

## **DISTRIBUTION OF PADDY PROCEEDS FOR THE MERDEKA FARM PROJECT**

Kemubu Agriculture Development Board  
Ministry of Agriculture and Food Security

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### **Main Points**

#### **What we examined?**

- Distribution of paddy proceeds for the Ladang Merdeka Project at the Kemubu Agricultural Development Board (KADA).

#### **Why it is important?**

- To determine whether the distribution of paddy proceeds for Ladang Merdeka Project are made in accordance with the agreement, procedures and financial regulations.

#### **What we found?**

- Overall, Ladang Merdeka project is a good effort by KADA to develop abandoned paddy fields in the state of Kelantan and provide income to farmers. However, there are weaknesses in the distribution of paddy proceeds for Ladang Merdeka. Those weaknesses that need attention are as follows:
  - Distribution of paddy proceeds amounted to RM4.36 million to the representatives of participants who could not be verified; and
  - Paddy proceeds amounted to RM471,996 were not distributed to Ladang Merdeka Project participants at the end of the paddy planting season.

#### **What do we recommend?**

- The Audit recommendations are as follows:
  - review the Ladang Merdeka Project agreement between KADA and participants as well as prepare a comprehensive Standard Operating Procedure that includes issuance of authorisation letter, paddy proceed distribution method and nomination of beneficiary.

- maintain a complete, updated and systematic data of Ladang Merdeka Project participants as well as close monitoring to ensure a proper distribution process of paddy proceeds; and
- improve the payment method through electronic fund transfer to the participants' bank account to ensure the paddy proceeds being distributed within stipulated time.