



Persatuan Jaringan Ibubapa Pencinta Pendidikan Bahasa Zhong Hua

# **CORRUPTION** **in SJKC**



# Table of Content

## Overview of Corruption in SJKC • 3

Corrupted Head Master is not an isolated case. It is a national institutionalized syndicate.

## Modus Operandi of A Corrupted and Unscrupulous Head Master • 4

Never-ending and creative money-sucking-method

## Modus Operandi of A Corrupted Head Master and his Cash Flow • 8

The wonder in the cash and cheque

## Prevent and Combat the Corruption in School • 10

Action, action, nothing else but action



### Disclaimer:

The content of this booklet is based on research and understanding from various parties. Our objective is to remind parents, society, PIBG and school directors to be cautious and always monitor all treasury matters of SJKC to prevent some head masters from involving in school corruption. We all know that it is uneasy for Chinese education to be able to sustain until today. For headmasters who is conscientious and treasure Chinese education, Jiazong will stand on their sides and fight school corruption together with them.

# 1 Overview of Corruption in SJKC

Corrupted Head Master is not an isolated case.  
It is a national institutionalized syndicate.

Based on the statistic from Ministry of Education (MOE) due 31st January 2014, there are 1294 Chinese vernacular schools (SJKC) in Malaysia, with the total of 613,437 students. The average yearly expenses of every student in SJKC is estimated to be about RM 800 each. On top of this, Government allocates Wang Kerajaan of RM 120 and approximately RM 20 of Wang SUWA to every student in a school as the administration and other expenses, of which sum up to a large amount of RM 650mil of "cash cow", attractive enough to lure certain interest group especially the head of the school into the money generating scheme. The actual amount is far more than the mentioned if it is inclusive of the on-going donation run held by the school.

The following table shows the breakdown of yearly expenses and MOE allocation of each student in SJKC:

Item	Amount
Exercise books and Work books	RM200
Kelas bimbingan/Tuition	RM120
Computer Class	RM200
Reading Material & ABM	RM100
Others ( Stationery, Holiday Trip, Smart Classroom etc )	RM300
Government Allocation – Wang Kerajaan	RM120
Government Allocation – Wang Suwa	RM20
Total	RM1,060
x nationwide 613,437 students	RM650mil

Chinese parents put emphasis on education. Furthermore, the feeling that government is neglecting SJKC causes them to support unconditionally in buying compulsory workbooks or taking part in compulsory classes which is set by the headmaster for whatever reasons used. This phenomenon creates a breeding ground of corruption in SJKC. It has since become an open secret that headmasters in SJKC receive commission through the above activities. With a huge market value of more than RM 500mil annually, suppliers are willing to offer 30-50% rebates to any headmaster so that he will approve them to be the sole supplier to the school.

For example, based on 40% rebates offer, a school with 3000 students is able to generate an off record income as high as RM 1,272,000 per annum to the headmaster.

Collection of rebates by the unscrupulous head master has slowly but surely evolved and institutionalized. The corrupted amount of RM 260mil per annum is generated into the pocket of the school head in the whole nation, which brings harm to the education system in SJKC.

# 2

## Modus Operandi of A Corrupted and Unscrupulous Head Master

Never-ending and creative money-sucking-method

There are a lot of activities are run under the name of PIBG. Therefore, head master is easily stay out of investigation should any monetary issue occurs. Most of the money collected comes from PIBG-run-activities, whereas there rest come from donation program held by the school. Head master also has a cut in the tender of school canteen and school bookstore. Any purchase or activities which involve large sum of amount is the additional income source of those unscrupulous head masters. The following are the few examples best illustrate the corruption in SJKC:

### 1. School Book Store/Publisher



School bookstore is very important to the HM. Most of the publishers and suppliers of books and stationery who get the approval from HM are very much dependent to the school bookstore which serves as a transaction medium. The school bookstore is monopolized by only a few companies. They practice standardized operating procedure in nationwide SJKC. HM enjoys rebates between 30-60% from the sales of bookstore. Besides workbooks, text books, reference books, extra reading materials, stationery and etc, HM also manipulate his authority to force the students to buy from school bookstore. All of the exercise books are printed with school logo on the cover page, preventing students from buying similar products from the bookstore in the market which offer better price.

Out of HM own monetary benefits, students are required to buy a lot of unnecessary text book, workbooks, reference books, extra reading materials, stationery and etc. As the result, students have to bear heavy school bag (5-10kg) to school every day, which affect the healthy growth of bone among them.

Besides the sales rebates, base on the number of students in school, HM may collect RM 0.50 per student, from the school bookshop or publisher every month.

#### International Studies shows that :

- 2003 The Institute of Republic Slovenia: school bag should not weigh more than 10% of the child's weight. Austria enacts the law to restrict the school bag weigh more than 10% of the student's weight, HM who break this law is punished severely.
- 2009 "Archives of disease in childhood" in England proves that over-weight school bag causing spinal disorder among the children, which is 42% higher risk than common people.

### 2. The Tender of Canteen Operator



Rightfully, the tender of the school canteen operation in SJKC is within the power of the board of governor. However, HM manipulates the JPN officer to allow him to fully control the tender and management of school canteen. With that, HM receives monetary benefit from the canteen operator before approve the tender. Besides, based on the number of students in school, HM may collect RM 1 per student, from the canteen operator every month. For example, if there are 1000 students in a school, the commissions will be RM 1000 monthly, credited into HM's pocket, illegally. The canteen operation contract which is signed by the HM will normally have the duration of 2+1 years, thus enabling a longer term of personal monetary benefits. HM allows the canteen operator sell food at higher price. Students are the victims in this scenario. They don't get balance and healthy nutrients when the canteen operator prepares low quality food or sell at high price to compensate their additional cost incurred that benefits the HM. At the growing stage, students need balanced nutrients to stay healthy. Low quality food affects the health of students.

### 3. Chargeable Computer Class during Official School Hour



HM makes use of PIBG to start the chargeable computer class by requesting the PIBG YDP to sign unlawful contract with the computer company. All the medium and big scale SJKC conduct charged computer class during official school hour in which the syllabus of the course and teachers provided have no approval from MOE. This violates the education act which promise free education to all. However, due to personal monetary gain, HM allows the private company to conduct the computer class in the official school hour. There are only 3 computer companies in the Malaysia that monopolies the SJKC market. All students have to pay monthly fee of RM 10 (for duration of 11 months), total RM 110 yearly. In addition of computer text book special examination which sum up to be RM 204. HM is able to get 40% of commission through this outsourced project.

Students are taught the computer knowledge and skill under the KSSR which should be conducted in the official school hour (60 minutes weekly). The school has no reason to start extra chargeable computer class. Furthermore, with the speedy development in technology and the invention of smart phone, it is illogical to enroll our children in such outdated chargeable computer class.

### 4. Smart Classroom



On top of fee-paying computer classes, some HM in SJKC set up Smart Classroom infrastructure and students are required to pay RM4/RM12 every month (duration of 11 months).

There are two type of Smart Classroom setup:

#### Buyout Mode

The school board of governor will raise money to buy the complete set up from one computer company. The investment of the equipment is in the range from RM 15000 to RM 18000 for each smart classroom. HM can get one time commission of 30-40% of this Buyout Mode investment. On top of that, HM will also be given RM 2 per student every month from the maintenance fee collected. After a year, all maintenance fees which exclude the parts will be borne by PIBG.

#### Rental Mode

The school will rent the set up from the company, students are required to pay fees of RM 12 every month. HM will get RM 5 per pax per month from this mode. After 1 year, all maintenance fees which exclude the parts will be borne by PIBG. The contract made is 3 + 1 years

As a matter of fact, setting up Smart Classroom involves infrastructure which easily available from any supplier. PIBG which is fully independent may get monthly maintenance as low as RM 30 from suppliers in the market (students just need to pay less than RM 1 monthly). However, due to monetary benefits, HM is happily tie up with certain supplier on long-term basis. . Survey found out that teachers are not responsible to prepare the syllabus that will be used in Smart Classroom (for example Power Point etc), this causes the ineffective uses of Smart Classroom, and some even neglect its main function.

## 5. Chargeable Malay/English Language Class



HM invites commercial language centres to examine students' languages capability (fees about RM 100). HM provides free examination venue e.g. classrooms and allows the language centres to conduct classes/courses in school, yearly language courses which cost about RM 2400. In order to ensure HM gets his commission, HM increases the number of students per class. HM will get 30-40% of commission. As a result of higher number of students per class, class efficiency is less satisfactory as compared to external private classes



## 6. Chargeable Tuition Classes

One of the Key Performance Indicators (KPI) of HM is to improve UPSR results. This is the best justification for HM to start chargeable tuition classes conducted by school teachers. Tuition fee is collected to pay teachers' allowance and other profit-sharing involving HM. Fee is collected in terms of cash, there is no proper accounting and record. Teachers and HM may not submit this extra income to Lembaga Hasil Dalam Negeri for tax evasion. Apart from getting some shares from the tuition fee, HM receives commission through selling more work books. Parents have to bear higher expenses now. Besides tuition fees, they need to pay for extra workbooks.

## 7. Graduation Trip/School Field Trip



There is no learning objective in the trip, mainly for the personal monetary gain of the HM. Students do not gain any benefits from the trip. For those younger students who follow the school trip, it increases the risk of safety. There are two traveling agencies monopolizing the holiday trips held by all SJKC in KL and Selangor. The fees charged looks similar if compared with the packages offered by other traveling agencies. However, 4 students are assigned to squeeze in the 2 single-bed room, cheap food for their meals throughout the trip in order to maximize the profit made. Some HM even jack up the price set by the travelling agencies and enjoy the 20% rebate. The trip no longer limit to graduation trip, some even involve students other than standard 6. The tour is even arranged as far as overseas making high traveling fees looks more reasonable. HM understands how parents would not want to disappoint their children and will eventually allow their children to follow the tour held by the school. Normally there are 4 teachers leading the tour in every bus. Teachers are happily leading the tour since it is all free of charge. Teachers and HM are in win-win situation in this case. For example, Singapore-Melaka 3 days 2 nights bus trip is charged RM 720 per students. 5 buses of 200 people generating the amount of RM 144000. The unlawful 30% rebates will gill RM 43 200 extra income in HM's pocket.



## 8. Motivational Camp

These camps are usually organized by a group of retired HM during the school holidays or weekends, 1 -2 days (non overnight), fees are about RM50- RM 150. For example, Camp for prefects, motivational camp for UPSR candidates, camp for uniform groups, etc. Retired HMs will get profits in addition to pension and the HM of the respective school will get 20-30% commission.

## 9. Promotion/Sales

HM helps in promoting various commercials eg : electronic dictionary , insurance, spectacles, courses (English Language courses , speed reading , brain development programmes), HM will get 20-30% commission.



## 10. Akaun Kumpulan Wang Kerajaan

Every SJKC has an account specially receives funding (Wang Kerajaan) from MOE annually for the purpose of school management expenses. The amount is distributed based on the number of students in the school. Every student entitles RM 120 funding. Since 2006 till today, all government schools entitle "Yearly Funding for Other Expenses" (LBPT), in which all SJKC use it to pay for teaching materials, library infrastructure, association's expenses, extra classes, sports equipment, classroom teaching-aids, maintenance, water and electrical bill and other school expenses. There are 1294 SJKC, total of 640,000 students, each entitles RM 120 funding amounting to 76.8 Million of special funding for school management. HM is the only person manages this account. Board of Governor and PIBG have no rights to question how the money is spent. Even if the account is audited by General Auditor every year, HM can still use the flaws in the system to purchase a lot unnecessary and expensive things to enjoy the high rebates.

## 11. Akaun Kumpulan Wang SUWA (Sumber Wang Awam)

Wang Suwa is an account opened by the school. Incomes sources come from the rental of school canteen based on the number of students (each student is about RM 12, annually), rental of school bookstore (each student is about RM 6, annually) , art and craft fee(each student is about RM17, annually) and donation from the public. HM is the only person manages this account. Board of Governor and PIBG have no rights to question how the money is spent. If there is donation from the public, HM will open up another secret account to receive the fund. Account Wang Suwa will be audited by GA. However, the secret account Wang Suwa will not be audited.

# 3

## Modus Operandi Of A Corrupted Head Master And His Cash Flow

The wonder in the cash and cheque

Corruption involves money. In order to understand how the HMs nationwide share the cash cow of RM 260mil every year from numerous account to their pockets, we have to understand the flow of the money. Two types of payment: cash or cheque. Cash is the favourite and preferably payment mode because it leaves no trail behind in the cash flow. Cheque requires bank transaction. However, with the secret account, the trail is untraceable.

### 1. Cash is King

Cash business is the best business. There are more than 90% of students or parents make cash mode payment in SJKC. The fee collected by the school normally is less than RM 100 or RM200, parents prefer to pay by cash. Furthermore Bank Negara imposes charges on each cheque made in order to encourage electronic transfer, causing even more parents to make payment via cash term. The fee collected by class teachers, compiled by teacher-in-charged or assistant HM before hand over to HM. After deducting 30-50% from the total cash, HM transfer the remaining sums to the suppliers, leave no trail behind. HMs who are reluctant to have direct contact with the cash collected will instruct the teacher-in-charged or assistant HM to deal directly with the supplier. Supplier will then transfer the rebate to HM. Receipt issued to school shall exclude the said rebate to reduce the risk.



For example, in a school with 3000 students, a monthly computer class fee of RM 10 per pax will sum up to RM 30 000. HM takes RM 12,000 (40%) as rebates and pass the remaining RM 18,000 to the computer company. Or the total amount collected will pass to the computer company directly. The company will then "return" the RM 12, 000 to HM. Normally, the company will not issue any invoice or receipt to the school or PIBG to avoid the accounting trouble. On top of that, the school or PIBG will never issue official receipt to students, which allows the free flow and manipulations of cash.

There are some projects (build basketball court) that involves large sum of money. Cheque is more preferred than cash. Therefore, HM needs bank account to run the business. Due to the intended corruption, HM will open another phantom account secretly to deal with those transactions. HM will appoint others as the signature bearer(s) whereby he himself will manipulate the transaction behind the scene.



## 2. Phantom Account (secret account)

In order to understand how the HM opens phantom account, we need to know the various types of accounts a school has.

Every SJKC is allowed to open 2 official account: Akaun Wang Kerajaan and Akaun Wang Suwa, both carry the same name, for example SJKC XX, only differentiated by different account number. HM takes charge of these accounts, audited by the government. Akaun Wang Kerajaan only receives the allocation fund from the government. Other fund is strictly not allowed to be credited into this account. The money from Akaun Wang Kerajaan can only be utilized in the usage illustrated in 2.11. On the other hand, Akaun Wang Suwa can receives fund from various sources. However, to use the money from this account, application to PPD or JPN need to be submitted by the HM.



Every newly appointed HM to any SJKC, JPN will issue authorization letter to HM in order for him to changes the signatory to these two accounts in the bank. HM will decide the signatory. Normally HM and the other 3 assistant HM are the signatories to the accounts.

However, with the same authorization letter, HM may use it to open another phantom account in another bank. HM decides the official signatory of the accounts and even instructs to send monthly statement to any address but school. Since schools are not under the jurisdiction of Company Acts, in conjunction to the impression of HM as an educator, the bank is more lenient in setting up new accounts for the HM. Therefore, even though the account may have account name such as SJKC XX, it will never be audited because it is not reported to the authority. It will stays as a phantom account forever. The phantom account is the channel for those unlawful transactions, receiver of public donation, and it will now break off from the restriction as HM can use the money anytime, any amount he likes. Let's pause and think, due to the great passion to Chinese schools, you issue a RM 10000 cheque to the school as building fund, with the payee SJKC XX, thinking the money will surely land into the Akaun Wang SUWA. Will you ever imagine that HM will bank in the cheque into the phantom account, not the official account?

Apart from the 2 official accounts mentioned, every SJKC has another 2 accounts which does not require the auditing from Government General Auditor. They are Bank Akaun Lembaga Pengurus Sekolah-LPS (LPS SJKC XX) and Bank Akaun PIBG Sekolah (PIBG SJKC XX). The official signatories for LPS bank account are the chairman, treasurer or secretary. PIBG account signatories are YDP, secretary and/or treasurer. HM is not one of the signatory in these 2 accounts. However, HM can still abuse his position and power to open phantom account for PIBG, in which its signatories are the cronies of the HM. This is to carry out unlawful transaction into personal monetary gain. Majority of the PIBG will have two sets of financial report. One of them is not presented in the General Meeting (AGM). Some of the PIBG YDPs are not even aware of the second version of financial report.

# 4

## Prevent and Combat the Corruption in School

Action, Action, Nothing Else But Action

It is indeed a tough task to combat corruption in school. It is due the perfect corruption skill practiced by the HM and backed up by the head masters union. Even if the secret is unveiled, the actual culprit is always get away easily because there is always a scapegoat aka PIBG YDP. An ignorant YDP is being used to sign various unlawful contracts with commercial parties on behalf of the school.

Despite a lot of hardship, we have to persevere with it because SJKC is the foundation of Chinese education. In order to preserve the quality and mission of Chinese education set by our forefather to nurture and educate the young generation, we have to continue the battle. It is better to wash the dirty linen in the public than allowing the corrupted ones continue to taint our education institution which is meant to build the future leaders.



### The Role played by PIBG

No doubt it is really a pleasure to be part of the committee members in PIBG, but doing things right does not equal to coordinate with the HM in all ways to accommodate all his needs. However, almost the majority of PIBG committee members think likewise and this attitude becomes a good chip to HM for him to make use of the ignorant PIBG as part of his corruption plan. When the wrong deed is unveiled, YDP will become the scapegoat whereas the real culprit is free from the case.

#### 1. Parents need to fight for the rights to elect the parents' choice of representatives by parents only

– Ensure the independence of PIBG, avoid turning into puppet association manipulated by HM. HM selects his puppet committee of PIBG via unfair election. In other words, teachers get to choose their representatives where none of the parents has the rights to vote. In contrast, during the PIBG AGM, teachers get the chance to vote parents representatives. With the full attendance of teachers which is more than parents, the parent committees elected are in favour to the HM. Only the independent PIBG can function independently without interference from the 3rd party.

#### 2. Get familiar to the PIBG constitution under Education Act of 1996

– Understand the constitution can prevent being manipulated by HM to fulfill his unlawful requirement from PIBG.

The following are the few clauses in the constitution to protect PIBG from manipulation

<p><b>2.1 To prevent HM from opening up secret phantom accounts under the name of PIBG</b></p> <p><b>PIBG Constitution Clause 4.13 (40)</b></p> <p>PIBG is allowed to have one bank account only. Should additional account is needed for special event or function, application to MOE is required and the proposal need to be presented during PIBG AGM. Make YDP as one of the signatories of the account.</p> <p><b>Suggestion:</b> If there is more than one account under the name of PIBG SJKC XX, make police report immediately to investigate the matter.</p>	<p><b>2.2 Should not hold fund-raising event on own's will. Donation fund may be pocketed by HM.</b></p> <p><b>PIBG Constitution Clause 4.13(39c)</b></p> <p>Each and every donation run or activity is compulsory to get approval from the Registrar of PIBG</p> <p><b>Suggestion:</b> Never rush into any fund-raising event. Insist the school to apply the permit to run the program and be transparent with the fund raised.</p>	<p><b>2.3 Never use PIBG fund to subsidize the school monthly expenses. The school should act otherwise.</b></p> <p><b>PIBG Constitution Clause 3.2.11(1)</b></p> <p>HM has to supply stationery and secretariat assistant to PIBG. PIBG will handle its other expenses using PIBG fund.</p> <p><b>Suggestion:</b> PIBG fund is always used by the HM to subsidize various expenses of the school. Since PIBG cannot interfere school management, the money which transfers to school is no longer under the jurisdiction of PIBG. PIBG has no rights over how the money should be spent. Therefore, make sure PIBG stays at independent entity, stop subsidizing.</p>	<p><b>2.4 Never sign any contract with any commercial bodies. This is the trap of becoming a scapegoat in the unfortunate future.</b></p> <p><b>PIBG Constitution Clause 4.18 (56)</b></p> <p>PIBG is not an entity which has the lawful rights to sign any contract, agreement or memorandum with any 3rd party. Should PIBG plans to start any program, classes or event, HM need to help to get approval from the Registrar. Once the guideline and approval is out, PIBG is then allowed to start the event.</p> <p><b>Suggestion:</b> Any money related contract like fee-collecting computer classes are giving monetary benefits to HM. YDP of PIBG must avoid signing the contract because should any unforeseen problem occurred, HM will always get away easily where YDP has to bear the legal responsibility.</p>
---	---	--	---

### 3. Insist official receipt after every payment

- Any financial irregularity can be traced only with the receipt

Every event run under PIBG, regardless small of large amount, cash or cheque, PIBG must insist to issue official receipt to the payees for auditing purpose. It is because without receipt, the account may not be tally. Most of the time the financial report made during the AGM may not reflects the actual collection. YDP may not make known to the actual income and expenses.

## The Role of Parents

It is every parent's responsibility to maintain a corruption-free learning institution for our children:

1. Don't be too possessive to high exam marks. This gives ample chance for the HM to push for more workbooks causing over weight school bag which affects the growth of our children. It does not help in education.
2. Chargeable computer class is the income generator for HM. If parents fail to get rid of it from the official school hour, then choose not to pay. SJKC should offer free education. Thus parents need to reject chargeable class during official school hour.
3. Say no to corruption, insist official receipt for all payments made.
4. Actively participate in PIBG AGM. It helps to elect parents' choice of representatives.
5. Should parents find out any irregularities that against the Education Act, please report to JPN and MACC. Complaint guideline can be found in <http://www.jiazong.com.my>



Persatuan Jaringan Ibulubapa Pencinta Pendidikan Bahasa Zhong Hua  
[www.jjazong.com.my](http://www.jjazong.com.my)