



PENGERUSI JAWATANKUASA
KIRA-KIRA WANG NEGARA (PAC)
MERANGKAP AHLI PARLIMEN MASJID TANAH
PEJABAT SEKRETARIAT
JAWATANKUASA KIRA-KIRA WANG NEGARA

Tel : 03-2601 7263 / 2698 6852 (DL)
Faks : 03-2698 9218
Email : pacparlimen@parlimen.gov.my
Laman Web : <http://www.parlimen.gov.my/pac>

3 July 2024

PAC MEDIA STATEMENT

1. Today, the Public Accounts Committee (PAC) has tabled the **PAC Report on the Integrated Foreign Workers Management System (ePPAx) and Foreign Workers Centralized Management System (FWCMS) under the Ministry of Human Resources (KESUMA) and Ministry of Home Affairs (KDN) (DR.16/2024)**.
2. This issue was selected after it was reported in the Auditor General's Report (LKAN) – Activities of the Federal Ministries/Departments and Federal Statutory Bodies for the Year 2022 (Series 2) which was tabled in Parliament on 22 November 2023.
3. This Report was tabled after four proceedings that were held by PAC on 5 December 2023, 22 January 2024, and 13 March 2024, summoning witnesses from the National Audit Department, KDN, KESUMA, the Department of Labour Peninsular Malaysia, and the FWCMS system vendor, Bestinet Sdn. Bhd.
4. In those proceedings, PAC found that the Cabinet Meeting on 26 August 2015 had approved the development of the ePPAx and FWCMS systems, which are two systems that are identical and use a single-window concept.

This results in overlapping functions between agencies in developing a foreign worker management system and leads to a waste of public funds.

5. The PAC also found that up until the date of the last PAC proceeding on 13 March 2024, the FWCMS contract between the Government and the vendor is yet to be finalised and signed, even though the Letter of Acceptance (LOA) for the development of the FWCMS system was issued on 12 January 2018.
6. This means that the Government/KDN has used the FWCMS system for approximately six years without a finalised contract, clearly violating the regulations set by the Government.
7. Additionally, a letter from the Public Private Partnership Unit (UKAS) dated 30 December 2020 stated that FWCMS project was not included in the list of projects approved in principle by the Cabinet or the Letter of Intent (LOI) to be implemented as a Public Private Partnership (PPP) for the period from 2009 to 31 May 2020. Then, it was found that the Cabinet Note on the direction and implementation of FWCMS was not submitted to the Cabinet before the LOA was issued.
8. PAC was also informed by KDN that Bestinet had applied for a six-year contract extension and an increase in collection fees from RM100 to RM120. On 24 June 2024, the Minister of KDN informed that the Cabinet has agreed to extend the contract for another three years with Bestinet. The PAC will obtain more information related to this matter in the follow-up proceedings that will be held within three months from today.

9. Among other findings of PAC are:
 - i. Bestinet has patented the logo (trademark) and copyrights, which was informed to protect the interests of the Government.
 - ii. Bestinet will hand over the entire system, including hardware, software, documentation, and intellectual property rights, to the Government even if the FWCMS system contract is not renewed.
 - iii. Bestinet has given its commitment to not make any claims against the Government regarding the registered patents if the FWCMS contract is not renewed.
10. Additionally, PAC also found weaknesses in the management of Identification (ID) control within the FWCMS system, with two IDs held by non-KESUMA officers, and 24 unauthorised users approving 24 employer applications. This case has been reported to the Royal Malaysia Police (PDRM) for investigation.
11. PAC was also informed by the Secretary-General (KSU) of KESUMA that if the Government decides to terminate the FWCMS system, hence the ePPAx system, which has fallen into disuse, can still be utilised for the foreign worker recruitment process.
12. Following that, PAC concludes that:
 - i. The duration for the development of FWCMS expired in May 2024 as stated in the LOA and the agreement is yet to be signed as at 13 March 2024 [Proceeding No. 8(c)/2023].;

- ii. At the early stage of implementing the FWCMS development project, KDN has failed to comply with the procurement procedures, either conventionally or through a Public Private Partnership (PPP).;
- iii. Among the factors resulting in an agreement that is yet to be signed between both parties are the application for a six-year contract extension and an increase in collection fees from RM100 to RM120 by Bestinet Sdn. Bhd.;
- iv. Following Item 7.2 and Item 7.3 (in the PAC Report), the agreement remains unfinalised following failures to garner approval from the parties involved even though the tenure of the contract as per the LOA will expire on 31 May 2024.;
- v. The Cabinet on 26 August 2015 has provided approval for the development of ePPAx (under the purview of KESUMA) to manage the foreign worker system using the single-window concept. During the same meeting, the Cabinet also approved the implementation of FWCMS (under the purview of KDN), which also deals with the management of foreign workers via a single-window system. This has resulted in overlapping functions between KESUMA and KDN in implementing the foreign worker management system and led to a waste of public funds.;
- vi. The findings by the National Audit Department Malaysia (JAN) in relation to the issue of 24 applications that have been approved by unauthorised users, highlight the weaknesses in the management of ID controls of the FWCMS system.;
- vii. Bestinet affirmed that their purpose to patent FWCMS was to safeguard the interests of the Government. The company also gave its assurance to waive off any claims of the registered patent even if the contract is not extended.; and
- viii. KDN and KESUMA are of the opinion that the recruitment of foreign workers can still be implemented through the ePPAx system or manually, without the FWCMS system.

13. As an improvement measure, the PAC thus put forth to the Government 5 actionable recommendations in relation to this issue:
- i. KDN and Bestinet Sdn. Bhd. must immediately finalise the decisions on agreements and direction of the FWCMS system.;
 - ii. KDN must ensure that any ICT-related procurements are subject to existing policies and regulations in effect under the purview of the National Digital Department (formerly known as MAMPU).;
 - iii. KDN should rectify any discrepancies that occurred in the procurement processes and seek a prompt resolution,;
 - iv. KDN and KESUMA must cooperate in drawing up a comprehensive strategic plan in relation to the management of foreign workers and not solely limited to system developments. Both Ministries must ensure that there will be no overlapping functions of the developed systems which could lead to leakages of public funds.; and
 - v. PDRM shall inform in expedience the updates into the investigation related to 24 applications for foreign worker quotas that have been approved by unauthorised users as reported by KESUMA.
14. The public can read the statements and findings of this Report by visiting the PAC website at www.parlimen.gov.my/pac.

Thank you.

Honourable Datuk Wira Mas Ermieyati binti Samsuddin
Chairman of PAC