

Compliance Audit of Utilization of Palm Oil for Provision of Biodiesel

Audit Objective:

To assess the compliance of utilization of Palm Plantation Fund for improving biodiesel provision.

Audit Scope:

1. Establishment of fuel companies and biofuel companies and their distribution allocation;
2. Calculation of realization of biodiesel distribution to fuel companies and its freight;
3. Determination of Market Price Index for diesel oil and biodiesel; and
4. Evaluation of biofuel distribution by biofuel companies.

Significant Findings:

1. Administrative sanction in the form of fines related to distribution of biofuel.
2. The distribution pattern and freight determination process that have not been able to guarantee quality, punctuality, stock availability, and more profitable price.

Audit Recommendations:

1. Preparing the escrow account for fines deposit and deposit the fines to the state treasury;
2. Calculating and determining the potential fines;
3. Determining more favourable distribution pattern; and
4. Determining more profitable freight.

Management Response:

The management accepted the recommendations and will follow up accordingly.