

COLLECTION OF LEASE RENTAL INCOME FOR LIVESTOCK FEED PROCESSING AND PRODUCTION PLANT

Malaysia Palm Oil Board

Ministry of Plantation and Commodities

Main Points

What we examined?

- Collection of lease rental income for livestock feed processing and production plant at Research Station of Malaysian Palm Oil Board (MPOB) Keratong, Pahang.

Why it is important?

- To determine whether the collection of lease rental income for livestock feed processing and production plant was carried out appropriately in accordance with the agreement and financial regulations.

What we found?

- Overall, lease rental income for the Livestock Feed Processing and Production Plant failed to be collected in accordance with the agreement and the plant was not utilised for research purposes for the commercial production of animal feed based on oil palm resources. There were significant weaknesses in the collection of lease rental income for the Livestock Feed Pilot Plant which resulted in uncollected revenue amounting to RM600,300 that has been written off. Those weaknesses that need attention are as follows:
 - lease rental income was not paid within the stipulated timeline;
 - the agreement was not amended on the repayment of lease rental in arrears; and
 - termination of the lease rental agreement was delayed for 36 months.

What do we recommend?

- The Audit recommendations are as follows:
 - the management of MPOB needs to establish mechanisms and monitor closely, as well as to take early actions in accordance with the tenure stipulated in the agreement to avoid loss of revenue; and

- ensure that every rental income is collected within the stipulated timeline in accordance with the clause of the agreement and undertake the standard operating procedures for revenue in arrears.