

MINISTRY OF RURAL AND REGIONAL DEVELOPMENT

MANAGEMENT OF PEOPLE'S WELFARE DEVELOPMENT SCHEME

Main Points

What we examined?

- The People's Welfare Development Scheme (SPKR) is one of the poverty eradication programmes for rural areas to ensure the targeted groups (hardcore poverty, poverty and B40) can continue to survive better. This programme is implemented by The Ministry of Rural and Regional Development (KKDW) since the Tenth Malaysia Plan which aimed to enhance people's wellbeing.
- The SPKR Programme consists of three components namely Hardcore Poor Housing Project (PPRT), Skills and Career Training Programme (PLKK) and Income Enhancement Programme (PPP). These three components form an added value package for the targeted groups to own comfortable and safe homes as well as empowering and generating their own incomes.
- The Audit covered two key audit areas namely the performance and management of SPKR from 2016 until 2020 (under the Eleventh Malaysia Plan) and 2021 (under the Twelfth Malaysia Plan). The programme performance was evaluated based on its output and outcome achievements. Data used to evaluate the programme output has been updated until 31 December 2022. The management of the programme consist of four areas which were financial performance, management of PPRT, management of PLKK as well as management of PPP programmes.
- The Audit was conducted at People Welfare Division (BKR), KKDW that was responsible for the SPKR policy coordination, PPRT technical coordination and implementation coordination of SPKR programme. Besides that, seven implementing agencies were chosen for audit works namely the Ministry of Food Industry, Commodity and Regional Development Sarawak (M-FICORD), Ministry of Rural Development of Sabah (KPLBS), Jabatan Kemajuan Orang Asli (JAKOA), GIATMARA Sdn. Bhd. (GIATMARA), Kedah Regional Development Authority (KEDA), Lembaga Kemajuan Kelantan Selatan (KESEDAR) and FELCRA

Berhad. The Audit was also conducted at FELCRA Training and Consultancy Sdn. Bhd. and FELCRA Bina Sdn. Bhd. which in charged of the programmes under FELCRA Berhad.

Why it is important to audit?

The Audit was conducted to assess whether the management of SPKR programme was implemented economically, efficiently, and effectively to achieve its objective which to ensure the targeted groups (hardcore poverty, poverty and B40) can continue to survive better.

Conclusion

Overall, based on the scope of the Audit, it can be concluded that the implementation of SPKR programme has achieved its objective which to help the targeted group. The output of SPKR has achieved its set target. KKDW has yet to carry out outcome evaluation study for the programme were not carried out by KKDW however, but based on the results of the surveys conducted, the implementation of the programme had helped the targeted group based on the objectives outlined.

NO.	AUDIT ISSUES	IMPACT	RECOMMENDATION FOR SOLUTIONS
1.	KKDW has yet to carry out outcome evaluation for PPRT, PLKK and PPP since SPKR programme started from 10th Malaysian Plan.	KKDW is unable to assess SPKR programme success as well as the effectiveness of PPRT, PLKK and PPP implementation.	KKDW should conduct outcome assessment for SPKR programme to evaluate its performance.
2.	87 new build PPRT houses that were verified by Audit on the compliance of Electricity Regulations use only one residual-current device with 100 milliampere (mA) sensitivity for socket, light and fan circuits. This were not in line with the Electricity Regulations 1994 (Peninsular Malaysia and Sabah) and The Electricity Rules 1999 (Sarawak).	The use of one PAB may cause PPRT occupants to be exposed to safety risks when there is electrical current leakage.	KKDW should improve SPKR programme's existing guidelines in terms of scrutinizing electrical standards specifications drawings and IBS standard drawings for new build houses to ensure safety aspect being prioritised.
3.	The scope for electrical distribution board, one earthing and 42 unit of electrical equipment for 57 new build PPRT house were not in accordance with standard drawings issued by KKDW.	Receipients of PPRT would not be benefited from adequate electrical equipment.	

NO.	ISSUES RAISED	IMPACT	RECOMMENDATION FOR SOLUTIONS
4.	New house build using Industrialised Building System (IBS) were varied as the standard drawing for house using IBS were not prepared by KKDW and the construction were based on shop drawing from suppliers.	IBS construction specifications were not standardized. In addition, the construction works monitoring for verification of construction specifications would be difficult to impose by the implementing agency.	
5.	37 out of 129 (28.7%) newly build houses were completed late with delays up to 635 days (almost two years) from the agreement's initial date of completion. The extension of time (EOT) application and approval was not made in writing because there was no clause in the agreement between the implementing agency and the contractor in relation to EOT and Liquidated Ascertained Damages (LAD).	The reasons for the delay of completion could not be verified and the contractor was not subjected to LAD. In addition, without written approvals of EOT, LAD could not be imposed to the contractor for completion delays.	KKDW and implementing agencies should thoroughly and rigorously monitor project implementation. Attention should be given in terms of compliance to the contract including period of completion, enforcement of LAD and scope of work. Besides, compliance on the payment procedure should be enhance by ensuring payment are only made to works done and deduction should be made to works that are not completed.
6.	35 out of 129 (27.1%) new build houses were handed over late to the recipients up to 508 days from the date of certificate of work progress were issued until certificate of handing over to the recipients were issued.	The delay of completed newly built houses hand over caused the recipients not to be able to enjoy the benefits channeled in accordance to the committed timeline.	
7.	Certificate of Practical Completion date were not specified in the Certificate of Handling Over Form used by implementing agencies. The Certificate of Handling Over Form used by implementing agencies were not completed with the Certificate of Practical Completion date.	The Defect Liability Period (DLP) cannot be determined, and the repair work cannot be verified.	
8.	The new build and renovated house recipients were not able to lodge complaint during DLP as damage complaint mechanism were not in place.	The absence of damage complaints mechanism in DLP period caused the recipients to be at loss due to the needs to bear own repair costs of damages.	

NO.	ISSUES RAISED	IMPACT	RECOMMENDATION FOR SOLUTIONS
9.	20 out of 129 (15.5%) completed new build PPRT houses that had been handed over to the PPRT recipients were without electricity meter.	PPRT recipients could not enjoy the facilities and electrical equipments prepared by the Government for the comfort of the citizens.	
10.	Dividend payment were not made to the participants as stipulated in the contract	Dividend payments not in accordance to schedules caused losses to participants because they could not benefit from the income increment during the timeline committed.	KKDW and implementing agencies need to rigorously and thoroughly monitor the programme implementation, especially in the aspects of work process/contract compliance as well as post-implementation of the programme.
11.	The implementation of PPP Programme – Equipment Supply and Meat Entrepreneur Training only benefited eight participants compared to 34 targeted participants.	Advance payments being made in excess to the company (service provider) resulted in losses to the Government because the provision of funds can be used to benefit eligible target groups.	
12.	106 equipment supplied worth RM211,722 were not used by 38 PPP participants. The equipment were supposed to be used by participants to generate income.	Unused provided equipments of the participants had caused the objectives of the programme could not be achieved and the aid channeled by the Government could not be fully utilized.	