

RENTAL INCOME OF LAND AND BUILDINGS

Ministry of Defence

Key Highlights

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| What was audited? | <ul style="list-style-type: none">• Rental income of land and buildings operated by the Ministry of Defence (MINDEF). |
| Why it is important to be audited? | <ul style="list-style-type: none">• To determine whether the rental income collected was accounted appropriately and in accordance with the laws and financial regulations. |
| What are the audit findings? | <ul style="list-style-type: none">• The audit findings are as follows:<ul style="list-style-type: none">- rental income of RM10.30 million was not collected;- rental income of RM178,658 was not credited as Government's revenue; and- security deposits in respect to rental amounting to RM105,271 was not collected. |
| Audit Recommendations | <ul style="list-style-type: none">• The audit recommendations are as follows:<ul style="list-style-type: none">- follow up with Federal Land Commissioner towards obtaining approval on rental of land and buildings operated by MINDEF in order to expedite the preparation of rental agreements on premises occupied by Perwira Niaga Malaysia (PERNAMA). MINDEF should ensure the collection of rental income is deposited into the Consolidated Revenue Account;- all rental agreements managed by each Branch's Command Center needs to be monitored by the Development Division of MINDEF. This is to ensure that all rental income are collected and being accounted for as Government's revenue; and |

- ensure the uniformity of all rental agreements and the clause of security deposit is included in the agreement as required by *Garis Panduan Pengurusan Penyewaan Tanah Persekutuan*. Besides, MINDEF should collect the security deposits as required in the agreement to safeguard the Government's interest.