

COLLECTION OF HIRE PURCHASE PROCEEDS FROM TRADITIONAL HOUSING PROJECTS

Kedah Regional Development Authority
Ministry of Rural Development

Main Points

What we examined?

- Collection of Hire Purchase Proceeds from Traditional Housing Projects by the Kedah Regional Development Authority (KEDA). This main objective of the project is to help the target group to own their own homes.

Why it is important?

- To determine whether the collection of hire purchase proceeds from traditional housing projects is carried out in compliance with the law, terms of the agreement and financial regulations in effect.

What we found?

- The audit findings are as follows:
 - rental arrears amounting to RM1.79 million as at 31 December 2020; and
 - quit rent and insurance amounting to RM189,871 has not been collected from tenants.

What do we recommend?

- The audit recommendations are as follows:
 - streamlining and establishing work processes related to the renewal and management of agreements as well as the transfer of residential ownerships to tenants;
 - review the mechanism collection for quit rent and insurance to an annual basis instead of the existing implementation which to collect the lump sum after the settlement of full payment. This is to alleviate the financial burden on tenants; and

- provide alternative financing proposals and financial assistance to poor tenants, such as through payment of zakat or financial assistance from baitulmal and the Social Welfare Department.