

Danish Cooperation for Environment and Development
(DANCED)

Environmental Conservation Department, MTDEST,
Sabah, Malaysia

Capacity Building of the Environmental
Conservation Department, MTDEST - Sabah
Malaysia

Procedures Manual

December 1999

Technical Assistance
COWI

This report contains restricted
information and is for official use
only'

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Approved: Project Steering Committee

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Abbreviations

CTA	: Chief Technical Advisor
DANCED	: Danish Cooperation for Environment and Development
DKK	: Danish Kroner
ECD	: Environmental Conservation Department
MTDEST	: Ministry of Tourism, Development, Environment, Science & Technology
MYR	: Malaysian Ringgit
PMG	: Project Management Group
PSC	: Project Steering Committee
QA	: Quality Assurance
TA	: Technical Assistance
TOR	: Terms of Reference

1 Introduction

The Procedures Manual describes the management and Quality Assurance system in force for the provision of consultancy services for the Project: *Capacity Building of the Environmental Conservation Department, MTDEST, Sabah*.

The purpose of the Procedures Manual is to present in one document the procedures to be applied by all Project Team Members in order to ensure the quality of the services to be rendered, and to define the responsibility and authority of all key personnel within the project.

Revisions may be initiated by anyone involved in the Project. Proposed revisions shall be submitted to the Chief Technical Advisor for evaluation. If accepted by the Project Management Group, the Chief Technical Advisor shall incorporate and distribute the revision for final approval by the Project Steering Committee.

We have tried to prepare a Procedures Manual that takes into account the specific features of a capacity building project. We hope the Manual will guide the Project Steering Committee, the Project Management Group, the international and local consultants and the Head Office support staff in undertaking the Project in an efficient, smooth and flexible manner.

2 Project Organisation, Institutional Relationships & Responsibilities

2.1 Identification of the Parties Involved

The Executing Agency

Ministry of Tourism Development, Environment, Science & Technology (MTDEST)

Sabah Bank Tower, 5th, 6th and 7th floor

Wisma Tun Fuad Stephen

88300 Kota Kinabalu, Sabah, East Malaysia

Represented by: Ms. Monica Chia, Permanent Secretary

The Implementing Agency

Environmental Conservation Department (ECD)

Tingkat 2 dan 3, Wisma Budaya

Jalan Tunku Abdul Rahman

Bag Berkunci No. 2078

88999 Kota Kinabalu, Sabah, East Malaysia

Telephone: 088 - 251 290

Telefax: 088 - 238 120

Represented by: Eric Juin, Director of ECD and Yabi Yangkat, Project Director & Deputy Head of ECD

The Client and Financing Agency

Ministry of the Environment and Energy, DANCED

In Copenhagen:

Strandgade 29

DK-1401 Copenhagen K, Denmark

Telephone: +45-32 66 01 00

Telefax: +45-32 66 04 79

Represented by: Ms. Pernille Dueholm

In the Project Country:

Royal Danish Embassy

Wisma Denmark, Denmark House

22nd Floor, 86 Jalan Ampang

50728 Kuala Lumpur, Malaysia

Telephone: + 60 - 3 - 202 20 01

Telefax: + 60- 3 - 202 20 12

Represented by: Ms. Inge Marie Lorenzen

The Consultant

COWI Consulting Engineers and Planners AS*In Denmark:*

Gladsaxevej 372

DK-2860 Søborg, Denmark

E-mail: jtp@cowi.dk

Telephone: + 45 - 45 97 22 11

Telefax: + 45 - 45 97 22 12

Represented by: Mr. Jan Torp Pedersen, Head Office Project Monitor

In the Project Country:

Tingkat 2 dan 3, Wisma Budaya

Jalan Tunku Abdul Rahman

Bag Berkunci No. 2078

88999 Kota Kinabalu, Sabah, East Malaysia

Telephone: 088 - 238 390

Mobile: 016 832 67 66

Telefax: 088 - 238 120

E-mail: carsten@tm.net.my

Represented by: Mr. Carsten Holländer Laugesen, Chief Technical Advisor

2.2 Project Organisation & ResponsibilitiesProject Steering
Committee

Members of the Project Steering Committee (PSC) have been identified and the PSC will establish itself during the first Committee meeting. The PSC are established in order to monitor and supervise the progress of the project. The identified members of the PSC are:

- Permanent Secretary of MTDEST, chairperson
- Permanent Secretary, Ministry of Finance
- Director, Environmental Conservation Department
- Director, Drainage and Irrigation Department
- Director, Department of Environment
- Director, Department of Agriculture
- Director, Forestry Department
- Director, Department of Fisheries
- Director, Land & Survey Department
- Director, Regional Town and Country Planning Department
- Director, Natural Resource Office
- Director, Wildlife Department
- Director, Civil Services Department
- Director, State Economic Planning Unit
- Representative from Federal Economic Planning Unit
- Representatives from DANCED.

Project Management Group The Project Management Group (PMG) will plan all activities in order to have the activities implemented in accordance with actual needs. The PMG will regularly up-date the Project Implementation Plan, reported to and approved by the PSC. The PMG will function as secretariat to the PSC. The PMG will ensure that PSC meetings are called every six months. The PMG will co-ordinate the meeting agenda with ECD and DANCED and forward relevant reports to all PSC members at least three weeks before each meeting.

The Project shall be implemented in accordance with the contract entered into by DANCED and COWI. Within the framework of the resources laid down in the Contract, the PMG shall be responsible for the management of the consultancy services, including:

- Mobilisation of the consultancy experts and support facilities
- Management of all Technical Assistance (TA) experts and support staff
- Liaison with the Executing Agency and the Implementing Agency, other projects, the Client's representative in the Project Country, and others
- Preparation of the reports specified in the Contract
- Co-ordination of the contact between the TA Team, the QA Team and the Technical Back-up Team, respectively.

The PMG consists of

- Mr. Yabi Yangkat, Project Director, Deputy Head of Department, ECD
- Mr. Carsten Hollander Laugesen, Chief Technical Advisor, COWI.

The PMG will report directly to the Director of ECD.

Project Monitor The Project Monitor will be responsible for the Consultant's Head Office Monitoring that will be undertaken as a continuous process of periodic review and supervision of Project implementation. The Consultant's monitoring will ensure compliance with the contractual provisions of the Project with regard to staffing inputs, timely delivery of quality assured outputs, and financial expenditures (including modifications to the contractual provisions if any, such as re-allocation of funds from contingencies, etc.). The responsibilities of the Project Monitor are described in more detail in chapter 5. The Project Monitor is

- Mr. Jan Torp Pedersen, Head of Natural Resource Department, COWI.

Quality Assurance Team The Quality Assurance (QA) Team is responsible for (i) on-site QA audit of the overall fulfilment of Project Objectives. (ii) QA review of Technical Reports prepared in the course of the project. (iii) On-site QA audit of the Project information management and document control systems set up by the PMG. The responsibilities of the QA Team are described in detail in chapter 8. The QA team includes the following permanent COWI staff:

- Mr. Henrik Kargaard, Head of Human Resource Department, COWI, Head of QA Team
- Ms. Lene Denver, QA Expert, COWI

- Mr. Claus Correll Rebien, Evaluation Expert, COWI
- Mr. Lars Peter Christensen, Head of Institutional Development Department, COWI.

Technical Back-up Team

The Technical Back-up Team are established in order to provide swift and smooth technical support in all aspects of technical consultancy required, that may become necessary in addition to the services that is provided by the Technical Assistance team. The Technical Back-up support will be mobilised by the CTA and the Project Monitor. The Technical Back-up team includes the following permanent staff of COWI:

- Mr. Jens Lorentzen, Town & Regional Planning Expert, COWI, Head of Technical Back-up Team
- Mr. Jacob Simonsen, Environmental Legal Expert, COWI
- Mr. Anders Randløv, Head of Environmental Assessment Department, COWI.

Additional specialists can and will be included, if and when the need arises.

3 Lines of Communication

3.1 Project Meetings and Co-ordination

Project Steering Committee

The Project Steering Committee (PSC) shall monitor and supervise the progress of the project and must approve all major changes related to the project implementation. In accordance with the Project Document, the PSC meetings are called every six months by the Project Management Group (PMG) or when the need arises. The PMG will co-ordinate the meeting agenda with ECD and DANCED and forward relevant reports to the relevant parties.

The first meeting of the PSC will take place at the end of the three-month inception period.

Project Management Group

The Project Management Group (PMG) will submit the Inception Report and the revised Project Document to all Committee Members. The PMG will also prepare the Procedures Manual, in accordance with DANCED Guidelines, for presentation at the first PSC Meeting. The revised Project Document approved by the PSC shall constitute the sole implementation document for the project. The Project Document shall be reviewed and up-dated semi-annually (or more frequently if necessary).

ECD staff

Several Inception Workshops will be held during the inception phase. All ECD staff will be closely informed on and involved in all Project activities.

Stakeholders

All key stakeholders will be kept informed on and involved in Project implementation. This will be done through (i) the semi-annual PSC meetings, (ii) continuous briefings on project activities and opportunities to all members of the PSC, (iii) active involvement of stakeholder staff in project activities.

TA

Kick-off introduction meetings have been organised in Denmark by the Chief Technical advisor (CTA) to ensure that the international Technical Assistance (TA) Team members are aware of and understand the concepts of the Project and the setting in which it is to be implemented. Throughout the Project, initiation meetings shall be held with the local and international TA Team Members to discuss choice of methodology, objectives, indicators, activities, etc. Specific Terms of Reference (TOR) will be developed for all TA input to the Project.

DANCED All requests for changes in Project objectives, outputs and input will be forwarded to Danced Copenhagen through DANCED Kuala Lumpur (see chapter 3.4).

COWI Head Office The Project Monitor will receive and be consulted concerning on all main Project Reports, minutes of meetings, request for Project changes. The Head of QA will receive and be consulted concerning all main Technical Reports. The Project Monitor and the Head of Quality Assurance (QA) will visit the Project on minimum six occasions.

3.2 Project Planning

Inception Planning Within the first three months of the project period, the Inception Report shall be prepared specifying the outputs and activities to be undertaken throughout the Project including a Project Implementation Plan showing the timing of these output and activities. The Inception Report shall be presented to the Project Steering Committee for approval.

Semi-annually planning The outputs, activities and inputs planned in the Inception Period will be reviewed and if necessary adjusted every ½ year. This will be documented for approval by the PSC through the semi-annually Progress Reports.

3.3 Project Reporting

It shall be the responsibility of the PMG to make sure that the required reports are prepared and submitted in accordance with the specifications of the Revised Project Document.

Project Reports The following Project Reports will be made by the PMG:

- Inception Report
- Revised Project Document
- Project Procedures Manual
- Semi-annually Progress Reports
- Project Completion Report.

The Project Reports will be submitted to the PSC. All Project Reports will follow Danced Guidelines for Reporting.

Technical Reports The Project will furthermore produce a number of Technical Reports which are related to the required outputs of the Project (e.g. the Environmental Indicator Reports, Environmental Guidelines and Manuals). These will be distributed to the PSC and all relevant stakeholders.

Additional Reports Finally will the following additional Reports concerning Project Monitoring and QA be produced:

- Monthly Financial Status report on expenditures held in the Project Country from the CTA to COWI Head Office

- Quarterly Financial Status report on all expenditures held from COWI Head Office to the CTA
- Mid-term on-site Quality Audit Report by the Head of QA.

3.4 Project Changes

Project changes can be defined as:

Changes approved by the PSC

Changes, which may be approved by the PSC i.e. everything that does not imply changes in the contract between COWI and DANCED or which has to be approved by DANCED Copenhagen. Proposals for project changes for PSC approval will normally be submitted to the PSC through the semi-annually Progress Reports

Contractual Changes

Changes of contractual TA matters i.e. change of staff, change of length or timing of input, other contractual changes will, after being cleared by COWI Head Office, be forwarded to DANCED Kuala Lumpur and DANCED Copenhagen. The CTA will at the request of the PMG prepare a written proposal for these changes. The proposal shall be prepared as a letter indicating (i) justification or background for the proposal being prepared, (ii) summary description of the work, (iii) calculation of resources (person-hours) and consequential budget. A copy of any approved changes shall be sent to COWI Home Office for contracting, invoicing and budgeting purposes.

4 Staff Rules

Project staff	The Project includes (i) international consultants and (ii) local consultants, both defined in the Contract between DANCED and COWI.
International consultants	<p>International consultants that are COWI permanent staff are governed by the below, the Terms of Reference (TOR) and COWI's general employment conditions. External contracted international consultants are governed by the below, the TOR and individual employment contracts.</p> <p>The Project contract is based on a DANCED long-term contract. Inputs for periods of less than one month shall be calculated on a calendar day basis with one calendar day being equivalent to 1/30 of a month. The monthly fee is based upon 30 days in the recipient country (including travel to and from the country) and follows the local working hours. No home office time is allocated.</p> <p>All Short Term staff must make a monthly time sheet showing day and time of travel from home office, day of return travel and time of arrival at home office, days in and out of station and any days of illness or leave days. A time sheet can be obtained from the Chief Technical Advisor (CTA) and the filled in time sheet must be signed and approved by the CTA. All time sheets must be sent to COWI's Head Office with a copy to the CTA.</p> <p>COWI receives a daily allowance amount from the client for all meals and living expenses while in on the project (travelling or posting). Additional hours are calculated per full hour at 1/24 of the rate. Hotel bills should preferably be paid for with the COWI CTA's credit card. The hotel should specify the bill in the following groups: Room & laundry, Communication, and Meals & other expenses.</p>
Local consultants	For local consultants individual contracts and agreements between the consultant and COWI will be made.
TOR	TOR will be made by the Project Management Group (PMG) for all short-term inputs of international or local consultants.
Reporting	In addition to any Technical Report specified by TOR, all consultants are required to make a short status report of activities undertaken, outputs reached and planning of up-coming activities after each assignment

5 Project Monitoring

Objectives

COWI Head Office Project Monitoring will be undertaken as a continuous process of periodic review and supervision of Project implementation.

The Project Monitoring will ensure compliance with the contractual provisions of the Project with regard to staffing inputs, timely delivery of quality assured outputs, and financial expenditures (including modifications to the contractual provisions if any, such as re-allocation of funds from contingencies, etc.). The monitoring function will thereby mainly be focusing on the Project Implementation Plan, outputs, activities and inputs.

Project Monitoring will be separate from, but closely co-ordinated with, the Quality Assurance function that primarily will focus on the fulfilment of the Development and Immediate Objectives, on the quality of Technical Report and quality of the Information and Documentation Systems used. The QA function is described in detail in chapter 8.

Monitoring of Project Reports

In keeping with DANCED principles, Project monitoring is based on the assumption that progress reports emanating from the Project will focus on any deviations from agreed plans and budgets and on proposals for dealing with them. The regular Project reports will be key inputs to the monitoring function. The Project Monitor is responsible for reviewing all Project Reports.

Monitoring in relation to the Environmental Conservation Department

COWI will stress the involvement of Environmental Conservation Department (ECD) in all aspects of the Project implementation. Close co-ordination with ECD will be ensured through effective communication and visits to the Project from the COWI Head Office. The Project Monitor will undertake min. 5 visit to the Project location during the Project Period, and the Project Monitor will participate in the Inception Phase in order to establish a good contact with the involved parties from the very beginning.

A specific programme for each monitoring visit will be prepared, but will normally include:

- Meetings with the most important stakeholders within and outside the Project in order to clarify and meet the expectations for the Technical Assistance (TA)

- Sessions with the Project Director and the Head of Department on present and future project planning
- Reading and commenting Project Reports and Minutes of Meetings
- Sessions with the Chief Technical Advisor (CTA) on project management, financial management, interface with COWI financial reporting and budgeting, money transfers, mobilisation of short term TA, reporting, QA, QA-plan, etc.
- Tentative work-plan for next inputs.

All Reports and minutes of meetings will be forwarded to the Project Monitor.

A Plan for Project Monitoring visits to the Project in Sabah has been agreed upon by COWI and DANCED. The Plan is shown in Table 5.1.

Table 5.1. Plan for Project Monitoring, Project Contract, 1999

Visit no.	Timing	Duration
1	In the Inception Period (end of 2 nd month)	2 weeks
2	Between Project Month 4 and 6	2 weeks
3	Between Project Month 8 and 12	1 week
4	Approx. Project Month 18	1 week
5	Approx. Project Month 30	1 week

Monitoring in relation to the Technical Assistance Team

The Project Monitor will establish effective communication links with the TA-team to ensure continuous and close liaison with the CTA and other TA team members. In addition to the aforementioned Project reports, the monitoring will be based on financial reports and ad-hoc notes from the Project team, and on additional information, which may be solicited at any time. The Project Monitor will assist in mobilisation of staff and in change in staff if proved necessary.

Monitoring in relation to DANCED

The Head Office Monitoring function will be undertaken in close liaison with DANCED Copenhagen and DANCED Kuala Lumpur, as appropriate.

Monitoring in relation to internal COWI co-ordination

The Project Monitor will finally cover the internal COWI co-ordination. Related to this, the Head Office Project Monitor will liaise closely with the Head of the Technical Back-up Team. This will help facilitate the TA team in Sabah to draw on the corporate pool of experience and expertise available in the COWI, in an effective manner. Similarly, the Head Office Project Monitor will liaise closely with the Head of the Quality Assurance Team to ensure continuous synergy between monitoring and quality assurance. The Project Monitor will co-ordinate transfer of funds to the Project and expenditures held at the Head Office level.

The Project Monitor shall be responsible for the establishment of a separate Head Office filing system comprising files relating to the financial management of the project and files relating to the staffing of the project including sub-consultants.

6 Financial Procedures

The purpose of this chapter is to give a description of the accounting procedures of the Project. The chapter shall be used as a reference by the project staff, the auditors and the DANCED representatives.

Objectives

The project accounting shall meet three specific objectives. The accounts system shall provide

- for accurate and timely financial *reporting* to DANCED
- for efficient *control* and monitoring of the use of funds and other assets made available to the project
- the project management with the necessary financial *information* required, ensuring efficient project implementation.

6.1 General Procedures and Responsibilities

Contribution

DANCED's contribution is 13,385,827 Danish Kroner (DKK) including contingencies, which at an exchange 1 Malaysian Ringgit (MYR) = 1.85 DKK is equivalent to approx. 7,2 million MYR.

The Government of Malaysia's contribution in the form of salaries, allowances and office facilities are estimated at 1,980,000 DKK equivalent to approx. 1,07 million MYR. Accounting and accounting procedures for the contributions from the Government of Malaysia are not included in this manual.

Flow of funds

All DANCED funds will flow from DANCED to COWI Head Office, who will have the overall responsibility for accounting and for required auditing in relation to the DANCED consultancy services contract. Funds for local expenditures are upon request from the Chief Technical Advisor (CTA) transferred from COWI Head Office into the project bank accounts in Sabah.

Invoicing

COWI shall send quarterly invoices to DANCED for fees and reimbursable expenses. Funds to COWI from DANCED are transferred according to the quarterly invoice less pro rata deductions of an advance payment. The quarterly statement from COWI to DANCED shall include the total expenditure to date as compared to the total DANCED budget.

Local expenditures	<p>The CTA will be responsible for disbursement of the project funds for the local expenditures, namely the following sub-ceilings: (i) National consultant component, (ii) Training, Pilot & Awareness Component, (iii) Equipment Component, (iv) all local expenditures in the International consultants Expenditures Component. Bank accounts shall be in the name of the CTA. Withdrawals are made with signatures of the CTA.</p> <p>The CTA will be assisted by the Project Director, Yabi Yangkat, Deputy Head of Department, Environmental Conservation Department (ECD), the Project Accountant, Clarice Jeseus, or other staff assigned by the Director, in the administration of the Project Funds.</p>
Cash Handling	<p>Only the CTA is authorised to sign for payments, and only the CTA shall keep cash in hand. The CTA is responsible for accounting for any advances given to staff to meet expenditures, field allowances, etc.</p>
Account Current Book (Debtors)	<p>There will be no income on this project and therefore no trade debtors. Advances given to staff shall be debited in the accounts as current debtors.</p>
Accrued Expenses	<p>The project is following a cash basis of accounting principles so expenses are booked when paid.</p>
Accumulated Project Expenditure	<p>The project shall keep a record of local expenditure on the project to date. This record shall be kept in the computerised accounting system. A report shall be printed showing accumulated expenditure on the project to date.</p> <p>The project accounts made at the Project Office in ECD shall accumulate all expenditures over the whole life of the project so no annual accounts shall be made.</p>
Rates of Exchange	<p>The project is keeping its accounts (local expenditure) in local currency. According to the agreement between DANCED and the recipient Government the total project grant is in Danish Kroner.</p> <p>All the budgets for expenditure in local currency have been calculated using the rate of exchange prevailing at the date of the signing of the contract (August 1999 1 MYR = 1.8575 DKK). MYR expenses are converted into DKK at the exchange rate prevailing as published by Den Danske Bank at the end of the month in which the expense is paid by the Consultant when invoicing to DANCED. The CTA will adjust the remaining MYR budget as according to the remaining DKK budget as shown in the quarterly invoice and budget control sent to DANCED at the end of each quarter.</p> <p>It is noted from Appendix C item 5 of the contract that "Expense items which a) will be incurred in the local currency and b) are not specified in terms of quality or quantity in the budget or the scope of services are subject to two concurrent budget ceilings. The first ceiling is the budgeted amount in DKK. The second ceiling is the equivalent in the local currency of the budgeted amounts in DKK based on the exchange rate prevailing at the date of the signing of the contract between</p>

the Client and COWI. These ceilings are not affected by currency fluctuations unless otherwise agreed."

6.2 Accounting System and Procedures

Chart of Accounts

The Chart of Accounts for the Project has been made so the computerised accounting system can provide the necessary information for achieving its objectives of external reporting, control and internal management information. It will be used in connection with the local expenditures only.

The Chart of Accounts has been designed to correspond to the budget lines in the Project Document and to the contract between DANCED and COWI. The Chart of Accounts is shown in Appendix 1.

The CTA shall be responsible for coding the account numbers on the vouchers before being entering in the computerised accounting system by the Project Accountant.

Responsibility for maintaining and updating the Chart of Accounts lies with the Project Accountant subject to consultation with the CTA. All accounts must have a budget line so new accounts can only be made in connection with adjustments to existing budget lines. New budget lines are subject to approval by DANCED.

Technical Set-up

The computerised accounting system for the local expenditures, Navision Software, has been set up and shall be used by the Project Accountant. A condensed manual on the Navision accounting system is together with the system manuals for the hardware and the software kept by the Project Accountant.

Filing and Records Security

The security procedures for the computerised accounting system is included in the condensed computer manual.

All manual ledgers and records shall be kept in a safe place in the account office, for example in a safe or locked filing cabinet, when not in use. All original documents shall be kept in safe keeping by the Project Accountant at the Project Office in ECD. All original accounting documents will be sent to COWI's Head Office at least every six months, where they will be kept for 5 years after the Project has been completed. These documents are needed for the annual audit by COWI's auditors that will take place after each calendar year, first time in January 2000 for the year 1999.

Cash Handling

Cash handling should be understood as: (i) cash/cheque payments to be debited an expense account, (ii) cash/cheque payments to be debited a current debtor account, (iii) credit card payments.

Cash in hand

The CTA and the Project Accountant shall be responsible for coding the account numbers and booking the cash expenditure in the accounts. Items purchased shall be paid by cheque where possible.

For all payments a Payment Voucher and for all receipt of funds a Receipt Voucher must be made. The procedure is set out in an Account Procedure held by the Project accountant.

Rules for maintaining the chequebooks include the following: Chequebooks held at the Project Office in ECD shall be kept in a safe place there. New chequebooks shall be ordered under the signature of the CTA. The bank to be used will be Sabah Bank Berhad. Cheque counterfoils shall be entered immediately with the details of the cheques drawn and the initials of the CTA. Cheques that have been drawn up but not used, for example because of an error, shall be destroyed. The number of the cheque shall be cut out and fixed to the counterfoil with details of the cancellation.

All cash and bank transactions shall be entered into the computerised accounting system.

Advances

Any advances given to staff to meet expenditures, field allowances, etc. shall be settled through return of original receipts and vouchers.

The Project Accountant must keep a record of all advances showing who has advances and the amounts outstanding. This record will be kept in the computerised accounting system where all outstanding advances can be seen. Advance payments shall only be given for operational costs. No personal advances or loans shall be given. Advances shall be accounted for as soon as possible and no later than one week after use of the advance or return from a field trip. No new advance shall be given before the previous advance has been settled.

Bank Reconciliation

Funds received from COWI are paid into the project bank accounts and the bank issues a receipt. When bank statements are received from the bank they shall be reconciled with the bank balances shown in the computer. Bank statements (or a confirmation of the balance from the bank) shall always be received and reconciled by the end of the month and before sending the account to COWI's Head Office.

Ongoing Procedures

The ongoing account procedures, that is the actual maintaining of the accounts are as follows:

- Receipt and check of vouchers, cash and non cash
- Check of delivery of goods and services
- All checks as above include check of payment vouchers to receipts, check of authorisation, check of account number or name, check of arithmetic
- All vouchers shall be consecutively numbered with different number series for cash, bank and journal vouchers
- Keying in of the vouchers in the computerised accounting system.

Monthly Procedures	<p>The monthly procedures at Project Office are:</p> <ul style="list-style-type: none"> • All cash and bank accounts for month shall be finalised and entered into the computer • All advance settlements received by the end of the month shall be entered into the computer • The accounts in the computerised accounting system shall be closed as soon as possible after the end of the month according to the instructions in the condensed manual for the computer accounting system. A back-up copy shall be sent within one week after the end of the month to COWIs Head Office for the purpose of invoicing local expenditure to DANCED • The bank statements shall be reconciled to the computer accounts.
Monthly reports	<p>The Project Accountant will print reports from Navision once a month at the end of the month and as and when requested by the CTA or the Project Director.</p>
Annual Procedures and Reporting	<p>The project shall not close the accounts during the project period and shall not be making annual accounts.</p> <p>The final accounts at the end of the project period shall be submitted to DANCED within three months of the termination of the project.</p>

6.3 Budgeting

Budgets	<p>Budgets shall be made by the PMG. The Inception Report shall include plans and budgets for the total project period.</p>
Budget Revisions	<p>The overall plans and budgets shall be revised every ½ year through the Progress Reports.</p> <p>The progress reports shall furthermore include project expenditure to date (as included in the quarterly invoices to DANCED) as compared to the total budgets. Deviations in the expenditures to date as compared to the budgets to date must immediately be examined. No amounts in excess of the total budget shall be used without prior approval.</p> <p>Revisions of budget and budget lines are subject to approval by DANCED.</p>

6.4 Audit

The quarterly invoices sent to DANCED by COWI shall be audited by a certified accountant appointed by COWI once a year within a period of three months after December 31.

DANCED will maintain the right to inspect the accounts for DANCED funding on request.

7 Project Assets

Stock

Materials and parts are purchased for immediate use only and no stocks are expected. No stock control system will be established.

Fixed Assets and Assets Register

Fixed assets are termed investments. Investments are defined as all equipment bought for an amount of MYR 5000 and above. All investments are booked in the accounts as expenses at the time of purchase so there are no fixed assets (investments) shown in the balance sheet and there will be no depreciation costs.

All investment purchases shall be debited to specific equipment accounts.

A register of all investments shall be maintained by the Project Accountant. All items are registered with a reference to date of purchase, investment number, description and cost.

It is not expected that any of the investments will be disposed of. Should this be the case the investment register will be credited with a reference to a receipt or other documentation for the disposal.

At the end of the project the equipment paid for by the grant shall be listed in detail with their values before formal transfer to the Government of Malaysia.

8 Quality Assurance

The management performance in the present project follows the overall principles of COWIs Quality Management System. The procedures are adapted to reflect the requirements of the Project.

The QA Team

A Quality Assurance (QA) team, which includes the following permanent COWI staff, has been established. Mr. Henrik Kærgaard is Head of the QA Team. Furthermore are Ms. Lene Denver, Mr. Claus Correll Rebién and Mr. Lars Peter Christensen members of the QA team. The Head of the QA Team will draw on the nominated members of the Team, but may add additional inputs from the entire pool of expertise of COWI to ensure that QA is performed to match international standards.

Responsibilities of the QA Team

The Quality Assurance Team will

- Perform an on-site QA audit of the fulfilment of the Development and Immediate Project Objectives
- QA review Technical Reports prepared in the course of the project
- Perform an on-site QA audit of the information management and document control systems set up by the PMG.

The on-site QA audit will be undertaken by the Head of the QA Team. The on-site quality auditor is not engaged in the provision of TA to the Project and belongs to COWIs group of experienced internal project auditors. Both these requirements are established in order to perform a professional and independent internal QA audit of the Project.

8.1 On-site QA audit of Development and Immediate Objectives

Objectives

The aim of the on-site internal quality audit is to monitor the degree of fulfilment of Project Development and Immediate Objectives. The quality audit will also cover the quality of the professional work undertaken by long- and short-term international and local consultants.

Issues and Methods The detailed audit questions issues to be covered, and the audit methods to be used in the mid-project on-site quality audit, will be planned and agreed upon by DANCED, the Project Steering Committee (PSC), the Director of the Environmental Conservation Department (ECD), the Project Management Group (PMG), the Project Monitor on the initiative of the Head of Quality Assurance (QA).

Issues for the internal quality audit can be conducted on selected outputs if requested by DANCED or the PSC.

All relevant stakeholders will be involved in the QA Audit.

Reporting After the internal quality audit will the auditor prepare a report, that is distributed to those responsible for follow-up activities and corrective actions. Response to the report shall be given within a set time limit.

8.2 Quality Review of Technical Reports

Self check The responsibility for the professional consultancy service rests with the author of the document, not with the person checking it. *Self check* will be carried out by the author of the document, who always personally shall check that the document is complete, correct, and sufficiently detailed, viz.: (i) Check that the summary is unambiguous and that it reviews the recommended activities in a clear way. (ii) Check that the contents are informative and follow the guidelines submitted by the Client. (iii) Critically evaluate the most important conclusions and recommendations. (iv) Check that conclusions and recommendations are clear and adequate, and have been provided with necessary reservations. To document this check the initials of the author shall be written on the document.

All documents shall be written in English.

Interface check Interface check will be carried out to ensure that the documents prepared by different consultants are not contradictory, and that the interfaces between various elements of the Project and executed by different Team Members are well defined. Interface check will be performed by the Project Management Group (PMG).

QA Review QA reviews shall be performed in connection with all major Technical Reports. The PMG will determine which Technical Reports shall undergo a QA review.

QA reviews will be carried out to ensure that the document fulfils international standards within the concerned professional field. QA reviews shall be performed by a person who is fully qualified to draw up the document to be checked, but who has not participated therein. The initials of the reviewer shall be written on the document reviewed.

Reviews shall be conducted by specialists appointed by the Head of the QA Team. In addition to these internal reviews by the COWI, DANCED or the Project Management Group may decide to carry out additional external reviews.

When reviews are made, a Document Review Notice shall be prepared. The comments of the reviewer shall be indicated in the Document Review Notice to be returned to the author of the document. Comments may also be made on copies of the document enclosed with the Document Review Notice. Such comments shall be examined and incorporated by the author of the document. If a reviewer's comments cannot be accepted in full, the reviewer shall be contacted for acceptance of the adjustments. The person who drafted the document shall write on the Document Review Notice what has been agreed upon. Disagreement shall be solved by the intervention of the Chief Technical Advisor (CTA). The requesting part shall submit the concluded Document Review Notice to the CTA for filing.

Approval

When a Technical Report has been checked as planned the initials of the author responsible for the document shall be written thereon, and the CTA shall approve the document by signing it.

8.3 Information Management and Document Control

The Head of the QA Team will make an on-site QA audit of the Information Management and Document Control system set up by the PMG. Below is listed important requirement for a proper Information Management and Document Control system.

Document Identification & Numbering System

All documents shall have a unique reference. The reference shall indicate: Job name/number; Title of the document; Date of present issue; Initials of the person(s) who have prepared, checked and approved the document (if required); Indication of the exact location of the document in the electronic files, if an electronic copy exists. The job number corresponds to that of COWI's project administration system. The code number shall be used to identify the study component according to the following system:

- 01: Technical Reports
- 02: Procedures Manual and other administrative documents
- 03: Inception Report and Progress Reports
- 04: Review Reports
- 05: Project Completion Report.

Further numbering and components may be defined by the PMG.

Handling of Mail

Incoming mail shall be delivered to the project secretary. Correspondence forwarded for the attention of a named person shall be submitted to that person immediately. Mail marked "Personal" or "Confidential" shall be passed unopened to the addressee. The relevant mail shall be delivered by the secretary to the CTA to obtain instructions regarding distribution etc.

The author of *outgoing mail* shall check that the mail is dated and signed and that all enclosures are present before its dispatch, and then take the necessary action for the document to be copied and distributed internally as required. One copy shall always be filed in the central project file.

Filing System

The project file shall contain all different types of Project Documents. The documents shall be filed in ring binders, cassettes, etc. clearly marked by project name and number. A filing key shall be prepared indicating the exact location of all types of project documents. A copy of the filing key shall be included in all project binders. All editions of incoming correspondence and documents shall be kept on file until the conclusion of the job.

The CTA shall be responsible for the establishment of filing procedures at the Project Office. The Head Office Project Monitor shall be responsible for the establishment of a separate filing system comprising files relating to the financial management of the project and files relating to the staffing of the project including sub-consultants.

Electronic Files. It shall be the responsibility of the CTA to establish and maintain an electronic filing system at the project office. At the home office, all Project Documents shall be filed centrally in the project directory identified by the project number. The project directory shall be divided into sub-directories for the different types of documents, according to standard practice of the Consultant.

Handling and Layout of Project Documents and Correspondence

The layout of all Project Documents shall be in accordance with the COWIs standard report format, with the adjustments necessary to meet the requirements of DANCED and/or the Project Director. The layout of correspondence documents (letters, faxes, etc.) shall be agreed upon by the project staff.

Correspondence concerning contract changes, conceptual changes, and additional services shall always be signed by the CTA. Such correspondence shall always be discussed with and approved by the Project Director and the Project Monitor. Letters and faxes concerning normal technical/administrative matters may be signed by the PMG or the Project Monitor. Correspondence documents (letters, faxes, etc.) may be prepared by all TA Project Team Members.

Minutes of meeting shall always be copied to the participants, the PMG, the Project Monitor and other relevant parties and shall be issued within one week after the meeting.

All correspondence shall be in English.

8.4 Timing of QA activities

QA of Technical Reports

QA of Technical Reports will be undertaken continuously upon request of the PMG.

On-site audit

The on-site quality audit will be undertaken halfway through project implementation. The internal QA audit shall preferably be placed before a DANCED initiated Mid-term Evaluation in order to create coherence, synergy and effective use of QA and evaluation resources.

The Head of the QA team will perform the internal QA Audit during a 2-week on-site visit to the Project location.

Appendix 1: Chart of Accounts

Table Appendix 1.1. Chart of Accounts for Local Expenditures

No	Account Name	Description
22100	National Personnel	Fee for local consultants
	Training, Pilot & Awareness Activities	
23100	Study Tour	Study tour expenses for inter-departmental study tour
23110	Attachment	Expenses in relation to attachment programmes for ECD staff
23120	Seminars	Expenses in relation to seminars arranged & implemented by the project
23130	Workshops	Expenses in relation to workshops arranged & implemented by the project
23140	Outside training	Expenses in relation to participation of ECD or other project related staff in courses, seminars, training activities outside the department
23150	In-house Training	Expenses in relation to training activities undertaken in ECD
23160	Best-practice-visits	Expenses in relation to visits to other organisations with experience of a relevance to ECD
23170	Training Material	Books, manuals, guidelines, overheads, CD-ROMs, etc.
23180	Research	Expenses in relation to research undertaken by or for ECD
23200	Planning Pilot & Awareness activities	Expenses in relation to Pilot & Awareness implementation activities
23210	Environment Assessment Pilot & Awareness activities	Expenses in relation to Pilot & Awareness implementation activities
23220	Monitoring & Enforcement Pilot & Awareness activities	Expenses in relation to Pilot & Awareness implementation activities
23230	Communication & Awareness Pilot & Awareness activities	Expenses in relation to Pilot & Awareness implementation activities
23240	ECD Pilot & Awareness activities	Expenses in relation to Pilot & Awareness implementation activities
	Project Equipment	
24100	Equipment	GIS software, satellite images, work stations, printers, etc.
	International Transportation	
25100	CTA Air tickets	Incl. airport tax, taxi to/from airport
25110	Short Term Air tickets	Incl. airport tax, taxi to/from airport
25120	Excess Luggage	
25130	Shipment Personal Freight	Freight incl. mobilisation expenses for long term consultants
	Local Travel	
25200	Domestic Travel	Domestic air tickets & local transport
25210	Out of Station Subsistence	Out of Station Subsistence (not short term consultants)
25220	Out of Station Hotel	Hotel room expenses (not short term consultants)
	Accommodation	
25300	Housing CTA	House rent and security
25310	Housing Long Term	House rent and security
25320	Hotel Short Term	Hotel room & laundry

	Subsistence	
25400	Subsistence Long Term first Month	Subsistence long term consultants for the first month
25410	Subsistence Short Term	Subsistence
	Medical Insurance	
25500	Medical Insurance Long Term	Insurance incl. vaccinations
25510	Medical Insurance Short Term	Insurance incl. vaccinations
	Project vehicles	
25600	Petrol	Petrol
25610	Repairs	Car repairs & spare parts
25620	Insurance	Car Insurance
25630	Car rental	Incl. taxi
	Office Operation	
25700	Stationery & consumables	Stationery & office supplies
25710	Communication	Incl. postage, courier, mail (CTA & project office)
	Int. Transport CTA Family	
25800	CTA Family Air tickets	Incl. airport tax, taxi to/from airport
25810	Shipment Personal Freight	CTA family freight incl. mobilisation expenses
25820	Insurance	Freight insurance
25830	School Allowance	School fees & other school expenses
	Head Office expenses	
26100	Air tickets	Air tickets Head Office staff incl. airport tax & taxi to/from airport
26110	Medical insurance	Insurance incl. vaccinations
26200	Hotel	Hotel room Head Office staff
26210	Subsistence	Subsistence Head Office staff incl. phone

Appendix 2: TOR

TOR for Project Director; Capacity Building of ECD

Position	Project Director
Reporting Relationship	Project Steering Committee (PSC) on implementation of project Director, ECD on administrative issues
Responsibilities	Overall responsible for project management and implementation Overall responsible for Government of Sabah inputs Responsible for reporting to PSC
Specific Tasks Assigned	Co-ordinate project implementation Revision of project implementation plan Establish links between ECD and the consultants Establish links to other major stakeholders Set up project management unit facilities Establish links to Project Steering Committee Preparation of Revised Project Document Preparation of Inception Report, Progress Reports and Completion Report
Qualifications	Experience with project management, capacity building, training and human resource development Head of Division in ECD Other experience, including in the following areas: environmental management, environmental impact assessment, environmental policy/legislation at Sabah State level, inter-agency co-operation, database management
Work Location	ECD, MTDEST
Duration	Half-time over 36 months

TOR for the Chief Technical Advisor (CTA); Capacity Building of ECD

Position	CTA
Reporting Relationship	COWI Danced Malaysia ECD on Project Implementation
Responsibilities	Responsible on behalf of COWI for all DANCED inputs Advise Project Director on management/administration of project implementation
Specific Tasks Assigned	Establish links between ECD and COWI Assist the Project Director in all matters concerning project implementation Assist in establishing and maintaining links to major stakeholders Assist in establishing and maintaining links to the Project Steering Committee Assist in preparation of Inception Reports, Progress Reports and Completion Report Prepare Procedures Manual Plan and organise input of the Environmental Management Advisor Plan and organise inputs from all short term advisors, foreign and local Provide main advice and input for output 1: Sabah Environmental Indicators Reports; output 2: Proposal for Environmental Policy; output 4: HRD Plan for ECD; output 8: General EIA Handbook; Output 11: EIA Compliance Survey; output 17: C&A Strategy and activities; output 18: Project Lesson Learned Dissemination; all outputs in relation to Training
Qualifications	Project management experience, preferably from implementation of natural resources/biodiversity conservation projects in South East Asia Considerable experience relating to capacity building, human resource development and public institution development Other experience, including in the following areas; environmental management issues; environmental policy legislation; enforcement and monitoring; inter-agency co-operation; database management
Work Location	ECD, MTDEST
Duration	36 months

TOR for Environmental Management Advisor; Capacity Building of ECD

Position	Environmental Management Advisor
Reporting Relationship	CTA
Responsibilities	Oversee the overall planning and implementation of the outputs listed below
Specific Tasks Assigned	<p>Plan and prepare for implementation of output 3: Proposal for an overall Conservation Strategy; output 5: Review of the CEE; output 6: Research Strategy and activities; output 9: EA Guidelines; output 10; Manual on EIA Auditing Procedures; output 22: Establishment of GIS</p> <p>Provide main advice and input for the above mentioned outputs</p> <p>Assist the CTA in implementation of all other output when required</p> <p>Assist Project Management Group on any tasks assigned</p> <p>Assist in day-to day project management</p>
Qualifications	<p>Long term experience in environmental management, preferably from implementation of natural resources/biodiversity conservation projects in South East Asia</p> <p>Considerable experience relating to EIA, GIS, remote sensing, environmental policy and legislation, enforcement and monitoring</p> <p>Other experience, including in the following areas; capacity building, inter-agency co-operation; database management, information management strategies</p>
Work Location	ECD, MTDEST
Duration	18 months