MINISTRY OF RURAL AND REGIONAL DEVELOPMENT
LAND AND REGIONAL DEVELOPMENT DIVISION
AREA DEVELOPMENT PROJECT MANAGEMENT

Main Points

What is examined?

- Area Development Project (PPK) under the Ministry of Rural and Regional Development is a project to develop new settlements or reorganization of existing villages in a planned manner in rural areas equipped with basic facilities and social amenities. This project has started since the Ninth Malaysia Plan (9th MP) which was formerly known as Village Resettlement (PSK) or Rural Growth Center (PPD).
- The scope of development implemented under PPK covers houses, infrastructure as well as facilities and social amenities.
- To implement PPK, the applicant agency is offered three implementation packages according to the resources available to the agency.
- PPK involves 15 PPK approved in the 11th MP involving project costs worth RM316 million.
- The implementing agencies involved in PPK are the Ministry of Rural and Regional Development (KKDW), The Federal Land Consolidation and Rehabilitation Authority (FELCRA) Limited, Kedah Regional Development Authority (KEDA), Southeast Johor Development Authority (KEJORA), Central Terengganu Development Authority (KETENGAH), South Kelantan Development Authority (KESEDAR), Negeri Sembilan Government State Secretary (NS SUK), Pahang State Agricultural Development Corporation (PKPP) and Bintulu Development Authority (BDA).
- The audit covers two main areas, namely project performance and project management.
- Project performance is evaluated based on two areas, namely output/physical achievement and outcome achievement.
- Project management covers six areas; financial performance, location selection, participant selection, contract compliance, contract administration as well as construction quality and specifications.

Why is it important to audit?

To assess whether the performance of the project has been implemented efficiently, prudently and achieved the set objective which aims to provide orderly and comfortable settlements for rural residents who are exposed to the threat of natural disasters, safety and health, providing new settlements with basic facilities for the poor (e-Kasih System), the poor and low-income groups (B40) as well as upgrading and restructuring existing villages to improve the standard and quality of life of the participants.

Conclusion

The implementation of PPK has not yet been able to achieve the set objectives. PPK management is less efficient due to weaknesses in the guidelines and implementation of the project which causes the project not able to be completed within the set period resulting in participants being unable to receive the benefits of the project according to the original schedule.

NO.	AUDIT ISSUES	IMPACT	RECOMMENDATION FOR SOLUTIONS
1.	As of December 31 2022, only four of the 15 PPK projects have been completed. Two PPK projects were completed during the 11th MP and two PPK projects were completed during the 12th MP. A total of 11 PPK projects are still at the implementation stage during the 12th MP. The construction of PPK Al-Muktafi Billah Shah (AMBS) with an expenditure of RM8.96 million could not be completed within the contract period and the contractor's work was terminated.	Delays in the implementation and completion of projects not according to plan caused the handover of PPK to participants to be delayed and the benefits to the target groups will received late.	Carry out close monitoring of the implementation and completion of the PPK project according to the plan so that the targeted benefits can be delivered according to the set time period.
2.	The period of the offer to occupy PPK by KEDA to participants in PPK Kg. Hujung Ketun and PPK Kg. Kubang Kenyeng was late between 571 days and 757 days begnning from the date of completion of work until the date of occupancy offer. Participants in PPK Kg. Parit Makuasang has not yet occupied the house during the audit visit even though the project was completed on 15 August 2022 and the CCC was issued on 16 August 2022.	The delay in the offer to occupy the PPK house and the handover of the finished project to the receiving agency caused the participants to not received the benefits of the project according to the original schedule.	

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3.	The development of PPK Kg. Makuasang from Sungai Benut is only 60 meters compared to the 500 meters set by the JPS Guidelines under the Buffer Zone.	Can cause pollution to Sungai Benut through sewage and domestic waste if no scheduled pollution prevention measures are taken.	Updating the guideline that covers the selection criteria of the target group, PPK house specifications and to carry out a feasibility study based on site risk assessment to ensure the safety of life and property.
4.	The selection of participants involved in the flood disaster is not clear because the existing PPK Guidelines do not have details regarding the participant selection process.	Caused the selection process of participants in the selection agency not standardized and does not reach the target group.	
5.	Expenditure performance for the 3 PPKs that have been physically completed, namely PPK Kg. Hujung Ketun, Pendang Kedah amounting to RM10.90 million (99.1%), PPK Kg. Tatau, Bintulu Sarawak amounting to RM15.16 million (81.9%) and PPK Kg. Parit Makuasang, Pontian Johor amounting to RM37.84 million (92.7%). The remaining allocation is because the final certificate has not yet been issued.	There was a surplus of unspent allocations amounting to RM58.91 million (30.2%).	Improve the monitoring of expenditure performance and work progress process at the implementing agency level to ensure that the allocations that have been channeled to the implementing agencies are spent in accordance with the set objectives.
6.	The remaining allocation for PPK Kg. Parit Makuasang and PPK Desa Seri Gemencheh which were not used in 2020 amounting to RM338,000 and RM38,150.66 were channeled to FELCRA Berhad on 24 December 2022. There was no approval of the Notice of Change (NOC) from the Ministry of Economy and the Ministry of Finance to transfer the allocation.	A total of RM376,150.66 has been used for the implementation of the PPK Kg. Ulu Slim project.	
7.	KETENGAH has made payment of RM228,147 to the Dungun District Land Office for payment of Form 5A (premium) for the PPK Al-Muktafi Billah Shah site which covers an area of 7,357 hectares and RM88,365.98 to the Kemaman Land Administrator for the payment of 212 pieces of Land Revenue Payment Notice (Form 5A Section 81 & 82 of the National Land Code) for the PPK Air Putih housing site.	Expenditure outside the scope of implementation caused a lack of allocation to finance the project which had been approved.	