

## **PAYMENTS ON THE AGRICULTURE INTELLIGENCE SYSTEM PROJECT PHASE 1**

Malaysian Agricultural Research and Development Institute

Ministry of Agriculture and Food Industries

---

### **Main Points**

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

- Payments on the Agriculture Intelligence System (AIS) Project Phase 1 by the Malaysian Agricultural Research and Development Institute (MARDI). The AIS Project Phase 1 was developed to facilitate stakeholders in the supply chain networking through Information and Communication Technology (ICT) under the Ministry of Agriculture and Food Industries (MAFI).

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

- To determine whether the payments on AIS Project Phase 1 have been implemented in accordance with applicable laws, financial regulations and terms of agreement.

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

- The audit findings are as follows:
  - payment of RM0.95 million were made out of the contract period (improper payment);
  - late penalty reduction of RM0.51 million due to delays in document review and the disruption of cloud services; and
  - the AIS Project Phase 1 worth RM8.87 million has not been used since November 2020 despite the completed project was handed over on 1st February 2020.

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

- The audit recommendations are as follows:
  - ensure the project is implemented within the stipulated period as per agreement to avoid out of contract payment;

- ensure calculation for late penalty formula on ICT procurement is in accordance with Government regulations so that claims are made in an orderly manner and comply with the agreement clauses;
- ensure effective monitoring on project management by taking immediate actions on problems arosed; and
- ensure that the system is fully utilised to prevent wastage incurred by the Government.