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Research paper

Actor' Interaction in the Follow-Up on Performance Auditing Issues in Malaysia: Uncovering the Contributing Factors and Constraining Challenges

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Abstract

This paper explores the extent and nature of actors' interaction in follow-up on performance auditing issues with the attempt to uncover the contributing factors as well as constraining challenges from the Malaysian public sector audit perspectives. Fifty five (55) semi structured interviews data derived from snowball purposive sampling and governance network theory as underlying theory are employed to analyze the data based on subjective qualitative approach. The overall results indicate that interaction has an impact on key actors' involvement in the follow-up practice. The responses gathered from the interviewees demonstrate that involvement of key actors are more important with some other possible factors. Based on the above situation, this paper argued, effective communication and engaging right authority or external actors are important in enhancing the effectiveness of follow-up practice. The findings suggest, audit institution need to make more key actors to involve in order to solve complex audit issues, particularly the regulators such as enforcement agencies. The regulator expects and hope the auditors to share important first-hand information about audit issues as soon as possible. For regulators, early involvement considered more appropriate. Regulators want to secure sufficient evidence so that further investigation and action can be taken so as not to lose important evidence and avoid dealing with outdated issues. Actors' involvement by means of interaction are timely and should be enhanced in terms of information sharing and overcoming problem related to actor role and involvement. This is the first study that employed governance network theory to explore the nature and extent of follow-up on performance auditing issues involving various actors' interaction in the public sector audit environment.

Keywords: *Follow-up; Performance Auditing; Interaction; Governance Network Theory*.

1. Introduction

The focus on effectiveness and efficiency of the public sector are part of every public sector transformation strategy in recent years. All these speeds of change and transformation in the public sector creates numerous challenges together with multiple complexity. Emerging issues of public sector reform (1) are due to the evolution of public needs and demand resulted from this changes. On the other hand, the emergence of New Public Governance paradigm (2) and demand towards government undertaking in relation to transparency on political as well as economic consequences (3) has to some extent increase public awareness. Public are more concern and start questioning the way public fund are being utilized. For instance, demand these days from public towards the government are to be more performance oriented and accountable for results. As such, public sector performance auditing appear to be one of the way that highpoint the performance of public fund utilization by the government with the focus on 3e's namely economy, efficiency and effectiveness. Several studies have discussed the impact of performance auditing in the public sector context by arguing on its evolution. Performance auditing claimed to be a way to achieve not only efficiency, economy and effectiveness but also contributes towards performance improvement; impact on public policy; improve public services; shapes auditees identity and increase the sense of accountability; uncovering barriers to success and contributes towards impact enhancement (4-9). Thus, it is not surprising to know that there are continuous call to uptake more empirical studies on the public sector performance auditing in the field (10-13) to inflate a more informed picture and understanding.

Based on the above concern, a triggering issues that need attention are the impact and values derived from performance auditing (14-16) that has been continuously debated. For instance, recent literature portray fairly too little empirical evidence with regards to performance auditing positive effect as claimed by Kells (11) and more recently prolonged on the issues of its impact (17). Meaning that, According to this author, if audit recommendations which were not fully implemented by audited organization (15), it is not uncommon for the auditor to make same recommendation frequently. The reasons behind it could be varies and the prominent one in the local context was by Siddiquee (18) who asserted thrice on public service performance dissatisfaction among others are due to inefficiency and waste within the government; poor implementation of development policies and programs; weak financial management and the government's inability to tackle high-level corruption. Issues of inefficiency and ineffectiveness contin-

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uously highlighted in the AG report and been publicized through mass media due to repetitive case of corruption among public actors (19). All these could create public service performance dissatisfaction. Therefore, monitoring on the issues with regards to public money spending should be followed-up. Follow-up on performance auditing issues are necessary in order to identify the sources of inefficiency, so that appropriate amendments; corrective or preventive action can be taken to improve performance (20). Henceforth, the objectives of follow-up are basically to help augment the effectiveness of audit report; assisting legislature; evaluating the Supreme Audit Institution (SAI) performance and provide input the enhancement policy with regards to performance auditing in the public sector context (21).

On such a continuum, this paper explore the nature and extent of multiple actors' interaction in follow-up on performance auditing issues. Particularly, this paper addresses the issues surrounding the practices of follow-up on performance auditing issues. Most notably, discussion on finding from current follow-up initiatives undertaken by the National Audit Department of Malaysia (MNAD) will be the major contribution of this paper. As such the following objectives are formulated in order to understand:

- Actor's interaction in follow-up on performance auditing issues that can be best explained by various aspect and circumstances (complexities and challenges).
- Contributing Factors and Constraining Challenges

This paper specifically contributes to present literature on public sector performance auditing by providing triggering issues surrounding it as well as rich qualitative findings. The paper is structured as follows. To begin with, in the next section, fairly comprehensive literature debates on public sector performance auditing particularly the follow-up fields are presented. This section covers both literature from international and local context. While in the third section, this paper elucidate the use of theory and its conceptualizations. Next, in the fourth section, a detail description on the qualitative methodology used to execute in depth interview, analysis of the interview data and the approach for the presentation of the findings are discussed. The fifth section presents preliminary findings from qualitative interpretive study. This allows a fair discussion on issues surrounding the practices of follow-up on performance auditing issues through depiction of qualitative findings. Finally, section six suggest specific future research direction as well as some practical recommendation for practice.

2. Literature Review

Performance audit exists all over the world with the aim and effort to accomplish operational economy, efficiency and effectiveness (3E's) (22). Public sector reforms carried out in late 20th century in many parts of the world by upsurge of "new public management" (NPM) for performance improvement has triggered the emergence of performance auditing (23). Performance auditing rooted from these reform within the public sector auditing focuses on output of public administration activity (24). Since then, performance auditing evolved mostly in the 1960's and 1970's in the developed countries that provide reliable data of government undertaking to fulfil the need of parliament members (25). As defines in the ISSAI (21), "performance audit examine and evaluate three important features namely economy, efficiency, and effectiveness in all government activities, which then may contribute to better government spending, better public services and better public accountability and management" (p. 13). Accordingly, continuous room for improvement pertaining to performance auditing in public sector are most likely be the reason for the field has been widely explored by previous literature. Based on that notion, International Organization of Supreme Audit (26) defines performance auditing as "an independent, objective and reliable examination of whether government undertakings, systems, operations, programs, activities or organizations are operating in accordance with the principles of economy, efficiency and effectiveness" (21). It is also important to stress that performance auditing is also often terms as value for money audits (4) and traditional elements in such audits are economy, efficiency and effectiveness or often referred to as the "Three Es" (27).

Overall, from 1980 to 2008 only 14 empirical studies on the impact of the Supreme Audit Institution (SAI) towards performance audit work (14) are reported which then lead (15) recently affirmed that empirical studies of the Auditor General (AG) impact on administrations through performance audits are still very rare and this author asserted, although the auditees recognize the added value of audit and the usefulness of reports produced, auditors are powerless when it comes to encouraging auditees to adopt new management practices as result of audit recommendation. Reichborn-Kjennerud (17) suggest, the recommendation on audit results should be followed-up so not to lose auditors motivation and overcome pressure related to it. According to this author again, though there seem to be indication as though Parliament support the SAI auditors, but, instruction from Parliament toward audited organization or auditees to take appropriate action on audit recommendation not done in systematic manner.

Moreover, Morin (16) in recent study, while arguing issues related to audit recommendation follow-up, postulates the performance auditing is amongst the important instrument of control and accountability in shaping organizational identity in the public sector (6). For example, to support her claim on the important of follow-up, again Morin (16) in review of recent discussion pointed out *"The follow-ups to the recommendations of the Court stated in its reports are crucial. A balance must be struck, as is often the case in this country, institutions that are the glory of the Republic. from time to time they must be dusted off, from time to time they must be shaken up, and from time to time they must be modernized (p.118)"*. This statement further support the claim on the triggering need for effective follow-up on issues raised as a results of performance auditing. Another essential point demonstrated by Alwardat and Benamraoui (28), based on literature review with regards to performance auditing or also known as value for money auditing practice. This author reveals, the impact of performance audit in day to day life are undeniable and not to be disregarded. The author also pointed out that the challenges associated to it as a result of auditees' resistance toward auditors audit recommendation implementation which depicted as unrealistic and difficult to implement.

While in the context of Malaysia, few similar stories going on though little is known about it. Performance auditing research is under research area in Malaysian context. The importance of follow-up left unexplored though it is one way to embrace the real value and impact of performance auditing (21) and public organization improvement. This paper complement a call by few local researchers that highlight various issues be it positive or even negative in relation to public sector governance and the need to relook on the importance of audit in Malaysia. As public sector governance mostly relates to accountability, transparency, inclusiveness, effectiveness and efficiency of governmental organizations, nevertheless in the Malaysian public sector, it was claimed to be still lacking (29). Most notably, some other researchers revealed that the relationship between good governance and integrity system to some extent are still lacking in Malaysian public sector and it can be harnessed by giving priority to "audit" (30). Besides that, most of local researchers' interest basically devoted to internal audit function within the Malaysian public sector environment by looking on the issues of effectiveness, usage of Information technology and promoting good governance. In this respect, several authors have provided useful frames of reference for internal audit practice in the Malaysian context (31-35) in which leaving external government auditor function represent by Supreme Audit Institution (SAI) through their performance auditing activity left under research. This is further supported via the study commissioned by staff of the World Bank Group and funded by the Competitive Industries and Innovation Program (CIIP) which revealed, in the local context (36), institution like National Audit Department has set-up small "PEMANDU" like teams in an

attempt to enhance their own work and most notably from year 2013, a team was formed to monitor and follow-up on the remedial and other actions recommended in its audit. According to this study, follow-up on performance auditing issues have been a newly initiative undertaken by the National Audit Department of Malaysia that would have been unavailable in the past. In addition to that, this was also as a consequence of recent AG report that revealed issues of weaknesses in public spending by government agencies in which according to Said et al.(37) lead to argument whether governance mechanism such as accountability, integrity, trustworthiness are in place, working and not merely rhetorical mechanism.

Despite the above claims, greater demand from public towards the government to be more performance oriented and accountable for results has triggered the importance of performance auditing. Impact resulted from performance auditing may likely contributes towards the success of overall performance of public organization. In particular, the follow up is an activity which provides assurance that improvement and corrective actions are taken by auditees (38). In line with Government Transformation Programme (GTP) various initiatives and changes has been executed by National Audit Department of Malaysia (38) with regards to the practices of follow up on performance auditing issues. Though the ultimate responsibilities to follow up on issues raised in AG's report are the auditee's responsibilities, leaving them alone regarded as a not wise decision by the National Audit Department of Malaysian (MNAD).

Performance auditing evolvement within the context of Malaysia though driven by the modernization of the delivery of governmental services in line with some other developed countries such as Britain, Australia, Canada and Europe are largely attributed by post –war year's demands toward government undertaking. Demands towards government nowadays are to cater citizen with greater assurances as to the righteousness, efficiency and effectiveness public fund spending. Some researcher claims, concepts such as Value for Money Audit (VFM), slimming down the public sector, introducing market-based principles into the way governments manage programs and how they are to be evaluated by Supreme Audit Institution (SAI) are trademarks of post-war modernization. Therefore, despite unfruitful claimed by few local literature, recently there are also some other local researchers who have examined the perception of public sector auditors on performance auditing in Malaysia (8). Their study revealed effectiveness of performance auditing are importance and it can further augmented by providing an opportunity to public sector auditors. Opportunities means to involve in policy decision, work in collaboration manner with various actors in facing the challenges in resolving the audit issues due to auditees lack of cooperation and commitment. On such a continuum, this paper discover the practices of follow-up on performance auditing issues in Malaysia. Why it is still seem ineffective by continuously highlighting repetitive issues in the AG Report year by year? What is lacking in performance auditing issues follow-up? What are the complexity and challenges in resolving issues raised in the AG Report? In order to execute the objectives of paper exploration, a governance network theory (39) was adopted as underlying theory.

3. Theoretical Lens

In an effort to derive impact, value and learn a lesson from issues raised in the Auditor General (AG) report, the issues need to be tackled appropriately. Meaning that, an effort which lead to action should be executed. However, the follow-up by the Supreme Audit Institution (SAI) alone might not help to tackle the issues comprehensively. Commonly known, the SAI mandate is to audit and report. This could be reason for the auditees to take for granted on the implementation of the audit recommendation. While, other regulatory bodies that supposed to play their role, might be working on their own jurisdiction to follow-up on the issues. On such a continuum, Malaysian SAI's known as National Audit Department of Malaysia (MNAD) initiates a relationship with various actors across their jurisdiction of power in tackling the audit issues. This is regarded an exercise of action that designated by Sørensen and Torfing (40) as a decisive interactions among structurally interdependent actors to improve their implementation abilities. While, Isett et al.(41) claim as managing public problems by leveraging capability detained outside its scope of authority. In brief, all the above researcher are referring to the spirit of governance network theory.

Governance network theory according to Klijn & Koppenjan (39) built on evolving paradigm for instance New Public Governance (42) that surrounded with issues of complexities, interdependence and dynamics of public problem solving and service delivery. In this respect, governance network points to the formation of a structure or direction which cannot be externally enforced but as a consequence of the interaction of various actors and an arrangement of governing (43). It is mostly attributed in unfolding different kinds of networks and function as mechanisms of governance (44,45). In the public administration context, this type of network offer flexible structures that are comprehensive, full of info, and beyond the administrative control. The evolving theory of governance network as exemplified by the works (39) inculcate four core common concepts and assumptions for the network researcher. It starts with examination on actors involved, their perception and interdependencies. Next, the interaction and negotiation between actors take place as a consequence of their perceptions and interdependencies in which it influence outcome. Following, will be institutionalization of interaction patterns which consist of certain network structure of social interaction and shapes of rules. Finally is the management of network. It may become prevalent when the network process become more complex. Meaning that, governance network emergence is straightforward starting from actors' interdependencies that trigger interaction and negotiation in which later it is accepted as institutionalized norms which need to be managed. However, this paper specifically focuses and presented findings in relation to various actors' interaction by means of their involvement.

In the field of auditing, particularly public sector auditing, research on networks have not yet fully been explored though it has emerged important area of inquiry within the field of public administration (46-48) and public sector (49). In this respect, many initiatives been executed MNAD. Amongst other, various platform of interaction have been set up and going on progressively. This platform of interaction created for all those actors concern to meet up either to investigate, inquiry, examine, discuss, dissimilate, and delegate duty or briefing concerning issues that need to be tackled.

Most of the existing literatures on public sector performance auditing adopt the New Public Management (NPM) model (28, 50), accountability as theory (51-54) and the institutional theory (9-11,15,55-59) as their theoretical lens or concept. Out of these three grand theories and in order to explore multiple actor's interaction, the use of governance network theory that rooted from new institutionalism deem appropriate. All the above earlier mentioned theory are established and extensively explored in the performance auditing literature. Governance Network theory has limited entrance in this field though this theory increasingly emerging as an important theory in today's complex and challenging public sector environment that involve multiple actors' interaction.

4. Methodology

The methodology aspect described in detail attainment of the study objectives by the qualitative data gathered through semi structured interview. As this paper objectives mainly attempt to answer, "How" "why" and "what" questions by understanding the individual circumstances, views, opinions, experiences and decision making (60), a semi-structured interview method deem appropriate. Saunders et al.(61) state that semi-structured interviews and in-depth interviews provide the researcher with the opportuni-

ty to probe answers if the researcher requires further information from the interviewees or to build on their responses. While, Wahyuni (62) acknowledged the selection of this method by the current study through this definition:

"A semi-structured interview, also known as the non-standardized or qualitative interview, is a hybrid type of interview which lies in between a structured interviews and an in-depth interviews. Therefore, it offers the merit of using a list of predetermined themes and questions as in a structured interview, while keeping enough flexibility to enable the interviewee to talk freely about any topic raised during the interview (p.73)"

Based on the above definition adoption, the use of semi structured interviews in this study were based on the expectation that the opinions of the interviewees are more likely to be expressed in a relatively open interview situation than in a standardized interview or via a questionnaire (63). According to Parker (64) who argued that, qualitative researchers should get involved in a communication with the practitioners in the field to share their perspectives, true stories and experience regarding a particular social phenomena (62). This is in line with assertion made by Chua (65): "*what is a correct research method will depend on how truth is defined"*. Therefore, in this study, the focus is not only to understand and explore the extent and nature of follow-up on performance auditing issues but to bring out the constraining challenges that need to be addressed.

As the subject under study involves different power holder across various jurisdiction and those highly bind by secrecy oaths as public servant, the qualitative research design is predominantly applicable. Qualitative research designs are framed in terms of using words that answers emerging questions which focus on individual meaning and importance depiction on the complexity of a status quo (66) for generating reliable and insightful social research (67). Central to good qualitative research is whether the research participants' subjective meanings, actions and social contexts, as understood by them, are illuminated. Qualitative research design for the current study are based on interviewee's objectivity, truthfulness, believability, coherence, insight and trustworthiness (66).

Further on the methodological aspect, the research design follow accordingly to qualitative research design. The first draft of the interview guide was formulated both in English and Malays language side by side. Mostly issues been discussed concern of the predefined concepts solicited from research gaps, literature review and underlying theory. In order to test and assess the validity and reliability of the interview guides, it was presented to supervisor and auditor who have completed her PhD study to solicit their comments. Input sought from them helped in the process of refining the first draft and came out with second draft interview guide. The interview guide further revised after conducting a preliminary interview with seven (7) interviewees.

Based on the interview held, some questions seem repetitive; double meaning and the interviewee seem to get confuse. Therefore, the interview guides are revised by deleting the repetitive questions, reworded to avoid double meaning and improve precision of the question. Consequently, questions asked to all the seven interviewees are carefully scrutinized to observe the coherency; usefulness; clarity and relevancy to the study objective. It is important to reiterate, all the questions in the interview guide has few probing question such as "why", "can you elaborate more"; "for example?" and "how" were asked in accordance to the situation during the interview session. The interview guide initially prepared in three set namely for auditors, auditees and general interviewees. But as the interview process went on, the interview guide has been modified accordingly to be relevant with their interaction, role, understanding, experience, influences and multiple actors' involvement in the follow-up initiatives. For instance, interview guide for the media representatives. Therefore, the interview guides for the four different groups of interviewees (i.e. auditors, auditees, regulators and other influential actors) was formulated finally in four set. On top of that, the bank of questions have been developed to inculcate all questions and arranged according to initial predefined concepts for ease of reference. Next, actual data collection been executed. Semi structure interview fifty five (55) interviewees has been executed from November 2016 until May 2017. Further, the interview data are fully transcribed and analyzed. Fully transcribed interview data are managed using Atlas.ti software. Later qualitative research strategies are employed. According to Denzin and Lincoln (68), qualitative research strategies, provides a means through which a researcher can judge the effectiveness of particular policies, practices, or innovations. In the context of this paper, the focus is the practices of follow-up on performance auditing issues.

The initial selection of interviewee are solely based on purposive sampling (69,70). Based on the recommendation and as triggered by earlier purposively selected interviewees or consequent interviewees, the actual data collection is based on snowball sampling. Creswell (69) postulates, qualitative snowball sampling is a form of purposeful sampling that normally commence after a study starts and happens when the researcher asks participants to recommend other individuals to be sampled. A snowballing techniques used in addressing other potential interviewees (70) for the current study which means that you ask your first participants for the addresses of other potential participants for your study. Nevertheless, the next target interviewees not only justified by suggestion from previous interviewees but need careful researcher consideration on the relevancy and significance to the current study. Thus, selecting the right and relevant interviewees for the current study done in very careful manner.

Interviews undertaken with auditors from National Audit Department permit and introduced to wide network of other actors that in reality involved either directly or indirectly in the follow-up initiatives in Malaysia. This actors are not limited to auditors and auditees, but beyond than that. These includes regulators such as Parliament Members/PAC; MACC; Police; Attorney General Chamber; Public Service Department; Chief Secretary General Office; Legal Officer/Advisor; Internal Audit Unit, Integrity Unit and also media representatives. All these interviewees are further grouped into four categories. The justification for the grouping, first is for the ease of reference. Second, to secure the anonymity of the interviewee's identity. And, finally to avoid giving any clues on the identification of the interviewees by their post or status. The current author background and familiarity amongst interviewees mainly multiple public official and representatives within the public sector environment in Malaysia helped to form close link and gained trust of the target interviewees. Indeed, various high level issues were openly discussed in a positive manner by all those actors. Many of the interviewees were objective about the study. On top of that, the author presence did not intimidate the interviewees rather they were willing to cooperate naturally. The list of interviewees participate in this study are labelled accordingly are as following table:

Table 1.1: Summary of the 4 Groups of Interviewees

Actors	Grouped Into (Count)	Label
Auditor	Auditors (14)	Auditor (AUDITOR 1 –14)
Auditees	Auditees (11)	Auditee (AUDITEE 1 – 11)
Public Service Department (JPA)	Regulators (15)	Regulator (REGULATOR 1 –15)
The office of Chief Secretary General To Government of Malaysia		
Ministry of Finance (MOF)		
PAC/Parliament Members		
MACC (Anti-Corruption Agency)		
AGC (Attorney General Chambers		
RMP (Police)		
Media	Others Actors	Others (OTHERS 1 –

Internal Auditors	(15)	15)
Integrity Unit		
Influential Public official/Ex-Minister		

Source: Fieldwork

5. Findings and Discussions

Drawing from governance network perspective, when talking about actors, it cannot be detached from the aspect of their involvement. As such, this section elucidates the views of all interviewed actors on the nature and extent of various actors' interaction. The results of the research analyses reveal that the effectiveness of follow-up practice in Malaysia is due to involvement of various actors as a consequence of interaction between them, either directly or indirectly.

Involvement of all the relevant actors across the jurisdiction of power is inevitable in the dynamic public sector audit environment. This are the reality of follow-up practice that exists in the current initiatives. Follow-up on performance auditing issues are no longer limited to the original/initial audit team who conducts the audit at the National Audit Department of Malaysia (MNAD) level. Instead, this assignment has been specifically placed under the Follow-up Division at MNAD level. Besides the formation of new division to focus on follow-up matter, numbers of other initiatives thus far have been introduced. All these changes opened a path for interaction with more actors in the problem-solving process and in the context of this study is follow-up on the performance auditing issues. According to governance network theory, the involvement of various actors in the problem solving activities are based on the actors values, views, interests which in turn influence the strategies they choose. That is to say, their involvement is collectively aimed at facilitating and launching a process towards resolving problems and addressing implementation problems. According to Klijn et al.(71), various actors' involvement has a constructive implication on network consequences. In the context of this paper, involvement of various actors occurred due to some circumstances. First, the audit issue itself cannot be resolved by the auditee solely but requires support from the central agency, such as additional provisions from treasury (fund) or public service department (manpower). This is a very simple and classic example going on in the public sector. Another valid example is, if leave it to auditee alone. It is because, conflict of interest will likely happen if they did the follow-up by themselves. The second situation, the categorization of the issue itself, for example when involved punitive issues. Follow-ups are meaningless if only MNAD is involve due to their power limitation which is to audit and report.

So, in such condition mentioned above, collective involvement needed to find a solution. This is exactly what is happening in the current follow-up practices pioneered by MNAD. The majority of the interviewees admitted that the involvement of various actors such as auditors, auditees, regulators and other relevant actors play a significant role in the current follow-up practice in Malaysia. They believed, only through various relevant actors' involvement, it will contributes towards solving the audit issue in better manner. Meaning that, no longer working in silo manner, not as individual or not even as a single organization. According to Auditors 3, most of the time, implementation of audit recommendation as a results of performance auditing issues require action to be taken not just within the capacity of the ministry or the audited organization (the auditees) alone, but it need the participation of other parties such as Public Service Department, central agency or other relevant authority to tackle the issue. Auditors 14 also admitted and explained that,

"The audit issues need further investigation or action either by Police, MACC, or Public Service Department (PSD). So, that is the reason why we made all these relevant agencies to involve".

This is further supported by regulators groups who also agreed on the above claimed. Regulator 15 also highlights the fact that involvement of various agencies and not limited to AG office has resulted in persistence follow-up practice through understanding and participation,

"As explained before, follow-up on the Auditor-General's Report comprises of various parties. So, involvement of various actor will ease the practice when every party take part and they are aware about the importance to ensure that every audit recommendation made by the Auditor-General are taken seriously and followed-up with immediate action".

However regulators, conveyed their concern on the timing of involvement in the follow-up practices. Overall their concern are, they should be made involved earlier and not after the AG report tabled in Parliament. Involvement at that particular level, considered untimely as argued by Regulator 14,

"So, the problem for us as investigator, when we went to investigate, some of the documents were not there anymore. So, I would like to suggest, the audit team who went to audit, at that stage. If, they found out any wrongdoing or clues of negligence/fraud something important, they can informed us also. So, we can joined at the same time while the audit process still going on. Don't wait until the process of write-up the finding, then reporting, if after this long process, then only they passed to us, it considered too late"

While Regulator 13 also has the same views in terms of actors involvement but he further argued on information about particular audit issues that auditors supposedly should share with regulator. The regulators are in the view that early information could made their involvement more effective and meaningful. As such, again Regulator 13 stressed out,

"Another thing is, our involvement should be made clear. MNAD must have checklist on what types of evidence should be collected, when MACC should came in or to be informed. What aspect fall under the MACC portfolio, Police and so on. As at now, when auditor have issues, they didn't see the issue as supposedly. Auditors must have an idea, what type of evidence should be collected so that we can clearly specified, which particular issue should be passed to MACC, Police or PSD"

Unfortunately, even though auditors agreed on various actors' involvement in the follow-up initiatives in order to resolve the audit issues, they themselves bounded with rules, regulation and secret act. Therefore, the auditors cannot simply reveal information to other parties. This further elaborated by Auditor 11,

"The status of the AG report is embargo until it is tabled in Parliament. Meaning that, until the AG report tabled in Parliament, we cannot discussed openly on the issues. We cannot bring forward any issues until it is tabled in Parliament because the status of the AG report is still at embargo stage. Therefore, most of the action that we need to take is basically after the AG report been tabled in Parliament. Then only, our report become a public document".

Whereas, the Auditee 9 said, they could observed that, nowadays many enforcement agencies are involved. Meaning that, all these key agencies were made to involve in the current follow-up initiatives. While other colleagues from auditees group also acknowledged involvement of various enforcement agencies. Auditee 11 claimed that,

"At least, now it is good to have participation from other agencies such as Police and MACC that closely working together with the audit department. So now, not only we have to face and answered to auditor but many other agencies concerned"

While others actors are not excluded as they also realized involvement of many other actors in the follow-up initiatives. Particularly, Others 12, admitted and explained the importance of their involvement in the follow-up practice,

"People should see us not as fault founder but more to assist them to identify issues as well as suggestion to rectify it. We just want to help as we take care on the internal control matter. We know much more than the MNAD guys. So, I think our involvement to some extent is undisputable and unavoidable"

Another interviewee has directly triggered the need of media involvement as a way of exerting indirect effect on follow-up practice. Other 8 said,

"The media involvement is needed. Because, if media expose the issue to public, they will have better understanding about the issue. Normally the media only expose sensational issue so people will just think about that particular issue. That's why I think we should make them involved. So that we able to get their support to expose not only the issue but what initiatives we have taken to rectify it. Our effort or initiative to overcome any issue should be highlighted. Otherwise nobody will know our work initiatives"

The researcher found out that, there are general and specific concerns from the interviewees with regards to various actors' involvement. For example, Auditor 14 said.

"Integrity Unit placed in every government agencies, their role should be clarify or relooked. Make them involved during the first stage of performance auditing activity. Now, what I could see, their involvement are very limited and not clear. Besides heading the investigation committee set up by Public Service Department (PSD), sometimes they only did administrative job which I think they should do more".

On top of all above mentioned actors' involvement, majority of the interviewees admitted that, MOF responsible to govern the public fund. Therefore, whatever rules, management of public money or financial matter, basically it will fall under the MOF portfolio. Despite the powerful role of MOF as acknowledged by most of the interviewees, something prevalent in the performance auditing field is the continuous involvement of MOF along this process. As admitted by Regulator 6, who said that,

"So, once the National Audit Department issue its report, exit conference, we will get involve since the exit conference, we are the representative from MOF. We are the permanent representative and compulsory member in every consecutive formal meeting. Again, once the audit report been presented in Parliament, we will involve in the follow-up matters. MOF representative also will attend a meeting as PSD level, to decide on the recommendation produced by Investigation Committee formed by PSD".

Based on the above statements, it was observed various and more interaction path are created between interacting actors in the follow-up practice. For instances, the regulators groups consist of central agencies, treasury, Public Service Department (PSD), Chief Secretary to the Government Of Malaysia (KSN), enforcement agencies such as the Police, the Anti-Corruption Agency (MACC), Attorney General Chamber (AGC) and also other monitoring agencies such as the PAC and the Ministry of Finance (MOF). The involvement of all these actors are discuss, deliberate on complex issues and subsequently disseminate particular issue to the agency concerned for further action and investigation. For example when the issue involves a criminal case, the police will follow up with further investigation. Whereas, if the issue is related to corruption, the MACC will take over and carry out follow-up investigations. Additionally, if the issue involves disciplinary action against civil servants, then Public Service Department will follow up with the disciplinary action. In addition, permanent representatives of each agency collectively contributes in the issue resolution and discussions by providing views and inputs on the issue to provide a clearer understanding of complex issues. On the other hand, involvement of actors from others categories, each of them have their distinctive effect. For example, the involvement of media could help to speed up the process of taking action on audit issues raised, when their news coverage could exert pressure to relevant actors to take action. While other actors such as Internal Audit unit, merely not based on their values or interest but needed for coordinating function, assisting and helping the auditees in the follow-up effort. Another new unit emerged, in the context of Malaysian public sector is the Integrity Unit. Their involvement seemed more reserved such as, lead the investigation committee set up by PSD within the auditees' organizational level. Whereas, involvement of MOF in every important meetings that deliberate and make decision on the issues concerning performance of public fund management is something that needs to be carefully altered in terms of relevancy and appropriateness due to the possibility of secreted intervention or pressure not known by the naked eye. Thus, on such a continuum, using the governance network theory, this study argued that involvement of key actors particularly the enforcement agencies instead of MNAD as single actor -are inevitable in making the practice of follow up on performance auditing issues more effective.

6. Conclusion and Future Direction

This paper has unpack the views of various actors about recent initiatives involving the practice of follow-up on performance auditing issues in Malaysia. By strongly considering their responses and perspectives on the issue, it provides evidence to explain the nature and extent of current follow-up practice which initiated to address demands placed on governments for improved uses of public funds through performance auditing in Malaysia. Most notably, this paper able to explore and reveal that variety of interaction platform are executed in the follow-up practice to engage with relevant actors in an effort to encourage greater involvement of different actors. The reason is, they recognize that governance arrangement through diverse groups of powerholder with varying capacity and source of power could help in taking appropriate further action on audit issues. All four groups of actors namely auditors, auditees, regulators and other relevant actors interact through many interaction platform in order discuss, deliberate, disseminate on the issues. While on the parts of other relevant actors such as media, engagement with this group of actors are initiated, to reduce effect of media coverage and further to manage the media proliferation.

This study specifically used governance network theory to explore the nature and extent of follow-up practice that occurs through various actors' interaction, namely the auditors, auditees, regulators and other related actors. Networks are based on the interaction and interconnection of the four categories of actors that poses different values, interests which then collectively choose their strategies (39). What is designated by GNT are three core feature such as values, interests and strategy choose by the actors involved. This study reveals something more interesting. Meaning, involvement of various actors and strategies chosen not only influenced by their values or interests, but more importantly is the capability of the actors involved. The capability of the actors means, each of them based on their jurisdiction of power and portfolios are more appropriate and relevant for the resolution of particular issue. For example, if the audit issue has criminal elements, it is doubtful that MNAD able to do it alone beyond their mandate to audit and report. While auditees may have an element such as conflict of interest or lack of ability to do it alone. In such a case, the police is the right to do the follow-up investigation. So when all relevant and related actors are involved, problem related to audit recommendation implementation could be overcome. Ultimately, solution on action can be realized (71).

Researchers do not deny that very limited research has been carried out in the public sector performance auditing in Malaysia particularly in the aspect of follow-up on the issues raised in the AG report. This is one of the few empirical studies that assess the effectiveness of follow-up practice in developing countries. Therefore, more study is required by focusing on all four core concepts and assumption of governance network theory instead of part of the core concept covered by this paper. Due to the follow-up on performance auditing issues that represent a fairly significant picture of the performance of public money spending by Malaysian machinery of government agencies as a whole, there is a need to see the impact of follow-up practice on performance auditing issues within the public sector in Malaysia. As such, it is suggested for future researcher to perform a case study approach which could provide a more focused analysis through visible actions according to every single case (audit issues).

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