

RECEIPT AND PAYMENT UNDER SOCIAL OBLIGATIONS OF CONCESSION AGREEMENT FOR THE NATIONAL PADDY AND RICE INDUSTRY MANAGEMENT

Ministry of Agriculture and Food Industries*

Main Points

What we examined?

- Receipt and payment under social obligations of the concession agreement for the national paddy and rice industry management, Ministry of Agriculture and Food Industries (MAFI).

Why it is important?

- To determine whether the receipt of financial and asset funds as well as Paddy Price Subsidy Scheme (SSHP) payments are made in accordance with the agreement, laws and regulations.

What we found?

- Overall, there were weaknesses in the receipt of financial and asset funds as well as SSHP payments under the concession agreement for the national paddy and rice industry management. Those weaknesses that need attention are as follows:
 - as at 31 December 2021, the social obligation fund for the year 2021 amounting to RM37 million has not yet been received by MAFI;
 - SSHP payments amounted to RM0.73 million were made to the deceased paddy farmers;
 - supply of machinery amounted to RM3.12 million did not comply with the concession agreement; and
 - machinery worth RM0.87 million has not been used and has been damaged.

* Presently known as Ministry of Agriculture and Food Security

**What do we
recommend?**

- The Audit recommendations are as follows:
 - ensure the establishment of a trust account immediately and obtain social obligation funds in accordance with the concession agreement to benefit the target group;
 - enhance standard operating procedures for SSHP payments and establish effective monitoring mechanism in order for payments to be made in an orderly manner; and
 - undertake a machinery requirement study and provide maintenance programme in order for the paddy mechanisation and machinery to be made available to paddy farmers.