

**CENTRE OF STUDIES FOR QUANTITY SURVEYING  
FACULTY OF ARCHITECTURE, PLANNING & SURVEYING  
UNIVERSITI TEKNOLOGI MARA CAWANGAN SARAWAK**

**CAUSES OF DELAY IN PREPARATION AND  
SETTLEMENT OF FINAL ACCOUNT**

Dissertation submitted in partial fulfilment  
of the requirement for the award of  
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**PREPARED BY: ALIA MAISARAH BINTI AZIZ (2019676118)  
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## **ABSTRACT**

Construction industries are a growing industry in Malaysia that encompasses housing, commercial and infrastructure development. The construction industry has a direct bearing on the national economy and can be used as an indicator of economic well-being for a country. Payment is always the issue in construction industry. Any delay in final account settlement can adversely affect the contractors' cash flow and the ability to secure its finance. Client related, contractor related and common to both client and contractor related issues are the categorized causes to the delay in settlement of final account. However, it depends on the type of contract used as well as the time allocation in the preparation of final account. Those factors are need to be considered other than dispute between both parties which contributes the most to the delay alongside with other factors such as delay in submitting claim or client withhold the payment. Hence, the aim of this research is to identify the problems associated with the delay in settlement of final account. Data collection for this paper includes survey using questionnaires which were distributed among the Quantity Surveyors. The outcome of this research will includes problems related to delay in final account, causes of delay in preparation and settlement of the final account and the suggestions to minimize delay in final account.

**Keywords: Construction Industry, Final Account, Payment**

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# CHAPTER 1: INTRODUCTION

## 1.1 INTRODUCTION

Construction industry is one of the growing industry in Malaysia that encompasses housing, commercial and infrastructure development. The construction industry has a direct impact on the national economy and can be used as an indicator of a country's economic well-being. Thus, the impact of construction on the economy via the production process, as well as the impact of credit constraints, can be as significant as the impact of the economy on the construction sector. Both construction industry and economy condition must be parallel to ensure a better process and result. This is due to the fact that the construction industry encompasses a wide range of disciplines, including architecture, civil engineering, mechanical engineering, electrical engineering, quantity surveying, land surveying, building contracting, and landscaping, to name a few.

Therefore, it is unquestionable that the construction industry plays an important role in creating prosperity and enhancing the quality of life by transforming the socio-economic policies of the government into social and economic infrastructures and buildings. However, the construction industry in Malaysia is beset by numerous issues that will impede productivity in terms of manpower, quality, timeliness, and payment, particularly during the closing of final accounts for construction projects. Zarabizan et al., (2012) revealed in their studies that disputes of final accounts may occur due to various reasons or causes. Their literature review mentions that one of the major reasons is delay in settling the final accounts.