

## **COMPENSATION CLAIMS FOR BREACH OF CONTRACT'S DEBTOR**

**MARA University of Technology**  
**Ministry of Higher Education**

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### **Main Points**

**What we  
examined?**

- Compensation claims against Scholarship Holders that breach the contract (Breach of Contract's Debtor) at MARA University of Technology (UiTM).

**Why is it  
important?**

- Determining whether the compensation claims for Scholarship Holders who breach the contract are implemented in accordance with the contracts, financial procedures, academic circulars and prescribed guidelines.

**What we  
found?**

- Overall, UiTM are always committed in their effort to become the globally renowned university by 2025 as well as sustaining the excellence of the organisation by offering scholarships to their staff to further their studies to the level of Ph.D and Master. However, there were weaknesses in the implementation of compensation claims against Scholarship Holders who breach contracts. Those weaknesses that need attention are as follows:
  - write off debt for 86 scholarship holders who breached the contracts amounting to RM6.23 million;
  - compensation claims totaling RM1.26 million for 20 scholarship holders who breached the contract cannot be claimed as a result of the lateness in the process of compensation claims; and
  - potential loss of income totaling RM51.08 million due to delay in compensation claims for 239 scholarship holders who breached the contract.

**What do we  
recommend?**

- Audit recommendations are as follows:
  - ascertaining the enforced circulars, working procedures and contracts are complied with, implemented and executed

efficiently and effectively for compensation claims from scholarship holders who breach the contracts;

- improving the coordination, communication, and work supervision between BKK UiTM, Unit Kewangan Zon 2, Pejabat Bendahari and Pejabat Penasihat Undang-undang (PUU) UiTM either on the execution phase or top level of management regarding to the legal actions and recollection of Public Fund; and
- ensuring the circulars and compensation claims' contract are improved including explaining in details on work procedures related to termination of legal action against the scholarship holders who have breached the contract and completed their studies out of proper study period.