LEADING GOVERNANCE WITH INTEGRITY

Dato' Sri Akhbar Satar Ahli Lembaga Pengarah Institut Integriti Malaysia

ENRON SCANDAL: Failure in Corporate Governance

Bernie Madoff

Academic: University of Alabama

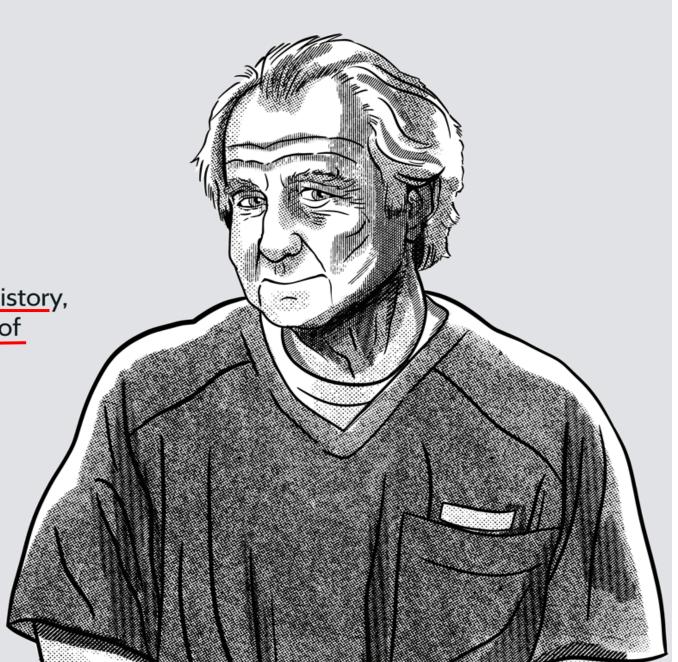
Born: April 29, 1938

Died: April 14, 2021

Financier

 Responsible for the largest Ponzi scheme in history, defrauded thousands of investors out of tens of billions of dollars over the course of 17 years, possibly longer

- Was sentenced to 150 years in prison and forced to forfeit \$170 billion in 2009
- Pioneer in electronic trading and Chair of Nasdaq in the early 1990s
- Sarbanes Oxley Act 2002



PEWAJAR STEEL: Failure in Corporate Governance and rule of law is over and above everyone



- lost everything
- his family and friends

"Once when I put my hands on the table, there were 200 other hands of my friends on that same table. But now there are not enough hands"

GOVERNANCE

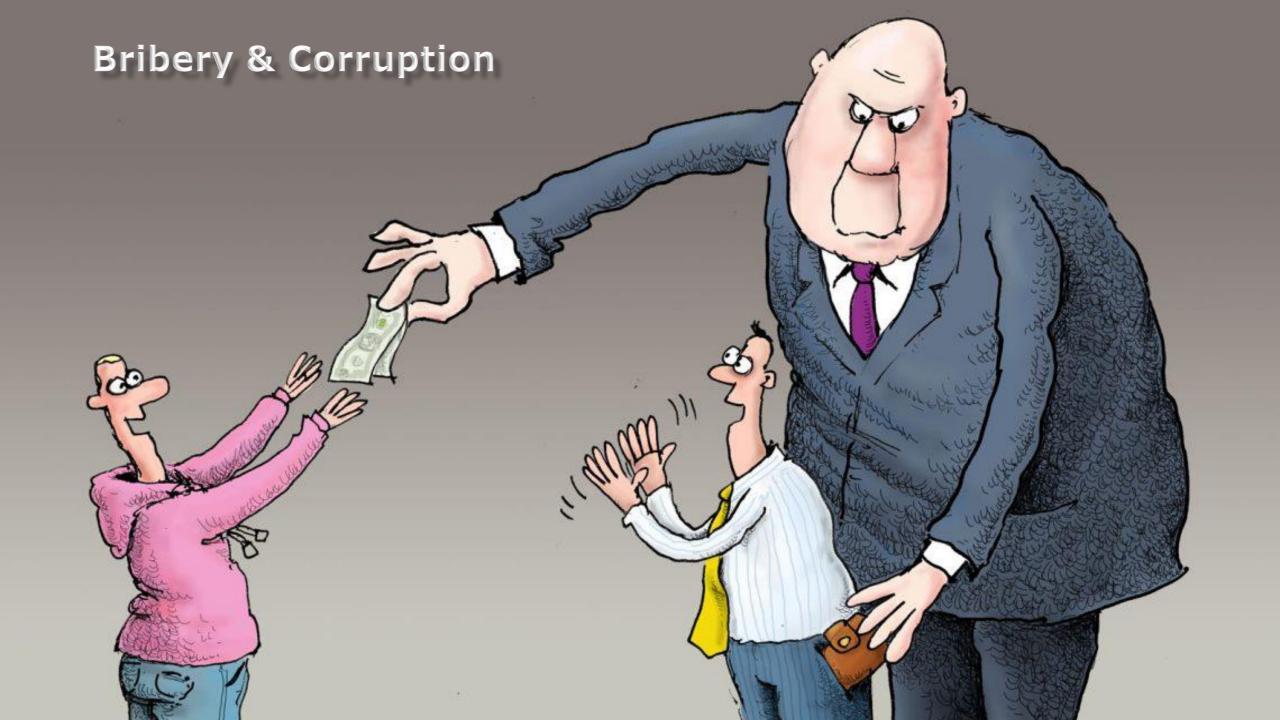
- patterns of rule or practices or action or manner of governing an organization;
- covers all aspects of how a state or country is governed: economic policies, regulatory framework, and adherence to the rule of law





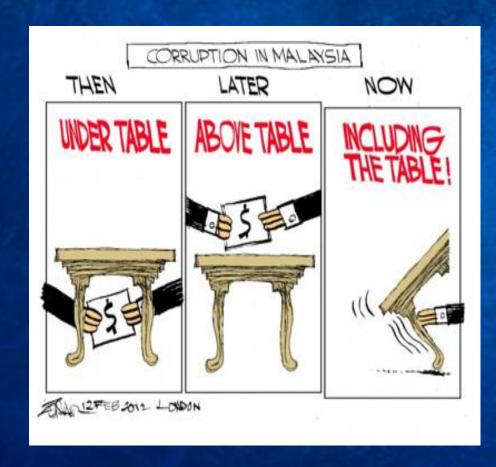
- the <u>quality</u> of <u>being honest</u> and having <u>strong moral principles</u>
- actions based on values rather than personal gain
- <u>Doing right thing when no one is</u> watching (but metaphysic?)
- level of integrity







How Serious is Corruption in Malaysia?





Malaysia loses RM3 trillion within 25 years due to corruption

Survey: Think government corruption is a big problem

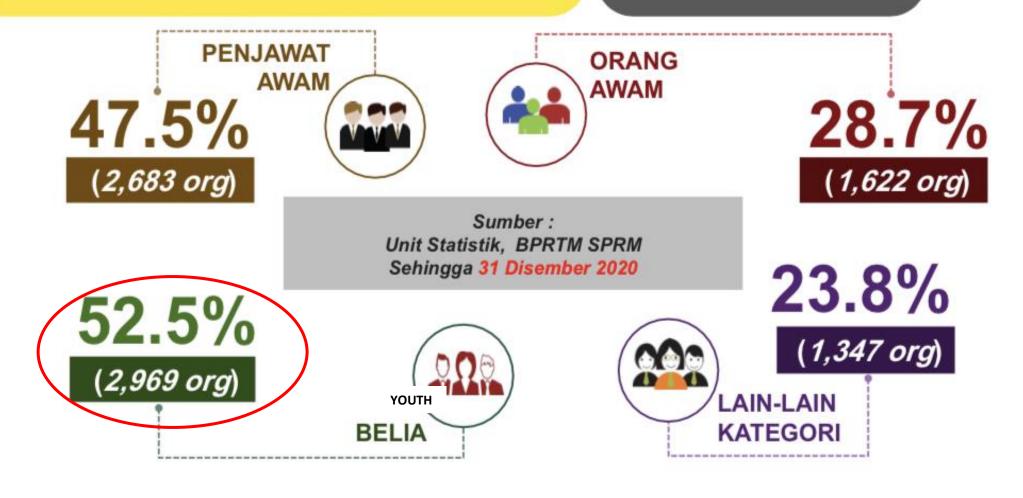
General Corruption Barometer(GCB) 2020





InfoGrafik: TAHUN 2015 - 2020

KESELURUHAN



NOTA:

Kategori BELIA berumur 40 tahun dan ke bawah

ARREST STATISTICS OF MACC: 2022-JULY 2023

TANGKAPAN KESELURUHAN OPERASI MENGIKUT KATEGORI/UMUR BAGI TAHUN 2022 DAN 2023

			202	22	2023									
KATEGORI KUMPULAN	20 thn ke bwh	21-30 thn	31 - 40 thn	41 - 50 thn	51 - 60 thn	61 thn ke atas	JUMLAH	20 thn ke bwh	21-30 thn	31 - 40 thn	41 - 50 thn	51 - 60 thn	61 thn ke atas	JUMLAH
PENJAWAT AWAM	0	17	146	98	47	15	323	0	11	74	67	29	5	186
ORANG AWAM	0	30	74	34	21	22	181	0	9	24	26	19	12	90
LAIN-LAIN KATEGORI (SWASTA, POLITIK DAN LAIN-LAIN)	1	40	112	138	75	39	405	0	18	100	100	66	23	307
JUMLAH	1 (87	332	270	143	76	909	0 (38	198	193	114	40	583

*Kesemua data diperoleh melalui CRIS

Disediakan Oleh:-

Unit Statistik Cawangan Perisytiharan Harta & Statistik (CPHS) Bahagian Pengurusan Rekod dan Maklumat Suruhanjaya Pencegahan Rasuah Malaysia 10.07.2023 2022-2033 Youth Arrested = 50%

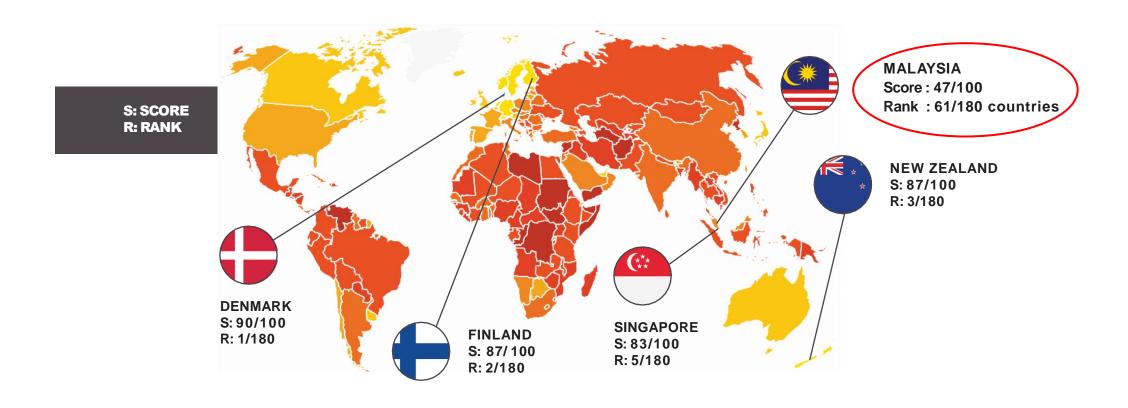
STATISTIK TANGKAPAN NEGERI SARAWAK BAGI TAHUN 2019 HINGGA OGOS 2023 TAHUN TANGKAPAN JUMLAH

^{*}Kesemua data diperoleh melalui CRIS SPRM

STATISTIK TANGKAPAN MENGIKUT SEKTOR BAGI NEGERI SARAWAK BAGI TAHUN 2019-2023

_										
KATEGORI		TAHUN								
		2019	2020	2021	2022	2023				
AWAM	Kumpulan Pengurusan Tertinggi	1	0	SPR		0				
AT	Kumpulan Pengurusan & Profesional	6	8	7	6	10				
PENJAW	Kumpulan Sokongan	18	20 AMAN	H ADIL.	27	16				
	ORANG AWAM	27	37	II	9	10				
	AIN-LAIN KATEGORI SWASTA, GLC POLITIK DAN LAIN-LAIN)	11		LAYSIA	19	18				
	HINT AT	63	74	51	61	54				
	JUMLAH			202		*				

CORRUPTION PERCEPTION INDEX 2022





CORRUPTION PERCEPTION INDEX 2022

Solomon Islands
Timor-Leste
Trinidad and
Tobago
Vietnam
Kosovo
Guyana
India
Maldives

North Macedonia

Suriname Tunisia **Belarus** Colombia Moldova Argentina Brazil Ethiopia Morocco Tanzania Cote d'Ivoire Lesotho Albania Ecuador Kazakhstan Panama Peru

SCORE COUNTRY/TERRITORY

JUNE	COUNTRIFIERRITORI
90	Denmark
87	Finland
87	New Zealand
84	Norway
83	Singapore
83	Sweden
82	Switzerland
80	Netherlands
79	Germany
77	Ireland
77	Luxembourg
76	Hong Kong
75	Australia
74	Canada
74	Estonia
74	Iceland
74	Uruguay
73	Belgium
73	Japan
73	United Kingdom
72	France
71	Austria
70	Seychelles
69	United States of America
68	Bhutan
60	

Taiwan

67	Chile
67	United Arab Emirates
65	Barbados
64	Bahamas
63	Israel
63	Korea, South
62	Lithuania
62	Portugal
60	Botswana
60	Cabo Verde
60	Saint Vincent and the Grenadines
60	Spain
59	Latvia
58	Qatar
56	Czechia
56	Georgia
56	Italy
56	Slovenia
55	Dominica
55	Poland
55	Saint Lucia
54	Costa Rica
5 3	Fiji
53	Slovakia
52	Cyprus
52	Greece

52	Grenada	42
51	Malta	42
51	Rwanda	42
51	Saudi Arabia	
50	Croatia	42
50	Mauritius	41
49	Namibia	40
48	Vanuatu	40
47	Jordan	40
47	Malaysia (R:61/180	10
46	Armenia	40
46	Romania	40
45	China	39
45	Cuba	39
45	Montenegro	39
45	Sao Tome	38
	and Principe	38
44	Bahrain	38
44	Jamaica	38
44	Oman	38
43	Benin	37
43	Bulgaria	37
43	Ghana	36
43	Senegal	36
43	South Africa	36
42	Burkina Faso	36
42	Hungary	36
42	Kuwait	36

36	Sri Lanka
36	Thailand
36	Turkey
34	Bosnia and Herzegovina
34	Gambia
34	Indonesia
34	Malawi
34	Nepal
34	Sierra Leone
33	Algeria
33	Angola
33	El Salvador
33	Mongolia
33	Philippines
33	Ukraine
33	Zambia
32	Dominican Republic
32	Kenya
32	Niger
31	Bolivia
31	Laos
31	Mexico
31	Uzbekistan
30	Djibouti
30	Egypt
30	Eswatini

30	Mauritania
30	Papua New Guinea
30	Togo
29	Gabon
28	Mali
28	Paraguay
28	Russia
27	Kyrgyzstan
27	Pakistan
26	Cameroon
26	Liberia
26	Madagascar
26	Mozambique
26	Uganda
25	Bangladesh
25	Guinea
25	Iran
24	Afghanistan
24	Cambodia
24	Central African Republic
24	Guatemala
24	Lebanon
24	Nigeria
24	Tajikistan
23	Azerbaijan
23	Honduras

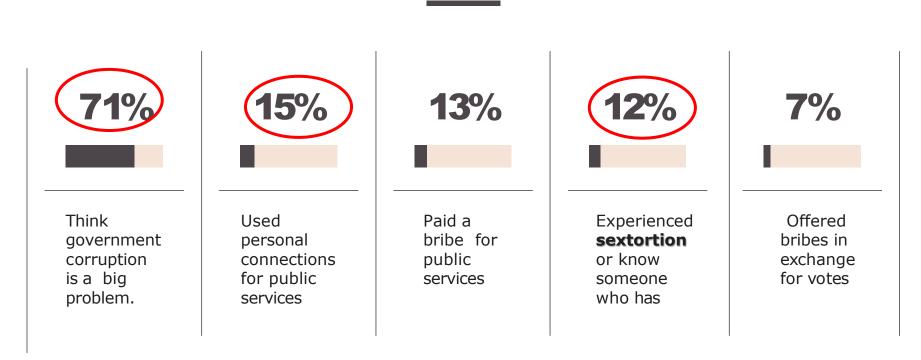
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17 Haiti 17 Korea, 17 Libya	
17 Korea,17 Libya	rial Guine
17 Libya	
	North
16 Yemen	
_	
14 Venezu	ela
13 South S	Sudan
13 Syria	
12 Somali	

Serbia

Which Institution is the most corrupt in Malaysia?

INSTITUTION (GCB 2020)	Percentage				
1. Members of Parliament	36%				
2. Police	30%				
3. Government Official	28%				
4. Business Executives	27%				
5. Local Government	18%				
6. NGO	15%				
7. Judges & Magistrates	13%				
8. Bankers	10%				
9. Army Leader	9 %				
10. Religious Leaders	9%				
Source: Transparency International's General Corruption Barometer(GCB) 2020					

GLOBAL CORRUPTION BAROMETER ASIA 2020 - MALAYSIA

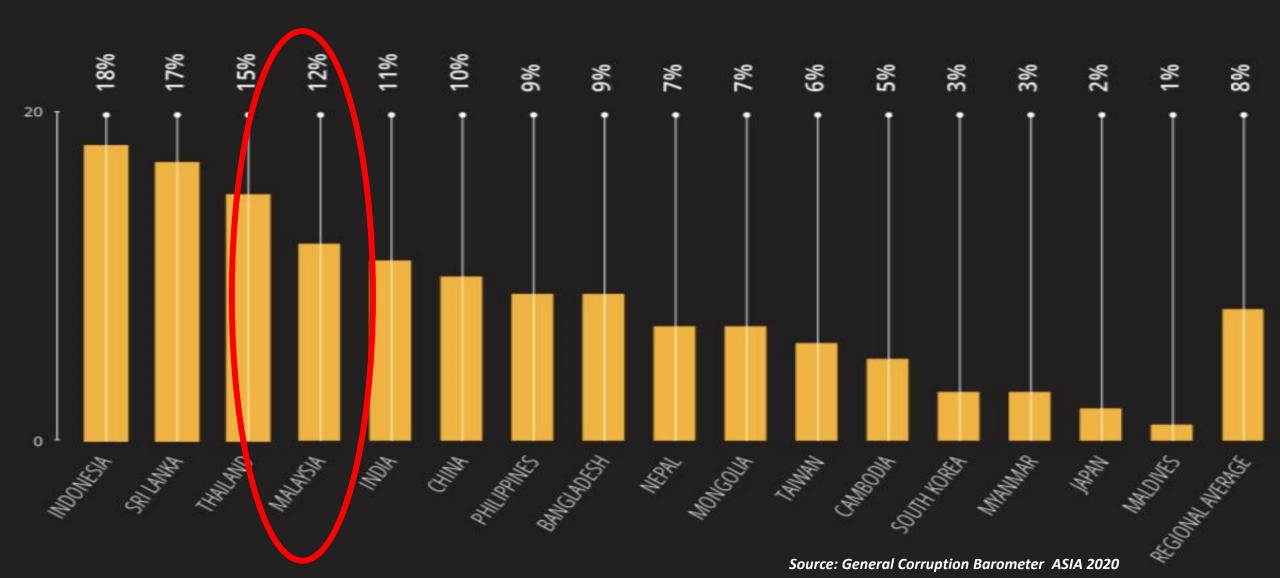


*Based on people who used these public services in the previous 12 months.

Source from Transparency International Malaysia (2022).

SEXTORTION RATES BY COUNTRY

Percentage of citizens who experience sextortion or know someone who has.35









BEHAVIORAL RED FLAGS OF FRAUD

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

8 KEY WARNING SIGNS

85% OF ALL FRAUDSTERS displayed at least one BEHAVIORAL RED FLAG

These are the 8 most common behavioral clues of occupational fraud. At least one of these red flags was observed in 76% of all cases.



39% Living beyond means



Financial difficulties



Unusually close association with vendor/customer



Control issues, unwillingness to share duties



Irritability, suspiciousness, or defensiveness



Bullying or intimidation

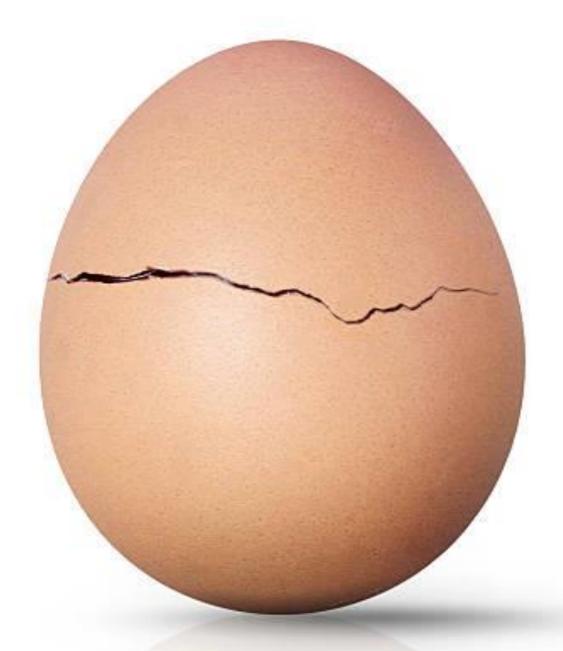


Divorce/family problems



"Wheeler-dealer" attitude Living Beyond Means :who's who? **GENDER AND RED FLAGS** Some behavioral flags tended to correlate with the fraudster's gender. Living beyond means Financial difficulties 9% Recent divorce or family problems

Social Bond - weak social bond, the chances of delinquent behavior increases significantly





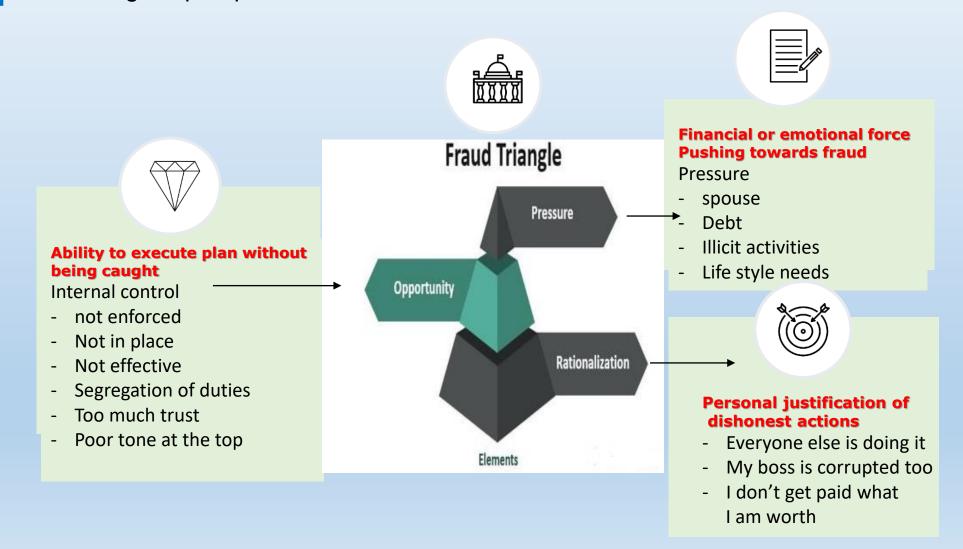


Tak Takut Kepada Allah Subhanahu Wata'ala

God Fearing not fear MACC (religious value)



Causes of corruption Criminological perspective





Political influence

- Government servants



Government Contract



Ordering a motorcycle



Get a bicycler



But pay the price of a car

The biggest disease is corruption, the vaccine is transparency

Good Governance



Rule of law - Over and above even "Premier stated that Ombudsman will be answerable to Legislature / DUN"

KEY COMPONENTS OF INTEGRITY IN LEADERSHIP

1. Honesty

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Leaders with integrity make a conscious effort to be sincere and authentic at all times.

2. Fairness

Leaders with integrity are fair and just in their dealings with others. 3. Responsibility

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Leaders with integrity take responsibility for their actions and decisions.

4. Consistency

Leaders with integrity act in a consistent manner, aligning their actions with their values and principles.

5. Courage

Leaders with integrity have the guts to do and stand up for what they believe in. 3 Criteria

- Integrity
- Merit
- Courage





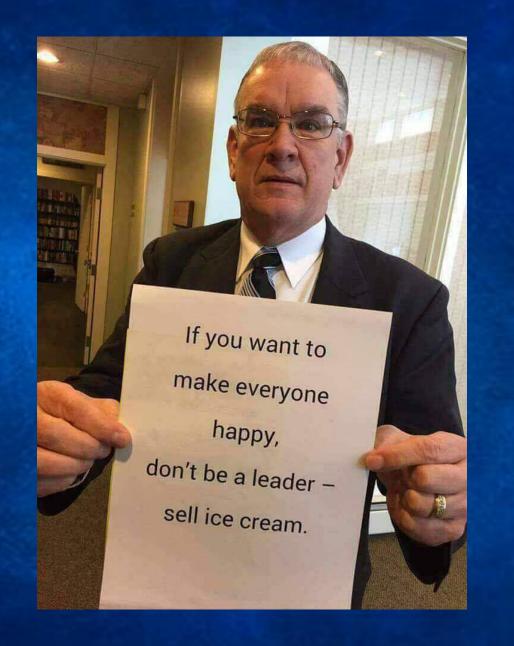




Integrity & Religious Doctrine

Even religious doctrines cannot change a corrupt

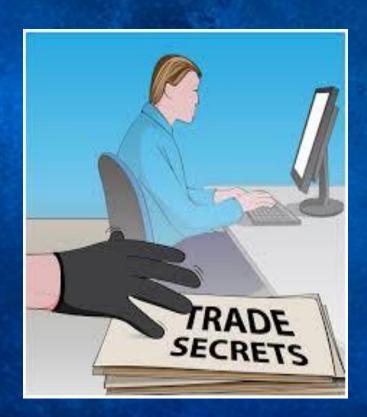
- Integrity resides in the soul deep inside
- It's either you have it or not



RED FLAGS

Always Go Home late : (first one in, last one out)





















BEHAVIORAL RED FLAGS OF FRAUD

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

8 KEY WARNING SIGNS

85% OF ALL FRAUDSTERS displayed at least one BEHAVIORAL RED FLAG

Morning prayer

These are the 8 most common behavioral clues of occupational fraud. At least one of these red flags was observed in 76% of all cases.



39% Living beyond means



25^m Financial difficulties



Unusually close association with vendor/custome



Control issues, unwillingness to share duties



Irritability, suspiciousness, or defensiveness



Bullying or intimidation

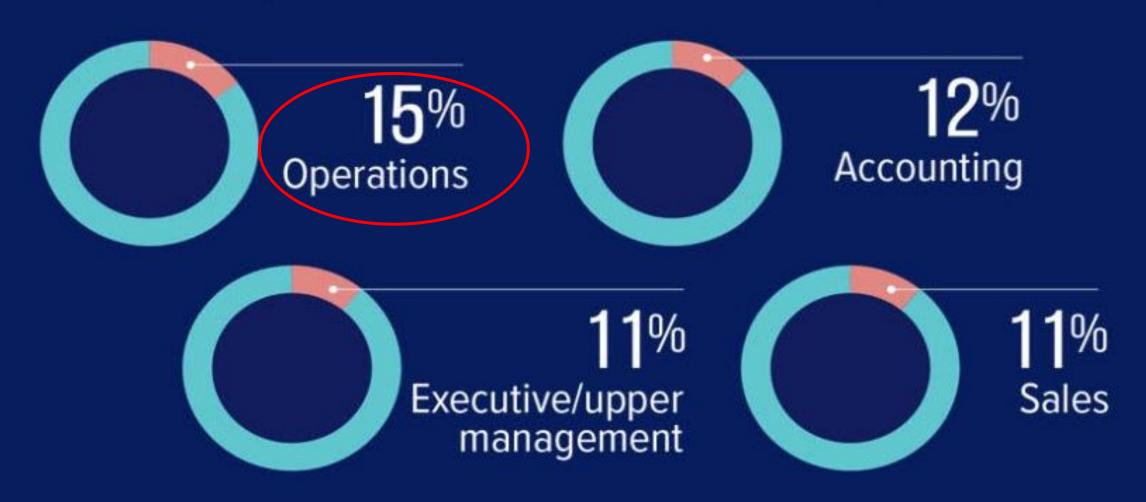


Divorce/family problems



"Wheeler-dealer" attitude

Nearly HALF of all reported frauds in the study occurred in these four departments:

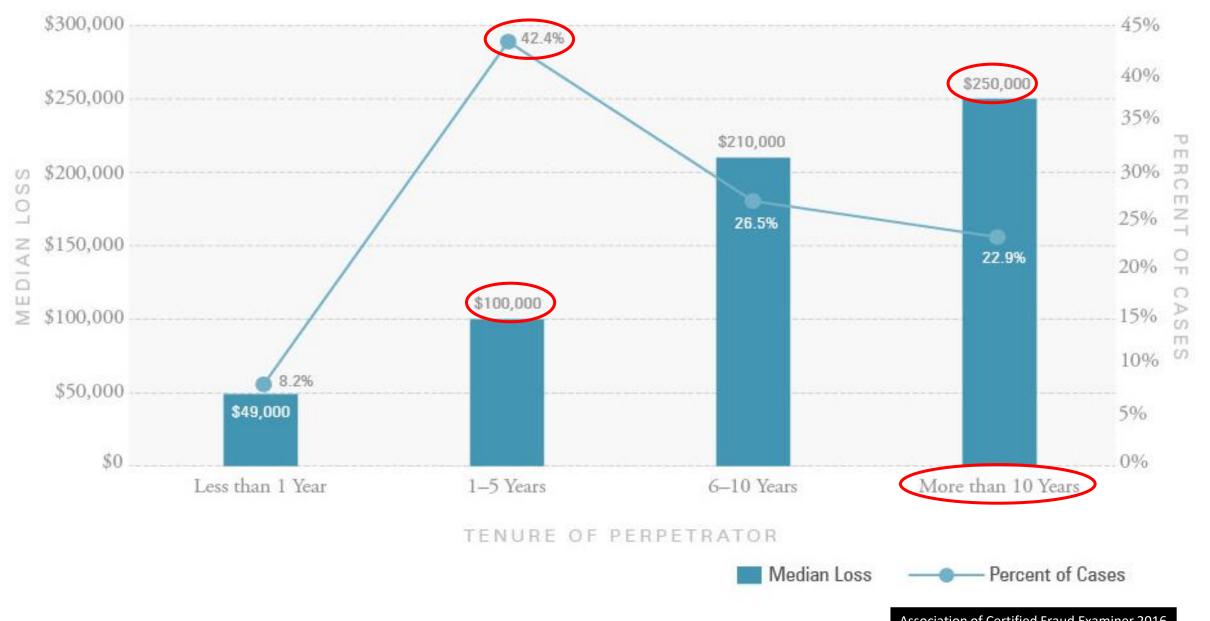


WHAT ARE THE MOST COMMON OCCUPATIONAL FRAUD SCHEMES IN HIGH-RISK DEPARTMENTS?

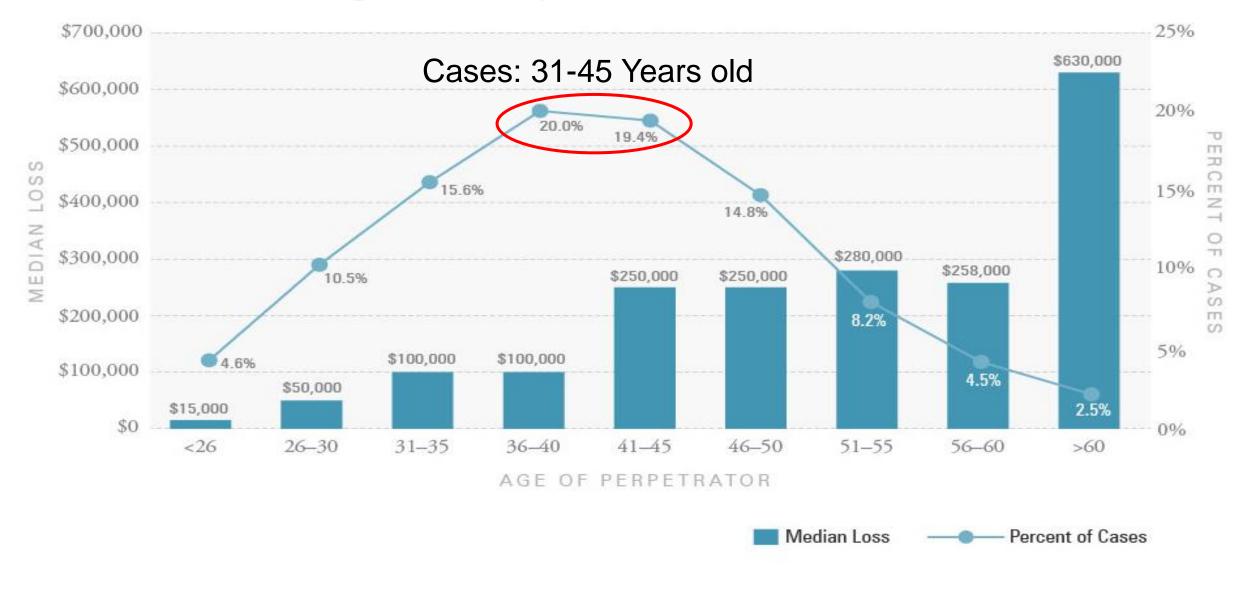
DEPARTMENT	Cases	Billing	Cash larceny	Cash on hand	Check and payment tampering	Corruption	Expense reimbursements	Financial statement fraud	Noncash	Payroll	Register disbursements	Skimming
Operations	273	16%	7%	8%	11%	48%	9%	6%	16%	8%	1%	6%
Accounting	230	24%	15%	13%	29%	33%	10%	10%	7%	16%	3%	19%
Executive/upper management	206	31%	9%	10%	12%	65%	18%	22%	21%	13%	2%	12%
Sales	203	11%	6%	7%	2%	51%	8%	6%	18%	4%	2%	11%
Customer service	140	8%	10%	16%	11%	44%	6%	7%	17%	6%	3%	10%
Administrative support	131	23%	8%	15%	15%	37%	16%	5%	12%	12%	5%	10%
Purchasing	131	27%	1%	4%	2%	82%	5%	2%	14%	3%	0%	2%
Finance	95	26%	7%	11%	12%	48%	20%	14%	12%	7%	3%	12%

Source: ACFE-Report to Nation 2022

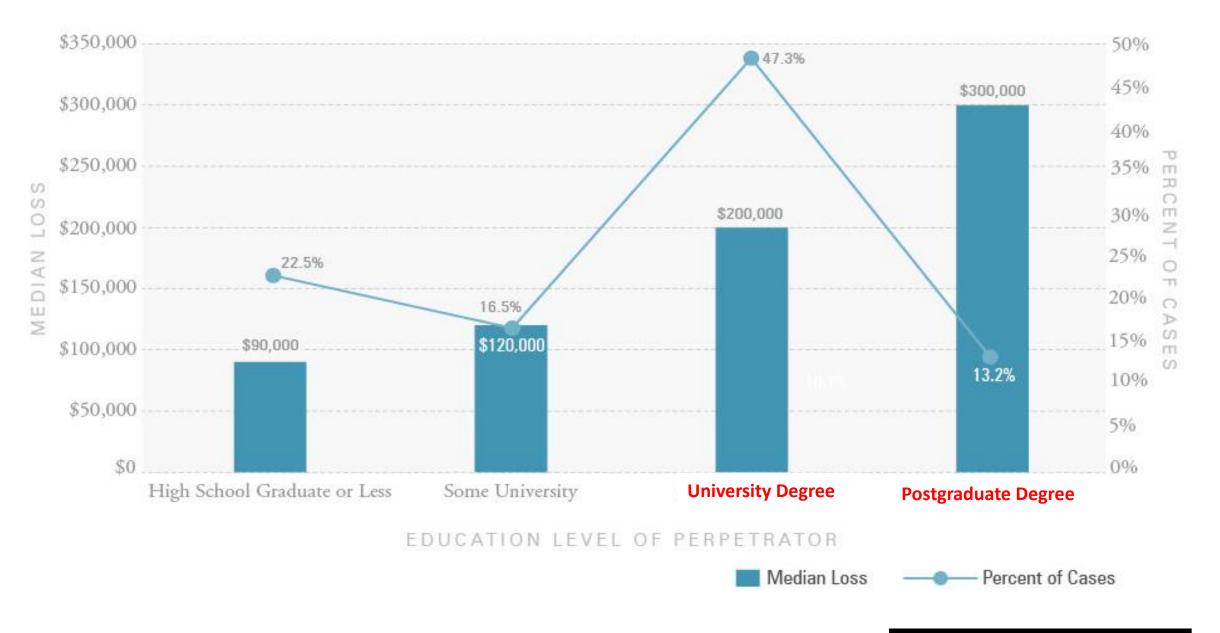
Perpetrator's Tenure



Age of Perpetrator

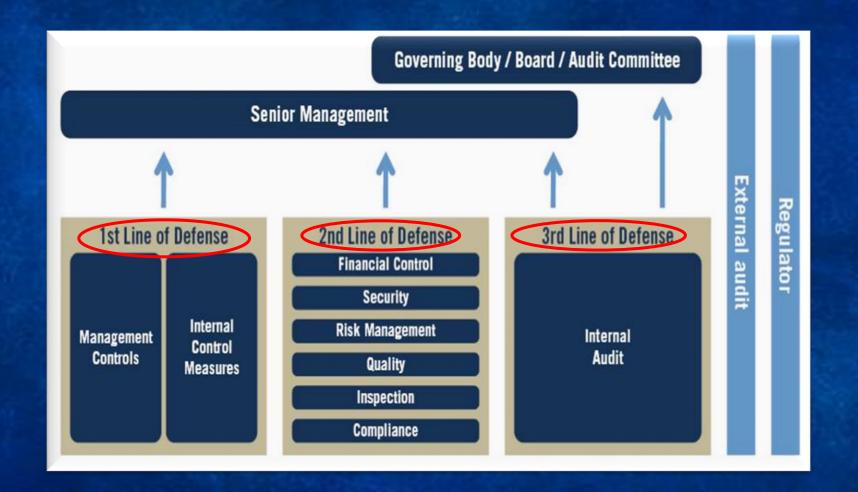


Perpetrator's Education Level

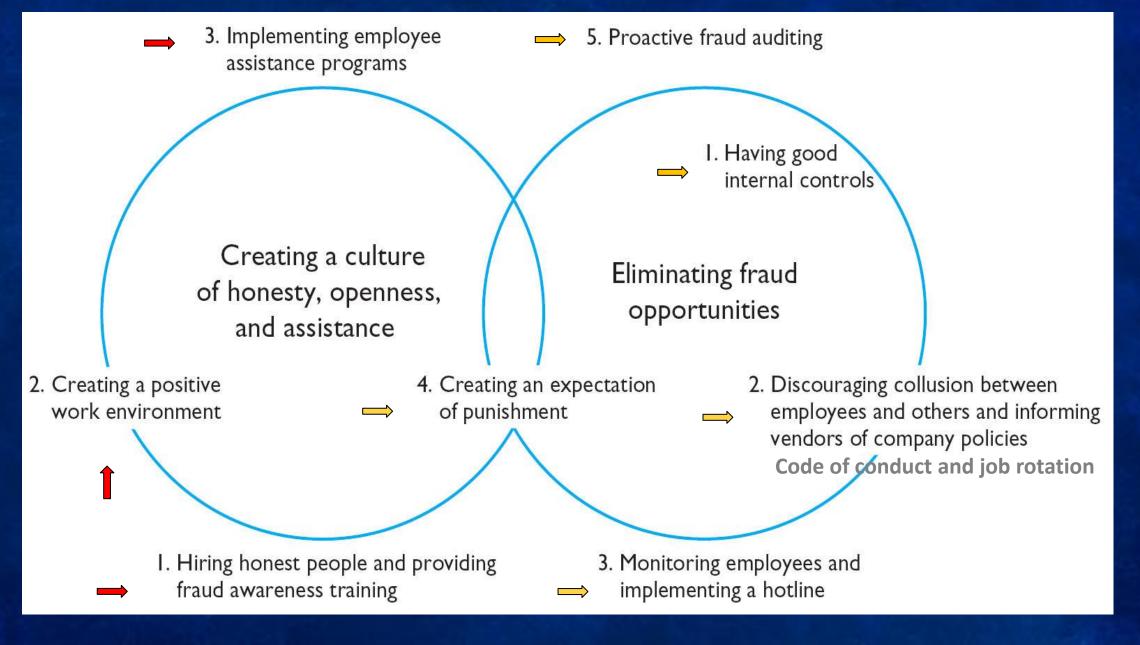


Rational Choice Theory Is the money worth the risk of going to jail?

Three Lines of Defense



Factors Leading Governance with Integrity – A



Avoid wearing **ORANGET**-**SHIRT** attire and the blemish of shame;

- nobody will help you;
- worst of all, your spouses, children and families suffered and were humiliated for generations;
- -"Are you ready for the consequences of these actions?"



LEADING GOVERNANCE WITH INTEGRITY

Thank you

Dato' Sri Akhbar Satar Ahli Lembaga Pengarah Institut Integriti Malaysia

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Integrity

Sabah's Watergate Scandal Unfolds



The Malaysian Anti-Corruption Commission (MACC) seized RM114m worth of assets RM53.7mil in cold cash stashed in houses and office – from two senior Sabah Water Department officials on Oct 4, 2016





























Prison in Austria



Santa Ana Jail, Califonia



Rwanda, Africa



El Salvador