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**AUDIT CERTIFICATE AND FINANCIAL MANAGEMENT  
ACCOUNTABILITY INDEX LEVEL OF LOCAL  
AUTHORITIES IN KEDAH, 2002-2019**

**<sup>1</sup>Zuriana Zahrin & <sup>2</sup>Siti Syuhadah Mohamad**

School of Government, Universiti Utara Malaysia, Malaysia

*<sup>1</sup>Corresponding author: z.zuriana@uum.edu.my*

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**ABSTRACT**

Financial Management Accountability Index is a government indicator to empowers the level of financial compliance of public agencies. Previous studies often outlined issues related to leakage and misuse of funds among public officials. Therefore, this article generally examines the financial management performance of Local Authorities or *Pihak Berkuasa Tempatan* (PBT) in Kedah for the year 2002 to 2019. Several years of data were obtained from the National Audit Report and descriptive analysis in the form of patterns and trends was made to identify the type of audit certificate and accountability index score (IA) of financial management issued by the National Audit Department (JAN) on financial reporting of 11 PBTs in Kedah. The results show that there are no significant differences from the findings by other researchers in the last two decades. It has been found that the majority of 63 per cent (n = 7) PBTs still get a Reprimanded Certificate (UO), often involving record registers such as Vote Book, Capital

Assets Register, and Log Book that is not satisfactorily maintained in addition to expenses over approved allocation. However, the overall IA issued by JAN from 2007 to 2019 showed an “Excellent” score of 33.9 per cent (n = 20), a “Good” of 59.3 per cent (n = 35) and a “Satisfactory” of 6.8 per cent (n = 4 ) to 11 PBTs in Kedah. During those 18 years, most of the PBTs in Kedah worked to increase the level of accountability and compliance of their respective financial management shown by better records every year.

**Keywords:** Audit Certificate, Financial Management Accountability Index, Local Authorities.

## INTRODUCTION

An audit on the financial reporting of government/ministries/departments and public agencies is not only about the financial performance of the organization, but also reflects the level of accountability of the organization towards public funds spent. Audit investigation by the Auditor General (KAN) uncovered several cases of funds misused causing the country to loss public money worth millions of ringgit. The Malaysian Anti-Corruption Commission (MACC) Kedah had opened 50 investigations on various offences and detained 79 individuals comprising 29 Kedah civil servants and 50 civilians (Bernama, 27 May 2019). Misuse of funds among civil servants may range from weak financial reporting of the organization to misconduct detected after an audit investigation. To overcome this problem, the National Audit Department (JAN) introduced the Accountability Index (IA) in 2007 to measure the quality of financial management of governments/ministries/departments and public agencies. It is examined based on the compliance level with financial regulations involving six (6) aspects, namely management control; budget control; receipt control; spending control; management of trust funds/trust accounts and deposits; as well as asset management. Through IA, JAN hopes that the best work culture with efficient financial management at the ministry/department and agency level can be realized. Excellent rated governments/ministries/departments and public agencies could be used as a benchmark for other organizations.

### Problem Statement

Mid-Term Review of the Eleventh Malaysia Plan (2016-2020) places new emphasis on public sector governance reform. The priorities

of this reform's Pillar I include the agenda of (1) integrity and accountability at all government levels to prevent corruption, increase transparency, as well as foster good values and ethical work practices, and (2) prudent public financial management through strengthening the budget system, improving procurement management, as well as strengthen the performance management, monitoring and evaluation framework (Secretary-General of the Ministry of Economic Affairs, 2018). The government is concerned with creating a clean, efficient and trustworthy governance system to restore the people's confidence in the economy and the government's administration. However, several reports and arrests of misconduct among civil servants have tarnished this reform effort. In Kedah alone, it was reported that 55 arrests were made by the Malaysian Anti-Corruption Commission (MACC) Kedah in 2018 involving 29 civil servants (15 Management and Professional Group staff and 14 other support groups). These arrests involved 24 false claims cases and three (3) cases of power abuse for bribes (Noorazura, 2019). The Auditor General's Report (LKAN) Series 1 2016 revealed that 119 civil servants faced disciplinary proceedings involving 31 punitive reprimands for cases of malpractice, abuse of power, misconduct or negligence in duties (Iwan Shu-Aswad, 2016). Earlier, LKAN 2015 Series 2 revealed that six (6) ministries had received punitive reprimands for similar cases. Almost every year LKAN issues the same punitive reprimand (20 reprimands in LKAN 2013 Series 3, and 21 reprimands in LKAN 2012) involving a small group of civil servants. Among the disciplinary actions taken include surcharges, warnings involving postponement of salary and rank, as well as dismissal.

Apart from misconduct cases by civil servants that tarnish integrity and accountability, weaknesses in financial management and the quality of financial reporting of organizations are also gaining attention in the reform of Pillar I governance. Mohammad Azhar, Engku Ismail, Syed Soffian, and Zainol (2004), and Emelin and Asmah (2002) expressed concern over the quality of financial reporting that did not meet the expected standards. A study by Asmah and Emelin (2004) on 51 PBTs in Perak, Selangor, Negeri Sembilan, and Sarawak between 1990 to 2000 found that the financial reports issued were low quality due to poor accountability of controlling officers, lack of accounting skills, and insufficient qualified staff. Nailah (2001) found that weaknesses in account preparation and financial affairs management are repetitive at the PBT level. Between 1998 to 2000, 149 reprimanded certificates

and 213 non-reprimanded certificates were issued to PBTs. The study by Mohammad Azhar, Engku Ismail, Syed Soffian, and Zainol (2004) involved 14 PBTs in Perlis, Kedah and Penang. According to Mohammad Azhar et al. (2004), reprimanded certificates were frequently issued between 1997-2001 thus indicating the PBTs are not in compliance with audit procedures. The same study also listed reprimand on (1) Register of Fixed Assets, (2) Other Receipts, and (3) Cash Flow Statement as the most frequent non-compliance among PBTs, and concludes that the size of PBTs does not affect the number of audit remarks issued.

Regarding the misconduct cases among civil servants and the weakness of public financial management that occurred in the past, the National Audit Department (JAN) is certainly more aware of this issue. Therefore, JAN introduced the Accountability Index (IA) in 2007 to measure the quality of financial management of the organization. Through IA, the government, particularly JAN always hope that there will be the best work culture and efficient financial management at the government/ministry/department and public agency levels. Through the IA initiative in the financial management audit, JAN could guide in the aspect of preparation and maintenance of documents/records, ensuring compliance with laws and regulations as well as recommendations to specifically improve internal controls. Starting from the JAN initiative through IA, this article is interested in examining the IA financial management level among PBTs in Kedah as well as identifying PBTs' compliance in financial reporting. Hopefully, the financial performance of PBTs will improve during this study period compared to the findings of previous researchers.

### **Research Objectives**

Generally, this article identifies the level of public accountability among PBTs in Kedah. In particular, this article aims to:

- i. To identify the types of financial statement audit certificates issued by KAN to the PBTs in Kedah between 2002-2019, and
- ii. To identify the accountability index (IA) level of the financial management of PBTs in Kedah between 2007-2019.

### **LITERATURE REVIEW**

Research on audit reports is often the focus of researchers from various aspects, especially reprimand and compliance audits. Asmah

and Emelin (2004), Mohammad Azhar, Engku Ismail, Syed Soffian, and Zainol (2004), Azham Ali, Gloeck, Azharudin Ali, and Aidi Ahmi (2007), Nur Ain Zakiah, Hasnah, and Ishak (2016) were among those who reviewed the financial report audit. However, specific research on AI ratings is still lacking. A study by Nur Barizah and Suhaiza (2015) did discuss the accountability index but as a whole and only focused on 2007.

### **Audit and Accountability Concept**

In financial management, audit and public accountability are two things that are very relevant and often mentioned together. Public accountability is an important basic factor during auditing public accounts. A general understanding of an audit is it is an examination of the financial statements, financial records and non-financial records, followed by a financial opinion submitted by the examiner (auditor). In the public sector, audits are significant to establish the development of a good financial management system at the government level (central/state/local), ministries, departments and agencies.

On the other hand, accountability is synonymous with the concept of answerability, responsibility, blameworthiness, liability, and other terms related to account-giving expectations. Usually, the concept of accountability is understood as the responsibility of giving evidence on actions and performance to those who have the right to seek such clarification. Frink and Klimoski (1995) explained accountability from the perspective of human resource management which is the responsibility for the actions or decisions made by employees on tasks related to interpersonal, social and organizational structure contained in the socio-cultural context. From the perspective of organizational management, accountability is considered as a coordination system in an organization (Schlenker & Weigold, 1989) and actions that are taken in society related to political law which also present in an organization (Shafritz, 1992). Meanwhile, public accountability is defined as the obligation to provide evidence of performance and action to the rightful party seeking clarification on whether they have complied with the rules, laws, procedures and instructions given. During the auditing process, public accountability often refers to information provided by civil servants in the form of financial reports. Accountability in the financial management of PBT is a process that involves planning, distribution, and the utilization of manpower, cash and goods (assets), as well as services to meet organizational goals.

## **Study on Audit and Accountability of Local Authorities**

The focus of organizational audit research is broad and diverse. Audit studies on PBT are among the concerns of some researchers. Mzenzi and Gaspar (2015) explored the contribution of external audit on the performance of Tanzania PBT (LGA). The study covering ten years of scope found the external audit contribution when its scope was expanded to provide relevant audit information and recommendations to responsible LGA officers. Previously, Mzenzi and Gaspar found that LGA officers failed to address audit recommendations due to limited external audit scope. Halimah @ Nasibah, Radiah, Rohana, and Kamaruzaman (2009) explored the importance and effectiveness of internal auditing in the Malaysian public sector. The samples of this study involved participants from the National Audit Academy Symposium in Negeri Sembilan consisting of the chief internal auditors, internal auditors and other internal audit department staffs from various public sector departments and agencies in Malaysia. They established that the internal audit function in the Malaysian public sector was limited due to staffs shortage, lack of adequate support from top management, auditors rarely provided full cooperation as well as lacked appropriate knowledge and training effectively, and faced negative perceptions. These caused difficulty for the management to accept recommendations and reject potential contributions made by internal audits to improve the quality of public sector services (Halimah @ Nasibah, Radiah, Rohana, and Kamaruzaman, 2009). On the other hand, Emelin and Asmah (2002) focused on the financial reporting performance of PBT which have low quality due to lack of skills while the existing qualified staff were inadequate. Further study by Asmah and Emelin (2004) involving the PBTs from Perak, Selangor, Negeri Sembilan, and Sarawak between 1990 to 2000 found that most financial reports did not meet the expected reporting standards. On the other hand, Nailah (2001) had established the weakness in account preparation and financial affairs management were repetitive at the PBTs level. Between 1998 to 2000, 149 reprimanded certificates and 213 non-reprimanded certificates were issued to the PBTs. The study by Mohammad Azhar, Engku Ismail, Syed Soffian, and Zainol (2004) involved 14 PBTs in Perlis, Kedah, and Penang. According to Mohammad Azhar et al. (2004), a reprimanded certificate is the frequent audit certificate type issued between 1997-2001 thus indicating the PBTs non-compliance with audit procedures.

## **Financial Management Accountability Index**

Financial management of a government/ministry/department and public agency consists of planning, implementation, coordination, control, monitoring and evaluation process. These processes must be implemented based on two main principles namely legality and accountability by an officer authorized to manage public resources and funds. The officer must perform his responsibilities with full dedication, comply with all laws and regulations, and accountability for the financial performance of the organization. The financial management audit was conducted by JAN following Section 5 and Section 6 of the Audit Act 1957. Financial management audits are conducted to examine and determine whether the government/ministries/ departments and public agencies complied with the financial laws and regulations as well as maintaining and updating financial records. Good performance and organizational compliance with financial regulations for each key control element will be given marks and IA ratings. The objective of the financial management audit and implementation of the accountability index (IA) is to establish an effective internal control structure and system. During the early stages of IA introduction in 2007, JAN placed four levels of IA rating namely Excellent: score 90 to 100 per cent, Good: score 70 to 89.9 per cent, Satisfactory: score 50 to 69 per cent and Unsatisfactory: score 49 per cent and below (National Audit Department, 2007). After a decade, the IA rating score was updated into five levels as shown in Table 1.

**Table 1**

### *Financial Management Accountability Index Score*

<b>Level</b>	<b>Overall Marks</b>	<b>Rating</b>
Excellent	90 -100	★★★★★
Good	80 - 89.8	★★★★
Satisfactory	70 - 79.99	★★★
Less satisfactory	60 – 69.9	★★
Unsatisfactory	59.9 below	★

*Source:* National Audit Department (2019)

Based on Table 1, there are five rating scores with scales 1 and 2 represent negative interpretations namely not and less satisfactory,

scale 3 means a satisfactory level of financial management compliance while scales 4 and 5 show a good and excellent level in terms of financial management. IA is given based on the level of compliance with financial regulations concerning control over management, budget, receipts, expenses, management of trust funds/trust accounts, and deposits as well as assets, inventory and stores. With the implementation of IA, the government/ministries/departments and public agencies are expected to create a work culture based on best practices thus improving the efficiency of their respective financial management. Besides, the culture of make right (weaknesses) of the common and make common (practice) of the right not only enhance the financial management at the government/ministry/department/agency but could also achieve emphasising the aspects of integrity and accountability (National Audit Department, 2007).

## **RESEARCH METHODOLOGY**

This paper focuses on reprimanded audit and IA rating of financial management of PBTs in Kedah. All 11 Kedah PBTs consisting of Municipal Councils, City Councils and District Councils were selected on the justification of receiving more reprimanded audit compared to Perlis and Penang (National Audit Department of Malaysia, 2019). Research data from 2002 to 2019 obtained through Kedah's Annual Audit Report issued by JAN will be analyzed descriptively involving the trends/patterns of audit certificates and IA ratings of financial management.

## **RESULTS AND ANALYSIS OF THE STUDY**

To achieve the first and second objectives, the type of financial statements audit issued by LKAN to PBT Kedah and the IA rating scores of financial management will be discussed within the 18 years pattern (2002-2019).

### **Financial Statements Audit Certificate**

Table 2 shows the Financial Statements Audit Certificate of Kedah PBTs from 2002 to 2019. In general, all 11 Kedah PBTs have received three types of audit certificates, namely Non-reprimanded Report (QO), Reprimanded Report (UO) and Conflicted Report (AO).



**Table 2**

*Financial Statements Audit Certificate of Kedah PBTs from 2002 to 2019*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Kekerapan			Peratus		
																			QO	UO	AO	QO	UO	AO
MB Alor Setar	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	18	0	0	100	0	0
MP Kulim	QO	QO	QO	QO	QO	UO	UO	QO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	15	3	0	83	17	0
MP Sungai Petani	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	18	0	0	100	0	0
MD Baling	UO	UO	UO	UO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	13	5	0	72	28	0
MP Langkawi	QO	QO	QO	QO	QO	QO	QO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	17	1	0	94	6	0
MD Bandar Baharu	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	18	0	0	100	0	0
MP Kubang Pasu	QO	UO	QO	UO	UO	UO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	13	5	0	72	28	0
MD Padang Terap	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	18	0	0	100	0	0
MD Pendang	UO	UO	UO	UO	UO	UO	UO	UO	UO	QO	UO	QO	QO	QO	UO	AO	AO	QO	5	11	2	28	61	11
MD Sik	UO	UO	UO	UO	UO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	12	6	0	67	33	0
MD Yan	UO	UO	UO	UO	QO	QO	QO	UO	QO	QO	QO	QO	QO	QO	QO	QO	QO	QO	13	5	0	72	28	0

Nota:  
 MB - Majlis Bandaraya; MP - Majlis Perbandaran; MD - Majlis Daerah  
 QO - (Qualified Opinion) Sijil Tanpa Teguran  
 UO - (Unqualified Opinion) Sijil Berteguran  
 AO - (Adverse Opinion) Sijil Bertentangan  
 DO - (Disclaimer of Opinion) Sijil Penafian

Source: National Audit Department (various years)

**Table 3**

*Justification on the Reprimanded Certificate (UO) issued by JAN to the PBTs involved, 2002-2019.*

Sijil Berteguran (UO) bagi PBT yang terlibat	
Langkawi Tourism City Municipal Council	Unsatisfactory assessment of tax management. The total assessment tax arrears was high at RM4.37 million in 2002 and increased every year. Late tax assessments. Enforcement and legal action are never performed and no work coordination in each Division such as the Assessment Division and the Building Division.
Kulim Municipal Council	Unsatisfactory financial management. Records such as Vote Books, Capital Assets Register, Log Books etc. are not provided or maintained satisfactorily. Besides, the expenditure incurred exceeded the allocation. Assets value could not be ascertained due to discrepancy between the notes of the accounts in the financial statements and the Annual Report of the Council Trust Accounts.
Baling District Council	Unsatisfactory financial management. Records such as Vote Books, Capital Assets Register, Log Books etc. are not provided or maintained satisfactorily. Besides, the expenditure incurred exceeded the allocation.

(continued)

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Sijil Berteguran (UO) bagi PBT yang terlibat

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Kubang Pasu Municipal Council	Unsatisfactory financial management. The organizational chart provided is incomplete and not updated, the Financial Management and Accounts Committee has not been established. Surprise inspection on revenue and other money in savings is not performed, Vote Book is not checked by the senior officer, Bill Register is not prepared, bank adjustment statement is not prepared accurately, unsatisfactory deposit account management, Capital Assets Register and Inventory are incomplete and not updated, and vehicle logbook is incomplete and not updated, and not checked by supervising officer.
Yan District Council	Unsatisfactory financial management especially in terms of management control, revenue control, expenditure control, deposit management, capital property records maintenance, inventory and vehicles. The adjustment statement is not provided for the numerical differences between the financial statements and the list provided.
Sik District Council	Unsatisfactory financial management particularly on the maintenance of financial records related to revenue, expenses, trust accounts and assets. The Cash Book in the form of a Daily Receipt Report is not reviewed by the supervising officer. Receipt books issued for use are not inspected in advance, Cash Books and bank slips are not inspected by the authorized officer, a surprise inspection on revenue and other money in savings is not performed, Vote Book and Bill Register are incomplete and not updated, payment vouchers do not have sufficient supporting documents, incomplete Capital and Inventory Register and not updated, incomplete vehicle logbook, not updated and not checked by the supervising officer.

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*Source:* National Audit Department (various years)

Based on Table 2, 100 per cent (n = 18) Non-reprimanded Certificate (QO) was issued by JAN over 18 years to Alor Setar Municipal Council, Sungai Petani Municipal Council, Bandar Baharu District Council and Padang Terap District Council. Meanwhile, 6 per cent (n = 1) of the Reprimanded Certificate (UO) was issued to the Langkawi Tourism City Municipal Council; 17 per cent (n = 3) to Kulim Municipal Council; 28 per cent (n = 5) to Baling District Council, Kubang Pasu Municipal Council and Yan District Council; and 33

per cent (n = 6) to Sik District Council. Table 3 listed some of the criticisms on the weaknesses of the financial management by the PBTs.

On the other hand, Pendang District Council received 11 per cent (n = 2) of Conflicted Certificate (AO), 61 per cent (n = 11) of Reprimanded Certificate and 28 per cent (n = 5) of Non-reprimanded Certificate. JAN issued the Conflicted Certificate to the Pendang District Council since there were significant recording and transaction errors in the Balance Sheet as well as the Income and Expenditure Statement involving a large sum of money amounting to RM16.44 million.

Based on the analysis, four PBTs namely Alor Setar City Council, Sungai Petani Municipal Council, Bandar Baharu District Council and Padang Terap District Council remain consistent in giving good commitment to the financial statements which prompted the Auditor General (KAN) to give Non-reprimanded Audit Certificate (QO) throughout 2002 to 2019. Previously, a study by Mohammad Azhar et al. (2004) on 14 PBTs in Perlis, Kedah and Penang found that Reprimanded Certificate (UO) is the frequently issued audit certificate between 1997-2001. These findings are in line with the results of the current study where a majority of 63% (n = 7) of PBTs still got the Reprimanded Certificate (UO) even after two decades. It has also been established that the most frequent criticism is unsatisfactory financial management involving records such as Vote Book, Capital Assets Register, and Log Book which are not satisfactorily maintained in addition to expenses over the approved allocation. This is in line with the findings by Mohammad Azhar et al. (2004) which also lists the reprimand on (1) Register of Fixed Assets (2) Other Receipts and (3) Cash Flow Statement as the most frequent non-compliance among PBTs while also concludes that the size of PBTs does not affect the amount/number of reprimanded audit issued.

### **Financial Management Accountability Index**

Further discussion identifies the level of financial management IA rating and eventually achieving the second objective of this article. Generally, the implementation of IA is to establish compliance towards financial regulations for each key control element. The IA rating scores were divided into four levels previously (2007-2017) before they were updated into five levels recently (2018-current).

Table 4 shows the IA rating scores for 11 PBTs in Kedah from 2007 to 2019.

**Table 4**

*Financial Statements Accountability Index of Local Authorities in Kedah between 2007-2019*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MB Alor Setar		59.1		81.99	88.68	88.68	91.36		91.36	93.35		92.09	96.04
MP Kulim		77				81.99	90.07		90.07	93.35			95.78
MP Sungai Petani			91.72		91.72	90.02			91.32				
MD Baling	59	59		87.4			87.44	85.12			87.3		
MP Langkawi			71.41		72.65		72.65	90		95.6		100	
MD Bandar Baharu		75		84.64			84.64	79.57			94.64		
MP Kubang Pasu						77.2	70.33		70.33	92.38			
MD Padang Terap			88.75		84.98		88.75	86.35				93.03	
MD Pendang			82.34		68.53		82.34	76.27			81.56		
MD Sik			71.14			82.36			74.45			83.01	85.01
MD Yan			81.88	78.21		78.21			90.02				

Source: National Audit Department (various years)

Based on Table 4, the financial management IA rating score of PBTs in Kedah in the early stages (2007-2008) was deemed ‘unprepared’ (Mohammad Azhar et al., 2004). Baling District Council and Alor Setar Municipal Council received “Satisfactory” IA scores of 59 per cent and 59.1 per cent respectively. On the other hand, several other PBTs namely Kulim Municipal Council, Langkawi Tourism City Municipal Council, Bandar Baharu Council, Kubang Pasu Municipal Council, Padang Terap District Council, Pendang District Council, Sik District Council and Yan District Council received “Good” IA score between 71.14 per cent to 88.75 per cent. In the early stages (2009), only Sungai Petani Municipal Council received an IA rating of “Excellent” with a score of 91.72 per cent and continued to maintain “Excellent” rating in 2011 (91.72 %), 2012 (90.02 %) and 2015 (91.32 %). Alor Setar City Council obtained a “Good” IA performance level with a score of 88.68 per cent (2011) and continues to be “Excellent” until 2019 with an IA score of 96.04 per cent. Around 2018 to 2019, most PBTs have received an “Excellent” rating with a score between 92 to 100 per cent.

Based on the overall IA issued by JAN to 11 PBTs in Kedah from 2007 to 2019, 33.9 per cent (n = 20) of the ratings is “Excellent”, 59.3 per cent (n = 35) is “Good” and 6.8 per cent (n = 4) is “Satisfactory”. This is in line with the findings by Marziana, Wan Mohammad,

dan Mohammad Sakarnor (2014) where the financial management AI rating score of some PBTs in Kedah, Perak and Kelantan is at a “Satisfactory” level at the beginning of its implementation (2007). However, most of the Kedah PBTs have excellent and good performance from 2009 to 2019.

## **CONCLUSION**

Overall, it has been established that the audit report on the financial statements and financial management accountability index in Kedah showed a good improvement in fulfilling the set standards. Recently, PBTs in Kedah can maintain the status of Non-reprimanded Certificate (QO) based on audit reports and excellent status in IA. This status indirectly shows the level of professionalism and efficiency among PBT staff in financial management. In short, the reprimands by JAN to PBTs in Kedah on the accountability aspect showed a positive increment from year to year. This positive change increases the public’s confidence in local authorities, especially towards civil servants in Kedah. Although the audit level of financial statements and public accountability index in PBTs showed positive developments, room for improvement is still possible through the accountability controls established. Reprimands and suggestions for improvement should be taken seriously by PBTs to strengthen financial management and avoid negative perceptions towards public institutions. The role of KAN and Public Account Committee (PAC) in the auditing and accountability programs is also seen able to strengthen the public accountability level, especially towards PBTs. Good accountability in governance could increase the effectiveness and efficiency of financial management.

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