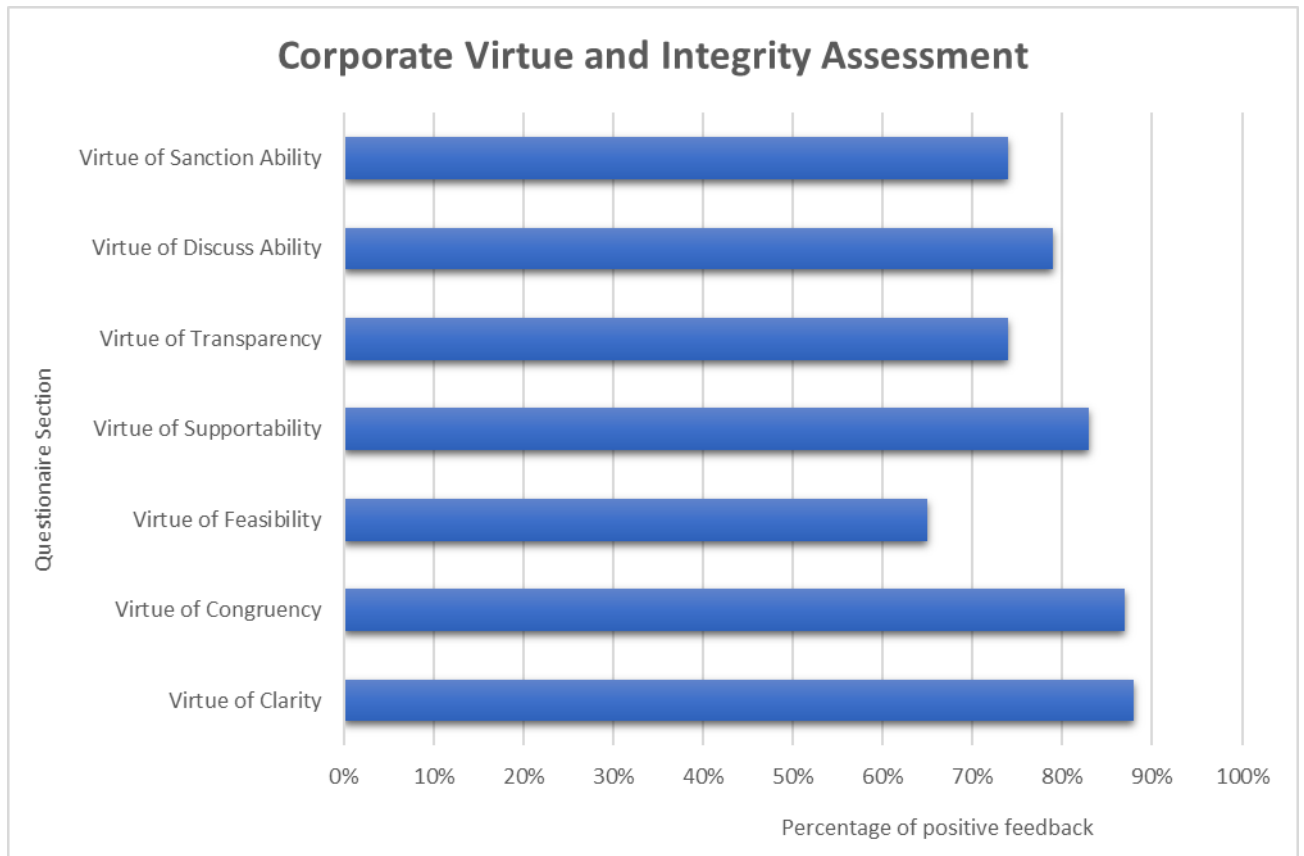
- Questionnaires were distributed to Water Operators to assess overall services of PAAB. The questionnaire covers 20 questions whereby performance is evaluated using five (5) criteria: -
  - ✚ 1 – Not Acceptable.
  - ✚ 2 – Poor.
  - ✚ 3 – Satisfactory.
  - ✚ 4 – Good.
  - ✚ 5 – Excellent.
- On average, PAAB performance evaluation scoring for year 2020 is 71% in which feedback received generally ranges between satisfactory and good criteria.
- Based on the outcome, performance improvement needs to focus on meeting work schedule. Common challenges in meeting work schedule include, but not limited to authority approval and changes in scope of work. Project Delivery Committee (PDC) has been established to address issues related to project management.



### Corporate Virtue and Integrity Assessment

- Corporate Virtue and Integrity Assessment was conducted using survey method. The survey was conducted from 22 October 2020 to 02 November 2020. There were 55 questions based on 7 sections:

Sections	Details
Section 1: Virtue of Clarity	<ul style="list-style-type: none"><li>• The ethical standards employees uphold</li></ul>
Section 2: Virtue of Congruency	<ul style="list-style-type: none"><li>• Amounts to the moral requirement that managers should visibly act in accordance with normative expectations</li></ul>
Section 3: Virtue of Feasibility	<ul style="list-style-type: none"><li>• Employees' responsibilities are feasible</li></ul>
Section 4: Virtue of Supportability	<ul style="list-style-type: none"><li>• Represent the extent to which organizations support ethical conduct of employees</li></ul>
Section 5: Virtue of Transparency	<ul style="list-style-type: none"><li>• Managers are able to observe unethical conduct and its consequences of employees while employees are able to observe unethical conduct and its consequences among themselves</li></ul>
Section 6: Virtue of Discuss Ability	<ul style="list-style-type: none"><li>• Employees are expected to report perceived transgressions thus, their work environment should be experienced as a secure place where moral issues can be raised without fear of being victimized.</li></ul>
Section 7: Virtue of Sanction Ability	<ul style="list-style-type: none"><li>• Employees being punished for behaving unethically and rewarded for being ethically.</li></ul>



- Based on the assessment, it is observed that potential area for improvement is feasibility of employee responsibilities.
- In general, majority agreed that PAAB provides clear ethical standard, management act morally and within normative expectation and PAAB support ethical conduct of the employees.

### 3.3 Risk Areas

Identification of risk area within business process is crucial to ensure issues can be resolved adequately and prevention measures are sufficient. When issues are proactively address, it promotes efficient deliverables and continuous improvement.

PAAB business processes are categorized based on five (5) key activities; Project Management, Procurement Management, Finance, Corporate Services and Governance & Human Resource.

<b>PROJECT MANAGEMENT</b> Project management involves several processes such as project approval, budget monitoring, land acquisition, pre-development work, authority approval, supervision, construction and many more. Among common concerns are the ability to meet project objective within stipulated cost and timeline.	<b>PROCUREMENT MANAGEMENT</b> Refers to PAAB's purchase of goods and services. PAAB must perform its duties efficiently in the public interest due to the large financial and allocation involved. Procurement is one of area prone to corruption and most like to face interference from interested parties.	<b>FINANCE</b> In finance, risk refers to the degree of uncertainty and/or potential financial loss for example during investment decision or payment processes. In this area, proper check and balance process must be in place to ensure PAAB is protected against any form of fraud or corruption.
<b>CORPORATE SERVICES</b> This area focuses on data security and integrity; reputational risk associated with corporate and social obligation; and overall management of PAAB's referral policies and guidelines.	<b>GOVERNANCE &amp; HUMAN RESOURCE</b> Governance provides mechanism for check and balance to ensure PAAB is operating at optimum and in compliance with all necessary requirement. While Human Resource and Administration focusses on development of human capital and management of PAAB asset.	

Quantitative and qualitative analysis on available data suggest there are rooms for improvement to further reduce gap and weakness related to corruption, governance and integrity within business processes. Addressing the concern now would protect PAAB from any potential harm or irreversible effect in the future.

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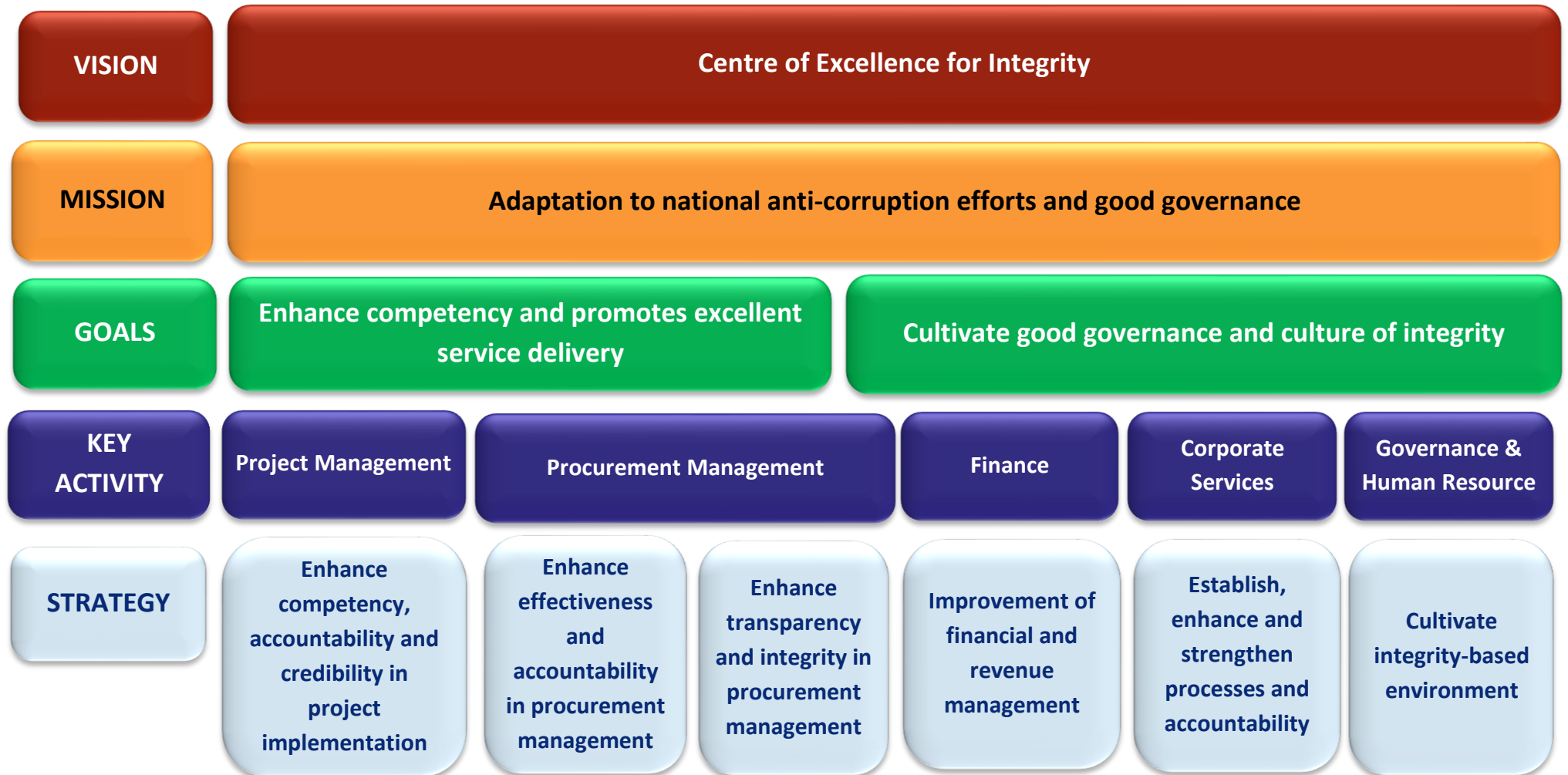
# **CHAPTER 4 :**

## **INTENSIFY ANTI-CORRUPTION EFFORTS**

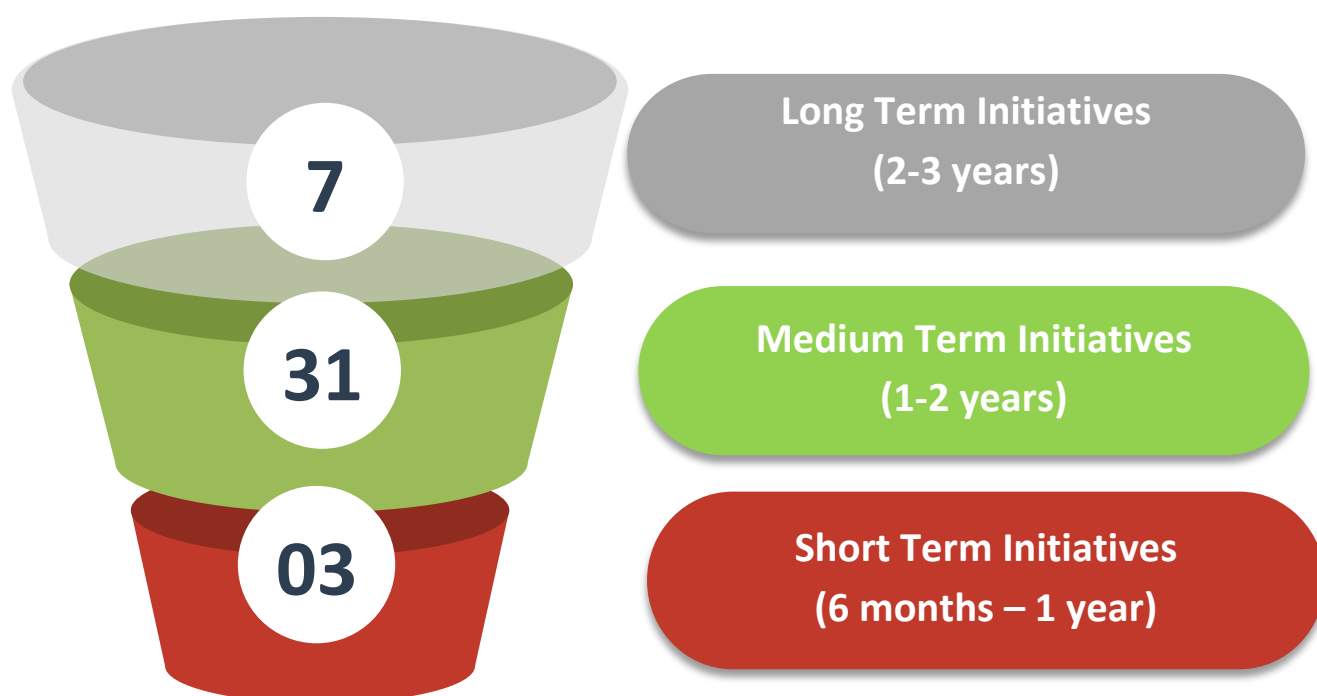
**7.1 PAAB ACP Framework**

**7.2 About PAAB ACP Framework**

#### 4.1 Overall Framework



## 4.2 About PAAB ACP Framework





NO	KEY ACTIVITY	STRATEGIC OBJECTIVE	ACTION PLAN / INITIATIVES
1	Project Management	1	4
2	Procurement Management	2	15
3	Finance	1	7
4	Corporate Services	1	5
5	Governance & Human Resource	2	10
Total		7	41



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## **CHAPTER 5 :**

# **ACTION PLAN AND INITIATIVES**

- 8.1 Strategy, Strategic Objective and Initiatives**
- 8.2 Accountable**
- 8.3 Timeline**

## 5.1 Strategy, Strategic Objective and Initiatives

### Key Activity: Project Management

**Strategy 1:** Enhance competency, accountability and credibility in project implementation

**Strategic Objective:** Implement and deliver project efficiently, with quality and cost effective

Ref.	Initiatives	Department	Timeline
1.1	Conduct stakeholder engagement for issue management.	COO's Office	1 year Jan 2022 - Dec 2023
1.2	Conduct port-mortem on completed project.	PMD, SPD, FPD	1 year 3 months Jan 2022 - Mar 2023
1.3	Enhance Guideline for Project Management Division Work Flow Manual to reduce weakness in governance, integrity and anti-corruption.	PMD	1 year 3 months Oct 2021 - Dec 2022
1.4	Ensure Contractor / Consultant Performance Assessment is conducted consistently and more accurately / transparent.	PMD, SPD	1 year Oct 2021 - Sept 2022

## Key Activity: Procurement Management

**Strategy 2:** Enhance effectiveness and accountability in procurement management

**Strategic Objective:** Strengthen procurement framework

Ref.	Initiatives	Department	Timeline
2.1	Establish guideline on due diligence prior to engagement.	TED	1 year Jan 2022 - Dec 2022
2.2	Enhancement in management of confidential information.	COMD	1 year Jan 2022 - Dec 2022
2.3	Enhance check and balance in verification of documents.	CD	1 year 3 months Oct 2021 - Dec 2022
2.4	Enhance knowledge and skills in procurement management.	COMD	1 year 3 months Oct 2021 - Dec 2022
2.5	Establish referral guideline on how to address letters of support in tender process.	TED	1 year 3 months Oct 2021 - Dec 2022
2.6	Enhancement of Integrity Pact in evaluation and decision-making process.	TED	1 year 3 months Oct 2021 - Dec 2022
2.7	Establish "Do's and Don'ts" guidelines for consultant and PAAB employees.	COMD	1 year 3 months Oct 2021 - Sept 2022
2.8	Enhance checklist for approval on procurement (OPEX).	PD	1 year Jan 2022 - Dec 2022

## Key Activity: Procurement Management

**Strategy 3:** Enhance transparency and integrity in procurement management.

**Strategic Objective:** Improve monitoring and compliance to the existing policies and procedures

Ref.	Initiatives	Department	Timeline
3.1	Enhancement of Procurement Manual and promotion of awareness on procurement process	COMD	1 year 3 months Oct 2021 - Dec 2022
3.2	Enhancement of restricted access for Evaluation Room.	ADMIN	1 year Oct 2021 - Sept 2022
3.3	Expand on the implementation of e-procurement.	PD	2 years 6 months Jan 2022 – June 2024
3.4	Monitoring on the procurement of supply and services.	PD	1 year Jan 2022 - Dec 2022
3.5	Provide adequate tender box.	TSD	9 months Oct 2021 – June 2022
3.6	Review of LOA (new projects) for potential incorporation of Corporate Liability requirement.	TED	1 year Jan 2022 – Dec 2022
3.7	Establish integrity kit to vendor.	IGD	1 year Jan 2022 - Dec 2022

## Key Activity: Finance

### Strategy 4: Improvement of financial and revenue management

#### Strategic Objective: Increase efficiency, transparency and compliance

Ref.	Initiatives	Department	Timeline
4.1	Review existing SOP (Accounts) to enhance control and check and balance for detection of fraudulent item.	AD	1 year Jan 2022 - Dec 2022
4.2	Quarterly reconciliation of Project cost vs Good Received and Invoice Received (GRIR) report.	AD	1 year Jan 2022 - Dec 2022
4.3	Preparation of Quarterly Accrual Report	AD	1 year Jan 2022 - Dec 2022
4.4	Enhancement and reinforcement of Discretionary Authority Limit (DAL)	AD	1 year 3 months Oct 2021 - Dec 2022
4.5	Enhance policy and procedure with Project Team on the current system and procedure in PRMS.	RMD	1 year Jan 2022 - Dec 2022
4.6	Implementation of robust system to monitor end to end project implementation to lease rental charging.	RMD	3 years Jan 2022 - Dec 2024
4.7	Enhancement of SOP for Investment.	TD	1 year 3 months Oct 2021 - Dec 2022

## Key Activity: Corporate Services

**Strategy 5:** Establish, enhance and strengthen processes and accountability

**Strategic Objective:** Ensure process effectiveness and compliance to procedures and legal requirements.

Ref.	Initiatives	Department	Timeline
5.1	Awareness on SOP for Corporate Communication Activities to key personnel.	CCD	1 year Jan 2022 - Dec 2022
5.2	Enhance existing Policy for Confidentiality and Personal Data Protection and conduct awareness on policy.	LD	1 year Jan 2022 - Dec 2022
5.3	Awareness on IT Data Security and Integrity.	ITD	2 years Jan 2022 - Dec 2023
5.4	Gear towards digitalization of processes and reporting (by Phase).	ITD	3 years Jan 2022 - Dec 2024
5.5	Systematic monitoring and updates of PAAB policies, procedure and guideline to ensure its relevant and effectiveness.	QA	2 years Jan 2022 - Dec 2023

## Key Activity: Governance & Human Resource

### Strategy 6: Cultivate integrity-based environment

#### Strategic Objective: Elevate employee integrity, accountability and competency

Ref.	Initiatives	Department	Timeline
6.1	Promotion of awareness on Human Resource Policies and Procedure.	HR	1 year 3 months Oct 2021 - Dec 2022
6.2	Enhance decisive punitive action, monitoring and supervision.	HR	1 year 3 months Oct 2021 - Dec 2022
6.3	Promote Awareness on the following during Employee Re-Orientation Programme: - Employee Discipline - Grievance Procedure	HR	1 year 3 months Oct 2021 - Dec 2022
6.4	Competency development in line with job requirements.	HR	2 years Jan 2022 - Dec 2023
6.5	Promotion of whistleblowing channel.	IGD	1 year 3 months Oct 2021 - Dec 2022
6.6	Promotion and enforcement of policies and procedures related to integrity, governance and anti-corruption.	IGD	9 months Oct 2021 - June 2022
6.7	Continuous implementation of integrity strengthening programmes.	IGD	9 months Oct 2021 - June 2022



## Key Activity: Governance & Human Resource

### Strategy 6: Cultivate integrity-based environment

#### Strategic Objective: Cultivate good governance

Ref.	Initiatives	Department	Timeline
7.1	Enhancement of performance evaluation for employee promotion for better transparency and fair.	HR	1 year 3 months Oct 2021 - Dec 2022
7.2	Establishment of procedure and implementation on job rotation	HR	2 year 3 months Oct 2021 - Dec 2023
7.3	Certification for MS ISO 37001 Anti-Bribery Management System.	IGD	1 year Apr 2022 - March 2023

## 5.2 Accountable

**41 initiatives proposed under the action plan shall be driven by 18 departments / divisions. Summary are as follows:**

No	Department / Division	No of Initiative
1	Account Department (AD)	4
2	Administration Department (Admin)	1
3	Corporate Communication Department (CCD)	1
4	Contract Department (CD)	1
5	Revenue Management Department (RMD)	2
6	Commercial Division (COMD)	4
7	Chief Operating Officer's Office (COO's Office)	1
8	Human Resources (HR)	6
9	Integrity & Governance Department (IGD)	5
10	Information Technology Department (ITD)	2
11	Legal Department (LD)	1
12	Operations (PMD, SPD, FPD)	2
13	Procurement Department (PD)	3
14	Project Management Division (PMD)	1
15	Quality Assurance (QA)	1
16	Treasury Department (TD)	1
17	Tender Evaluation Department (TED)	4
18	Tender Secretariat Department (TSD)	1
Total		41

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## **CHAPTER 6 :**

# **MONITORING AND EVALUATION**

**9.1    Monitoring Mechanism**

**9.2    Evaluation Mechanism**

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## 6.1 Monitoring Mechanism

Systematic monitoring and evaluation shall be implemented to ensure timely execution of action plan and adequacy in addressing any risk of corruption arising from weaknesses in governance structures, processes and procedures, as well as integrity strengthening, by ensuring:

- Any changes and amendment to the initiatives will be reviewed and approved on a yearly basis by PAAB's Board of Directors (BOD).
- HIGD is responsible for updating and tabulating progress of PAAB ACP initiative to PAAB Board of Directors (BOD) on a quarterly basis.
- Overall implementation of PAAB ACP is also updated on quarterly basis during Jawatankuasa Anti-Rasuah (JAR) Meeting at Ministry level.

Progress updates shall be periodically discuss at Board of Directors (BOD) level using available platform such as BOD meetings and ICC meetings. In addition, PAAB also participates in JAR meeting, whereby implementation of OACP is dicussed at high level.

Monitoring on the progress of action plan / initiatives shall also be deliberate at Division / Department Meeting and OACP Committee Meeting, as a medium to check and ensure proposed actions are executed on time and accordingly.

Surveys, routine audits and task forces are medium used on a regular basis to assess the performance, effectiveness and progress of the initiatives.

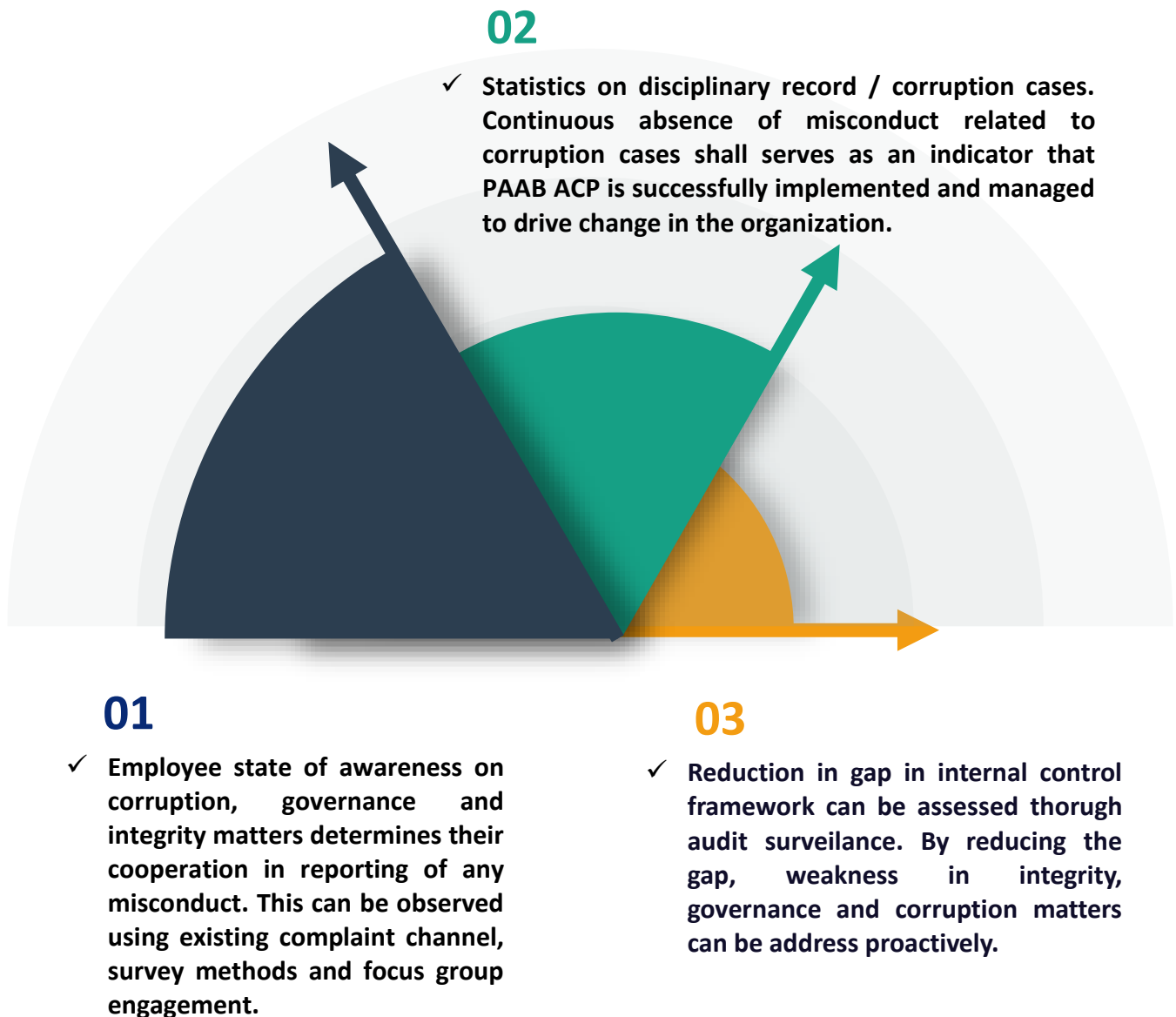
Each department/division shall play their role in ensuring continuity of PAAB ACP and ensure initiatives are implemented within the time frame.

Head of department/division updates IGD on the status of each initiatives on quarterly basis.

IGD as the Secretariat for OACP, shall monitor, assess and report on the status of implementation, effectiveness and incorporate suggestions for improvement during ICC meeting and BOD meeting.

## 6.2 Evaluation Mechanism

Evaluation process is important in order to assess the performance of every action taken in meeting the expectations and goals of PAAB. Assessment on action plan / initiatives shall be monitored consistently using the following mechanisms:



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# CHAPTER 7 :

## CONCLUSION

7.1 Conclusion

7.2 Appreciation

## 7.1 Conclusion



Managing corruption risk, enhancement of governance and integrity strengthening is the main focus of this ACP. Action plan outlined in the ACP promotes achievement of goals while maintaining integrity and adhering to legal requirements. PAAB ACP shall be implemented with precision and zeal to ensure that PAAB operates with high level of integrity and is free from corruption thus meeting the needs of our religion, government aspirations and public expectation.

PAAB ACP 2021-2024 strategy will ensure that anti-corruption efforts are streamlined among stakeholders, corporate entities, PAAB employees and parties with official relationship to PAAB. For the first time, a strategic plan covering governance, integrity, and anti-corruption issues is launched. PAAB is always committed to support the efforts by the Federal Government. PAAB ACP 2021–2024 is specifically designed to strengthen governance, integrity and anti-corruption in PAAB through 41 initiatives. This plan not only outlines a three-years vision for anti-corruption efforts and strengthening PAAB’s integrity, but it will also go beyond by upholding government aspiration in achieving a corruption-free nation.





In addition, this plan will be constantly monitored and periodically assessed to ensure action plan are executed adequately and in timely manner. Since ACP is a live document, any changes and updates can be made to ensure it is relevant and effective. PAAB is confident that ACP would drive positive change in PAAB, push the company forward and stand strong as an organisation with high integrity while contributing to the development of water service industry in Malaysia.

To summarise, moulding employees into people of integrity is a challenging task. However, integrity is important for realization of future success and harmony. Everyone must play their part and drive this change.





وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْنُوا بِهَا إِلَى الْحُكَّامِ لِيَأْكُلُوا فَرِيقًا مِّنْ أَمْوَالِ النَّاسِ بِالْإِثْمِ وَأَنْتُمْ تَعْلَمُونَ  
“Do not eat up one another’s property among yourselves by false means  
(unjustly) nor give bribery to the judges so that you may knowingly eat up a part  
of the property of others sinfully”  
(Al-Baqarah : 188)

## 7.2 Appreciation

Sincere gratitude and appreciation to:

### Malaysian Anti-Corruption Commission (MACC)



**Salwa binti Muharam**  
**Sorfina 'Izzati binti Mohd Said**  
**Mohamad Anis Redza bin Mohamad**  
**Anuar**

**Mohd Helmi Faiz Bin Ali**  
**Shani Mandu**

### Integrity and Compliance Committee

**Suzana Atan**  
**Zakiah Jaafar**

**Muniandy A/L Govindasamy**  
**Mohd Hedzir Hanafi**

### PAAB Management

**Abdul Hadi Ali, CEO**

**Zulkiflee Omar, COO**

**Ir. Zainal Nagin, Head of Facility &  
Planning Division**

**Mohamad Mohamad Nor, Head of  
Commercial Division**

**Hj. Kamaruddin Abdul Razak, Head of  
Special Projects Division**

**Mohd. Fauzi Omar, Head of Project  
Management Division**

**Rozaifee Abu Zaharim, Head of  
Finance & Treasury Division**

**Zulhayati Yahya, Head of Human Resource  
& Administration Division**

**Yuzaimi Abdullah, Head of IT  
Department**

**Mohd Jasri Basrah, Senior Manager,  
Strategy and Transformation Office**

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### OACP Committee

Azila Azhar  
Hani Hurainie Saidi  
Rohizan Mohamad

Siti Farah Husna Adam Sani  
Zubir Baharon

### OACP Secretariats

Nurafifah Islahiyyah Mohd Fazil  
Muhamad Adham Gul Bin Khalib  
Nor Aznira Abd Aziz

### OACP Workshop Participants:

Abdullah Azzam Mohd Norman  
Anwar Asyhraff bin Rosli  
Azman Mohd Ihsan  
Chandra Sekaran Ramasamy  
Farah Wahidah Mohd Shah  
Farha Mohd Kamil  
Fauziha Samuri  
Hafsah Hairuddin  
Ku Azman bin Raja Ali  
Mohd Azlee Abdullah  
Megat Kamaruzaman Abdul Karim  
Mohd Azran Razlan  
Mohd Faizal Ahmad Mahalli  
Muhammad Akhtar Abd Aziz  
Muhammad Fatahi bin Zolnuri  
N. Mat Shukri  
Nik Zulfaizan Nik Abd. Rahman  
Noraidah Ibrahim

Noor Ajmahin Jamiah Jalil  
Nor Idayu Omar  
Nor Syaniza Mustapa  
Norlida Mohd Ariff  
Noryati Zainal Abidin  
Nur Yumna Bazilah  
Nurul Nadia Shamshuddin  
Renee Anwar  
Rohaidah Bahariah  
Rosdin Roslee  
Sazlina Rosli  
Shamsunazaruddin Shah  
Sharina Abdullah  
Siti Farah Husna Adam Sani  
Siti Zakiah Mat Som  
Syed Amir Syed Mohmad  
Zamri Othman

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***“Look for 3 things in a person – intelligence, energy & integrity. If they don’t have the last one, don’t even bother with the first two”***

**W. Buffet**

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# *Autograph*