CIRCULARS ON ADMINISTRATIVE REFORMS IN THE CIVIL SERVICE OF MALAYSIA (1991 - 1996)

Issued by:

Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

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The Rt. Hon. Dato Seri Dr. Mahathir bin Mohamad, the Prime Minister and Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid, Chief Secretary to the Government at an official function

Chief Secretary to the Government

The issuance of circulars on administrative reforms in the Civil Service, particularly the Development Administrative Circulars (DACs), proved to be one of the most effective approaches towards administrative reform in the country. These circulars have become an important communication channel for the Government to clarify concepts, methods and rationalising the implementation of all the reform programmes introduced. The circulars provide guidance to Government agencies to ensure uniformity and a structured approach in planning and implementing these improvement programmes. They also constitute the main source of reference to assist the agencies in evaluating their performance and to take the necessary follow-up action as well as to continuously improve upon their efforts. This is to ensure effectiveness in the implementation of improvement efforts in the Civil Service.

All these circulars provide clear guidelines, complete with examples, in various areas of reform efforts that are greatly emphasised in the Civil Service. The underlying philosophy of the administrative reform programmes is to establish good administrative and management principles as well as contribute to the assimilation of positive values among all staff in the Civil Service. Understanding and implementing the programmes and activities stipulated in each circular will further intensify the efforts towards the enculteration of a culture of excellence in the Civil Service.

Due to the importance of these circulars, efforts have been taken to compile all the circulars into a book. The first series was printed in June 1993. It contained 18 DACs, that is, 11 circulars issued in 1991; four (4) in 1992 and three in 1993. In that series, one (1) Treasury Circular was included pertaining to the use of new forms on the management of capital assets, inventories and office supplies which is closely related to efforts aimed at strengthening financial management.

Since the issuance of the last DAC, that is DAC No. 3 of 1993, there have been three (3) new DACs; five (5) amendments to DACs and one (1) Development Administration Circular Letter. At the same time, four (4) General Circular Letters, two (2) Treasury Circulars and one (1) Directive Letter from the Chief Secretary to the Government relevant to administrative reform efforts have also been issued. All these circulars and the earlier issued circulars are now compiled and reprinted in this second series.

The compilation of these circulars will provide a complete collection of circulars on administrative reform programmes in the Civil Service and can be used as the

principal source of reference for all Government officers and staff. To increase the understanding of the contents of the circulars, Government agencies should provide opportunities for all officers and staff to attend the relevent courses. Besides specific training programmes organised by INTAN and other training institutes, Government agencies should also organise a continuous programme of internal training. To assist Government agencies in organising these training programmes, INTAN has prepared training packages with regard to the circulars and all agencies are urged to fully utilise them.

It is hoped that the issuance of this compendium of circulars will assist Government agencies to further strengthen their planning and implementation of the administrative reform programmes and to have a more streamlined and structured monitoring system. These efforts are of vital importance to speed up the achievement of the objective towards creating a more efficient and effective Civil Service.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

11 July 1996

I

DEVELOPMENT ADMINISTRATION CIRCULARS (1991 - 1996)

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 1 OF 1991

GUIDELINES FOR THE IMPROVEMENT OF THE QUALITY OF SERVICES RENDERED THROUGH THE TELEPHONE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
9 JANUARY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. The objective of this circular is to provide guidelines to Government Departments to upgrade the quality of telephone communication services in their respective departments. The Guidelines For The Improvement Of The Quality Of Services Rendered Through The Telephone is incorporated as an appendix to this Circular.

BACKGROUND

2. The telephone communication system is an important frontline service. The image of an organisation is dependent on the quality of telephone communication services provided. Inefficiency in the provision of this service can lead to problems such as transfer of information that is inaccurate, untimely and lacking in clarity. In such a situation a department will not only be unable to meet customers' needs but will also encounter problems in the implementation of functions entrusted upon it.

3. This guidebook is another of the Government's efforts to ensure that the public is provided with quality services, particularly when communicating with Government Departments through the telephone.

GUIDELINES FOR THE IMPROVEMENT OF THE QUALITY OF SERVICES RENDERED THROUGH THE TELEPHONE

4. In addition to quality telephone communication services, the guidebook also spells out the role of Management in the improvement efforts. Among the efforts that need to be given priority are the training of staff and the acquisition of good telephone equipment. Through these efforts it is envisaged that the level of understanding among staff will be increased and excellent service principles will become a part of their work culture.

EFFECTIVE DATE

5. These guidelines must be implemented effective from the day of issue of this circular.

"SERVICE TO THE NATION"

"LOVE OUR LANGUAGE"

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government of Malaysia

(Appendix to Development
Administration Circular
No. 1 of 1991)

GUIDELINES FOR THE IMPROVEMENT OF THE QUALITY OF SERVICES RENDERED THROUGH THE TELEPHONE

CONTENTS

A. OBJECTIVE

This guidebook outlines a four-stage approach to enhance the quality of services rendered by all those involved in telephone communication. This guidebook not only provides guidelines to the telephone operators whose main function is to receive and attend to telephone calls but also to all staff and officers in an organisation namely, personal assistants, chief clerks and officers involved in receiving telephone calls. The four stages contained in this guidebook are:

Stage One — Preparation

Stage Two — Receiving The Call

Stage Three — Handling The Call

Stage Four — Terminating The Call

2. The practices and checklists for the four stages contained in this guidebook are aimed at providing guidelines for the telephone operators on the preparation needed prior to commencing duty and the handling of telephone calls by the concerned parties.

3. By adhering to and practicing all the steps and actions contained in this guidebook it is envisaged that the quality of telephone communication services provided by officers and staff will be improved and the level of customer satisfaction enhanced.

B. QUALITY TELEPHONE COMMUNICATION SERVICES

4. The telephone is an important modern communication equipment. This equipment, if handled well, will be able to help in establishing and maintaining good relationships with customers while enhancing the image of the organisation in the eyes of the public.

5. A quality telephone communication service comprises of the following features:

(a) A Telephone System that facilitates communication;

(b) Quality services rendered through the telephone;

(c) Knowledgeable telephone operators, personal assistants and officers.

A Telephone System That Facilitates Communication

6. A telephone system that facilitates communication should be equipped with modern features and capabilities such as:

(i) Call sequencing.

(ii) Re-routing of calls, normally directed to the operator, to a specified extension if the number of incoming calls exceeds 3, the operator is not at the switch board or after office hours.

(iii) Important extensions can function as direct lines to be able to receive incoming calls without having to go through the telephone operator.

(iv) Playing of music or a recorded message when a call is on hold awaiting connection to a particular extension.

(v) Playback of a recorded message if call is unattended to after a specified period, for example "I am sorry but the lines are still busy. You will be attended to shortly".

(vi) Interruption of an extension by the telephone operator in the case of an important in-coming call.

(vii) Ability to function during a power failure. In such a situation specified extensions will automatically be able to function as direct lines.

(viii) Automatic transfer of in-coming calls from a busy switch board to a specified extension.

Quality Services Rendered Through The Telephone

7. Quality telephone communication services can be rendered by adhering to the following good practices:

(i) Serving the customer in a friendly, polite and responsible manner.

(ii) Adopting good speech practices when handling a call, such as:

* A moderate voice that is neither too loud nor too soft.
* Proper pronounciation to ease communication.
* A friendly voice to put the caller at ease.
* A low and attractive voice to give a good impression of one's personality.

(iii) Smile while speaking.

(iv) Avoid sounding bored and tired while attending to a telephone call.

(v) Do not allow your emotions to influence your work.

(vi) Always remember the names of frequent callers and address then by name when attending to their calls.

(vii) Do not allow the caller to wait for a long time without giving an explanation for the delay.

(viii) Always apologise if a caller has to wait for a long time.

(ix) Be ready to help without being asked.

(x) Officers and staff must always be ready to take messages if the officers contacted are not available.

Knowledgeable Telephone Operators, Personal Assistants and Officers

8. All those involved in the handling of telephone services must be equipped with sufficient knowledge about their organisation. Among the factors that must be given due consideration are:

(i) Equipping one's self with updated information about the organisation.

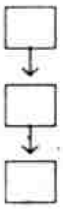
(ii) Reading all relevant materials and publications about the organisation.

(iii) Ensuring that one is knowledgeable on all matters stipulated as important by management. Only then can one provide information about one's organisation in a professional manner.

9. A telephone system that facilitates communication, accompanied by the adoption of the above practices, will ensure that the quality of services rendered through the telephone will be upgraded to a level of excellence.

10. There are various types of telephone communication practices adopted by Government Departments. The four most common ones are as follows:

Type 1

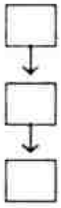


Caller

Telephone Operator

Receipient of call

Type 2

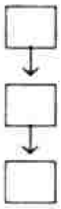


Caller

Personal Assistant

Receipient Of Call (for calls received through a direct line)

Type 3

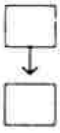


Caller

Telephone Operator

Personal Assistant

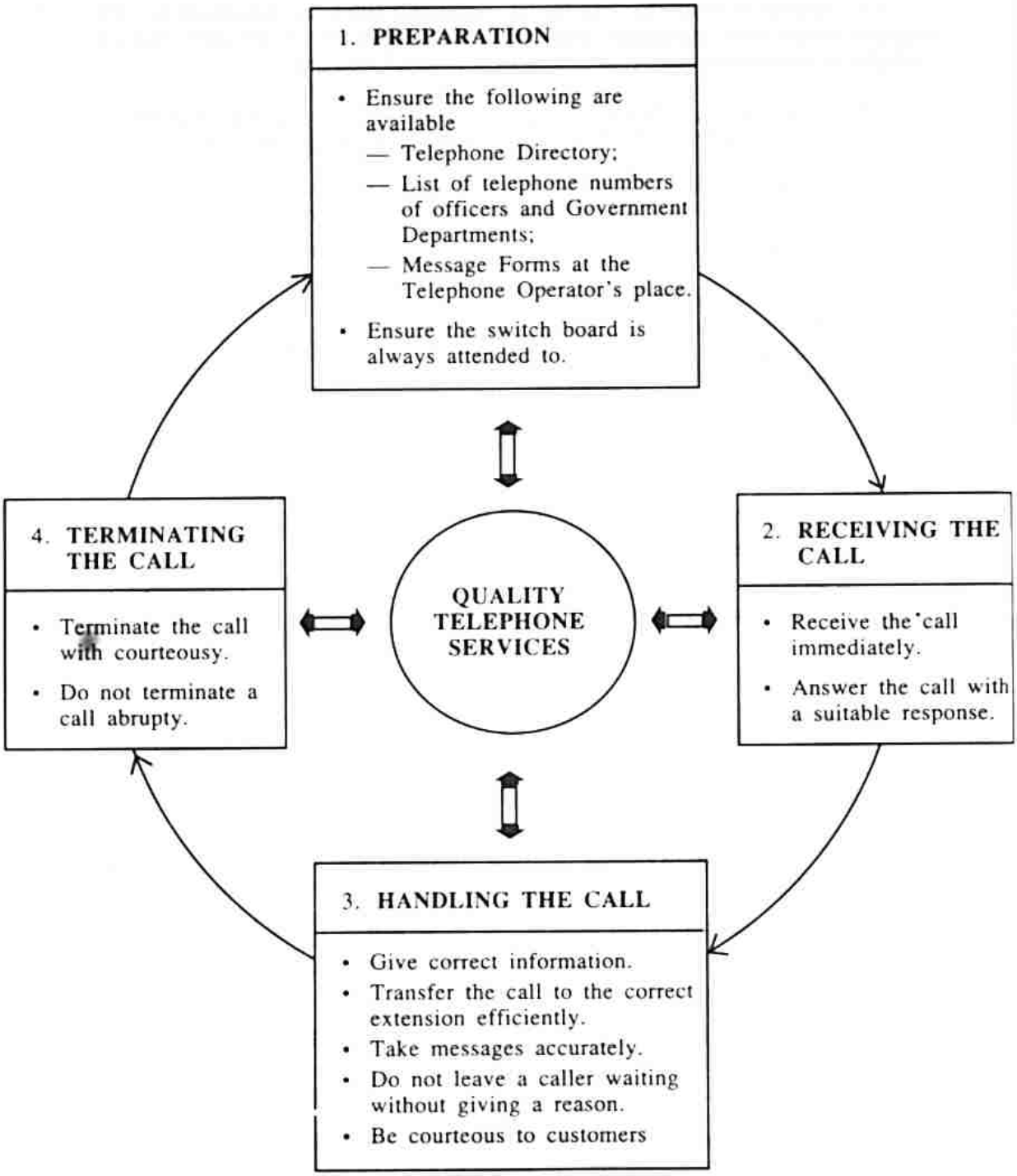
Type 4



Caller

Receipient of call (for calls received through a direct line that is not manned by a personnal assistant)

11. It is important that quality is maintained at each of the stages in all the above types of telephone communication.



FOUR STAGE APPROACH

C. FOUR STAGE APPROACH

Stage 1—Preparation

12. The preparatory stage is meant specifically for the telephone operators. The objective of this stage is to remind the telephone operators of the actions that have to be taken before they start work. Among these are:

(a) Being at the switch board five minutes before office hours.

(b) Ensuring that the switch board is in working condition.

(c) Ensuring that an updated telephone directory and a list of the following telephone numbers are at hand at all times:

(i) All officers and staff of the department according to divisions/functions/projects to facilitate the transfer of calls. This list is to be updated whenever changes occur.

(ii) Departments that are frequently contacted.

(iii) Police Department, Fire Department, Hospital and Building Management.

(iv) Suppliers of equipment used in the department.

(d) Ensuring that documents on the profile of the organisation are always at hand for easy reference.

(e) Ensuring that message slips and pens to take messages for officers/staff are in sufficient quantity (samples of the message slips are shown in page 6).

(f) Ensuring that the area surrounding the switch board is clean and tidy.

(g) Ensuring.that a register to record staff movement is always at hand, if the telephone operator mans the reception counter as well.

(h) Informing the administrative officer if there is a need to leave the switch board.

(i) Ensuring that there is a replacement before leaving the switch board.

Stage 2—Receiving the call

13. This stage involves all parties involved in receiving telephone calls, that is the telephone operators, personal assistants and officers. It begins when the caller comes in contact with the recepient of his call. This stage is very important because it represents the first contact between an organisation and its customer. A good impression can enhance the customer's perception of the organisation. The objective at this stage is to provide guidelines to all parties involved on good telephone etiquette when attending to calls from customers. These include:

(a) Answering a call immediately, that is, before the second ring or at least before the third ring.

(b) Holding the telephone receiver approximately 1½ inches away from the mouth when answering a call so that the voice can be heard clearly by the caller.

SAMPLE OF A MESSAGE SLIP

SAMPLE 1

MAMPU

Malaysian Administrative Modernisation and Management Planning Unit
PRIME MINISTER'S DEPARTMENT

MESSAGE

DATE:

TIME: AM/PM

FOR MR/MISS _____

WHILE YOU WERE OUT

MR/MISS:

FROM:

TEL. NO :

☐ Called

☐ Request to return call

☐ Will call again

☐ Return call

OTHER MESSAGES/NOTES:

RECEIVED BY:

SAMPLE 2

MAMPU

Malaysian Administrative Modernisation and Management Planning Unit
PRIME MINISTER'S DEPARTMENT

MESSAGE

FOR MR/MISS _____

WHILE YOU WERE OUT

DATE: TIME: AM/PM

MR/MISS:

FROM:

TEL. NO.:

☐ Called ☐ Will call again

☐ Request to return call ☐ Return call

OTHER MESSAGES/NOTES:

RECEIVED BY:

(c) Answering each call with a greeting followed by the name of the organisation, name of the office or one's own name in a pleasant and polite voice. The following are some examples of how to attend to telephone calls:

Telephone Operators

A greeting followed by the name of the organisation for example:

"Good morning, Ministry of Public Enterprises"

Personal Assistants

A greeting followed by the name of the department or the designation of your officer.

Example:

"Good morning, Director General's office, Personal Assistant speaking"
or
"Good morning, Dr. Azman's Office"

For Officers

A greeting followed by the designation or the name of the individual.

Example:

"Good morning, chief clerk speaking"
or
"Good morning, Mazlan speaking"

Stage 3—Handling The Call

14. As in the reception stage, the stage of handling of calls also involves the telephone operators, personal assistants and officers. This is the stage at which all those involved in the handling of telephone calls begin to provide services to the customer. As such, it is important that the services are provided in a courteous manner and able to meet the needs of the customer. The objective at this stage is to provide guidelines to all those involved on proper practices in the handling of telephone calls. Among these are:

Telephone Operators

(a) If the caller wishes to obtain general information about the organisation, provide this information to the best of your knowledge.

(b) If the caller wishes to obtain further information, inform the caller the name of the officer responsible.

(c) If the officer responsible is available, transfer the call. When transferring the call the following factors should be given consideration:

(i) Inform the caller as to whom the call is being transferred to.

(ii) Transfer the call to the officer concerned immediately.

(d) If the officer responsible is not in the office or his extension is busy, take a message, if it is simple. In the case of a complicated message, transfer the call to a specified officer (for example, the chief clerk or clerk in the

division) to attend to the call or to take a message. All messages can be recorded on the message slip (Examples given in page 6). When taking a message the following factors should be taken into account:

(i) Spell correctly the name of the officer for whom the message is given and the name of the caller.

(ii) Record correctly the telephone number of the caller and the date and time of the call.

(iii) Take down the message correctly.

(iv) Repeat the message taken to the caller to ensure accuracy.

(e) Avoid transferring calls from one officer to another without ascertaining correctly the officer to whom the call should be directed, thus making the caller wait for long before being able to speak to the officer concerned.

(f) If the caller has to wait for more than 1 minute, enquire if he wants to continue waiting.

(g) If the caller chooses to wait, inform him from time to time that the call cannot be transferred as yet.

(h) If the caller wants to leave a message, use a message slip to take the message.

(i) Transfer the call as soon as the officer concerned ends his earlier call.

(j) Pass the message slip to the officer concerned as soon as possible.

Personal Assistants

(a) If the caller only wants certain specific information, provide the information accurately.

(b) If the caller wants to speak to your officer, the following factors should be taken into account:

(i) Ensure that your officer is able to take the call. If he is not able, give the caller an explanation as to why he cannot take the call.

The following is an example of a suitable explanation:

"Dr. Amir is having a discussion with his officer. May I have your name and telephone number so that Dr. Azmir can return your call."

(ii) If the call can be transferred to your officer, a suitable expression will be as follows:
"Hold on please, I'll put you through"

(c) If the caller wants to leave a message, record the message on a message slip. Hand the message to your officer as soon as possible.

Officers

(a) If the caller wants detailed information on a particular subject, provide assistance to the best of your ability.

(b) If information available is insufficient, take the following actions:

(i) Request the officer who has the information to continue with the explanation.

(ii) If the detailed information requested for needs further explanation, inform the caller that the information will be provided to him later.

(iii) Get the personal particulars of the caller so as to be able to be contacted later after the information requested is available.

(c) Do not allow the caller to wait for more than 1 minute without any explanation.

(d) If the caller wants to speak to an officer who is not available in the office, take a message (if any) using a message slip.

15. The following are examples of courteous phrases that can be used when handling telephone calls:

(i) "Dr. Hamid is not in the office. May I let him know who called?"

(ii) "Dr. Musa isn't in the office at the moment. May I take a message for him?"

(iii) "Mr. Aziz just left the office. May I let him know who called so that he can return your call?"

(iv) "Mr. Idris is on leave till next Saturday. May I help you?"

(v) "Mr. Mazlan has requested me to inform you that he will not be able to attend the meeting this morning"

16. The following are examples of phrases that should be avoided when handling telephone calls:

(a) "He is not in office yet."

(b) "He has gone back"

(c) "Bye-bye"

(d) "He is having a drink"

(e) "What is your name?"

(f) "Can you repeat that, I did not get the message just now"

(g) "How do you spell that?"

(h) "Who is calling"

(i) "Wait"

(j) "He did not inform me where he was going"

(k) "I do not know where he has gone. I am not his keeper"

(l) "Speak quickly, I am busy now"

(m) "Do you know what I mean"

Stage 4—Terminating A Call

17. This stage involves the telephone operators, personal assistants and officers. It begins after service has been rendered and the call has to be terminated. The objective at this stage is to outline the best manner in which to terminate a telephone call as any good relations built-up during a telephone conversation can be reversed if the call is not terminated in a proper manner.

18. The following are some practices on the termination of calls:

(a) Terminate a call in a courteous manner and not abruptly. This gives the impression to your callers that you enjoy attending to their calls.

(b) Terminate each call with an appropriate greeting. For example: "Thank you and please contact us again if you have any problems"

D. ON GOING EFFORTS TO IMPROVE THE QUALITY OF TELEPHONE COMMUNICATION SERVICES

19. To ensure that the quality of services rendered through the telephone are constantly upgraded, continuous improvements should be carried out. These efforts include:

(a) The provision of modern telephone equipment that facilitates communication. Good telephone equipment with all the necessary features will enable all parties involved in carrying out their duties efficiently and effectively.

(b) The provision of training for telephone operators in the following areas:

(i) handling of telephone equipment

(ii) handling of services rendered through the telephone

(c) Providing telephone operators with information on the duties, functions and structure of the organisation to enable them to transfer calls accurately and effectively and to enable them to provide customers with accurate and up-to-date information.

(d) Creating a system for the recording of staff movement if the telephone operator is also the receptionist seated at the entrance. The information on staff movement will enable the telephone operator to ascertain whether or not an officer/staff is in the office.

E. CONCLUSION

20. Communication through the telephone is one of the main forms of our daily communication. The key to strengthening ties between a customer and members of an organisation lies in the provision of services that are able to satisfy their needs. The creation of a quality telephone service can only be realised through joint and continuous efforts from all those concerned.

21. It is the Government's desire to provide quality services to the public. In line with this desire it is timely that Government Departments increase their awareness and put into practice all the features of a quality telephone service. These practices should not only be adopted when handling calls from customers who are courteous but on the contrary will be further appreciated if practiced when handling calls from customers who are discourteous.

22. This aspect if given consideration and priority will bring about the following benefits:

(a) The image of Government Departments will be enhanced.

(b) Customers will be happy and satisfied with the services received.

(c) Effective flow and channeling of information.

(d) Creation of a good working environment.

23. Telephone services may be regarded as a trivial matter. However this service, if able to meet customers needs, will create a good impression of the organisation. On the other hand, if the telephone services provided are of poor quality, it can tarnish the image of the organisation in the eyes of the public. All these efforts towards improving the quality of services provided through the telephone represent yet another step towards realising the excellent work culture.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 2 OF 1991

GUIDELINES ON THE MANAGEMENT OF MEETINGS AND GOVERNMENT COMMITTEES

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 APRIL 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

The objective of this Circular is to provide guidelines to assist the management and the secretariats of Government committees in undertaking their responsibilities efficiently and effectively. The Guidelines on the Management of Meetings and Government Committees is attached as an appendix to this Circular.

BACKGROUND

2. From time to time, the Government establishes various committees to undertake specific responsibilities. Basically, the roles of these committees are:

(i) to plan for the implementation of specific Government policies or programmes;

(ii) to seek advice from relevant authorities who have the expertise and experience on specific subject-matters; and

(iii) to coordinate and integrate various efforts undertaken by the Government agencies so as to ensure a harmonious and integrated approach.

3. A secretariat plays a crucial role in assisting each committee in performing its roles. The secretariat is responsible for arranging meetings, sending out notices of meetings and for preparing the minutes of meetings. It is also responsible for establishing a monitoring system to ensure that follow-up and follow-through actions are taken on the decisions made by the committee.

GUIDELINES ON THE MANAGEMENT OF MEETINGS AND GOVERNMENT COMMITTEES

4. The publication of these Guidelines is to provide an outline of actions and work norms that should be adhered to in order to ensure the effective management of meetings and Government committees.

EFFECTIVE DATE

5. These Guidelines are effective from the date of issuance of this Circular.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary To The Government

(Appendix to Development Administration Circular No. 2 of 1991)

GUIDELINES ON THE MANAGEMENT OF MEETINGS AND GOVERNMENT COMMITTEES

CONTENTS

A. OBJECTIVE

The objective of these Guidelines is to assist the management and the secretariats of Government committees in undertaking their responsibilities efficiently and effectively.

B. BACKGROUND

2. The Government sets up various committees from time to time to undertake specific responsibilities. Basically, these committees are responsible for planning the implementation of specific Government policies and programmes; seeking advice from relevant authorities who have the expertise and the experience on specific subject matters; co-ordinating and integrating efforts by the various Government agencies in implementing programmes so as to ensure a harmonious and integrated approach; and resolving the issues and problems that arise during implementation.

3. Committees conduct meetings from time to time. Every meeting has a specific objective. The agenda and the schedule of the meeting must be well-planned in order to ensure that the meeting is conducted effectively. A meeting that is well-planned and well-managed will facilitate effective participation.

4. The secretariat plays a crucial role in assisting the committee in performing its functions effectively. The secretariat is entrusted with specific duties including planning and arranging meetings, sending out notice of meetings, and preparing minutes of meetings. In addition, the secretariat is also responsible for setting up a monitoring system to ensure follow-up and follow-through action on decisions taken by the committee.

C. RESPONSIBILITIES OF THE SECRETARIAT

5. The responsibilities of the secretariat can be divided into three stages, i.e.:

- Pre-Meeting Activities
- Activities During A Meeting
- Post Meeting Activities

(a) Pre-Meeting Activities

(i) *Deciding On The Agenda, Date, Time and Venue of Meeting*

The secretariat should consult the Chairman of the Committee in deciding on the agenda, date, time and venue of a meeting. The Chairman and the secretariat are expected to plan the time allocated for each item in the agenda.

(ii) *Reserving the Venue*

The reservations of the venue should be done in writing. The following information should be incorporated and forwarded to the officer-in-charge of reservations, i.e.:

- the name of the committee;
- the name of the committee's Chairman;

— the name of the committee's Secretary;

— the date of the meeting and the time of commencement and expected time of completion of meeting;

— the number of members attending the meeting;

— the equipment required in the meeting room; and

— the refreshments required.

(iii) *Ensuring that Working Papers from the Ministry/Department/Agency for discussion are ready*

The secretariat must ensure that the working papers prepared by the Ministry/Department/Agency to be tabled at a meeting are received at least 15 days before the date of the meeting. The secretariat is also required to inform the Ministry/Department/Agency responsible to prepare the following:

— the required number of copies of the working papers

— an executive summary if the working paper exceeds 15 pages

(iv) *Despatching Notice of Meeting*

The secretariat has to ensure that the committee members receive notice of meeting at least 10 days before the date of the meeting. This time frame is a suitable norm for the receipt of notice of a meeting.

The notice of the meeting should contain the following information:

— the name of the committee

— the date and venue of the meeting

— time of commencement and expected time of completion

— the agenda of the meeting

— the name of the Chairman

— the type of attire

The agenda should be listed in the following order:

— Opening Address of the Chairman

— Confirmation of the Minutes of the Last Meeting

— Matters Arising

— Presentation of Working Papers

— Other Matters

— Closing Remarks by the Chairman

The secretariat has to specify whether or not an invited member may send a representative to attend the meeting. If a representative is attending the meeting, his or her designation should be stated.

(v *Ensuring All Facilities in the Meeting Room are ready for use*

The secretariat must ensure that the meeting room is prepared as per requirements. This is to ensure that the following aspects:

— the meeting room is clean and tidy.

— the seating arrangements have been provided for, and if necessary, the name plates of the Chairman and the members have been prepared and placed accordingly.

— the microphones are available and in working order.

— the stationery are placed on the tables.

— the overhead projector and other equipment are available, if needed.

— order for refreshments is reconfirmed.

The secretariat must ensure that all the items above are ready at least one hour before the commencement of the meeting.

(vi) *Confirming The Attendance of Members*

In all important meetings, the secretariat is required to contact members and confirm their attendance. The list of attendance must be ready at least 2 days before the meeting.

(vii) *Pre-Meeting Discussion*

The secretariat must have a pre-meeting discussion with the Chairman to review the feedback received and determine the actions necessary to resolve problems that have arisen. The suitable work norm for this discussion is at least 2 days before the meeting.

(viii) *Informing Members on the required Etiquette*

— the proper manner in which to address the Chairman at the meeting.

— the need for punctuality.

— the need to inform the Chairman/Secretary if the members intend to leave the meeting early.

(b) **Activities During the Meeting**

(i) *Recording Minutes of Meeting*

The minute should include the following:

— the list of attendance

— the important issues discussed

— the decisions taken

— the follow-up actions to be taken by the respective ministry/ department

(c) **Post Meeting Activities**

(i) *Preparing the Minutes*

The draft of the minutes should be submitted to the Chairman for approval not later than 3 days after the meeting.

The approved minutes should be forwarded to the members not later than one week after the meeting.

(ii) *The Format of the Minutes*

The format of the minutes should be arranged according to the agenda. An example of this format is shown in *Appendix A*.

(iii) *Recording The List of Attendance*

The list of attendance should be recorded in order of seniority.

(iv) *Recording of Discussions*

The minutes on the discussions should be precise, clear and accurate. Each issue discussed should be accompanied by a notation whether follow-up action is required or whether the record is for information only.

Example:

(content of the minutes)

Action: (Name of agency)

or

(content of minutes)

Action: For information only

(v) *Monitoring The Feedback on the Implementation of Decisions*

Members of the committee or any other authority given the responsibility to undertake the necessary action on the decision of the meeting, are required to submit feedback to the secretariat. The secretariat, in turn, is responsible for monitoring the implementation of the decisions of that meeting. As such, it is important that a record is kept to monitor the feedback on the implementation of important decisions of the meeting (see *Appendix B*). The record for monitoring the feedback should contain the following information:

Reference Number

Each item recorded in the feedback record should be arranged in series.

Reference of Minutes

Indicate cross-reference to the minutes of the meeting, as well as the relevant paragraph.

Item

The title of each item should been recorded in the minutes of the meeting.

Date of Despatch

The date the minutes of the meeting were sent to the ministry/ department.

Ministry/Department

Name of ministry/department required to submit feedback.

Expected Date of Feedback

The date that the secretariat expects to receive the feedback.

Actual Date of Feedback

The actual date the secretariat receives the feedback.

Date of Presentation of Feedback

The date that the feedback is presented to the meeting

Status

State whether action has been taken or if further follow-up action is required.

To ensure that the secretariat receives the feedback as required, the Chairman must, from time to time, emphasize the need for the feedback to be prepared and submitted as per the scheduled time. A suitable norm for the receipt of feedback is not later than one week before the meeting.

(vi) *Preparing the Feedback Report by the Secretariat*

The feedback received by the secretariat must be distributed to the members for their attention. The feedback should be arranged according to the topics in the minutes. To further facilitate members to make decisions, the secretariat is required to prepared a summary and analysis of the feedback received.

The secretariat should prepare a feedback report for each of the decisions of the meeting using the following format.

Extract of the Decision

Reproduce the decisions made as recorded in the minutes.

Summary and Analysis From the Secretariat

The secretariat should prepare a summary and analysis on the feedback and the status of implementation of the decisions of the meeting.

Feedback from the Ministries/Departments

The feedback received from the ministries/departments on the implementation of each decision of the meeting should be attached to the Report. The feedback should be arranged according to topics by the respective Ministry/department.

List of Ministries/Departments that have not provided Feedback

This list should be attached to the Feedback Report by the Secretariat.

(vii) *Determining the Format for obtaining Feedback from the Ministry/ Department*

Ministries/departments responsible for implementing the decisions of a meeting should forward their feedback to the secretariat based on the format given below:

Extract of the Decision

Reproduce the decision as recorded in the minutes of the meeting.

The Current Status

Describe actions taken to implement the decision.

The Stages of Implementation/Achievements

Compare the status of actual implementation/achievements with the implementation plans.

Problems of Implementation

State the problems encountered, if any, that hinder the achievement of the objectives of the decision of the meeting.

Recommended Solutions

Explain the recommendations of the Ministry/department for overcoming the problems encountered.

(viii) *Preparing the Feedback Reports By the Respective Ministry/ Department*

In situations where the decision requires feedback on the implementation of the programmes that involve all agencies in the Public Service, the responsibility for preparing the feedback report should be given to the department responsible for coordinating or implementing the programme. Feedback received by the secretariat should be handed over to the relevant department for analysis and preparation of the feedback report. The department concerned should prepare the feedback report within two weeks.

D. CONCLUSION

6. These Guidelines stipulate the minimum norms governing important aspects in managing meetings of government committees. It is hoped that these Guidelines are able to ensure the effectiveness of secretariats in performing their role in assisting committees to carry out their responsibilities.

FORMAT OF MINUTES OF MEETING

MINUTES OF ..... MEETING
(State title of the committee)

No ..... Year .....
(State the serial number of meeting and year)

Date:

Time:

Venue:

ATTENDANCE

(List down names of members in order of seniority beginning with the name of the Chairman.)

ATTENDANCE BY INVITATION

(List down in order of seniority, the names of officers who are not members, but have been invited to the meeting.)

SECRETARIAT

(List down in order of seniority, the officers in the secretariat attending the meeting.)

I. OPENING ADDRESS OF THE CHAIRMAN

This consists the important issues highlighted by the Chairman. These items are not those discussed under "Matters Arising", or "Discussion of Working Papers" or those raised at the end of the meeting.

II. CONFIRMATION OF MINUTES OF MEETING

2. Confirm the minutes of the previous meeting either by adopting the minutes with or without amendments. State the amendments if there are any.

III. MATTERS ARISING

3. Record all discussion on matters arising from the previous meeting.

4. The main topics on matters arising are to be recorded. For easy reference, the pages and the paragraphs of the minutes of the previous meeting should be recorded.

5. If matters arising require further action, indicate the agency or officer directed to take the necessary action.

IV. DISCUSSION ON WORKING PAPERS

6. In certain meetings, working papers are presented and discussed. Items to be recorded under this section are:

(a) Title of the working papers;

(b) Agency which prepared the working paper;

(c) The main objective of the paper;

(d) The main issues raised in the paper;

(e) Views/comments of the members on issues raised; and

(f) Decisions made during the meeting on the issues raised as well as the follow-up actions required.

V. OTHER MATTERS

7. This section records other matters discussed in the meeting not included in the agenda.

VI. CONCLUSION

8. This section records the following:

(a) The time the meeting was adjourned;

(b) The note of thanks from the Chairman; and

(c) The notice of date of the next meeting, if decided.

SECRETARIAT

(State the name of agency/division/unit responsible for organising the meeting)

DATE

(State the date when the minutes of the meeting was prepared.)

AN EXAMPLE OF A SPECIAL RECORD RECOMMENDED FOR MONITORING THE FEEDBACK/IMPLEMENTATION OF DECISIONS MADE AT MEETINGS

Reference	Reference of Minutes	Item	Date of Despatch	Ministry/ Department	Feedback			Status (Completed/ Pending)
					Expected Date	Date Received	Date Tabled	

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 3 OF 1991

PUBLIC SERVICE INNOVATION AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 APRIL 1991

Circulated To:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

I. OBJECTIVE

1. The objective of this circular is to inform Government agencies regarding the system for awarding the Public Service Innovation Award to agencies and members of the Public Service who have successfully introduced innovations in the service.

II. DEFINITION OF INNOVATION

2. Government agencies are required to introduce innovations or new ideas in all aspects of work to produce quality services. These changes can be made in various forms such as the introduction of new technology or procedural changes which can lead to savings in energy, time and cost which in turn lead to increased work output.

III. CATEGORIES OF WINNERS OF THE INNOVATION AWARD

3. The Government has decided to give recognition to the results arising out of innovation in the Public Service. Awards will be given in the following three categories:

(a) An agency; or

(b) A division or unit within an agency; or

(c) An individual employee of an agency, who has been directly involved in the planning and implementation of an innovation.

IV. FORM OF AWARD

4. The winners of the Public Service Innovation Award will receive:

(a) A cash award of $5,000, if the winner is an agency, division or unit; and $1,000 for individual winners; and

(b) An appropriate plaque or trophy with the words "Anugerah Inovasi Perkhidmatan Awam Tahun .....", (Public Service Innovation Award For The Year .....)

5. Details of the innovation as well as its benefits will be publicised in the "KHIDMAT" (SERVICE) magazine.

VI. EVALUATION CRITERIA FOR A CHANGE TO BE RECOGNISED AS AN INNOVATION

6. The criteria which will be used in evaluating the benefits that accrue from a change or innovation are as follows:

(a) Reduction in operation costs

The aspect that will be evaluated under this criteria is the extent to which the implementation of a change or innovation has reduced the operation cost of the agency concerned. For example, with the replacement of numerous forms in use to just one or two forms only, an agency will be able to reduce its operational cost.

(b) Time-Saving

Under this criteria, the extent to which a change is able to reduce the time taken in undertaking a transaction will be evaluated. For example, the establishment of the Centre of Investment in the Malaysian Industrial Development Authority has reduced the time taken for the processing of applications for manufacturing licences. The introduction of micro-computers in post offices has reduced the average waiting time for the payment of bills.

(c) Increase in Work Output

Under this criteria, the extent to which a change has contributed to increased work output will be evaluated. For example, by making changes to the procedures involved in the inspection of commercial vehicles, the Road Transport Department is able to inspect more commercial vehicles in a day.

(d) Increased Customer Satisfaction

The aspect to be evaluated under this criteria is the extent to which the change has contributed to an increase in customer satisfaction.

VII. IMPLEMENTATION METHOD

7. The Malaysian Administrative Modernization and Management Planning Unit (MAMPU) will act as the Secretariat for The Public Service Innovation Award. Ministries and Departments are requested to forward reports on any innovation to the Secretariat for action. The reports submitted should include three aspects, as follows:

(a) The situation before the implementation of the innovation;

(b) The innovation itself; and

(c) The benefits obtained as a result of the implementation of the innovation.

8. A Visit Team with membership comprising of representatives from the Central Agencies will visit the agency concerned and confirm that the innovation has been implemented and benefits have been realised. The Panel on Administration Improvements To The Civil Service will consider the reports forwarded by the Visit Teams and decide on whether the innovation implemented by the submitting agency qualifies for the Public Service Innovation Award.

VIII. EFFECTIVE DATE

9. The Public Service Innovation Awards will be implemented from this year onwards.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary To The Government

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 4 OF 1991

GUIDELINES ON STRATEGIES FOR QUALITY IMPROVEMENT IN THE PUBLIC SERVICE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 APRIL 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This Circular aims at assisting Heads of Department in implementing strategies for quality improvement in their respective agencies. The Guidelines On Strategies For Quality Improvement In The Public Service are as in the Appendix to this Circular.

BACKGROUND

2. Since the launching of the Excellent Work Culture Movement on 27 November 1989, the Government has instituted various activities for further improving quality in the public sector, among which was the launching of the Manual On Quality Management and Improvement In The Public Service on 25 June 1990. This Manual, gives emphasis, among other aspects, on the use of a Model For the Quality Improvement Process to implement quality improvement efforts. Government agencies are also required to establish appropriate structures or mechanisms to manage and monitor the implementation of quality programmes. The structure for Quality and Productivity Management consists of a Steering Committee On Quality and Productivity, Task Force on Quality and Productivity as well as Work Teams and the appointment of a Quality Coordinator. It is also the responsibility of every agency to formulate their own respective Quality Policy which is to be disseminated to all members, choose one or more departments for the implementation of quality management and improvement efforts and prepare a Quality Manual for the identified departments or divisions.

3. To further reinforce the efforts introduced thus far and to assist Heads of Agencies in implementing quality management, the Government has introduced seven additional programmes to be implemented by every Government agency.

GUIDELINES ON STRATEGIES FOR QUALITY IMPROVEMENT

4. These Guidelines outline seven quality improvement programmes to be implemented. These programmes are:

Programme 1 : Q Suggestion System
Programme 2 : Q Process System
Programme 3 : Q Inspection System
Programme 4 : Q Slogans
Programme 5 : Q Day
Programme 6 : Q Feedback System
Programme 7 : Q Information System

5. Through these programmes, it is expected that the quality of the services/output of Government agencies and the Public Service as a whole will be further improved.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government of Malaysia

(Appendix to Development Administration Circular No. 4 of 1991)

STRATEGIES FOR QUALITY IMPROVEMENT IN THE PUBLIC SERVICE

CONTENTS

GUIDELINES ON STRATEGIES FOR QUALITY IMPROVEMENT IN THE PUBLIC SERVICE

I. OBJECTIVE

1. The objective of these Guidelines is to assist Heads of Government agencies in planning and implementing seven additional quality improvement programmes for quality management within their respective agencies.

2. These Guidelines outline two major areas, namely:

   (i) The Excellent Work Culture Movement and quality improvement activities which have been and are being implemented; and

   (ii) Seven additional quality improvement programmes.

II. THE EXCELLENT WORK CULTURE MOVEMENT AND QUALITY IMPROVEMENT ACTIVITIES

3. To establish a quality work culture amongst the ranks of workers, various activities should be implemented to improve quality in the public sector. These activities are as follows:

   (i) *The Prime Minister's Quality Award*

   The Government has established the Prime Minister's Quality Award as a mark of appreciation to an agency which has shown excellent performance within the year. The Award will be presented on 9th November every year in conjunction with World Quality Day.

   (ii) *Manual On Quality Management and Improvement In The Public Service*

   This manual is a basic reference for Government agencies in their efforts to produce quality services and outputs. Guided by these, Ministries and Departments are required to produce their respective manuals on Quality Management and Improvement.

   (iii) *Training Workshops*

   Several Quality Management and Improvement Workshops have been held for the Quality and Productivity Coordinators and their Task Force Members. After attending the Workshops, the Quality Coordinators and their respective Task Force Members are required to undertake quality improvement efforts within their agencies. In addition, they need to train and educate their subordinate officers and staff on quality management.

   (iv) *Talks and Discussions*

   Talks and discussions on quality management and improvement in the Public Service should be held aimed at increasing the awareness of agencies with regards to quality management.

(v) *Video Tapes on Quality*

Two tapes on quality management have been produced and are being used as training material for the Quality Management Workshops. These tapes are entitled "Ke Arah Perkhidmatan Awam yang Produktif" (Towards A Productive Public Service) and "Pengurusan Produktiviti Dan Kualiti Yang Berkesan" (Effective Productivity And Quality Management).

(vi) *Announcements Over Television*

To increase awareness and quality consciousness amongst the public at large, three spot-announcements were broadcasted over television. These announcements are entitled:

(i) Kualiti—Memenuhi Kehendak Pelanggan (Quality—Conformance to Customer Requirements)

(ii) Kualiti Melalui Pencegahan (Quality Through Prevention)

(iii) Kos Tidak Memenuhi Kehendak Pelanggan (Cost Of Non-Conformance To Customer Requirements)

(vii) *Series Of Guidelines On Quality Management*

As part of the efforts to increase awareness and knowledge on quality as well as to indicate practical ways for more effective quality and productivity management, a series of Guidelines on Productivity Improvement have been produced. These Guidelines have been circulated to all Secretaries-General of Ministries and Heads of Federal Departments.

4. The Chief Secretary To The Government, in his letter Ref. No. PM.17479/11 Vol. 2 dated 30 July 1990 has directed Heads of Government agencies to take various follow-up actions to implement quality improvement efforts in their respective organisations. These follow-up actions are as follows:

(i) Undertake surprise visits to departments/divisions under their respective agencies to observe as to whether quality improvement efforts are being undertaken. This opportunity can also be used by the Agency Head to provide guidance on improving the efforts undertaken and about to be implemented by them.

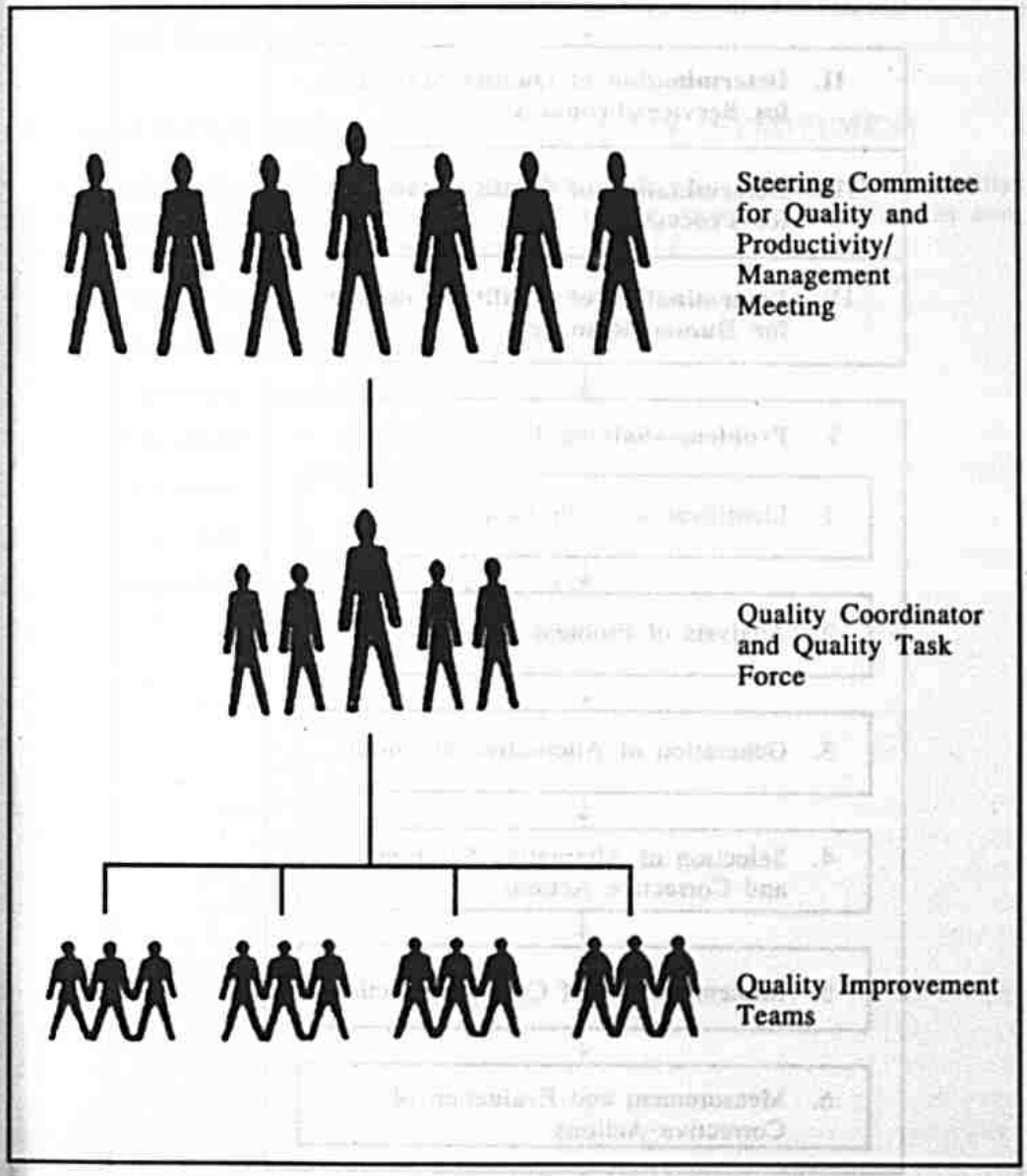
(ii) Select one or more departments/divisions to implement quality management and improvement efforts.

(iii) Select the Quality and Productivity Coordinator and members of the Task Force for training in preparation for implementation of quality management and improvement efforts in the selected departments/ divisions.

(iv) Formulate a Quality Policy to be disseminated to all officers and staff. The objective is to ensure that the members of the organisation are aware of the quality of output or service required.

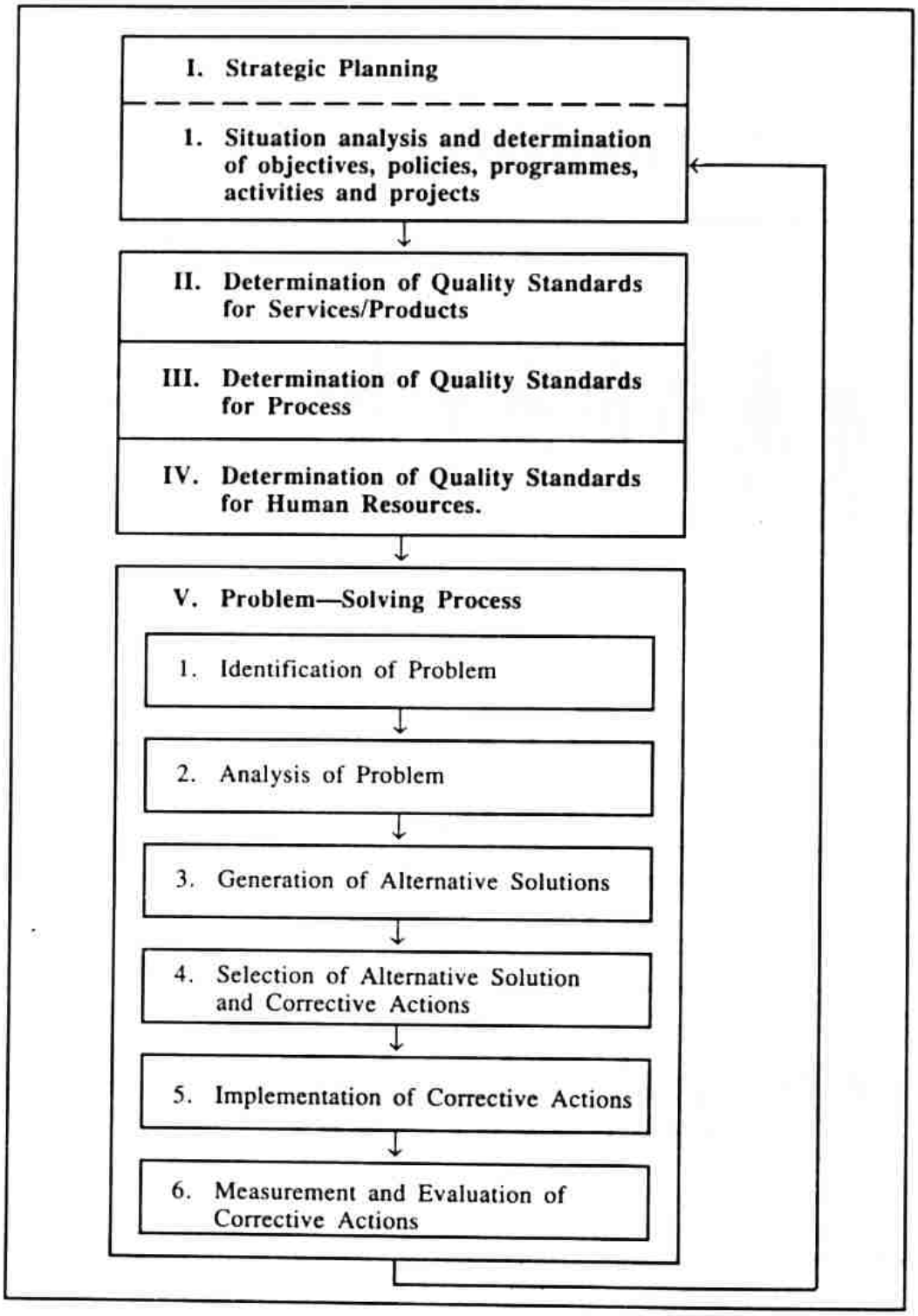
(v) **Establish an appropriate structure to manage and monitor the implementation of quality services. The suggested structure for quality management is as in *Diagram 1*:**

DIAGRAM 1: STRUCTURE FOR QUALITY AND PRODUCTIVITY MANAGEMENT



5. To improve the quality of output produced, Government agencies are encouraged to use the Quality Improvement Process Model as in *Diagram 2:*

DIAGRAM 2: **QUALITY IMPROVEMENT PROCESS MODEL**



6. As shown in Diagram 2, The Quality Improvement Process Model emphasises five aspects. These are:

(i) Strategic planning whereby the top Management sets clear directions for the organisation;

(ii) Determination of quality standards for output whereby the output and its quality standards are set;

(iii) Determining process quality whereby the various stages in the production of the output are identified;

(iv) Determination of the quality of human resources whereby training and development of members of the organisation is given priority; and

(v) The problem-solving process whereby problems are identified, analysed and solved speedily.

III. ADDITIONAL STRATEGIES FOR QUALITY IMPROVEMENT

7. To reinforce the efforts introduced thus far and to assist management in quality management, Government agencies are given the responsibility for planning and implementing seven additional programmes as follows:

Programme 1 : Q Suggestion System

Programme 2 : Q Process System

Programme 3 : Q Inspection System

Programme 4 : Q Slogans

Programme 5 : Q Day

Programme 6 : Q Feedback System

Programme 7 : Q Information System

PROGRAMME I : Q SUGGESTION SYSTEM

RATIONALE

8. Government agencies which wish to succeed in quality management need to institute various systems to support quality efforts being undertaken. These supporting systems will ensure that the quality efforts receive sufficient inputs so as to enable them to function smoothly.

9. One of these systems identified as being important is the quality suggestion system. This system provides numerous useful inputs to the quality improvement process of an agency in the form of ideas which can be the basis for implementing quality efforts. Hence, this suggestion system will further enhance the ability of an agency to introduce new, creative and innovative approaches to improve the quality of its services to the public.

10. Besides, Government agencies can also deploy the suggestion system as a strategy to involve all employees in the *error-cause removal* process for any work process. Through the suggestion system, employees of the agency are free to make suggestions on seeking ways to eliminate the root-causes of problems which arise in the course of their daily work. These suggestions are very useful since they come from the workers who are directly involved in the work process in question. Hence, the suggestions will be realistic and practical.

11. Basically, the suggestion system established by Government agencies have three functions. These functions are:

(a) To collect and process suggestions from employees in a more systematic manner such that useful ideas can be identified for implementation;

(b) To encourage all employees of an agency to participate in the quality improvement process through contributions in the form of suggestions and ideas; and

(c) To foster creativity and innovativeness amongst employees in quality improvement.

12. Function 11*(a)* is aimed at ensuring that suggestions submitted by employees are given due attention by the Management. Every suggestion is to be analyzed and evaluated to consider its appropriateness. Through this process, good ideas can be identified to be expanded on and subsequently, translated into concrete action plans to improve a work process.

13. Function 11*(b)* is also aimed at giving employees of Government agencies more opportunities to participate directly in quality efforts. Through such involvement, their commitment towards quality efforts will be increased, more so when the suggestions by them is implemented in full. Besides this, the widespread participation of employees in quality efforts will facilitate an agency to practise the principles of Total Quality Management which will have indepth and far-reaching effects on the performance of that agency.

14. Function 11*(c)* is aimed at encouraging creativity and innovativeness amongst government employees so that they can contribute effectively in the quality improvement efforts. The establishment of a proper suggestion system will draw out the potential and ability for creativity and innovativeness inherent in every employee, for the benefit of the organisation.

TYPES OF SUGGESTION SYSTEM

15. In order to ensure an effective quality suggestion system, Government agencies should implement the system in two forms, namely:

(a) A suggestion system from Secretaries-general of Ministries and Heads of Departments to the Chief Secretary to the Government; and

(b) A suggestion system from the employees to the Management of the agency.

SUGGESTION SYSTEM FROM SECRETARIES-GENERAL/HEADS OF DEPARTMENTS TO THE CHIEF SECRETARY TO THE GOVERNMENT

16. This system is the conduit to be used by Secretaries-general of Ministries and Heads of Departments to forward ideas or suggestions to improve the quality of services rendered by their agencies to the public. These suggestions should touch on major issues which cannot be resolved at the agency-level. These suggestions are characteristically those that :

(a) Involve national policies;

(b) Involve cooperation and numerous inputs from other Government agencies for its implementation;

(c) Involve a lot of resources in its implentation such as financial allocations and establishments; and

(d) Can be implemented by other Government agencies as well.

17. The suggestions to be forwarded to the Chief Secretary to the Government should be precise and detailed such that action on the matter can be taken quickly. In this context, it is important to use the standard format. Government agencies should use the format in Appendix A for this purpose.

SUGGESTION SYSTEM FROM EMPLOYEES TO THE MANAGEMENT

18. This system is the formal channel established for the use of all levels of employees in an agency to forward their suggestions and views to the agency's Management on ways to improve the quality and performance of the agency. These suggestions should include innovations such as the use of new methodologies for output production or suggestions for approaches to quality problem solving.

19. The success of this system is dependent on the participation of all employees in an agency. Employees should be responsive and always eager to put forward suggestions in a sincere and open manner. To encourage such participation, agencies should give comprehensive explanations on the system being used as well as

formulate appropriate incentives. These incentives include giving due recognition to every suggestion forwarded by employees. For this purpose, Government agencies should :

(a) Send 'letters of acknowledgement' immediately to employees who have forwarded suggestions; and

(b) Award prizes or letters of appreciation to employees whose suggestions have been accepted for implementation.

20. To ensure that the system functions smoothly, agencies are required to establish a special committee to administer the system. The functions that need to be undertaken by this committee include:

(a) Evaluation of all suggestions forwarded by employees and selection of suggestions suitable for implementation;

(b) Planning for the implementation of the suggestions received and undertaking follow-up and follow-through action; and

(c) Determining the form of recognition to be accorded to employees whose suggestions are accepted for implementation.

Where an agency has already established a Quality and Productivity Task Force, all three above-mentioned functions can be allotted to it. This means that a special committee is not required. Suggestions should be forwarded to the committee using the form as in *Appendix B*.

SUGGESTIONS FROM SECRETARIES-GENERAL OF MINISTRIES/ HEADS OF DEPARTMENT TO THE CHIEF SECRETARY TO THE GOVERNMENT

(a) NAME OF AGENCY:

(b) TITLE OF SUGGESTION:

(c) BACKGROUND OF SUGGESTION:

(d) DESCRIPTION OF SUGGESTION:

(e) BENEFITS ACCRUING:

(f) COST OF IMPLEMENTATION:

(i) Financial:

(ii) Establishment:

(iii) Others:

.....

Signature of Secretary-General of Ministry/ Head of Department

Date:

SUGGESTION FORM FOR IMPROVING QUALITY

NAME OF OFFICER/STAFF:

POSITION:

NAME OF DEPARTMENT/UNIT: TITLE OF SUGGESTION: DATE:

CURRENT SITUATION:

SUGGESTION TO IMPROVE QUALITY:

BENEFITS:

.....
Signature of Officer/Staff

FOR OFFICE USE ONLY:

NAME ..... DEPARTMENT/UNIT: .....

Thank you for your suggestion. The management hopes to get further suggestions from you to improve quality in various areas and also to enhance department's image.

Ideas accepted ☐

Ideas not accepted ☐

.....
Chairman of the Suggestion System Committee

PROGRAMME 2: Q PROCESS SYSTEM

OBJECTIVE OF THE Q PROCESS

21. A quality process is a comprehensive chain of actions to undertake a certain piece of work. The Q Process is presented in the form of charts and diagrams which give a clear picture in terms of the steps to be taken. These should be displayed at the place of work where they can be easily seen by workers in an organisation especially the counter-staff. The Q Process prepared for the use of workers should also contain the expected time period for the completion of each task. This is important, because this time-frame is the standard set for each task. Diagrams and charts on the Q Process should also be prepared and displayed for the reference of the organisation's customers. From the chart, the customers will be able to understand the regulations to be complied with in their transactions with that agency. Beside the steps and regulations to be complied with, the Q Process should also display the various forms to be used and the documents to be attached.

FEATURES OF THE Q PROCESS

22. The Q Process should be displayed in the form of attractive charts and diagrams which can be easily understood. It can also be in the form of photographs or drawings. The salient features of the Q Process are as follows:

(a) The use of symbols such as squares and circles to denote sequential steps to be undertaken. For certain specific tasks, other symbols such as the picture of a postman on a motorcycle to denote delivery of letters or the picture of a form which indicates the need to fill in a form may be use;

(b) Brief and clear statement of steps required to be taken;

(c) The use of large-size lettering to facilitate reading;

(d) The use of appropriate colours for the symbols;

(e) The display of the Q Process chart at the entry point to service counters at designated waiting areas; and

(f) The display of the Q Process chart on a computer screen, where appropriate;

EXAMPLE OF A Q PROCESS

23. Many Government departments have already prepared a Q Process for their respective departments. Other Government agencies may use these examples as a guide in preparing their own Q Process.

(a) Maternity Clinics, General Hospital Kuala Lumpur

This clinic displays the Q Process in the form of a flow-chart using the square symbol to depict the treatment process for expectant mothers. This chart is displayed at the front section of the registration counter as a guide to expectant mothers. The Q Process displayed is as shown in *Appendices C and D*.

(b) The Mail Section, General Post Office Kuala Lumpur

This section has prepared a Q Process for mail delivery activities. An example of this Q Process is as in *Appendices E, F, G and H*. Symbols used in this Q Process are squares and attractive pictures. However, these charts and pictures need to be enlarged for purposes of display to the public.

(c) Federal Territory Land Office

The Land Acquisition Division of this office has prepared the Q Process for applications for land acquisition. The example is as in *Appendix I*. This chart is displayed on the notice board in the office of the duty officer.

(d) Immigration Department Headquarters, Kuala Lumpur

The Malaysian Passports Division in the Immigration Department has displayed the Q Process for the application for Malaysian Passports. The processes have been framed and displayed at the waiting area in front of the counter. Examples of this process are as in *Appendices J and K*. In the International Passport Division, a big notice board is used to display the work processes in the application for international passports. Big, gold letterings are used to depict the work process to attract the attention of the public.

BENEFITS OF THE Q PROCESS

24. Displaying charts and diagrams of the Q Process brings with it various benefits to the workers and clients of an organisation. Among the benefits are the following:

(a) It gives a comprehensive picture of the activities required to be undertaken;

(b) It facilitates supervision of the activities being undertaken;

(c) It shortens training time for new workers;

(d) It reduces the amount of verbal directives to be given on how to carry out duties;

(e) It facilitates the task of reviewing processes for the purpose of further streamlining work procedures;

(f) It reduces errors made during operations;

(g) It reduces errors in filling up of forms; and

(h) It facilitates the public in obtaining clarifications regarding procedures to be followed without having to queue at the counters.

CONCLUSION

25. The preparation of a Q Process is important for Government agencies especially those which provide counter services. Amongst Government agencies which need to prepare a Q Process are the following:

(a) District Offices and Land Offices.

(b) Road Transport Departments.

(c) Immigration Department.

(d) National Registration Department.

(e) Inland Revenue Department.

(f) Manpower Department.

(g) Labour Department.

(h) Police Departments/Stations.

(i) Information Department.

(j) Hospitals/Health Centres.

(k) Rubber Industry Smallholder Development Authority.

(l) Contractor Services Centre.

(m) National Padi and Rice Board.

(n) Registrar of Businesses.

(o) Social Welfare Department.

(p) National Population and Family Development Board.

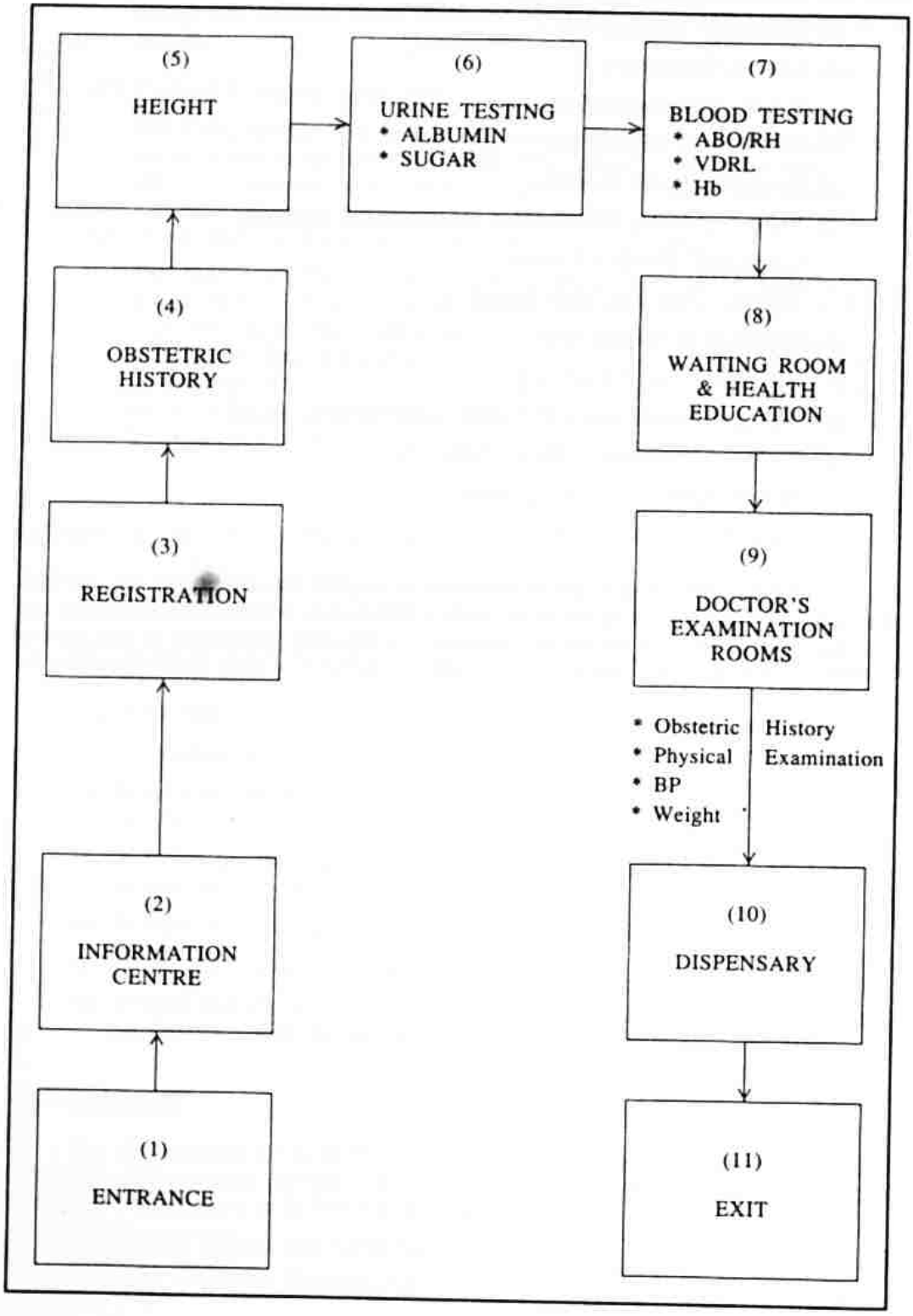
(q) Tourist Development Board Malaysia.

(r) Motor Vehicles Licensing Board.

(s) City Hall Kuala Lumpur.

26. The Q Process should enable agencies to inspect the quality of the services provided. This can be undertaken through comparisons between the standards set for each service and the actual performance. Continuous inspection of the quality of services rendered will assist organisations to achieve a high level of quality in its services.

ANTENATAL CLINIC FLOW CHART/NEW CASE



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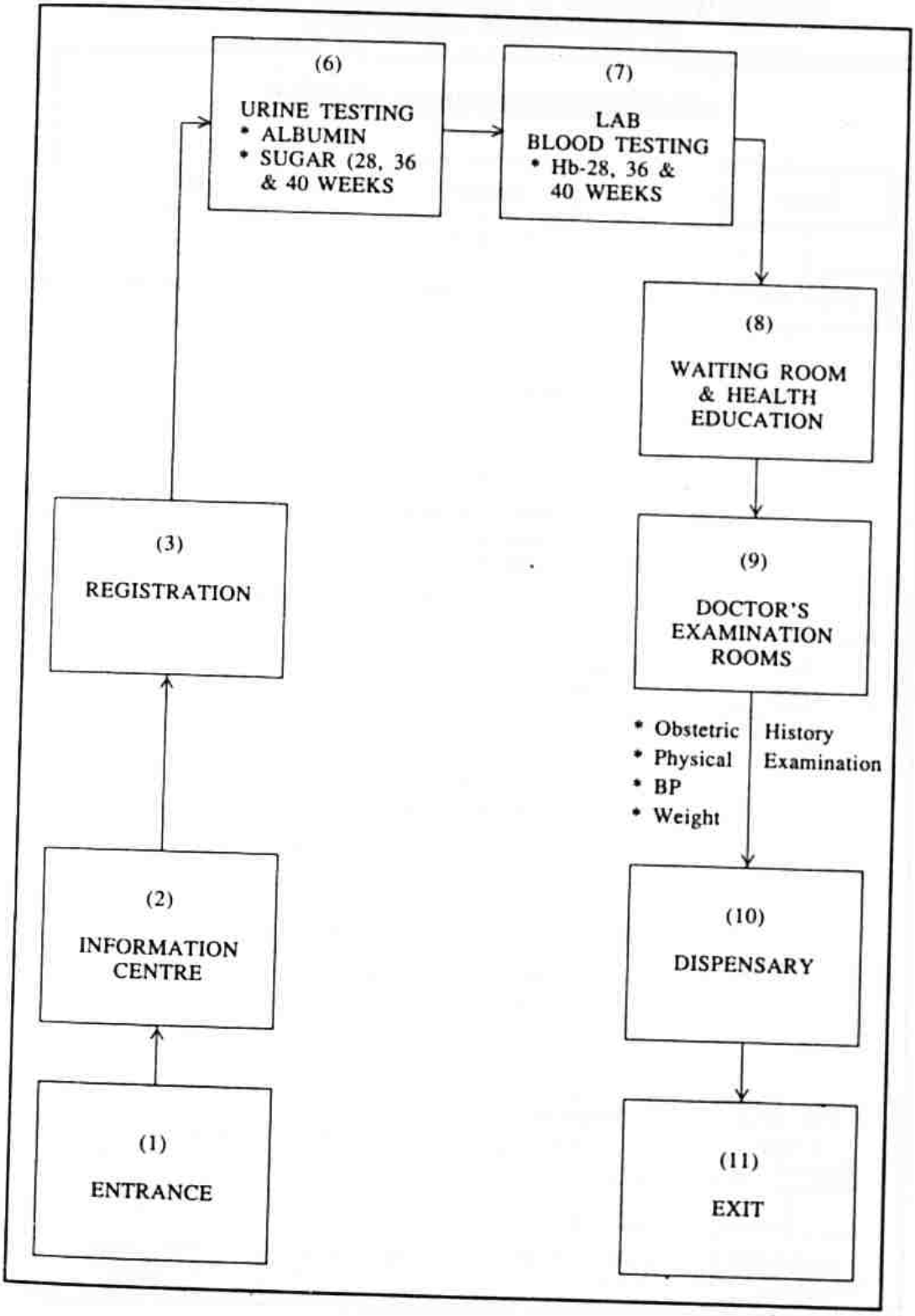
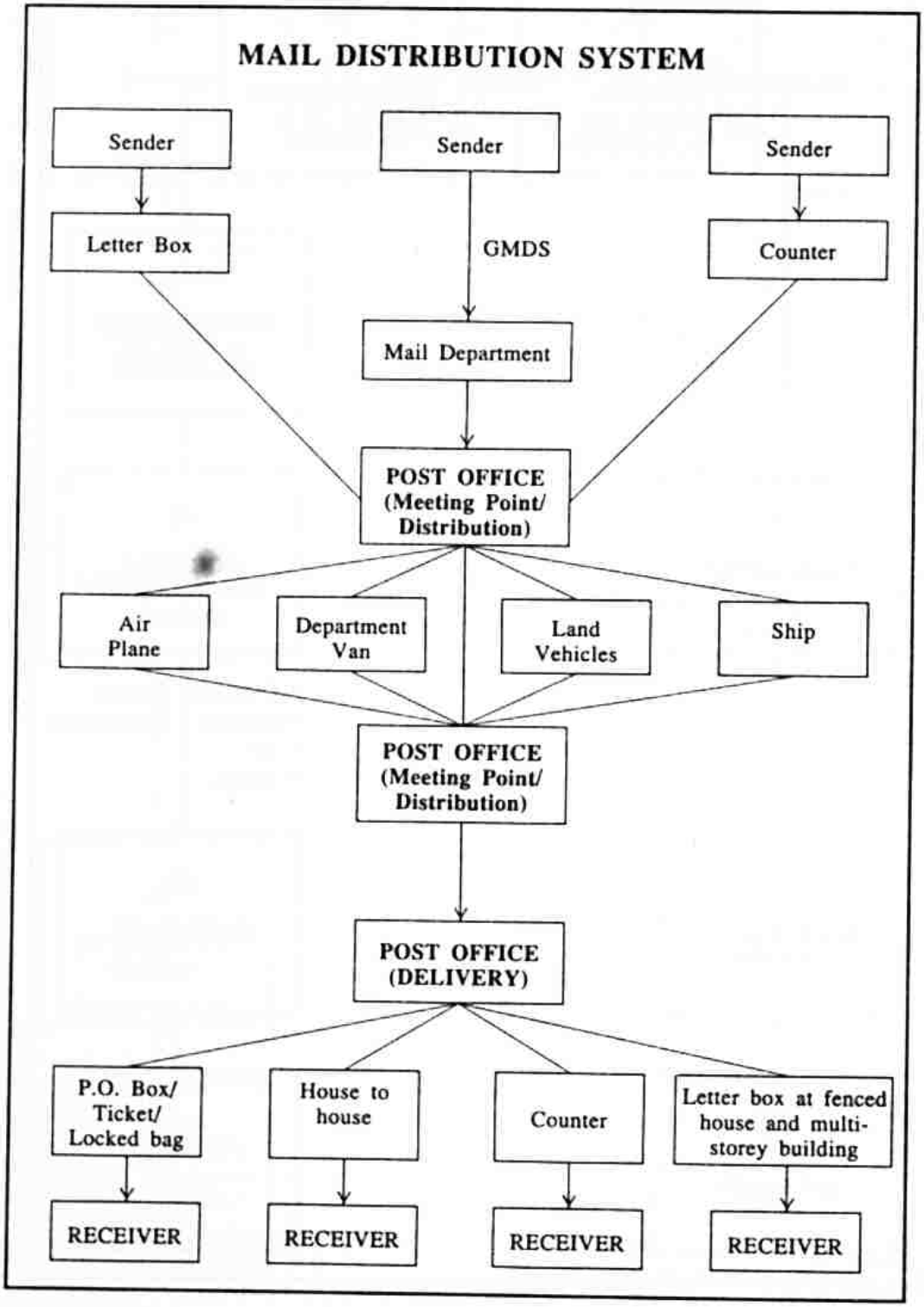
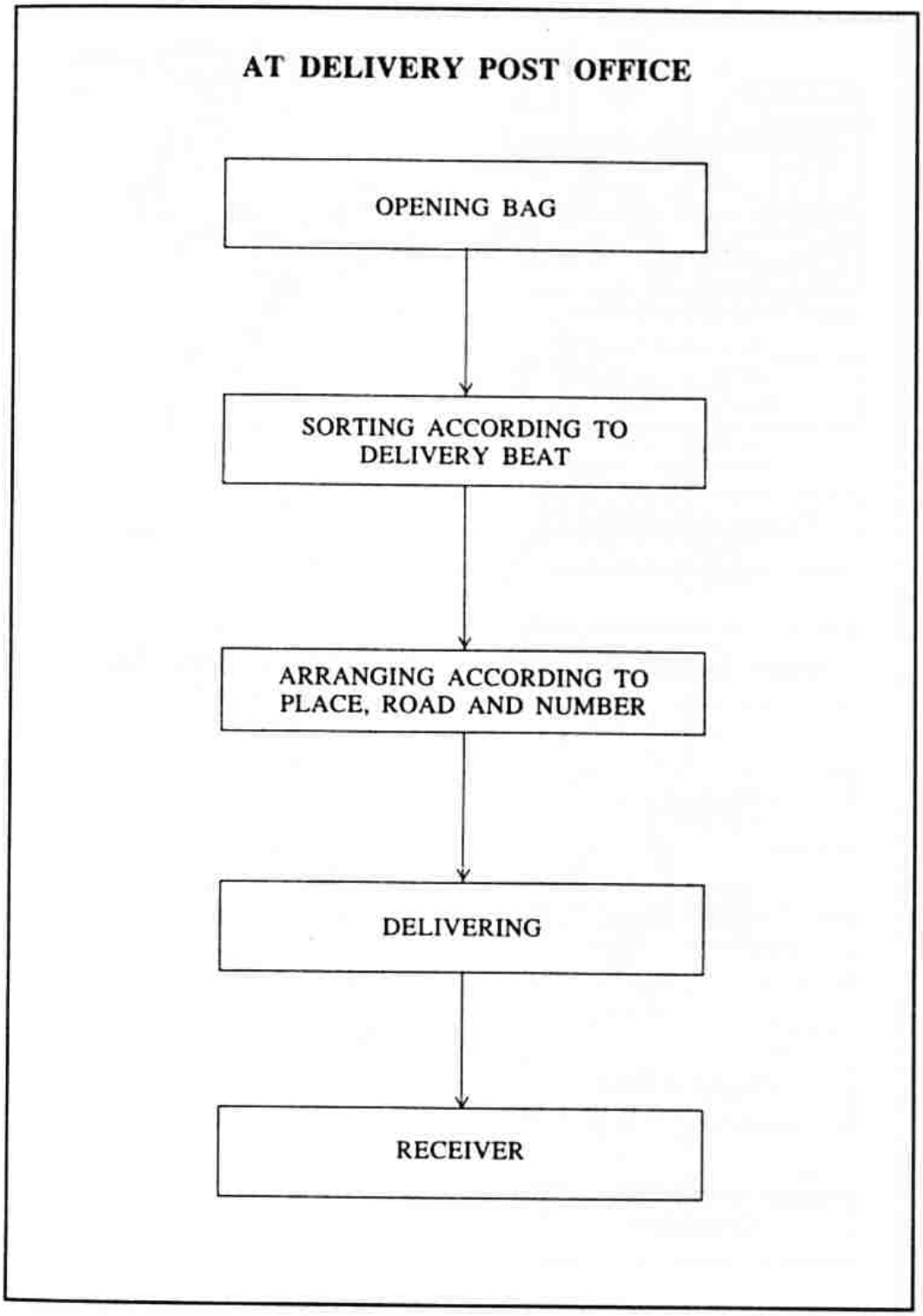


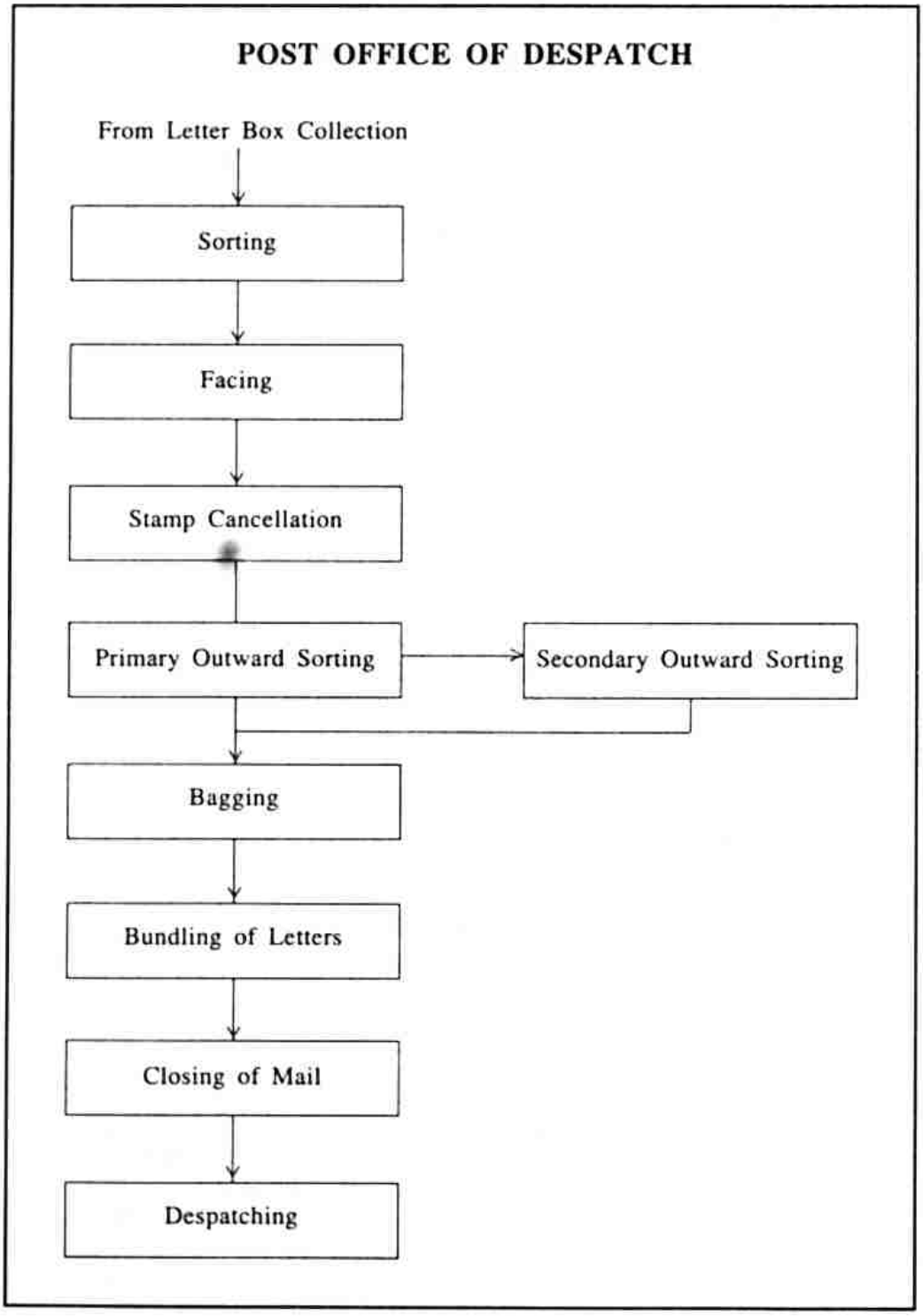
THE PROCESS FLOW CHART ON THE MAIL DISTRIBUTION SYSTEM WHICH CAN BE DISPLAYED FOR REFERENCE BY THE POSTAL DEPARTMENT



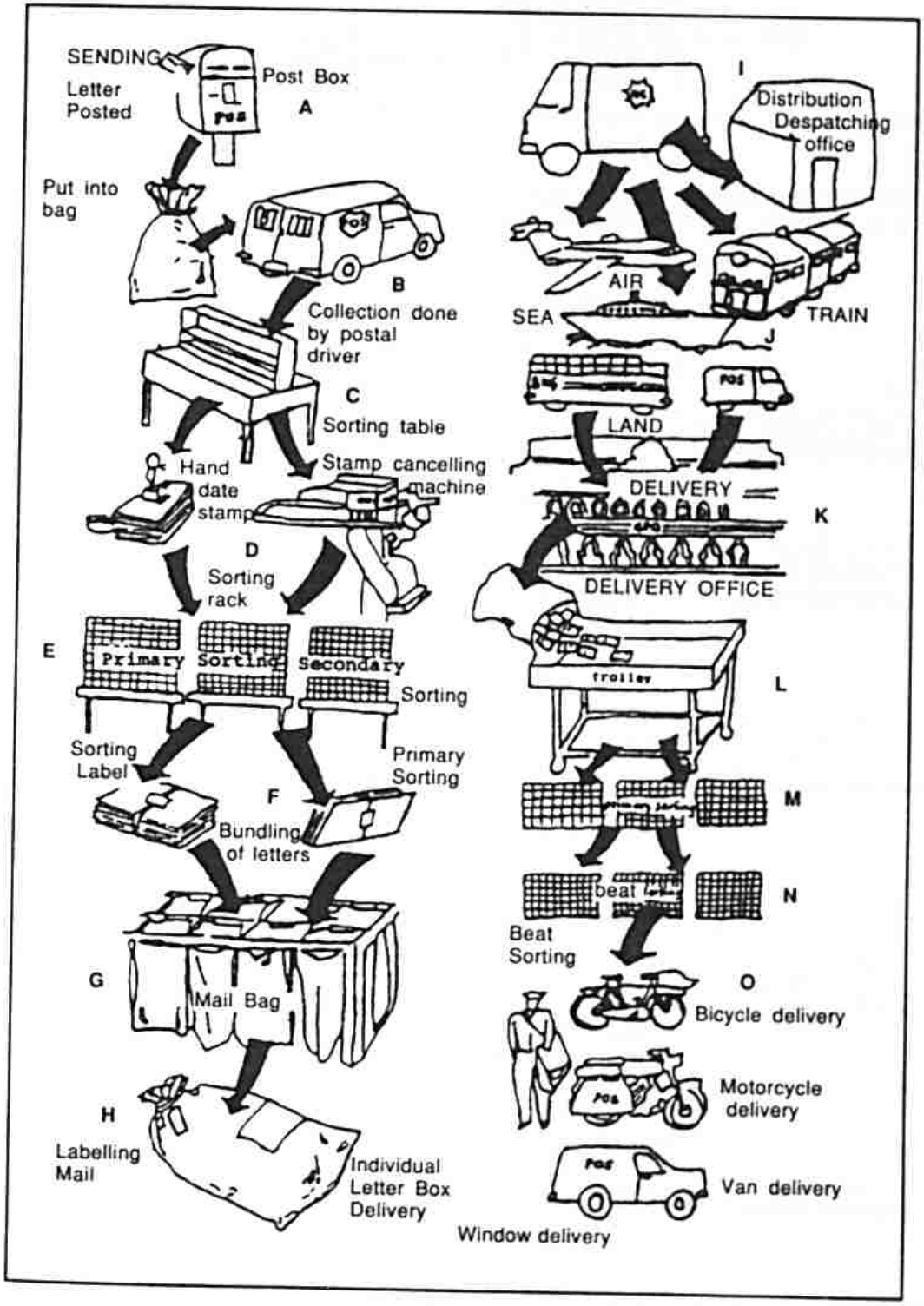
THE PRIMARY PROCESS IN MAIL DELIVERY THAT CAN BE DISPLAYED AS A GUIDE FOR THE WORKERS IN THE DELIVERY POST OFFICE



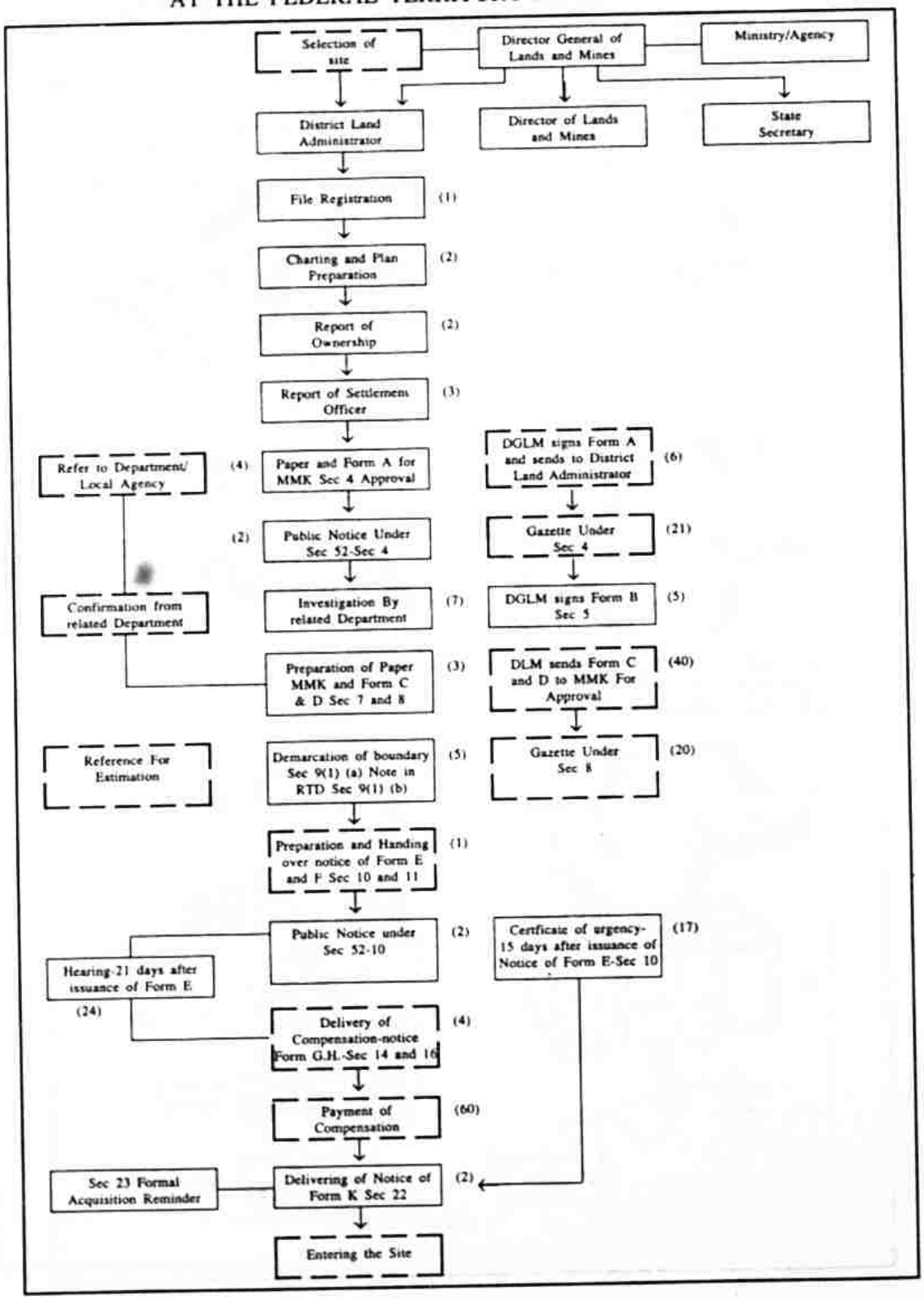
PRIMARY PROCESS IN DESPATCHING OF MAIL THAT CAN BE DISPLAYED AS A GUIDE FOR THE POSTAL WORKERS



THE WORK FLOW PROCESS FOR MAIL DELIVERY THAT CAN BE USED AS A GUIDE FOR POSTAL WORKERS



WORK FLOW CHART FOR THE PROCESS OF LAND ACQUISITION AT THE FEDERAL TERRITORY KUALA LUMPUR



THE WORK PROCESS FOR PUBLIC DISPLAY AT THE FIRST FLOOR OF THE MALAYSIAN IMMIGRATION DEPARTMENT (HEADQUARTERS)

STEPS TO BE TAKEN WHEN APPLYING FOR THE MALAYSIAN PASSPORT

⊗ Get the application form for the Malaysian passport (Form A) at the Form Counter on the first floor.

⊗ Please queue at the Counter. Take a number when you submit your completed appliciation form. The following documents should be attached to the application form:

(a) 2 photos of size 3.5 x 5 cm

(b) a photostat copy of your Birth Certificate

(c) a photostat copy of your Identity Card

(d) a photostat copy of your Citizenship (if relevant).

⊗ Make sure that you get a NUMBER after submitting the application form.

⊗ Please be seated while waiting for your number to be called.

⊗ Proceed to Counter A, B or C when your number is flashed on the counter.

⊗ At Counter A, B or C, your right thumb finger print will be taken. Please show the following ORIGINAL documents:

(a) Birth Certificate

(b) Identity Card

(c) Citizenship (if relevant)

⊗ Please be seated while waiting for your number to be called again to make payment. Payment is by cash.

(a) 32 page passport—$60.00

(b) 64 page passport—$100.00

⊗ After payment has been made at the payment counter, a receipt and slip will be given that denotes your passport collection date.

⊗ Passports that are ready can be collected at the PASSPORT COLLECTION COUNTER, Level 2, at the right side of the escalator.

⊗ Produce your receipt and payment slip at the receipt submission counter and you will be given a number. Wait until your number is called.

⊗ Plese check your personal particulars in the passport before signing it.

⊗ You are requested to sign the passport and the application form once again as proof that you have received the passport.

⊗ The passport is then given to you.

THE WORK PROCESS FOR PUBLIC DISPLAY AT THE FIRST FLOOR OF THE MALAYSIAN IMMIGRATION DEPARTMENT

STEPS THAT YOU SHOULD KNOW WHEN APPLYING FOR THE MALAYSIAN PASSPORT

Get the application form for the Malaysian passport (Form A) at the Form Counter on the first floor.

Please queue at the counter to get your number.

Submit the completed application form along with the following documents:

(a) 2 photos of size 3.5 x 5 cm

(b) a photostat copy of your Birth Certificate

(c) a photostat copy of your Identity Card

(d) a photostat copy of your Citizenship (if relevant).

Please be seated while waiting for your number to be called.

Proceed to Counter A, B or C when your number is flashed on the counter.

Your right thumb finger print will be taken at Counter A, B or C. Submit the following documents:

(a) Birth Certificate

(b) Identity Card

(c) Citizenship (if relevant)

Please be seated while waiting for your number to be called again to make cash payment as follows:

(a) 32 page passport—$60.00

(b) 64 page passport—$100.00

Take the receipt and slip that denotes your passport collection date.

Present receipt and payment slip at the receipt submission and you will then be given a number

Wait until your number is called.

Please check your personal particulars in the passport.

Put down your signature in the passport and the application form as proof of receiving the passport.

Receive the passport.

PROGRAMME 3: Q INSPECTION SYSTEM

THE CONCEPT OF QUALITY INSPECTION

27. Quality inspection refers to the evaluation undertaken on a certain output to establish whether that output conforms to the quality standards that have been set. An output that conforms to the quality standards will be accepted, whereas an output that does not meet the quality standards or defective output will be reworked or rejected. Thus, quality inspection is a part of quality assurance to ensure that an agency always produces quality output.

28. In the past, quality inspection was carried out at the end of the production process. For example, in the printing of books, quality inspection is carried out only after the books have been bound. Defective books with empty pages, blurred print or incorrect sequence of paging will be returned to a specific division for rework or will be discarded. Due to this rework and waste, the operation costs of an agency will be increased.

29. In view of the fact that any production process involves various steps, work at each of these steps should be monitored closely. As a result of this inspection, defective output found at any one step can be reworked immediately. Through this, quality problems can be identified at an earlier stage, before it becomes a serious problem. This early action will help prevent the possibility of an agency incurring additional operational costs which may result from the production of output that does not conform to quality standards.

QUALITY INSPECTION SYSTEM

30. The objective of a quality inspection system is to ensure that the output produced conforms to the quality standards set. To establish an effective quality inspection system, an agency needs to undertake action on four areas as follows:

(a) Identify the steps involved in the production of its main output. These steps should be presented in the form of a work flow chart. Steps considered to be critical and that must be inspected should be marked out in the chart. This work flow chart should be displayed in the production area. As an example, the decision-making process on applications for building plans by the Petaling Jaya Town Council involves 15 steps. Among others these steps include registration of building plans, estimating fees, reference of the building plans to other departments involved, and decision-making. Thus, it is important for the Petaling Jaya Town Council to produce a work-flow chart and identify those steps considered to be critical.

(b) Determine quality standards for those steps identified as critical. Where possible, an example of a quality output should be shown in a pictorial form or in the form of the actual output as a guide to workers. For example, the National Registration Department could display the photograph of an identity card which has been completed correctly. The Petaling Jaya Town Council could prepare and circulate a checklist to all clerks who have

been given the responsibility for receiving building plans. The checklist will indicate all the items to be checked by the clerical officer before receiving the application.

(c) Inspect critical steps to identify quality standards that have not been met. Where there is non-conformance to quality standards, this is a defect or weakness that must be overcome. In view of this, a system should be instituted to monitor and measure the achievement of quality standards set at every critical step.

(d) Establish work-teams to overcome the defects and problems identified. When a problem is identified, the agency should establish a work-team to study and overcome the problem. A work-team can overcome an identified problem by taking the following actions:

(i) **Identify** the causes of the problem;

(ii) **Consider** various alternatives for overcoming the problem;

(iii) **Select** the most suitable solution and draw up the required remedial actions which must be taken;

(iv) **Implement** the remedial actions; and

(v) **Monitor and evaluate** the effects of the remedial actions taken.

31. Inspection may be carried out at any step in the production process, that is from the initial step to the end of the production process where the output is ready for delivery to its user. Usually, inspections are carried out at **three** levels, as follows:

(a) Quality inspection on inputs received or incoming inspection;

(b) Quality inspection during the production process of an output or process inspection; and

(c) Quality inspection on the final output or final inspection.

(a) **Incoming Inspection**

Quality inspection is carried out on inputs received by an agency. The inputs referred to here includes materials such as paper and pens, equipment such as machines and computers and manpower. Quality of manpower can be evaluated from the point of qualifications, experience and attitudes which are attuned to the kind of work to be carried out. The objective of incoming quality inspection is to prevent inputs which do not conform to quality requirements from entering the production process of any output. This is because the acceptance and use of non-quality inputs will affect the quality standard of the output. An example of a form for incoming inspection by an agency which receives a motorcar as an input is shown in *Appendix L*.

(b) **Process Inspection**

Quality inspection is also carried out on the various steps involved in the production of an output. The objective of quality inspection at this level is to prevent the production of an ineffective output. An example of a form which can be used for inspecting the process involved in the preparation of a travel claims cheque is shown in *Appendix M*.

(c) **Final Inspection**

Quality inspection is also carried out on the final output. This is to prevent the delivery of defective output to the external customer of the agency. An example of a form that may be used for final inspection is shown in *Appendices N and O*.

INSPECTION METHODOLOGY

32. Quality inspection can be carried out either by sampling or by full inspection. Quality inspection can also be on an observation basis where output is compared with the pre-determined standards by the use of special machines. The inspection method used will depend on the type of output produced.

WHO DOES QUALITY INSPECTION

33. Usually, quality inspection is considered to be the responsibility of the supervisor. Workers consider themselves as operators who are responsible for the production of the output without taking into consideration the quality of the output. However, in an agency which wishes to produce quality output, quality inspection should be viewed as the joint responsibility of the supervisor and workers. It is the responsibility of every worker who is in charge of a certain task within a process to check and ensure that the output produced by him meets the quality standards for that particular task. Only output that conforms to the quality standards is passed on to the subsequent step. If an operator in a certain task produces defective output, it is his responsibility to take immediate remedial action to correct all defects. However, managers/supervisors should still continue to carry out quality inspections.

CONCLUSION

34. With the establishment of a quality inspection system, an agency will be able to ensure that all its output are of quality. This system enables immediate action when problems arise at any point of production. Through this system, problems can be controlled at an early stage before they disrupt other processes.

QUALITY INSPECTION DONE ON INPUT RECEIVED

1. *Product Name:*

   Type X Car

2. *Standard Checked:*

	Yes	*No*
1. 4 hub covers	☐	☐
2. 2 ignition keys	☐	☐
3. Guidelines and service book	☐	☐
4. 2 seat belts	☐	☐
5. 1 air-conditioner	☐	☐
6. 1 lighter	☐	☐
7. 4 rubber floor mats	☐	☐
8. 3 back mirrors	☐	☐
9. 1 reserve tyre	☐	☐
10. 4 mud flaps	☐	☐

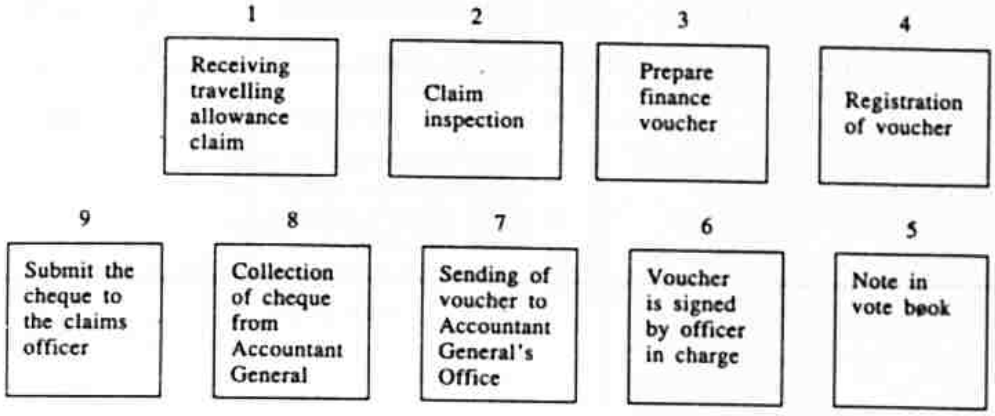
This product meet/do not meet quality standard and can/cannot be accepted.

....

Signature of Inspection Officer *Date*

QUALITY INSPECTION ON PROCESS

1. Output: Cheque for travelling claim
2. State the steps involved:



3. State the critical steps for inspection: 1, 3, 4, 5 and 6

Steps	*Inspection officer*	*Standards of Inspection*	*Follow-up actions for steps that do not meet the standard*
1. Receiving travelling allowance claim	Finance clerk	1. Name of officer making the claims 2. Position & level 3. Identity Card number 4. Salary 5. Engine capacity 6. House and office address 7. Destination 8. Signature of the officer 9. Signature of officer that confirms it 10. Supporting documents	Identity Card number is not noted *Corrective action:* Ask the officer concern to fill in his Identity Card number
3. Prepare finance voucher	Finance clerk/ Finance Executive Officer	1. All three forms (KEW. 302, 303 and 304) are prepared 2. Claim is accurate	
4. Registration of voucher	Finance clerk/ Finance Executive Officer	1. Check whether voucher numbers are written in all three forms i.e. KEW. 302, 303 and 304	

Steps	*Inspection officer*	*Standards of Inspection*	*Follow-up actions for steps that do not meet the standard*
5. Note in vote book	Finance clerk/ Finance Executive Officer	1. Check the date the note is written in the vote book. 2. Name of officer making claim 3. Voucher number 4. Total claim	
6. Voucher is signed by the officer	Finance clerk/ Finance Executive Officer	1. Check whether the cheque has been signed 2. Check officer's signature in the vote book	

QUALITY INSPECTION DONE ON FINAL OUTPUT

Name of Final Output: KHIDMAT Magazine

Inspection Officer	*Standards of Inspection*	*Follow-up action for output that does not meet the standards*
Chief Editor	1. Interesting cover 2. Materials that fully satisfy the reader 3. Agreed layout 4. Language which is understandable 5. No spelling error 6. Correct word usage as specified by Dewan Bahasa & Pustaka 7. Suitable letter form: — italics for English words — bold for important words	There are spelling errors in KHIDMAT *Corrective action:* Appointing two officers to proofread before printing

QUALITY INSPECTION DONE ON FINAL OUTPUT

Name of Final Output: International Passport

Inspection Officer	*Standards of Inspection*	*Follow-up action for output that does not meet the standards*
Deputy Commissioner of Immigration	1. Name	
	2. Identity Card Number	
	3. Date of birth	
	4. Applicant's photo	
	5. Date of issue	
	6. Expiry date of Internaional Passport	Ommision of expiry date of the International Passport *Corrective Action:* Return the International Passport to the responsible clerk to fill in the expiry date
	7. Correct spelling of particulars	
	8. Printed number and the perforated number in the International Passport are the same	
	9. Security film laminated on the applicant's photo is not torn or folded	
	10. Particulars of children (if included in parent's International passport) such as: *(a)* Name *(b)* Photo *(c)* Birth Certificate Number	

PROGRAMME 4: Q SLOGANS

RATIONALE FOR FORMULATION OF Q SLOGANS

35. The formulation and use of quality slogans is a strategy to create overall awareness on quality among the employees of Government agencies. This awareness will motivate the employees to adhere to the quality values propagated by the agency and hence assimilate these values into their daily tasks. These slogans will also give focus to the vision which an agency hopes to attain in quality management. This focus will become a source of reference to the employees in evaluating their roles such that they are in line with the goals of the organisation.

36. In formulating their quality slogans, agencies should clearly state their goals for quality management thus facilitating employees in internalising these goals. These slogans can also be used as a communication tool to indicate the quality value system which will be inbuilt into the corporate culture of that organisation.

SLOGANS USED IN THE PUBLIC AND PRIVATE SECTORS

37. The use of slogans in the public and private sectors is not a new phenomenon and has been a practice in the past. Usually, quality slogans are formulated to give special focus to an organisation's mission. Quality slogans are designed in line with the quality focus or targets to be achieved. Examples of such targets are reduction in defective output, increase in customer satisfaction, cost reduction and such others. In the private sector, slogan act as an important mechanism to harness manpower towards the achievement of specific goals. Some examples of slogans formulated by the private sector are the following:

(a) Matsushita Industrial Corporation Sdn. Bhd.

(i) Challenge Zero Defect-Build Customer Trust

(ii) Quality Up Fifty-Percent

(b) Matsushita Industrial (M) Sdn. Bhd.

(i) Quality Is Our Tradition

(ii) Do it Right The First Time

(iii) Quality Is Everybody's Business

(c) NEC Sales (M) Sdn. Bhd.

(i) Better Products, Better Service

(d) Rank Xerox Limited Malaysia

(i) Leadership Through Quality

(ii) Quality Improvement Is The Job of Every Xerox Employee

(iii) We Succeed Through Satisfied Customers

(iv) Every Xerox Employee Must Resolve That His Most Important Duty Is To Our Customer

(v) Always Consider The Customer First, And Act With Sincerity

(vi) Our No. 1 Corporate Priority Is to Achieve Customer Satisfaction Through Dedication To Quality In Everything We Do

(e) Hewlett Packard Sales (M) Sdn. Bhd.

(i) Make Our Customers Happy Today

(ii) Doing It The Better Way

(iii) No Repeat Customer Problems

(f) Texas Instruments Malaysia Sdn. Bhd.

(i) Do It Right The First Time

(ii) Excellence In Everything We Do

(g) Motorola Sdn. bhd.

(i) Total Customer Satisfaction

38. In the public sector, slogans formulated by government agencies include:

(a) Rubber Research Institute, Malaysia

(i) Responsiveness To The Customer

(b) Employees Provident Fund

(i) Kami Sedia Membantu (We Are Ready To Assist)

(c) State Economic Development Corporation, Johor

(i) Membina dan Membela (Build And Foster)

(ii) Anda Diutamakan (You Are Our Priority)

(iii) Service With Care

(d) National Savings Bank

(i) Banyak Kelebihannya (We Do More For You)

(ii) Senyum Selalu (Smile Always)

39. Other slogans which can be used are as follows:

(a) Change Begins With You;

(b) Avoid Waste And Mistakes;

(c) Quality Improvement Is The Responsibility of Every Worker; and

(d) Practice Quality Towards Well-Being.

40. Government agencies should pay heed to 3 important factors in the formulation and use of quality slogans. These factors are:

(a) Fomulation of Slogans

The Management should formulate quality slogans on their own initiative or through encouraging officers and staff members to assist in formulating slogans. Slogan-writing competitions can be held from time to time, and a special committee should be established to evaluate and select the best quality slogans. Suitable rewards can be given to employees who succeed in forwarding attractive and apt slogans. This will encourage more employee participation. The rewards can either be in the form of monetary awards or prizes such as books, special stationeries, executive brief cases etc.

(b) Dissemination of Slogans

To ensure the effectiveness of the slogans, it is the responsibility of every Government agency to explain the slogans to every staff member such that the quality message to be conveyed is clearly understood.

(c) Location Of Slogans

The slogans should be displayed in strategic locations such as at work stations, meeting rooms, and entrances to offices. These slogans can also be presented in various forms such as on transparencies, banners, posters, badges, printed on envelopes or on letterheads and publicised in the agency's publications.

PROGRAMME 5: QUALITY DAY

THE CONCEPT OF QUALITY DAY

41. The declaration of a Quality Day is aimed at reinforcing values of the quality culture in an organisation. It is also to give recognition and renew the commitment and dedication of employees and Management in efforts undertaken in their agency towards quality improvement. Quality Day is an event that increases the awareness among employees on the changes taking place within the organisation and to highlight these changes. The change refered to is in terms of the success achieved in the improvement of the quality of output/services. Government agencies are required to select a suitable day every year to celebrate their successes in quality efforts.

PLANNING OF THE QUALITY DAY

42. Planning for the Quality Day involves considering activities which need to be carried out on that day which is, in effect, a day for pledging commitment to quality improvement efforts. In planning for Quality Day, the Organising Committee should pay heed to the following matters:

(a) Determine the time by which the organisation will be ready for the Quality Day;

(b) Financial requirements;

(c) Involvement of all employees at all levels;

(d) The culture of the organisation; and

(e) Follow-up activities after Quality Day.

ACTIVITIES FOR QUALITY DAY

43. Among the activities suggested for the Quality Day are the following:

(a) Speech by the Head of Department which highlights his commitment to quality improvement efforts;

(b) Talks by experts on quality;

(c) Quality seminars;

(d) Oath-taking by employees to indicate their dedication towards quality improvement;

(e) Presentation of quality plans for the future;

(f) Quality training sessions;

(g) Presentation of quality momentoes;

(h) Presentation of awards such as the Excellent Service Awards to deserving employees;

(i) Video shows on activities that have been implemented by the agency in their quality improvement efforts;

(j) Video recordings of the events on Quality Day;

(k) Video shows of success stories of other departments; and

(l) Presentations by Quality Control Circles.

44. Besides planning and implementing the above mentioned activities, the Quality Day Organising Committee should also determine the list of guests. Other than their own employees, the Committee could also invite interested staff from other organisations, representatives of suppliers and also their clients. This is aimed at fostering mutual understanding and to inculcate quality values as well as to disseminate information of results achieved.

CONCLUSION

45. The Quality Day does not end with the day. The Management especially should evaluate the achievements resulting from the event. Ways to improve the event should be considered. The Management can also publicise the events that have been held to further motivate employees to contribute to quality improvement.

PROGRAMME 6: Q FEEDBACK SYSTEM

FEEDBACK SYSTEM

46. Any organisation that wishes to pursue quality improvement always desires to provide excellent quality services to all its clients at any one time. In this context, organisations that are involved in providing services as compared to organisations which provide goods, face major problems in ensuring that the services rendered are always of high quality. This is because the provision of services is dependent on human behavioral aspects which are not always predictable. Thus, the process of quality control in organisations which are involved directly in providing services face different problems. The problem of quality control increases where, the services are rendered through an organisation's offices/divisions in various locations. An example of this is the services provided by local offices of the Road Transport Department, The National Registration Department, The Social Security Organisation and the Employees Provident Fund.

CUSTOMER FEEDBACK SYSTEM

47. To overcome the problem discussed above, Government agencies should establish a feedback system from their clients. This system is based on a basic quality principle that services rendered should conform to customer requirements. As such, all clients of an agency should be given the opportunity to express their views on the services availed. By this, an agency will be able to know the reactions of their customers regarding their performance. More specifically, an agency will be able to gauge the level of satisfaction on the part of its clients with regards to the services being rendered.

48. Customer Feedback Systems have been used by the private sector such as airline companies, hotels and banks. Various approaches are used by the private sector to obtain feedback so that the quality of their services can be improved continuously. Among these are the use of forms which are easy to understand and fill by clients. Some companies provide envelopes with stamps to facilitate and encourage clients to send their feedback. In the private sector, some agencies also have a feedback system which uses evaluation forms. An example of this is the form used by the National Savings Bank as in *Appendix P*.

IMPLEMENTATION OF THE SYSTEM

49. A Customer Feedback System can be implemented using the following measures:

(a) Selection of specific approaches;

(b) Collection of customer views;

(c) Analysis and evaluation of the data/information;

(d) Planning of remedial action/innovation or improvement; and

(e) Implementation of measures to improve quality of service.

50. The implementation of the system can be seen in *Diagram 3*. The system comprises two levels, namely, the level of the local office and the Headquarters. Implementation of this system at the local office level is considered important since the local management can take quick action to improve services based on the suggestions made by clients, without having to refer to the Headquarters. Moreover, the manager of the local office should adjust the services provided to be in line with the needs of the local clients. In view of this, the Management at the Headquarters should collect, analyse, and evaluate all data/information received from branch offices in order to make overall adjustments to the systems, procedures and the types of services provided.

51. The success of the feedback system depends on various important factors. Among them are:

(a) Commitment of the Management of the agency ensuring that the system is operated in an orderly and systematic way by all involved, on a permanent basis. An officer should be appointed to be responsible for operating the system. All views forwarded by clients should be discussed at the highest level of the agency and immediate action taken to implement suggestions found to be appropriate and proper.

(b) Local-level managers should be delegated with the necessary power for the management of resources to operate the feedback system efficiently and effectively. This is important since the local managers are closest to the clients of that agency, and they should act quickly and accurately to meet the needs of their clients.

(c) A recognition system should be established so that clients who give suggestions for improving the services provided by the agency can be given appropriate recognition. In this way, the relationship between the agency and its clients can be strengthened for their mutual benefit. This will also encourage clients to forward more ideas for improvement of the quality of services provided by the agency.

52. Various approaches can be used to implement the feedback system as follows:

(a) Customer Feedback Forms

(b) Suggestion boxes

(c) News monitoring

(d) Studies by consultants

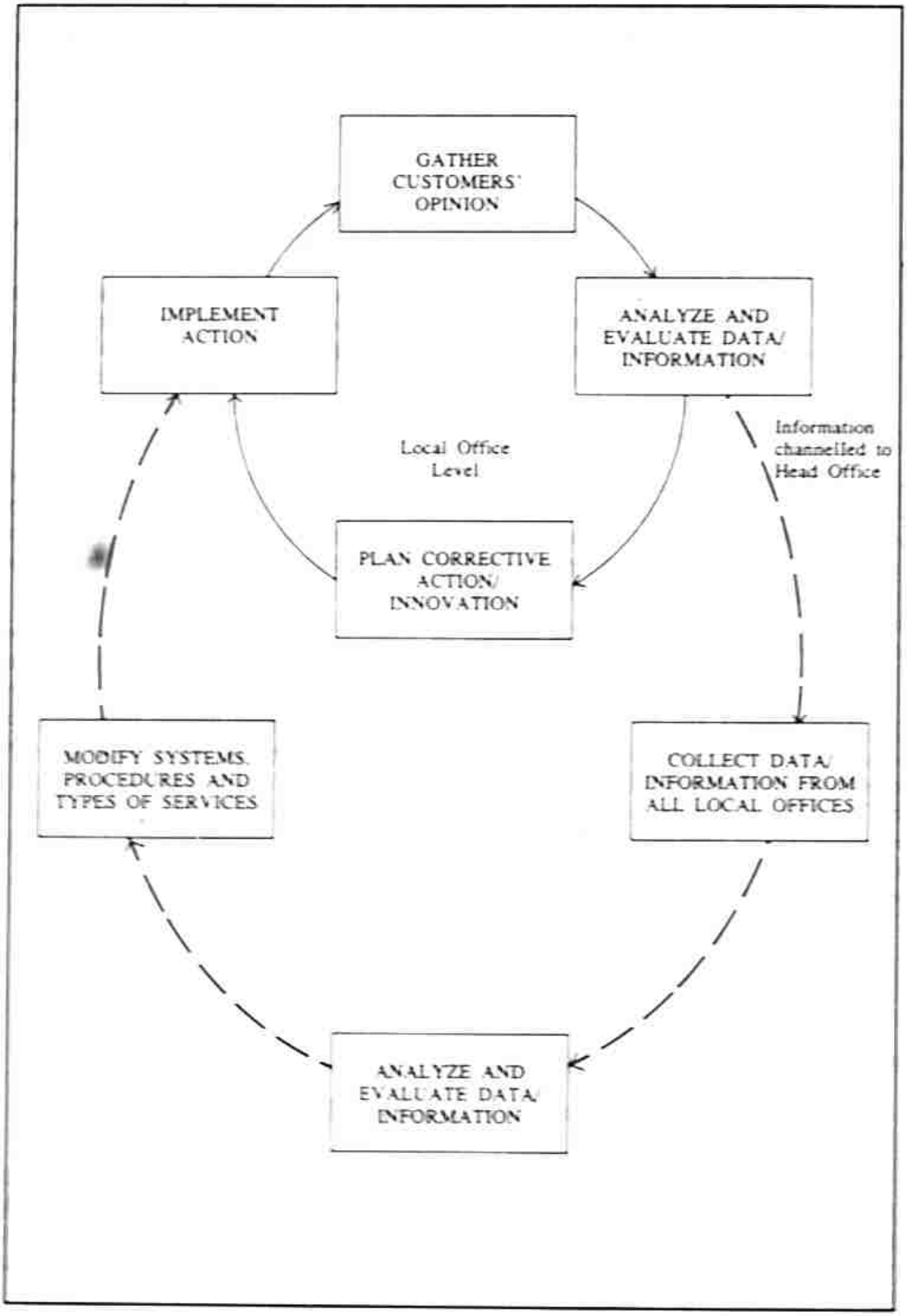
(e) Advisory panels/committees made up of client agencies

(f) Toll-free telephone services to facilitate feedback.

53. To implement the feedback system, Customer Feedback Forms should be used by Government agencies in the preliminary stage, especially those agencies which have direct dealings with specific clientele or the public. A sample form that can be redesigned to suit the specific needs of an agency is shown in *Appendix Q*. The list of agencies who may use this system is proposed as in *Appendix R*.

DIAGRAM 3

SYSTEM FOR FEEDBACK FROM CLIENTS



BENEFITS OF THE FEEDBACK SYSTEM

54. Generally, agencies which implement the feedback system will derive the following benefits:

(a) The development of a positive attitude among the clients with regard to the services provided since their views are invited and taken into consideration.

(b) All the workers in the agency will be aware of the aim of the agency to provide quality services and this will assist in creating an excellent work culture.

(c) Clients can be invited to give their views and ideas for the purpose of identifying and testing other types of services or new services before implementation.

(d) The participation of clients through this system will, indirectly, contribute to improving the image of the Government in the eyes of the public.

CONFIDENTIAL

APPENDIX P

Please enter the completed form into the suggestion box at the bank branch.

BANK SIMPANAN NASIONAL

APPRAISAL FORM FOR COUNTER CLERK/TELLER

Dear customer,

We wish to thank you for being our customer. We always regard the customer as our important client, Our counter clerk/teller are always commited to give excellent and competent service to our client. To value the quality and performance of the service provided, we would like to have your cooperation to make an assessment on any Bank Simpanan Nasional counter clerk/teller by filling in this Appraisal Form. The completed form should be put in the suggestion box in this bank branch. All particulars and information are considered confidential by the Bank.

2. Thank you for your cooperation.

BANK SIMPANAN NASIONAL

Name of counter clerk/teller assessed : .....

Bank Simpanan Nasional : .....

(For Office Use)

(Please tick (u) in columns provided)

	1	2	3	4	5
1. SERVICE	☐	☐	☐	☐	☐
2. COOPERATION	☐	☐	☐	☐	☐
3. PERSONALITY	☐	☐	☐	☐	☐
4. PATIENCE AND TOLERANCE	☐	☐	☐	☐	☐
5. DRESSING	☐	☐	☐	☐	☐
6. COMMUNICATION	☐	☐	☐	☐	☐

Scale:

1 = Not satisfying

2 = Less satisfing

3 = Satisfying

4 = Good

5 = Very Good

7. OTHER/COMMENTS (IF ANY) .....

*CUSTOMER ACCOUNT NUMBER .....

.....
(Customer's Signature)

Date: .....

* Please write your account number

EXAMPLE OF FORM FOR CUSTOMER FEEDBACK

MINISTRY/DEPARTMENT/UNIT/OFFICE

_____

_____

_____

Address _____

_____

_____

Dear Sir/Madam:

We are so grateful and thankful because of your willingness to deal with us. We are always trying to improve our service given to you. We need your kind help in this matter. We do believe that you could spare some time to fill up this form. Please tick (u) in the related columns with the following code number:

Code: 1 = Bad 2 = Not Good
3 = Satisfactory 4 = Good
5 = Very Good

1. Activity: _____
(Describe)

2. Overall, the service provided is:

Very Good	☐
Good	☐
Satisfactory	☐
Not Good	☐
Bad	☐

3. If our service is not good or bad, what are your suggestions to improve it?

_____

_____

_____

4. *(a)* Time taken for this service is _____ minute/hour.

(b) In your opinion, the time taken is:

Too long ☐

Long ☐

Average ☐

Short ☐

(c) If you feel that dealing with us is time consuming, what is your suggestion to speed it up?

_____

_____

_____

_____

5. *(a)* In your opinion, is our opening time:

Suitable ☐ Not suitable ☐

(b) If you think it is not suitable, what is your suggested time:

_____

_____

_____

_____

(c) Other than the current services available, is there any need to offer other services. If yes, state it:

_____

_____

_____

_____

6. What are your comments and suggestions regarding several of the officer/clerk/ worker serving you.

Code: 1 = Bad 2 = Not good 3 = Satisfactory
4 = Good 5 = Very Good

	1	2	3	4	5	Comments and Suggestions
Conduct of Behaviour						
Expertise						
Information delivery/ Clarification						

7. What is your opinion and suggestion on the facilities that we have provided for the public?

Code: 1 = Bad 2 = Not good 3 = Satisfactory
4 = Good 5 = Very Good

	1	2	3	4	5	Comments and Suggestions
Counter area						
Waiting area						
Parking area						
Other service (Such as cleanliness and toilet)						

Thank you for your cooperation in filling-up this form. Please contact us if you have any comment and suggestion to improve our service.

Liason Officer
Department: _____

_____

_____

Phone No.: _____

SUGGESTION OF GOVERNMENT AGENCIES THAT CAN UTILISE THE FEEDBACK SYSTEM

1. National Registration Department
2. Immigration Department
3. Postal Service Department
4. Inland Revenue Department
5. Information Department
6. Manpower Department
7. National Library Department
8. Road Transport Department
9. Land and Mines Department
10. Royal Customs and Excise Department
11. Company Registration Office
12. Business Registration Office
13. Malaysian Industrial Development Authority
14. Commercial Vehicle Licensing Board
15. Farmers Organisation Authority
16. Tourist Development Corporation
17. Social Security Organisation
18. Employees Provident Fund
19. Bank of Agriculture
20. Legal Aid Bureau
21. All Hospitals
22. All Local Authorities

PROGRAMME 7: Q INFORMATION SYSTEM

OBJECTIVE OF THE INFORMATION SYSTEM

55. The Q Information System aims at disseminating information to the public regarding the services provided by an agency. This information can be disseminated in the form of pamphlets which are easy to read and simple. The explanations given in these pamphlets should be explained or outlined briefly and clearly.

INFORMATION IN THE PAMPHLETS

56. The vital information which should be included in the pamphlets are:

(a) The objective of the organisation;

(b) Services provided;

(c) How to obtain these services;

(d) Where and when these services can be obtained;

(e) Relevant rules and regulations; and

(f) The necessary forms required.

FEATURES OF A PAMPHLET

57. To design the pamphlet, the needs of the clients should be understood beforehand. It is important that the pamphlets prepared give sufficient details for clients to undertake transactions with the agency. The contents of the pamphlet should contain the following:

(a) Title

(i) Brief, accurate and clear

(ii) Should be printed on the front page

(iii) Use bold lettering

(iv) The size and form of the letter type should be suitable and attractive

(b) Information Details

(i) Up-to-date

(ii) Brief, compact and clear

(iii) Arranged according to importance and subject matter

(c) Design

(i) The logo, emblem and name of the organisation should be on the front page.

(ii) The name of the organisation should be printed in big, bold lettering.

(iii) Include interesting photographs to further explain and clarify information.

(iv) The pamphlet should be in colour. Use attractive colours.

(v) The size and form of letter type (such as Italics, Pica, Elite) used should be differentiated between main headings, sub-headings and contents.

(d) Form

The pamphlet can be printed in the form of:

(i) Booklets

(ii) Brochures

Some agencies produce more than one pamphlet, as a series or as separate issues in accordance with the types of activities/regulations and such others. To facilitate clients, the pamphlets should be collated into a folder.

EXAMPLES OF PAMPHLETS

58. Various Government agencies have issued pamphlets to provide information on the organisation and the services rendered. Among these are:

(a) The Malaysian Industrial Development Authority (MIDA) issues the following pamphlets:

(i) Malaysia—Incorporating a Manufacturing Company

(ii) Malaysia Infrastructure for Industry

(iii) Malaysian Industrial Development Authority

(iv) Malaysia, the Facts—Investment in the Manufacturing Sector

(b) The Royal Customs and Excise Department. The pamphlets are:

(i) (Prosedur Import dan Eksport)
(Procedures For Imports and Exports)

(ii) Gudang Berlesen Awam, Kota Bharu, Kelantan
(Public Licensed Godown, Kota Bharu, Kelantan)

(iii) Kedai Bebas Cukai
(Duty Free Shop)

(iv) Panduan Kastam bagi Pelabuhan Bebas Langkawi
(Customs Guide to the Langkawi Free Port)

(c) Ministry of International Trade and Industry. The pamphlets issued are:

(i) Industrial Technical Assistance Fund (ITAF) for Small and Medium Scale Industries

(ii) Market Development Scheme

(d) The Postal Service Department. The pamphlets are:

(i) *Pos Laju Malaysia*
(Express Post Malaysia)

(ii) *Panduan Pos Untuk Sektor Perniagaan di Wilayah Persekutuan Kuala Lumpur*
(Postal Guide For The Business Sector in the Federal Territory Kuala Lumpur).

(e) SIRIM. The pamphlets are:

(i) Quality and Productivity Improvement Scheme

(ii) Product Development and Design Scheme

BENEFITS

59. Through the use of pamphlets, an organisation can disseminate important information to its clients:

(a) Quickly

(b) Without incurring high costs in terms of:

— printing costs

— cost of labour since the organisation would not need to assign so many workers to man the enquiry counters/public relations unit.

(c) Widely since customers may pass on the pamphlet to other customers and in this way assist in information dissemination.

60. The clients would be able to obtain services quickly since all information or requirements would have been fulfilled based on information contained in the pamphlets.

CONCLUSION

61. Government agencies, especially those which provide services to the public, should issue pamphlets for the use of their clients. These pamphlets will assist the organisation in providing quick, efficient and good services. Government agencies, other than those already mentioned, which need to prepare pamphlets are as follows:

(a) District Offices and Land Offices

(b) The Road Transport Department

(c) The Immigration Department

(d) The National Registration Department

(e) The Inland Revenue Department

(f) The Manpower Department

(g) The Labour Department

(h) The Police Department/Police Stations

(i) The Information Department

(j) Hospital/Health Centres

(k) The Rubber Industry Smallholder Development Authority (RISDA)

(l) Contractor Services Centre

(m) The National Rice and Padi Board

(n) The Registrar of Businesses

(o) The Social Welfare Department

(p) The National Population and Family Development Board

(q) The Tourist Development Board Malaysia

(r) The Motor Vehicle Licensing Board

(s) The City Hall Kuala Lumpur

62. For the convenience of clients, these pamphlets should be placed at the information counters. For agencies which do not have counters, the pamphlets should be supplied through the public relations officer.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 5 OF 1991

GUIDELINES ON THE INTEGRATED SCHEDULING SYSTEM (SIAP)

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This Circular aims at assisting Heads of Departments to prepare implementation schedules for Public development projects as well as to manage, control and monitor implementation of projects using the Integrated Scheduling System (SIAP). Guidelines on this system is as contained in the Appendix attached to this Circular.

BACKGROUND

2. The Integrated Information System of the Central Agencies (SETIA) which is currently being used is more directed towards financial performance. As an effort to obtain more comprehensive information pertaining to the implementation status of any project as well as to improve the effectiveness of coordination, implementation and management of Government development projects, this system, to be known as the Integrated Scheduling System (SIAP), is being introduced.

3. This system will be complementary to the existing SETIA system. The SETIA system will continue to monitor financial performance whereas the SIAP System will be focussed on physical performance. With the use of both these systems, Controlling Officers and Project Managers will be able to control and manage their respective development projects more effectively to prevent shortfalls, and to ensure that projects are completed according to schedule.

BENEFITS OF THE INTEGRATED SCHEDULING SYSTEM (SIAP)

4. The use of the SIAP System will enable all those concerned to function as a team, particularly in:

4.1 Planning their respective work schedules in the context of overall project implementation;

4.2 Planning annual estimates of financial allocation requirements in line with the implementation schedule of the project;

4.3 Monitoring and controlling the progress of the project more effectively and systematically;

4.4 Early identification of implementation problems;

4.5 Taking immediate remedial action; and

4.6 Managing financial resources more effectively by way of virements from projects facing implementation problems which cannot be solved speedily, to other projects already approved and, with this, minimise shortfalls.

EFFECTIVE DATE

5. This Circular is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary To The Government

(Appendix To Development
Administration Circular
No. 5 of 1991)

GUIDELINES ON THE INTEGRATED SCHEDULING SYSTEM (SIAP)

GUIDELINES ON THE INTEGRATED SCHEDULING SYSTEM (SIAP)

I. OBJECTIVE

1. The objective of these Guidelines is to explain the institution of the Integrated Scheduling System (SIAP). This System is being introduced to provide a uniform approach for the planning of implementation of development projects, for controlling and monitoring project implementation as well as for forwarding project performance reports.

II. DEFINITIONS

2. Specific terminology used in these guidelines have the following meanings:

(a) "User Agency" refers to the Party that proposes a certain development project or the Party given the responsibility to prepare a certain project. "The Controlling Officer" usually heads the "User Agency" concerned. Such an Agency is also commonly known as the "Client Agency" by the "Implementing Agency".

(b) "Implementing Agency" is the technical agency which implements a certain project on behalf of the "User Agency". Should the implementor of a certain project be the "User Agency" itself, the Party referred to in this context includes the Technical Section of that Agency or the Consultant appointed by the User Agency to implement the project.

(c) "The Controlling Officer" is the officer appointed under the Financial Procedure Act 1957 (Amendment 1972) who is responsible for the control of the Budget of the Ministry/Department concerned, usually the Secretary-General of the Ministry or the Head of Department.

(d) "The Project Manager" is the officer appointed by the "Controlling Officer" to coordinate and manage the implementation of a certain project on behalf of the "Controlling Officer" and possesses powers to represent the "Controlling Officer".

(e) "The Reporting Officer" is the officer who actually prepares the report or one who fills in the designated form. It is preferable if the "Reporting Officer" be the "Project Manager". "The Reporting Officer" can be contacted should further information be required on the Project being reported on.

III. PLANNING OF PROJECT IMPLEMENTATION

3. Government Ministries, Departments and Agencies are required, once a certain development project has been approved, to prepare a project implementation schedule based on the Integrated Scheduling System (SIAP). For projects which are in the form of a programme or those which have various components, an implementation schedule is required to be prepared for each sub-project or component. This Schedule estimates the time periods required for the completion of the sub-projects or components involved according to major activities, from pre-implementation stage to post-implementation stage wherein the benefits of the

project are accrued to the target groups. The estimation of the time periods required is done through the identification of the expected date of commencement and expected date of completion for each activity within the expected implementation span of the sub-projects or components concerned.

4. When a project is approved, the User Agency is required to negotiate with the Implementing Agency as well as other parties involved in the implementation of that project, for the preparation of the implementation schedule. However, the duty of preparing the implementation schedule is the responsibility of the Controlling Officer in the User Agency. All parties involved in the preparation of the implementation schedule are required, after being informed of the overall project implementation schedule, to plan their respective work schedules, in order to jointly implement the project with success.

IV. ANNUAL BUDGET ESTIMATES

5. Controlling Officers are required to forward Project Implementation Schedules to the Central Agencies for each development project, together with the respective annual budget estimates in the following forms:

(a) Form S4A for physical projects in the form of construction of buildings or infrastructure; or

(b) Form S4B1 for physical projects for Land Development Programmes; or

(c) Form S4B2 for agricultural projects for Land Development Programmes; or

(d) For projects which are not included in the above categories, the Controlling Officer may discuss with the Implementation Coordination Unit, Prime Minister's Department to adjust the formats in accordance with the features of the projects concerned; or

(e) Other forms to be specified later by the Implementation Coordination Unit, Prime Minister's Department based on the standardisation of formats as a result of the above action or as developed in the future in the efforts to streamline the system.

6. Ministries, Departments or Agencies having micro computer facilities, are required to obtain diskettes used in this system from the Implementation Coordination Unit or from the Federal Development Department, State Development Department or the State Development Office. Using the above-mentioned diskette, the Controlling Officer may forward implementation schedules in the form of Chart Form S5A (for physical projects in the form of building or infrastructure construction), S5B1 (for physical projects for Land Development), S5B2 (for agricultural projects for Land Development) or other forms which have been standardised as a result of action as contained in paragraph 5(e) above.

7. Project implementation schedules should be forwarded annually. For projects whose implementation has commenced before the current year, the forms used will also indicate achievements of implementation performance for the preceding years. Within that, the Controlling Officer is required to propose estimates for allocation actually required for the project in the current year.

V. MONITORING AND SUPERVISION OF PROJECTS

8. It is the responsibility of the Controlling Officer to monitor and supervise the actual implementation of a project, in a detailed and on-going manner. In this process, the Project Manager appointed by the Controlling Officer is required to monitor and obtain information from the Implementing Agency as well as from others involved in project implementation, regarding the actual date of commencement and completion of each major activity which has been planned. It is the responsibility of the Implementing Agency and other parties concerned to provide the information requested by the Project Manager.

9. Should the actual date of commencement of project implementation differ or be delayed from the planned date, the Project Manager, with the assistance of the Implementing Agency, is required to identify the problems arising, and take immediate action to solve the problem before it becomes critical such as to affect the implementation schedule of subsequent activities.

VI. PROBLEM SOLVING

10. The first line of action when problems arise in project implementation is for the User Agency or Implementing Agency itself to solve the problems. Should it not be possible to solve the problem at that level, efforts should be made to obtain the co-operation of The District Development and Action Committee in solving the problems arising at district levels. For problems arising at State-level, remedial action should be taken with the co-operation of the State Action Committee (or Authorities of the same status). Problems that are not able to be solved at the aforementioned levels should be channelled to the Implementation Coordination Unit, Prime Minister's Department in their capacity as Secretariat to the National Action Council.

11. For projects facing problems which cannot be solved in the near future, the Controlling Officer is required, subject to the rules and regulations established by the Malaysian Treasury, to take action to prevent shortfalls, through virement of the current annual allocation for the project to other approved projects under the five-year development plan.

VII. FORWARDING OF PERFORMANCE REPORTS

12. Ministries, Department Headquarters and Agency Headquarters are required to forward performance reports for all their five-year development projects, including projects which are on-schedule, ahead of schedule, behind schedule, as well as unenergized projects to the Implementation Coordination Unit, Prime Minister's Department, using the SIAP System, **every three months** to reach not later than the end of the first week of April, July, October and January. A copy of the Report should also be given to the Federal Development Director or the State Development Director or the State Development Officer where the project is being implemented.

13. However, for projects where implementation is behind schedule, the project performance report should be forwarded to the Implementation Coordination Unit, Prime Minister's Department at a minimum of **once a month.**

14. This Report may be forwarded to the Implementation Coordination Unit, Prime Minister's Department whether directly through the terminal (for Ministries which

are on-line with the SETIA Data Bank at the Implementation Coordination Unit), in the form of diskettes which include comprehensive information or in the specified forms (for Ministries/Departments/Agencies which do not have computer facilities).

15. It is the responsibility of Implementing Agencies to use the SIAP System in meeting the requests from their Client Agencies for information on project performance. Other than this, Implementing Agencies, User Agencies and all others are also required to use the same system when forwarding project implementation reports when requested at any level, whether district, state, Headquarters or Central Agencies.

16. Chart Forms (S5A and others), which are forwarded as project implementation performance reports, have been thus designed so as not to exceed one page of size A3. The information that can be accrued from it will give brief but exact *visual* information to the receiver whether the project is on-schedule or otherwise. The Reporting Officer is requested to attach a written report to explain the problems arising and remedial action being taken by the party concerned, if the implementation of a particular activity is behind the planned schedule.

17. When forwarding project performance reports, Heads of Departments are also required to forward at the same time, photographic records or video recordings which record the project status before commencement and step-by-step implementation progress until completion. In this way, the Government is able to monitor closely the progress of each project.

VIII. OTHER REGULATIONS

18. These Guidelines do not prevent any party from using other scheduling techniques which are more sophisticated, such as the Program Evaluation and Review Technique (PERT), Critical Path Method (CPM) and others or a more detailed list of implementation activities. Nonetheless, these other techniques should allow for aggregation to fit into the main activities of SIAP, so that a standard system is used by the various parties, whether the User Agency or the Implementing Agency at all levels.

19. Any party that does not possess personal computer facilities is requested to use the system manually by posting data onto Input Form S4A (or other designated forms). This form may be forwarded as the project performance report to any party requesting such a report. Should the Reporting Officer be required to forward a report in the form of a chart (Form S5A or other designated forms), assistance should be sought from any Government Agency which has personal computer facilities and printers to post data onto the Input Form to produce a printed chart.

20. All system users using computer facilities are requested to safeguard the security and confidentiality of the diskettes and information. Back-up copies should be made for all diskettes. Once the information has been entered, the data should be transferred from the hard-disk to diskettes before logging off. Diskettes containing data should be kept locked in steel cabinets. Appropriate measures should also be taken on fire-prevention.

21. Besides the use of the SIAP System, Heads of Departments should continue to forward the required reports and forms under the Integrated Information System of The Central Agencies (SETIA).

INTEGRATED SCHEDULING SYSTEM

FORM S4A [Building & Infrastructure]

Project Number:

Component Number: (if applicable)

Project Name:

Project Cost:

Component Name:

Component Cost:

State & District Code: (concate) (state code) (in front)

Ministry & Department Code:

Implementing Agency:

Activity	Date Plan Start	Plan Finish	Plan Rev.Fin.	Actual Start	Actual Finish	Percent Implement
A. 1. Site Selection	/	/	/	/	/	%
2. Land Acquisition	/	/	/	/	/	%
3. Project Brief	/	/	/	/	/	%
4. Design	/	/	/	/	/	%
5. Tender	/	/	/	/	/	%
B. 1. Site Acquisition	/	/	/	/	/	%
2. Site Preparation	/	/	/	/	/	%
3. Construction	/	/	/	/	/	%
4. Utility	/	/	/	/	/	%
5. Handover	/	/	/	/	/	%
C. 1. Equipment & Machinery	/	/	/	/	/	%
2. Furniture & etc.	/	/	/	/	/	%

Name of Reporting Officer:
Designation & Address :
Telephone No. :

EXPLANATION OF ACTIVITIES

(For Physical Project Under Category of Building and Infrastructure and Construction)

A. Planning and Pre-Construction

1. Site Selection—Initial Planning including identification of suitable land. At this stage, there should be some indication that efforts to acquire the land can be initiated.

2. Land Acquisition—This process starts at the date when the application is made until the approval to occupy the land is obtained from the Director General Lands & Mines (Format K issued).

3. Project Brief—The Project Brief submitted to EPU may be too summarised. This process involves the preparation of a detailed project brief to suit the requirements of the Implementing Agency.

4. Design—This activity starts as soon as the Implenting Agency receives Activity 3. Among the works involved in this activity are land survey; the appointment of consultant (if the project is not being implemented by PWD/DID); soil investigation; and detailed engineering design including architectural and structural design.

5. Tender Process—This activity includes the preparation of the Tender Table Document; preparation of job description and BQ; advertisement for tender; tender evaluation; and the issuance of the Letter of Acceptance to the sucessful contractor.

B. Construction

1. Possession of Site—This activity starts from the date the Letter of Acceptance is issued until the process to obtain the Performance Bond and Requisite Insurance Policy by the Contractor is completed.

2. Site Preparation—This activity starts when the site is taken over and includes initial works such as site-office preparation; workers quarters; mobilisation of machinery and equipment to the site; site clearance and construction of base structure.

3. Construction—This activity includes the structural construction and civil works. In road construction, highways, etc, it includes retaining works, digging of land and drains.

4. Utilities—Preparation and implementation of facilities such as water supply, electrical installations, telephones, lifts, conveyor installation; air conditioning and ventilation systems; Fire Protection installation; gas installation and other utilities.

5. Handing Over—Handing over of the project by the Implementing Agency to the client Agency. For projects not implemented by PWD/DID, this process involves the issuance of the Certificate of Fitness by the Local Authority.

C. Post-Construction

1. Equipment and Machinery—Ordering, installation and testing of all the equipment and machinery once construction of the project has been completed.

2. Furniture—Ordering and supply of furniture and other equipment before the project can be utilised by the target group.

INTEGRATED SCHEDULING SYSTEM **FORM S4B1 [Physical] (Land Development)**

Project Number: Component Number: (if applicable)

Project Name: Project Cost:

Component Name: Component Cost:

State & District Code: (concate) (state code) (in front) Ministry & Department Code:

Implementing Agency:

Activity	Date Plan Start	Plan Finish	Plan Rev.Fin.	Actual Start	Actual Finish	Percent Implement
A. 1. Site Selection	/	/	/	/	/	%
2. Land Acquisition	/	/	/	/	/	%
3. Project Brief	/	/	/	/	/	%
4. Design	/	/	/	/	/	%
5. Tender	/	/	/	/	/	%
B. 1. Site Acquisition	/	/	/	/	/	%
2. Site Preparation	/	/	/	/	/	%
3. Construction	/	/	/	/	/	%
4. Utility	/	/	/	/	/	%
5. Handover	/	/	/	/	/	%
C. 1. Equipment Machinery/ Furniture & etc.	/	/	/	/	/	%
2. Move-in of Settlers	/	/	/	/	/	%

Name of Reporting Officer:
Designation & Address :
Telephone No. :

EXPLANATION OF ACTIVITIES
(For Physical Project Under Category of Land Development)

A. Planning and Pre-Construction

1. Site Selection—Initial Planning including identification of suitable land. At this stage, there should be some indication that efforts to acquire the land can be initiated.

2. Land Acquisition—This process starts with the date when the application was made until the approval to occupy the land is obtained from the Director General Land & Mines (Format K issued).

3. Project Brief—The Project Brief submitted to EPU may be too precise. This process involves the preparation of detail project brief to suit the requirement of Implementing Agency.

4. Design—This activity starts as soon as the Implementing Agency receives Activity 3. Among the works involved in this activity are land survey; the appointment of consultant (if the project is not being implemented by PWD/DID); soil investigation; and detailed engineering design including architectural and structural design.

5. Tender Process—This activity includes the preparation of Tender Table Document; preparation of job description and BQ; advertisement for tender; tender evaluation; and the issuance of the Letter of Acceptance to the successful contractor.

B. Construction

1. Possession of Site—This activity starts from the date the Letter of Acceptance was issued until the process to obtain Performance Bond and Requisite Insurance Policy by the Contractor is completed.

2 Site Preparation—This activity starts when the site is taken over and includes initial works such as site-office preparation; workers Quarters; mobilisation of machinery and equipment to the site; site clearance and construction of base structure.

3. Construction—This activity includes the structural construction and civil works. In road construction, highways, etc, it includes retaining works, digging of land and drains.

4. Utilities—Preparation and implementation of facilities such as water supply, electrical installation, telephone, lift, conveyor installation; air conditioning and ventilation system; Fire Protection installation; gas installation and other utilities.

5. Handing Over—Handing over of the project by the Implementing Agency to the client Agency. For projects not implemented by PWD/DID, this process involves the issuance of Certificate of Fitness by the Local Authority.

C. Post-Construction

1. Equipment, Machinery and Furniture—Ordering, installation and testing of all the equipment and machinery once construction of the project has been completed. Also includes ordering and supply of furniture and other equipment before the project can be utilised by the target group.

2. Move-in of Settlers—The process of moving in of the settlers/workers into the settlement from commencement until completion.

INTEGRATED SCHEDULING SYSTEM **FORM S4B2 [Agricultural For Land Development]**

Project Number: Component Number: (if applicable)

Project Name: Project Cost:

Component Name: Component Cost:

State & District Code: (concate) (state code) (in front) Ministry & Department Code:

Implementing Agency:

Activity	Date Plan Start	Plan Finish	Plan Rev.Fin.	Actual Start	Actual Finish	Percent Implement
A. 1. Apply for Area	/	/	/	/	/	%
2. State Govt. Approval	/	/	/	/	/	%
3. Feasibility Study	/	/	/	/	/	%
4. Border Survey	/	/	/	/	/	%
5. Forest/Mine Clearance	/	/	/	/	/	%
6. Tender	/	/	/	/	/	%
B. 1. Clearing of Area	/	/	/	/	/	%
2. Nursery	/	/	/	/	/	%
3. Planting	/	/	/	/	/	%
4. Selection of Participants/Workers	/	/	/	/	/	%
C. 1. Plant Care	/	/	/	/	/	%
2. Estate/Farm Care	/	/	/	/	/	%

Name of Reporting Officer:
Designation & Address :
Telephone No. :

EXPLANATION OF ACTIVITIES
(For Agricultural Project Under Category of Land Development)

A. Pre-Implementation

1. Apply for Area—Initial planning, including identification of suitable area to be developed for agriculture and settlement.

2. State Govt. Approval—For alienated land, the process starts with discussions with the land owner until the agreement is signed between the land owner and the agencies responsible for land development. For Government land, the process starts with the application for land until approval is obtained. For crop rehabilitation programmes, the process starts with the visit to the area until approval is given.

3. Feasibility Study—Starts with the land feasibility study until approval is obtained.

4. Border Survey—Survey works to identify the border (perimeter survey) for Government land and alienated land.

5. Forest/Mine Clearance—Starts from the date of application for forest/mine clearance until written approval is obtained from the State Forestry Department and the State Land and Mines Department.

6. Tender—Starts with the preparation of the tender document, invitation for tender, tender evaluation, selection and approval by the Tender Board/Committee, until the issuance of the Letter of Acceptance (LA) to the successful contractor. For individual smallholders, the approval given permits them to start works of land clearing on the site.

B. Implementation

1. Clearing of Area—Includes land clearing activities such as felling, burning and others. For smallholders, the above works may be carried out by themselves or by employing others.

2. Nursery—Starts with the selection of the nursery site, identification of crop requirements before planting, or by purchase from qualified suppliers based on requirement schedules.

3. Planting—Planting of seedlings depending on the suitability of time/weather.

4. Selection of Participants/Workers—This activity involves the process of selection of participants/workers for the scheme either from waiting lists, new lists or from existing settlers.

C. Post-Implementation

1. Plant Care—Includes weeding, applying fertilisers, pruning and other activities until the project yields the product.

2. Estate/Farm Care—Includes maintenance of drains, fences/electric fences, terraces/platforms, culverts, protection against erosion and others.

INTEGRATED SCHEDULING SYSTEM
SETIA CODE :
COMPONENT NO.:
STATE :

PROJECT NAME :
COMPONENT NAME :
DISTRICT :

MINISTRY :

RM6 ALLOCATION :
COMPONENT COST :

CLIENT AGENCY :
IMPLEMENTING AGENCY :
DEPARTMENT :

Form 85A (Building)

ACTIVITY		1989												1990												1991												1992												1993												1994												1995											
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NAME OF REPORTING OFFICER:

DESIGNATION & ADDRESS :

TELEPHONE NO.:

DATE :

INTEGRATED SCHEDULING SYSTEM
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COMPONENT NO.:
STATE :

PROJECT NAME :
COMPONENT NAME :
DISTRICT :

MINISTRY :

RMG ALLOCATION :
COMPONENT COST :

CLIENT AGENCY :
IMPLEMENTING AGENCY :
DEPARTMENT :

Form S581 (Physical)
(Land Development)

ACTIVITY		1989												1990												1991												1992												1993												1994												1995											
(R-Plan S-Actual)		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
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NAME OF REPORTING OFFICER:

DESIGNATION & ADDRESS :

TELEPHONE NO.:

DATE :

INTEGRATED SCHEDULING SYSTEM
SETIA CODE :
COMPONENT NO.:
STATE :

PROJECT NAME :
COMPONENT NAME :
DISTRICT :

MINISTRY :

RM6 ALLOCATION :
COMPONENT COST :

CLIENT AGENCY :
IMPLEMENTING AGENCY :
DEPARTMENT :

Form 5582 (Agricultural
For Land Development)

ACTIVITY (R-Plan S-Actual)		1989	1990	1991	1992	1993	1994	1995
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A.PRE-IMPLEMENTATION								
1.Apply for Area	R							
	S							
2.State Govt. Approval	R							
	S							
3.Feasibility Study	R							
	S							
4.Border Survey	R							
	S							
5.Forest/Mine Clearance	R							
	S							
6.Tender								
B. IMPLEMENTATION								
1.Clearing of Area	R							
	S							
2.Nursery	R							
	S							
3.Planting	R							
	S							
4.Selection of Participants/ Workers	R							
	S							
C.POS-IMPLEMENTATION								
1.Plant Care	R							
	S							
2.Estate/Farm Care	R							
	S							

NAME OF REPORTING OFFICER:

DESIGNATION & ADDRESS :

TELEPHONE NO.:

DATE :

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 6 OF 1991

GUIDELINES ON PRODUCTIVITY IMPROVEMENT IN THE PUBLIC SERVICE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

All Secretaries General of Ministries
All Heads of Federal Departments
All Heads of Federal Statutory Bodies
All Hon. State Secretaries
All Local Government Authorities

OBJECTIVE

1. This Circular contains guidelines for the use of Heads of Department in their efforts to improve productivity in their respective departments/offices. The Guidelines entitled *"Guidelines On Productivity Improvement In The Public Service"* is attached as an Appendix to this Circular.

BACKGROUND

2. All Government departments/offices are required to constantly improve productivity at all levels of their agency. This is because with the creation of more productive departments/offices, the Public Service will be able to improve the level of its services to the public. Besides, with increased productivity, departments/offices will be able to optimise resource utilization as well as realise savings in operation costs.

3. Productivity does not happen on its own. It has to be created through carefully planned measures. In this light, Government departments/agencies are requested to plan and implement concrete actions in this area. These actions should be viewed as a daily routine which is undertaken continuously. These guidelines should be used as the basis for taking action. In undertaking productive improvement efforts, departments/offices should establish a productivity measurement system which is appropriate to the output being produced. Through measurement, the Management will be able to gauge the productivity level of their department/office at a specified time, and whether productivity has increased or otherwise. The information thus obtained becomes an important basis for planning further follow-up action.

GUIDELINES ON PRODUCTIVITY IMPROVEMENT IN THE PUBLIC SERVICE

4. The Guidelines On Productivity Improvement in the Public Service elaborates on three main aspects of productivity improvement. These are:

(a) The Concept Of Productivity;

(b) Productivity Improvement Measures; and

(c) Productivity Measurement

It is expected that, using these Guidelines, Government departments/offices will be able to plan and implement effective measures for productivity improvement in their respective agencies and for the Public Service as a whole.

EFFECTIVE DATE

5. This Circular comes into effect from the date of its issue.

"SERVICE FOR THE NATION"

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix To Development Administration Circular No. 6 of 1991)

GUIDELINES ON PRODUCTIVITY IMPROVEMENT IN THE PUBLIC SERVICE

CONTENTS

GUIDELINES ON PRODUCTIVITY IMPROVEMENT IN THE PUBLIC SERVICE

I. OBJECTIVE

1. The objective of these Guidelines is to assist Heads of Departments understand the concept of productivity as well as to plan and implement productivity improvement measures in their respective departments/offices.

2. These Guidelines outline three main aspects, namely:

   (a) The Concept Of Productivity;

   (b) Productivity Improvement Measures; and

   (c) Productivity Measurement.

II. THE CONCEPT OF PRODUCTIVITY

3. Productivity can be defined as the value or quantity of output which can be produced by one unit of input. Output refers to the product or service produced by an organisation. As an example, the output produced by the National Registration Department is Identity Cards, Birth Certificates, Citizenship Certificates and Certificates for Civil Marriages. Input refers to the resources used to produce the output. These resources include manpower, capital, materials, equipment, plant and other such resources.

4. In other words, productivity is the concept which indicates the relationship between the output produced by an organisation and the input used. This relationship is shown in the formula below:

$$\frac{\text{Output}}{\text{Input}} \quad \text{or in brief} \quad \frac{O}{I}$$

As an example, when a work team produces 100 units of output in 20 hours, then the productivity achieved is 5 units of output per hour.

5. A department/office can gauge its productivity levels at various levels, such as the organisation, division, unit or at individual worker-level. Productivity levels can be in the form of: cost per unit of output; time taken to produce a unit of output; or manhours to produce a unit of output.

6. The concept of productivity is generally associated with the concepts of efficiency, effectiveness and quality. The relationship between productivity and efficiency can be seen from the point of input utilization. A department or an agency is said to be productive when it is able to make optimum or the most efficient use of the allocated resources.

7. The relationship between productivity and effectiveness can be seen through comparisons between the quantity of output actually produced and the quantity

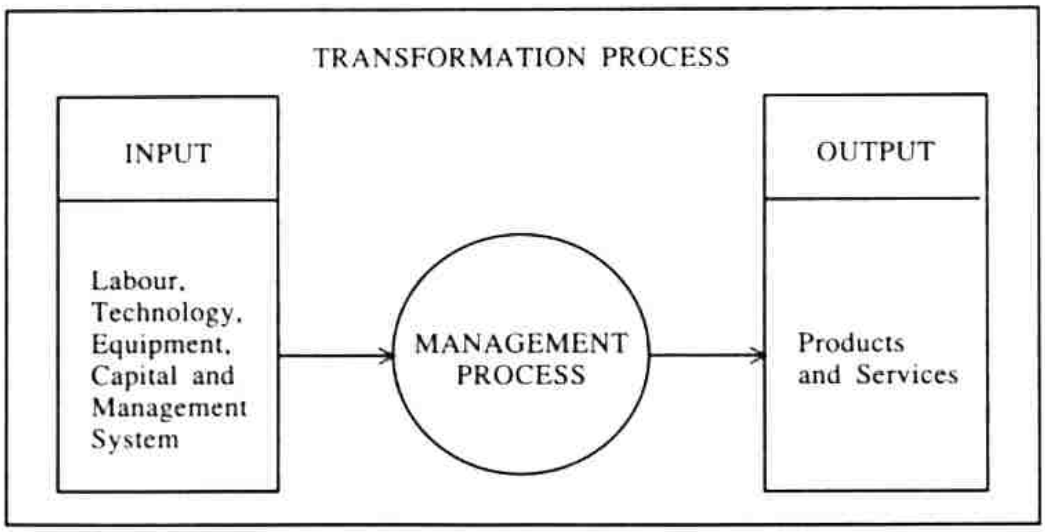
targeted by a department/office. If the output produced equals the targeted quantity then the department/office is said to be effective since it has achieved its target. To achieve this level of effectiveness, the department/office needs to be productive. It is in this context that productivity and effectiveness are said to be two inter-linked concepts.

8. The relationship between productivity and quality can be shown when the output of a department/office is linked to its targeted customers. The aim of a department/office is not only to produce the quantity of output determined but also to ensure that the output produced conforms to customer requirements. To produce output to the exact quantity targeted, a department/office needs to emphasise productivity, whereas, to ensure that the output conforms to customer requirements, it needs to stress on quality. This means that a department/office needs to ensure that the output produced includes features valued by customers. The features referred to here include fast services, reliability, defect-free, politeness and emphasis on safety. Thus, quality and productivity are two complementary concepts and must be given attention by every department/office in the production of their goods or service.

III. PRODUCTIVITY IMPROVEMENT MEASURES

9. A department/office produces many kinds of output to achieve its objectives. To produce this output, it requires basic inputs such as raw materials, capital, equipment and manpower and these inputs are processed using specific production methods. This process is known as the transformation process. The ability of a department/office to improve its productivity is dependent on how efficiently it is able to complete the transformation process. The more efficient the process, the higher will be the productivity since the use of inputs such as labour and capital are optimised. The relationship between the concepts of input-transformation-output is shown in *Diagram I*.

DIAGRAM I : **Relationship Between Input—Transformation—Output**



10. As shown in *Diagram 1*, a department/office needs to increase management inputs to reinforce the transformation process. Management inputs include systems and work procedures, organisation structure and management style. By mixing and matching these basic inputs and management inputs a department/office should be able to produce the required output.

11. To increase productivity, the Management should take measures to strengthen factors which influence productivity. Eight factors have been identified as critical. These factors are shown in *Diagram 2* and explanations regarding the actions which need be taken by the Management is indicated in *Table 1*. The factors referred to here are:

(a) Manpower

(b) Systems and procedures

(c) Organisation structure

(d) Management style

(e) Work environment

(f) Technology

(g) Materials

(h) Capital equipment

DIAGRAM 2 : **Factors Influencing Productivity**

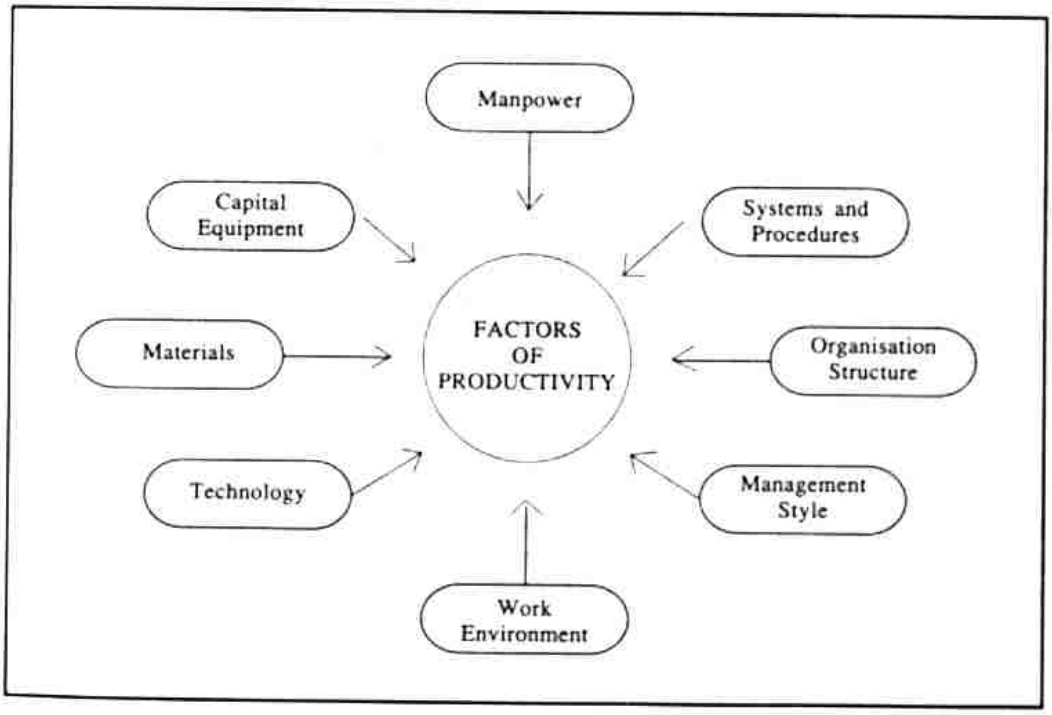


TABLE I : **Actions Required To Be Taken By The Management Of A Department/Office On Factors Influencing Productivity**

Factors	*Management Action*
1. Manpower	*a.* Train employees in areas related to their work. *b.* Determine and disseminate positive values. *c.* Motivate employees to produce excellent work. *d.* Encourage the involvement of employees in objective-setting for the organisation and in the productivity problem solving process. *e.* Create effective communications in the department/office. *f.* Set performance standards for employees. *g.* Emplace employees in jobs which are in line with their ability and skills.
2. Systems and Procedures	*a.* Review system and work procedures to overcome weaknesses which restrict productivity. *b.* Streamline existing system and work procedures. *c.* Abolish rules and regulations which are not in line with the goals of the department/office.
3. Organisation Structure	*a.* Co-ordinate the functions of divisions and units within the organisation. *b.* Establish a flexible and dynamic organisation structure. *c.* Ensure that staffing levels of divisions and units within the organisation are appropriate to the responsibilities given. *d.* Clearly define areas of responsibility of each division and unit within the department/office.
4. Management Style	*a.* Establish the vision and objectives of the department/office as well as disseminate these to all the employees. *b.* Plan and establish the performance goals of the department/office and measure actual achievement. *c.* Create a work culture which emphasises productivity.

Factors	*Management Action*
5. Work Environment	*a*. Create an office layout suitable to its work operation. *b*. Equip the office with basic facilities. *c*. Ensure cleanliness and suitable internal decor of the work place. *d*. Provide facilities for the staff.
6. Technology	*a*. Review existing work processes to identify areas suitable for automation and mechanization.
7. Materials	*a*. Carry out quality inspections at the preliminary stage on inputs received from the supplier. *b*. Provide quality education for the suppliers. *c*. Practice a good inventory system to avoid carrying excess stock of materials.
8. Capital Equipment	*a*. Maintain capital equipment according to schedule. *b*. Ensure that equipment is located in a suitable area. *c*. Schedule utilization of equipment to ensure optimum use.

(a) Manpower

12. The ability of a department/office to achieve its performance goals is heavily dependent on the manpower factor. This is because workers play various important roles in the production process such as manual workers, management and technical workers. The employees are also responsible for activating various vital processes in the organisation such as planning; quality control; strategic or operational decision-making; and budget control.

13. In view of this, to be productive, Government department/offices should develop the manpower resources within the organisation. The measures that can be taken include the following:

(i) Provide training to employees in areas related to their field of work. Training enables workers to upgrade their expertise and skills which assist them in carrying out their duties more effectively. The Management should also constantly encourage their employees to practise the concept of *"Self-Development"* so that they, on their own initiative, strive to improve their work performance.

(ii) Determine and disseminate positive values. Among the values that need to be upheld are honesty, integrity, accountability, responsibility, discipline, team spirit, sincerity and trust worthiness. The assimilation of these values by employees will encourage them to work more diligently.

(iii) Motivate staff by way of giving recognition to those who produce excellent work. The recognition can be given in various froms such as Excellent Service Awards, Royal Honours, prizes, verbal praise and such others.

(iv) Encourage the involvement of employees in setting goals for the organisation and in the process for solving productivity problems. For this purpose, the department/office could form Quality Control Circles and Work Teams at various levels. The Management could also introduce a suggestion system to encourage staff to forward suggestion on productivity improvement for the organisation.

(v) Encourage effective communication between the Management and staff through a policy of open communication.

(vi) Set clear and challenging performance standards which should be realistic and realisable.

(vii) As far as possible, employees should be emplaced in accordance with their knowledge and skills. Job enrichment, job rotation and increased responsibilities should be used to make their work more challenging.

(b) Systems And Work Procedures

14. The level of productivity of a department/office is also influenced by the systems and work procedures in use. Good systems and work procedures can increase productivity since work procedures can be carried out smoothly and efficiently. As an example, good filing system can expedite the decision-making process through speedy retrieval of the required information kept in files. Fast decision-making will streamline work and in turn, lead to productivity improvement.

15. Systems and procedures are administrative mechanisms instituted by departments/offices to coordinate the processes, activities and action involved in carrying out a piece of work. Coordination is necessary since the work being undertaken involves various levels of employees, divisions and units. They need to communicate, cooperate, exchange information and depend an one another to complete the piece of work. Besides this, systems and work procedures also outline the way in which a piece of work should be carried out, the sequence of actions to be completed and the quality standards to be adhered to. In this context, system and work procedures directly determine the work performance of every worker.

16. To improve productivity, Government departments/offices need to ensure that the system and work procedures used by their employees are always efficient. The system should be able to support the achievement of excellent work performance and should not be a bottleneck to the smooth functioning of the work processes. Thus, a department/office should plan and take concrete actions to achieve this goal. Among the significant measures are:

(i) Review of the current systems and work procedures to remove apparent weaknesses. Any aspect considered to be obsolete should be updated to be in line with current needs.

(ii) Streamlining of existing systems and procedures to remove bureaucratic bottlenecks.

(iii) Review of current rules and regulations with the view to abolish provisions which are no longer in line with the goals of department/office.

(c) Organisation Structure

17. A department/office is organised based on a structure which is in line with the objectives, goals and its environment. It is this structure that determines the significant features of a department/office such as the pattern of distrubution of duties based on functions, divisions and units; distribution of powers and (authority); accountability and responsibility; resource allocation; and the pattern of communication within the organisation. In this context, the structure of an organisation is one of the significant factors which can influence and control the implementation of activities of a department/office and this in turn has an effect on the level of productivity of the department/office.

18. To be productive, the Government department/office needs to create a structure which is effective. This kind of structure will ensure that work is carried out smoothly as will as enable the available resources to be harnessed in an optimum manner. The Management can take various measures to create such a structure. Among them are:

(i) Ensuring coordination of functions of divisions and units in the department/office such that they always complement each other.

(ii) Establishing a flexible and dynamic structure to facilitate the department/office to adjust to changes in the environment. The structure must also facilitate the free flow of information and resources between divisions and units in the department/office.

(iii) Ensuring that staffing levels for divisions and units are matched with the responsibility entrusted. The functions of each level of posts should also be outlined clearly to ensure the elements of accountability and responsibility among workers.

(iv) Ensuring that functions of divisions and units are clearly defined to avoid duplication of functions.

(d) Management Style

19. To achieve success, the Management must itself spearhead productivity improvement efforts. The role and influence of Management on the performance of the department/office is significant because it is responsible for the major processes within the organisation. This includes the decision-making process, planning, budgeting, prioritisation of work, resource deployment and performance evaluation. In view of this, the Management should be committed to productivity by practising an output-oriented management style.

20. The most important responsibility of management is to ensure all workers and systems in the department/office are geared to productivity improvement. Among the actions required by management are:

(i) Establishing a clear vision and objective for the department/office and disseminating these to all its employees. This will motivate the employees because they can relate their work contribution vis a vis the achievement of the department's objective.

(ii) Planning and determining performance goals for the department/office and subsequently evaluating actual performance. This measure will enable the department/office to gauge its level of productivity at any one time and this information can be used to take follow-up action.

(iii) Creating a work culture which stresses on productivity to be practised by all levels of workers. This culture must be based on positive work values such as dedication, integrity, accountability and discipline.

(e) Work Environment

21. The work environment of a department/office has a direct effect on its productivity. For example, in a department/office which has a good layout, the work processes can be carried out well. Activities such as file movements, and information flow and communication between division and between employees can be carried out effectively. With this, the time taken to complete a piece of work can be shortened and this is one of the indicators of productivity improvement. Besides this, good office layout will also optimise use of space and this will reduce operation costs. This cost-saving contributes to productivity improvement.

22. Thus, to increase productivity, departments/office need to upgrade the quality of the work environment such that it is suitable for the work being undertaken. Measures that can be taken include:

(i) Having an office layout which is in line with work operations.

(ii) Equiping the office with basic facilities such as air-conditioners, good furniture and communication systems.

(iii) Looking after cleanliness and interior decoration.

(iv) Providing facilities for employees such as rest rooms, recreational facilities and others.

(f) Technology

23. The use of modern technology in the work processes is an important measure to improve productivity. Technology refers not only to machines or electronic equipment such as computers, electric typewriters or facsimile machines but also includes expertise and scientific work methodologies. With the use of technology, various work processes can be automated or mechanised. In this way, work can be carried out quickly, and with reduced cost and increased quality. Besides this, work which was previously carried out manually can now be done by machines. This assists in overcoming the problem of defective output caused by negligence or human errors.

24. As a productivity improvement strategy, a department/office should study the feasibility for automation or mechanization of their work processes. The mechanization programme can be directed at work which is processing-oriented and routine in nature such as preparation of bills, revenue collection receipts, preparation of notice and preparation of standard official forms. These tasks can be carried out by machines because they do not involve important decisions by Management. The automation programme especially a computer-based programme can be directed towards information systems operations. This include management information systems for the purpose of planning, financial control, inventory maintenance and others.

(g) Materials

25. Productivity can also be increased by reducing wastage of materials which are used as inputs. The materials include construction materials, paper, stationery, chemicals and other materials used to produce output. Wastage ocurrs when the materials used as inputs are of poor quality. These materials are discarded because if processed will lead to defective outputs. Because of this, departments/ offices should ensure that the materials used are of high quality. Among the measures that can be used to prevent wastage of materials are the following:

(i) Undertaking quality inspection on all materials, at the point of receiving from suppliers and before being processed for output.

(ii) Providing quality education to suppliers and ensuring that only recognised suppliers are allowed to supply the materials required by the department/ office.

(iii) Establishing a good inventory system to avoid holding of excess stock. Excess stock is also a form of waste since it imposes a financial burden on the department/office.

(h) Office Equipment

26. Capital equipment such as machines, plant and transportation vehicles are important inputs in the production process. The equipment should be well-maintained to prolong their service-span. This will assist in preventing wastage of time incurred in reparing the equipment. Among the ways to increase the service-span of capital equipment are the following:

(i) Regular maintenance of the equipment according to schedule to minimise repairs.

(ii) Ensuring that the equipment is located in a suitable area. For example, a main-frame computer should be placed in an air-conditioned room.

(iii) Planning for optimum utilization of the equipment.

IV. PRODUCTIVITY MEASUREMENT

27. Productivity measurement is one of the important components in productivity improvement. Efforts towards productivity improvement cannot be implemented without a base-line information of the level of current productivity. As a rule, measurement is undertaken to gauge the level of productivity of a department/office. Productivity measurement enables a department/office to:

(a) Gauge the extent of utilization of the resources allocated.

(b) Enhance operational flexibility in terms of manpower and equipment utilization.

(c) Identify areas for productivity improvement.

(d) Determine the cost of operation of the organization.

28. These Guidelines outline an apporach to measure productivity at the department/office level and at the individual level. Department/offices which have already established a system for productivity measurement, may continue to use their existing systems.

29. Productivity measurement can be implemented at two levels, that is:

(a) The organisation level; and

(b) The individual level.

(a) Measurement At The Organisation Level

30. There are four steps involved in the measurement of productivity at the department/office level. These steps are as follow:

(i) Identification of main output in line with the objectives of the organisation.

(ii) Determination of productivity indicators for each of the main output identified.

(iii) Measurement of current productivity level.

Step I: Identification of Main Output

31. The main outputs produced by the department/office need to be identified. These outputs can be in the form of services or goods. Examples of output in the form of goods are reports, Identity Cards and licences. Examples of output in the form of services are collection of quit rent, advisory services, talks, supplying medicines to patients at hospital counters and traffic control at highways. Examples of output in some Government agencies are as follows:

Examples Of Output In The National Registration Department

Among the main outputs of the National Registration Department are:

(i) Birth Certificates.

(ii) Identity Cards.

(iii) Citizenship Certificates.

(iv) Death Certificates.

Examples Of Output Of The Kuala Lumpur City Hall.

Among the main outputs of the Kuala Lumpur City Hall are:

(i) Garbage collection services.

(ii) Enforcement.

(iii) Licences.

(iv) Building plans which have been approved.

Examples Of Output Of District And Land Offices

Among the main outputs of the Land Office are:

(i) Collection of quit rent.

(ii) Temporary Occupation Licence (TOL).

(iii) Approval For Temporary Lease.

(iv) Small-scale development projects.

Examples Of Output Of The Road Transport Department

Among the main outputs of the Road Transport Department are:

(i) Commercial Vehicle Inspection.

(ii) Driving Licences.

(iii) Vehicle Registration.

STEP 2: Determination Of Productivity Indicators

32. To measure the productivity of a department/office, various productivity indicators need to be established. These productivity indicators are a proxy measurement used to gauge the productivity of a department/office. The productivity indicators chosen should be based on the main outputs identified. It is preferred that a variety of productivity indicators be established for each type of output. In determining the productivity indicators, the department/office should pay heed to the following matters:

(i) The data to be collected is already available or easy to collect.

(ii) The indicator chosen is clear and easy to understand.

(iii) The productivity indicator reflects the element of cost, quality and time.

Productivity indicators can be stated in the form of ratios, numbers or percentages. Examples of productivity indicators which can be used by Government Departments/ Offices are as in *Table 2 and Table 3*

TABLE 2 : **Productivity Indicators For The Main Outputs Of The National Registration Department**

Main Output	*Productivity Indicator*
1. Birth Certificates	1. *(a)* Average number of birth certificates issued by a worker who is involved in the processing birth certificates: $\frac{\text{Total Number of birth certificates issued}}{\text{Total Number of workers involved in the processing of birth certificates}}$ *(b)* Average time taken to process one birth certificate: $\frac{\text{Total time taken to process birth certificates}}{\text{Total Number of birth certificates issued}}$ *(c)* Average time taken to amend errors in one birth certificate: $\frac{\text{Total time taken to amend errors in birth certificates}}{\text{Total time taken in the processing of birth certificates}}$

Main Output	*Productivity Indicator*
	(*d*) Average cost (inteams of the salary of the worker involved) to process one birth certificate: $\frac{\text{Total salaries of workers involved}}{\text{Total number of birth certificates issued}}$
2. Identity Cards	2. (*a*) Average number of Identity Cards issued by a worker who is involved in the production process: $\frac{\text{Number of Identity Cards issued}}{\text{Number of workers involved in the production process for Identity Cards}}$ (*b*) Average time taken to process one Identity Card: $\frac{\text{Total production time taken in processing all Indentity Cards}}{\text{Number of Identity Cards Issued}}$ (*c*) Percentage of Identity Cards processed late: $\frac{\text{Number of Identity Cards processed late}}{\text{Total Number of Identity Cards received}} \times 100$
3. Citizenship Certificates	3. All the above indicators can be used.
4. Death Certificates	4. All the above indicators can be used.

TABLE 3: **Examples of Productivity Indicators for the Main Outputs of the Kuala Lumpur City Hall**

Main Output	*Productivity Indicator*
1. Enforcement	1. (*a*) Percentage of restaurants which have complied with rules on cleanliness: $\frac{\text{Number of restaurants which have complied with rules on cleanliness}}{\text{Number of restaurants inspected}} \times 100$

Main Output	*Productivity Indicator*
2. Revenue Collection	2. *(a)* Average revenue collected by one worker: $\frac{\text{Total revenue collected}}{\text{Number of employees involved in revenue collection}}$ *(b)* Average waiting time for payment of bills: $\frac{\text{Total waiting time}}{\text{Total number of clients}}$
3. Licences	3. *(a)* Average number of licences issued by one worker: $\frac{\text{Number of licences issued}}{\text{Number of workers involved in issuance of licenses}}$ *(b)* Average time taken to process one licence: $\frac{\text{Total time taken to process all licences}}{\text{Number of licences processed}}$ *(c)* Avarage cost incurred in processing one licence: $\frac{\text{Total salary of workers involved}}{\text{Number of licences processed}}$
4. Development Plans which have been approved	4. *(a)* Percentage of development plans approved: $\frac{\text{Number of development plans approved}}{\text{Total number of applications received}} \times 100$ *(b)* Cost incurred in approving one development plan: $\frac{\text{Total amount of salaries of workers involved}}{\text{Number of development plans approved}}$
5. Garbage collection services	5. *(a)* Number of houses provided with garbage collection service by one worker: $\frac{\text{Number of houses provided with garbage collection services}}{\text{Number of workers involved in garbage collection}}$ *(b)* Total tonnage of garbage transported by one lorry: $\frac{\text{Total tonnage of garbage transported}}{\text{Number of garbage lorries}}$

33. Other productivity indicators which can be used to measure productivity at the department/office level are as follows:

(i) $\frac{\text{Number of projects completed on schedule}}{\text{Number of projects handled}}$

(ii) $\frac{\text{Total waiting time for obtaining services}}{\text{Number of customers}}$

(iii) $\frac{\text{Number of patients returning for treatment}}{\text{Number of patients treated}}$

(iv) $\frac{\text{Number of pages typed}}{\text{Number of typists}}$

(v) $\frac{\text{Total time taken to prepare all vouchers}}{\text{Number of vouchers completed}}$

(vi) $\frac{\text{Number of commercial vehicles inspected}}{\text{Number of vehicle inspectors}}$

(vii) $\frac{\text{Number of vehicles registered}}{\text{Number of workers involved in registering vehicles}}$

(viii) $\frac{\text{Number of development projects completed within a certain period}}{\text{Number of development projects managed within the same period}}$

(ix) $\frac{\text{Total time for training/course}}{\text{Total working time}}$

(x) $\frac{\text{Maintenance cost of machines}}{\text{Maintenance cost targeted}}$

STEP3: Data Collection

34. The next step is to collect the necessary data based on the main output and productivity indicators identified. The data collection activity is shown in *Table 4*.

TABLE 4: **Data Collection In The National Registration Department**

Main Output	*Productivity Indicator*	*Data Required*
1. Birth Certificates	*(a)* $\frac{\text{Number of birth certificates issued}}{\text{Number of workers involved in the production process}}$	*(a)* Number of birth certificates issued *(b)* Number of workers involved in the processing of birth certificates
	(b) $\frac{\text{Total time taken to process birth certificates}}{\text{Number of birth certificates issued}}$	*(a)* Total time taken in processing birth certificates *(b)* Number of birth certificates issued

Main Output	*Productivity Indicator*	*Data Required*
	(c) Total time taken to amend errors in birth certificates / Total time taken in processing birth certificates	*(a)* Total time taken in amending errors in birth certificates *(b)* Total time taken in processing birth certificates
	(d) Salaries of employees involved in processing birth certificates / Number of birth certificates issued	*(a)* Salaries of employees involved in prosessing birth certificates *(b)* Number of birth certificates issued
2. Identity Cards	*(a)* Number of identity cards issued / Number of employees involved in the processing of identity cards	*(a)* Number of identity cards issued *(b)* Number of employees involved in the processing of identity cards
	(b) Total time taken for processing identity cards / Number of identity cards issued	*(a)* Total time taken for processing identity cards *(b)* Number of identity cards issued
	(c) Number of identity cards delayed in processing / Number of identity cards received	*(a)* Number of identity cards delayed in processing *(b)* Number of identity cards received

35. Data should be collected from time to time to enable the evaluation of the productivity level of the department/office. For example, if the evaluation period is one year, data can be collected periodically or throughout the year concerned. Each department/office should design its own forms for data collection.

36. The data collected should be summarised to facilitate evaluation. An example of data collected is as in *Table 5*.

TABLE 5: **The National Registration Department-Data Collected For Output Of Birth Certificates For The Period January—March 1990**

Data Collected	*Base period Standard*	*Current Period*	*Increase/ Decrease in Productivity*
	Number	*Number*	
1. Number of birth certificates processed	20,000	25,000	
2. Number of employees involved in processing	20	20	
3. Total time taken to process birth certificates	16,000 hours	15,000 hours	
4. Total time taken to amend errors in birth certificates	4,000 hours	3,000 hours	
5. Salaries of employees involved in the processing of birth certificates	$36,000	$38,000	

Data Collected	*Base period Standard*	*Current Period*	*Increase/ Decrease in Productivity*
	Number	*Number*	
Productivity Indicator			
1. Number of birth certificates issued / Number of workers involved in the production process	1,000	1,250	+25%
2. Total processing time for the issue of birth certificates / Number of birth certificates issued	0.80 hours	0.60 hours	+25%
3. Total time taken to ammend errors in birth certificates / Total time taken in processing birth certificates	0.25 hours	0.20 hours	+20%
4. Salaries of employees involved in processing of birth certificates / Number of birth certificates issued	$1.80	$1.52	+15.6%

37. To enable departments/offices to gauge the level of current productivity, comparisons need to be made with the productivity standard for the past years. The level of current productivity has increased if the productivity standard for that period is better than the productivity standard for the past period. Four ways can be used to establish the productivity standard. These are as follows:

(i) Discussion with officers involved as to the most appropriate productivity standard to be used.

(ii) Time and Motion Study.

(iii) Historical records.

(iv) Use standards which are considered to be international standards for specific services such as health services, road transport services and fire services.

Step 4: Evaluation of Current Productivity Levels

38. The data collected should be analyzed and evaluated from time to time to gauge the productivity at the department/office level. Evaluation should be undertaken jointly by the Head of Department/Unit and his workers. If it is found that the level of productivity has not attained the productivity standard that has been set, studies should be carried out to identify causes for the shortfall and remedial action taken.

(b) Measurement At The Individual Level

39. There are four steps involved in the measurement of productivity at the individual level. These steps are as follow:

(i) Determining the main output produced.

(ii) Establishing the performance standard/work norms for each of the main output produced.

(iii) Collecting data based on the performance standards/work norms.

(iv) Evaluating the current productivity level.

STEP 1: Determining The Output Produced

40. The main output produced by each worker should be determined. Examples of output produced by an individual officer are:

(i) Working Papers.

(ii) Reports.

(iii) Lectures.

(iv) Enforcement Operations.

STEP 2: Establishing Performance Standards/Work Norms

41. Performance standards/work norms need to be set for each of the main output identified. Performance standards/work norms can be established through various ways as follows:

(i) Based on past records.

(ii) Time and Motion Study.

(iii) Discussions between the supervisor and employee involved.

Some examples of performance standards/work norms for individuals are:

(i) A typist should be able to type 5 pages in 20 minutes.

(ii) An officer should be able to complete 6 reports per year.

(iii) A financial clerk should be able to prepare one voucher in 20 minutes.

(iv) A counter clerk should be able to process 1 birth certificate in 25 minutes.

STEP 3: *Data Collection*

42. Specific data on the performance standards/work norms should be collected. These data can be collected for specified periods such as once in three months or for the whole evaluation period. Examples of data to be collected are in *Table 6*.

TABLE 6: **Data Collection**

Main Output	*Performance Standard/ Work Norms*	*Data Required*
1. Working Papers	10 working papers per year	Number of working papers produced
2. Reports	3 reports per year	Number of reports produced
3. Lectures	3 lectures per year	Number of lectures given
4. Enforcement	10 enforcement operations per year	Number of enforcement operations conducted

43. The data collected should be summarised to facilitate evaluation. An example of a data summary is as in *Table 7*.

TABLE 7: **Summarized Data Collected**

Main Output	*Performance Standard/ Work Norms In The Year Before*	*Current Performance Standard/Work Norms*	*Increase/ Decrease in Productivity*
1. Working Papers	10 working papers per year	12 working papers	+ 20%
2. Reports	3 reports per year	5 reports	+ 67%
3. Lectures	10 lectures per year	8 lectures	- 20%
4. Enforcement	10 enforcement operations per year	12 enforcement operations	+ 20%

STEP 4: *Evaluation of Current Productivity Level*

44. The data gathered should be analyzed and evaluated from time to time. Evaluation of an employee's performance should be carried out by the supervisor and employee concerned. If the performance standard of an employee does not meet the targeted performance standards, it is the responsibility of the supervisor to identify the causes to enable remedial action to be take immediately. If the current performance of an employee exceeds the performance standards/work norms for the post period, it indicates that his level of productivity has increased.

V. CONCLUSION

45. Government department/offices should make the productivity improvement effort an ongoing process. This is because productivity is relative. A productivity level considered high in the past will not be perceived as such in the present. In view of this, departments/offices should constantly improve their performance. Efforts towards this should be internalised so that it becomes a daily management aspect.

46. Besides this, focus should also be given to quality. This is because departments/offices are not only evaluated on their production capability but also on the capability of the output to meet the needs of members of the public who are their clients.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 7 OF 1991

GUIDELINES ON QUALITY CONTROL CIRCLES (QCC) IN THE PUBLIC SERVICE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This Circular contains guidelines on the implementation of Quality Control Circles (QCC) in the Public Service. The guidelines on the Implementation of Quality Control Circles in the Public Service is in the Appendix to this Circular.

QUALITY MANAGEMENT THROUGH QCC

2. With the launching of the Excellent Work Culture Movement in 1989, the Government places great emphasis on the roles to be played by both the Management and the employees in improving quality in Government departments/offices. For this purpose, the Government encourages the establishment of Work Teams at the Officer-level and QCC with membership from employees in the C & D categories to solve problems at the work-place.

3. The contributions of both the Management and also the QCC-members in problem solving and improving productivity as well as quality are important in the Government's efforts towards Total Quality Management in the Public Sector.

4. This Circular is effective from the date of its issue.

TAN SRI DATO" SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix To Development Administration Circular No. 7 of 1991)

GUIDELINES ON QUALITY CONTROL CIRCLES (QCC) IN THE PUBLIC SERVICE

CONTENTS

I. OBJECTIVE

1. The objective of these Guidelines is to assist Government departments/offices in implementing Quality Control Circles (QCC) in their respective organisations.

II. THE CONCEPT OF QCC

Definition

2. A Quality Control Circle is a small group of workers (6-10 persons) from the same work unit who meet regularly to identify, select and analyse work-related problems. The group then put forward suggested solutions to the Management for consideration and decision. Subsequently, they implement the decisions of the Management.

Philosophy

3. The philosophy of QCC is based on the concepts of participative management and humanistic management. Humanistic management refers to management which gives importance to people and their feelings. This is because people are the most valuable asset of a department/office. Participative management means that every worker regardless of his/her position in the organisation is given the opportunity to make meaningful contribution to the department/office. QCC is, therefore, a mechanism whereby workers are able to participate in the problem-solving process leading to improvement of quality and productivity in their department/office.

Objective

4. The objective of QCC is to improve and upgrade quality of work through:

   (a) The problem solving capability of the workers;

   (b) Team work;

   (c) The cultivation and assimilation of positive values and work ethics;

   (d) Involvement and interest in work;

   (e) High motivation for work; and

   (f) Awareness of responsibility towards oneself, the group, the department/ office and the nation.

Basic Principles Of QCC

5. QCC is based on the following basic principles:

   (a) Workers are recognised as the most valuable resource along with other management resources;

   (b) Development of workers as useful members of the department/office;

   (c) Participation and support from all levels;

   (d) Team-work;

   (e) Constant encouragement of creativity; and

   (f) The projects are related to daily work.

Benefits of QCC

6. Numerous benefits can be obtained through the implementation of QCC. Among these are:

(*a*) Closer relationship between the workers and Management;

(*b*) Cultivation of cooperation among workers;

(*c*) Job satisfaction;

(*d*) Increased motivation to work;

(*e*) Building of self-confidence;

(*f*) Development of leadership among workers;

(*g*) Encouragement of creativity among workers; and

(*h*) Improvement of systems and work procedures.

III. IMPLEMENTATION OF QCC

7. The prerequisites necessary for implementing QCC are:

(*a*) Establishment of a QCC structure;

(*b*) Effective training; and

(*c*) Effective recognition system.

QCC Structure

8. The QCC structure as being practised currently consists of components as shown in *Diagram 1*, namely:

(*a*) QCC Steering Committee;

(*b*) Facilitators;

(*c*) Quality Circle Leaders; and

(*d*) Quality Circle Members.

(*a*) *QCC Steering Committee*

The Steering Committee is the committee that formulates policies for the implementation of QCC. It also deliberates as well as decides on the suggestions forwarded by QCC for solving problems.

(*b*) *Facilitators*

Facilitators are chosen from among Heads of Divisions or workers selected by the Management. These facilitators are responsible for one or more QCC. The roles of the facilitators are as follows:

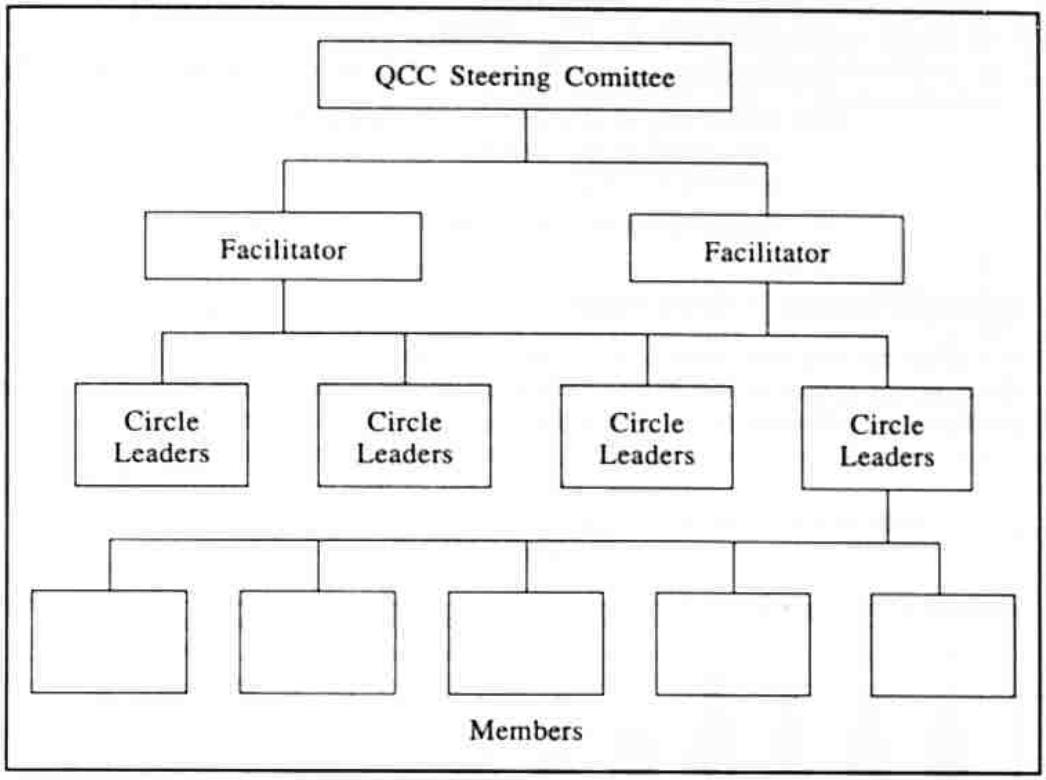
(i) Communicating with all levels of management and obtaining their support and assistance;

(ii) Providing training to QCC leaders and assisting in training of QCC members where required;

(iii) Maintaining an open and supportive environment;

(iv) Ensuring QCC members direct their activities to work-related problems;

DIAGRAM 1: **QCC STRUCTURE**



(v) As a mediator in problem-solving;

(vi) As a resource person to the Circle; and

(vii) Evaluating the costs and benefits of the QCC programme and reporting to the Management.

(c) Circle Leaders

Circle leaders may come from among Unit Heads or selected workers and have the following roles:

(i) Training members on problem-solving techniques with the assistance of the facilitator where required;

(ii) Responsible for the smooth operation of QCC activities and fostering the spirit of cooperation and harmony among members;

(iii) Assisting the Circle members in recordkeeping and in the preparation of management presentations;

(iv) Conducting meetings in an orderly and effective manner;

(v) Showing interest and support to the Circle;

(vi) Encouraging other workers to becomes members;

(vii) Assisting members in problem-solving; and

(viii) Enforcing team discipline.

(d) Members

The QCC members have the following roles:

(i) Attending meetings regularly;

(ii) Directing their efforts towards solving work-related problems;

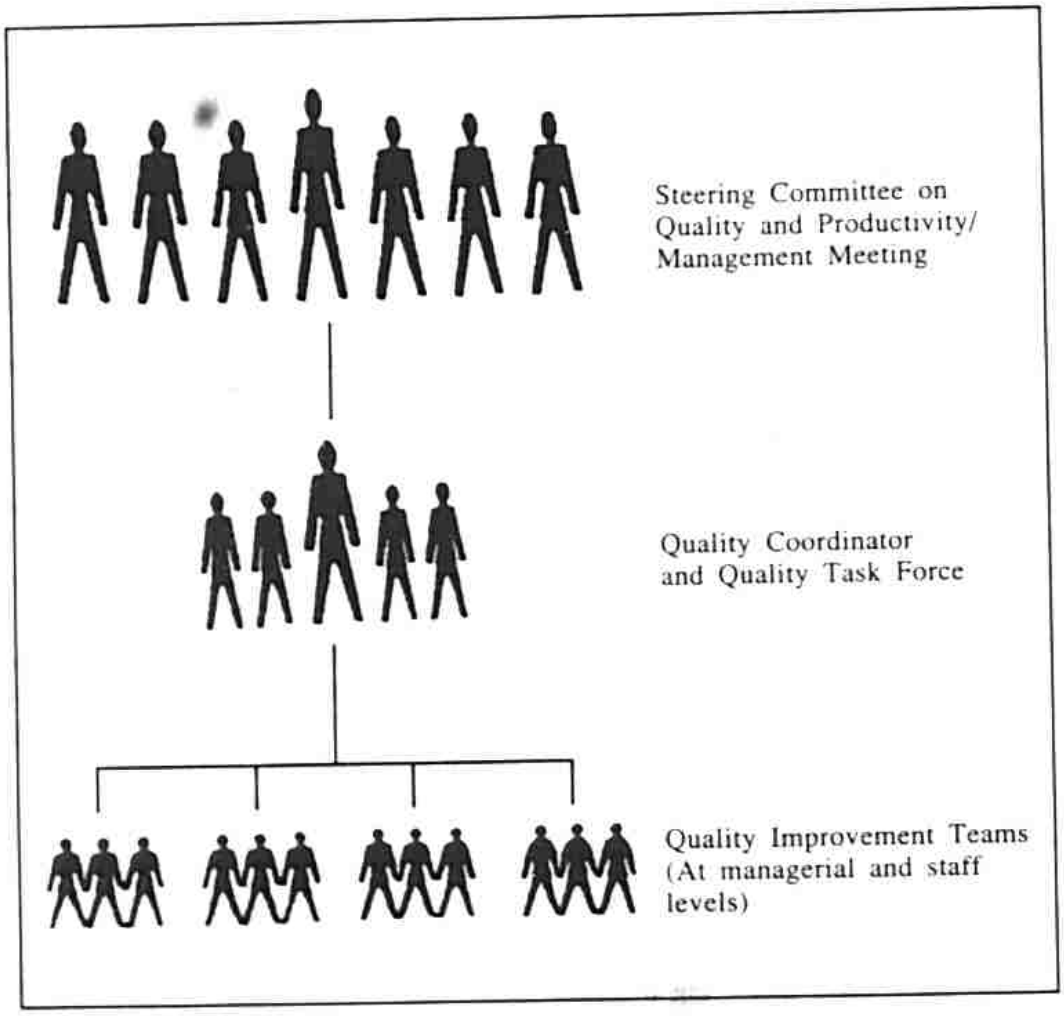
(iii) Identifying problems, contributing ideas, undertaking research and investigation (where necessary) and assisting the QCC in problem-solving; and

(iv) Participating in management presentations.

Quality/Productivity Management

9. With the implementation of the quality program in the Public Service, every Government agency is required to form a quality/productivity management structure in their respective agencies. The structure is as shown in *Diagram 2*.

DIAGRAM 2: **STRUCTURE FOR QUALITY/PRODUCTIVITY MANAGEMENT**



10. In view of the fact that this structure is responsible for the overall quality/ productivity management, the QCC Steering Committee can be replaced by the Steering Committee on Quality and Productivity/the Management Meeting. Besides, for an organisation that may have many facilitators, a Chief Facilitator should be appointed to the Task Force on Quality and Productivity. The Chief Facilitator is responsible for keeping the Task Force informed on the progress of implementation of QCC.

Training

11. Training plays an important role in ensuring the effectiveness of the QCC programme. The members of the QCC should be equipped with skills and techniques to implement QCC projects. They need to understand their individual roles in successfully implementing QCC activities. In this context, INTAN (the National Institute of Public Administration) conducts a series of training programmes for QCC facilitators. The facilitators who have undergone this training are responsible for training Circle leaders in their respective agencies. Training for QCC members is also undertaken by Circle leaders during QCC meetings.

Recognition System

12. In order to encourage participation by workers in QCC activities and also to sustain existing QCCs, the Management should give recognition to QCC which have successfully brought about improvements or introduced innovations in their work places. Towards this end an appropriate recognition programme to show appreciation to the QCC members should be established. Among the forms of appreciation that can be given are the following:-

(a) The presence of the Management during project presentation;

(b) Letters of Appreciation;

(c) Awarding of mementoes;

(d) Certificates of appreciation;

(e) Invitation to attend functions with the Management;

(f) Publishing success stories in bulletins;

(g) Making video recording of QCC presentations;

(h) Publishing photographs of the winning QCC in bulletins or displaying them on the notice boards;

(i) Providing the opportunity for QCC members to participate at the National-level QCC Convention; and

(j) Study tours.

13. Realising the fact that recognition is an important factor in motivating QCC to continue their good work, the Government organises the QCC Convention. The objectives of the Convention are:

(a) To recognise and appreciate workers participating in QCC activities by providing them with the opportunity to make presentations;

(b) To prove and convince the Public Service that QCC can be implemented in the public sector;

(c) To convince that QCC can assist the Public Service in solving work-related problems; and

(d) To obtain feedback on the problems faced in the implementation of QCC in the public sector, with the view to improve the effectiveness of the programme.

14. At the National-level QCC Convention, the top three QCC are selected to receive the following Certificates of Appreciation and Awards:

(a) The Chief Secretary To the Government Award;

(b) The Director-General of Public Services Award; and

(c) The Director-General of MAMPU Award.

Factors Leading To The Successful Implementation of QCC

15. Factors leading to the successful implementation of QCC are as follows:-

(a) Positive attitudes, and commitment from top management. This includes the willingness of the Management to allow time and manpower to be spent on implementing the programme;

(b) An effective training system;

(c) Support from all levels;

(d) The establishment of a recognition system for QCC members;

(e) Provision of facilities by the Management such as stationeries, overhead projectors, transparencies and meeting rooms;

(f) QCC should be considered as a long-term exercise. As such QCC should be initiated on a small scale initially to ensure its sustainability;

(g) The progress of QCC should be publicised throughout the organisation;

(h) The ability of the Steering Committee to plan, implement, coordinate and take action on recommendations; and

(i) Carrying out promotional activities through posters, slogans and pamphlets.

IV. WORK IMPROVEMENT PROCESS

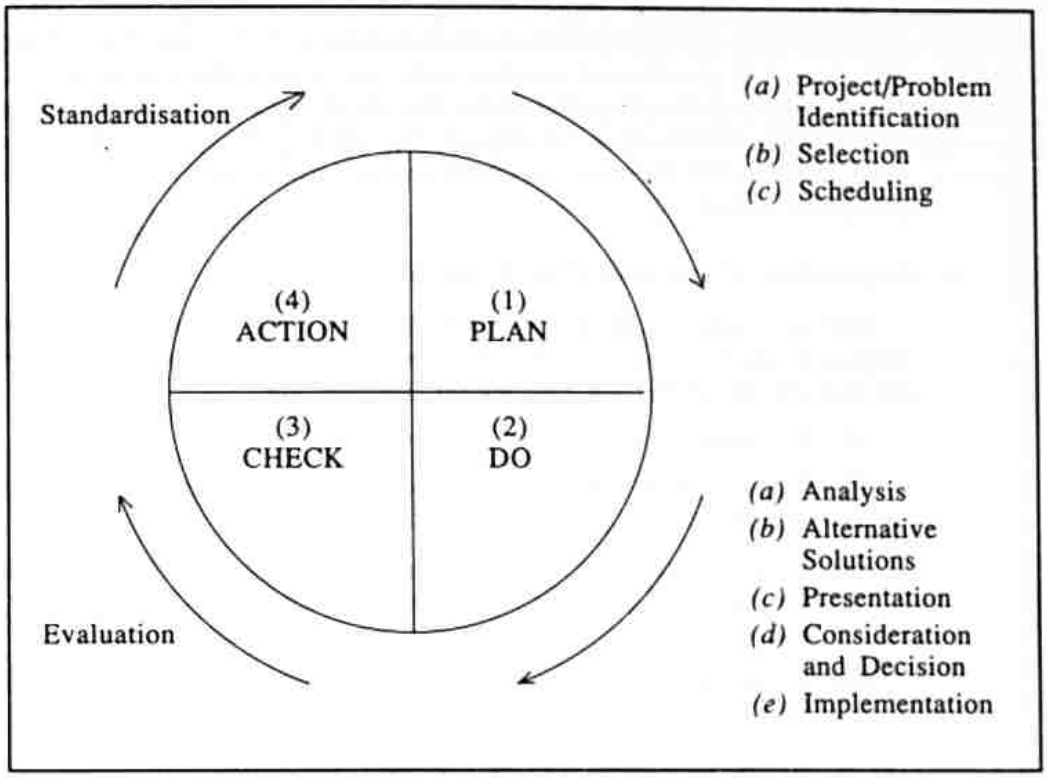
Steps Involved In QCC

16. The approach used by QCC in improving quality of work is the Plan, Do, Check, Action—P.D.C.A method. The activities involved in P.D.C.A are as in *Diagram 3*.

Step 1—Plan

17. At the planning stage, QCC members are required to identify and select projects/problems which need to be attended to. For each project/problem identified for action, an implementation schedule needs to be prepared to ensure that the project/problem is completed within the scheduled time period.

DIAGRAM 3: **P.D.C.A. APPROACH**



18. Three activities are required at this stage, namely:

(a) Project/Problem Identification

QCC projects or problems may be selected at the request of the Management or from suggestions made by QCC members, facilitators, other workers or other Circles. Projects or problems which are selected and solved through QCC are mainly work-related problems. Among the problems are those on filing systems, work-flows and counter services.

In the process of identifying projects/problems, QCC members are advised not to discuss certain matters such as:

(i) Departmental policies;
(ii) Unions agreements;
(iii) Matters related to discipline;
(iv) Personal matters;
(v) Salaries and allowances;
(vi) Departmental budget;
(vii) Service conditions;
(viii) Job distribution;
(ix) Promotion policies; and
(x) Other matters not connected to work-related problems.

(b) Selection of Projects/Problems

At the preliminary stage, through brain-storming sessions, QCC members may identify numerous projects/problems for remedial action. However, they are allowed to select only one project/problem for action. The selection of the project/problem may be through a process of voting or through prioritisation of projects/problems. The project/problem selected should be the most important or most critical one which requires immediate action.

(c) Preparation of Implementation Schedule

After selecting the project/problem for action, QCC members should prepare an implementation schedule as in *Table 1*. The steps involved in the preparation of the implementation schedule are:

(i) Identification of all activities required;

(ii) Estimation of time required for each activity, that is, date of commencement and date of completion;

(iii) Identification of important sequences to complete the activity with the setting of dates for inspection and monitoring of the activity; and

(iv) Recording of actual achievement as against the planned targets for each activity.

Step 2—Do

19. The activities involved in the step 'Do' are:

(a) Problem analysis;

(b) Alternative solutions;

(c) Presentation to the Management;

(d) Consideration of suggestions and decision by the Management; and

(e) Project implementation by the QCC members.

(a) Analysis

After selecting the project/problem, QCC members should analyse the root-causes of the problem. This can be carried out by using the Cause and Effect technique and data which has been collected.

(b) Alternative Solutions

This process requires QCC members to identify alternative solutions to the problem. The advantages as well as tangible and non-tangible benefits accuring from the suggested solution should be explained one by one. Financial implications should also be considered. The QCC members should select the best solution through a system of voting or a thorough analysis of the alternatives.

TABLE 1: IMPLEMENTATION SCHEDULE FOR PROJECT/PROBLEM

Month / Activity	1991												
	Jan	*Feb*	*Mac*	*Apr*	*May*	*June*	*Jul*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Notes*
Idendification of Project/Problem													
Selection of Project/Problem													
Analysis of Project/Problem													
Alternative Solutions													
Presentation													
Consideration and Decision													
Implementation													
Evaluation													
Action For Standardisation													

Key:

Activities

(c) QCC Presentation

When the QCC is ready to present their recommendations to the Management, it is important that they do so in an effective, confident and systematic manner. To do so, QCC members require various presentation skills. Among them are:

(i) Oral presentations;

(ii) Preparation of a project report; and

(iii) The use of audio-visual aids such as videos, television sets, and slides.

QCC members making the presentation to the Management must pay heed to various matters, namely:

(i) The presentation should be made within 20-30 minutes including the time for opening and closing remarks by the Circle Leader;

(ii) All members should be introduced by the Circle Leader and the Circle Leader should answer all questions raised at the end of the presentation;

(iii) All members should participate in the presentation;

(iv) All information gathered to be used in the presentation should be in the form of charts, graphs and diagrams;

(v) A rough outline of the presentation should be prepared;

(vi) The presentation should be conducted systematically and orderly; and

(vii) All guests, members of the Steering Committee and members of other Circles should be invited at least a week before the presentation.

The QCC project presentation is important in conveying the Circle's suggestion to the Management. Among the benefits to be obtained from such a presentation are:

(i) It improves the relationship between the Management and workers;

(ii) It indicates the concern, support and involvement of the Management in QCCs;

(iii) It fosters the spirit of cooperation and esprit de corp among workers; and

(iv) It acts as a token of recognition and appreciation of the efforts of the QCC members.

(d) Consideration and Decision

Projects or problems to which solutions have been identified will be presented to the Management. The Management should give due consideration to these solutions and arrive to a decision. Where a decision cannot be given immediately, the Management should indicate the length of time needed for decision-making.

(e) Implementation

The implementation process involves QCC members discussing with the facilitator on the various ways to implement the proposed solutions which have been approved. Where necessary, a trial run can be undertaken. The members of the organisation should be informed of the trial run and the time period of the project. Even if there is no trial run, members of the organisation should also be informed of the project being undertaken. The information can be disseminated through a briefing session or a memorandum/circular letter can be sent to all members of the organisation.

Step 3—Check

20. At this stage, the activity to be undertaken is evaluation. QCC members should carry out an evaluation of the proposed solution being undertaken. This will indicate whether the objective of the project has been attained or otherwise. The evaluation can be carried out through data collection and analysis during the trial run. Once evaluation has been completed, the QCC members can decide whether to implement the proposed solution or otherwise.

Step 4—Action

21. This forms the final stage of the P.D.C.A approach. The activity involved is the standardisation of the corrective action. As a result of the evaluation undertaken, QCC members will be able to identify the improvements arising out of the corrective action taken. If there are improvements, then QCC members can standardise the action implemented and make it a part of the procedure or operations of the department/office. A briefing on the new procedure should be given to other members of the department/office. QCC members could also check on the possibility of the causes of the problem recurring or other side effects which may arise.

Conducting Meetings

22. QCC activities are carried out by holding regular meetings. The QCC should give attention to various matters to ensure that these meetings are conducted effectively, namely:

(a) Having an agenda;

(b) Establishing procedures to be followed by all QCC members;

(c) Ensuring clear objective-setting for each meeting;

(d) Allocating duties to each QCC member; and

(e) Preparing minutes of meetings.

V. PROBLEM-SOLVING TECHNIQUES

23. In solving problems, QCC members can use various techniques. The use of various techniques must be supported with accurate information and data. Data and information collection is the most important step in the problem-solving process. Lack of necessary data and information or insufficient data could lead to a situation where decisions or corrective action cannot be implemented effectively. Data and information should be collected for the following purposes:

(a) To understand the actual situation and to support or reinforce an opinion; and

(b) To establish the relationship between the problem and its causes.

DATA COLLECTION METHOD

24. Data can be collected using five methods, namely:

(a) Interviews;

(b) Questionnaires;

(c) Observation;

(d) From reports; and

(e) From complaints by the public.

25. The data collected should be recorded including information on the date of collection, method of collection and the individual who collected the data. The data must be recorded in a manner which facilitates its use that is, it must be arranged in specific categories. For example, it should be categorised according to the four management resources namely, man, method, material and machine.

Sampling Techniques

26. In data collection, samples are used. This involves the collection of data from a small proportion of the total population involved. The sampling techniques generally used are:

(a) *Random Sampling*

This process involves the random selection of the sample units. The selection can be made by the use of a random number through table or lists of names to prevent any bias.

(b) *Systematic Sampling*

This process involves the systematic selection of the sample to be used. For example, choosing every tenth name from a list of names.

(c) *Stratified Sampling*

This process involves the selection of the sample according to specific categories such as age, sex and income group, etc.

27. QCC members may use various techniques in the problem-solving process. The techniques generally used include the following:

(a) Brainstorming;

(b) Cause and Effect Analysis;

(c) Checksheets;

(d) Pareto Analysis;

(e) Bar Charts;

(f) Pie Charts;

(g) Histograms; and

(h) Process Analysis.

(a) *Brainstorming*

Brainstorming can be defined as the methodology used to encourage every individual in the Circle to express freely their opinions or give ideas in an open discussion.

Brainstorming can be used to list down all the problems faced by an organisation, their causes and the potential effects if a certain suggestion is implemented.

To ensure the success of the brainstorming process, it is important for the Circle to follow the following rules:

(i) The subject for brainstorming should be clear and accurate. For example, members may brainstorm to identify the causes and reasons why a certain task cannot be completed on schedule.

(ii) Each member will give only one opinion/idea at each turn regardless of the number of ideas he/she may have.

(iii) A tension-free atmosphere must be maintained to encourage free expression of ideas.

(iv) Every idea expressed should be written on the black/white board, flip chart or noted down by a secretary.

(v) At the end of the brainstorming session, all the ideas expressed should be evaluated one by one and shortlisted.

(vi) Voting is used to list the ideas according to priority. The prioritisation is based on the number of votes received for each idea.

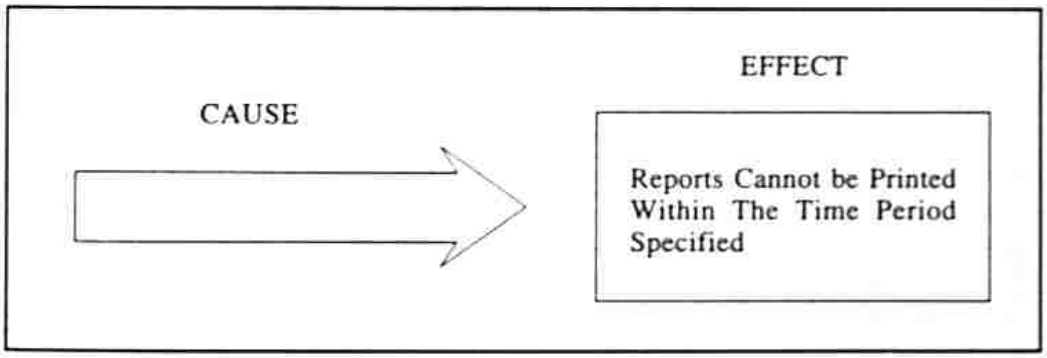
(b) Cause and Effect Analysis

The Cause and Effect Analysis is also known as the Fish-Bone Analysis. This technique is used to analyse problems with the identification of causes of a problem through brainstorming. This technique is easy to use as it summarises, arranges and explains all the causes of a problem which has been identified in the form of a diagram. It also allows for the identification of many possible causes of a problem. There are five steps in the construction of a Cause and Effect Diagram.

Step 1: Identify a Problem

The first step is to identify the problem and to state the problem accurately. For example the problem identified is "Reports Cannot be Printed Within The Time Period Specified". Start the Cause and Effect Diagram with an arrow pointing from left to right towards the problem which has been identified, as in *Diagram 4*.

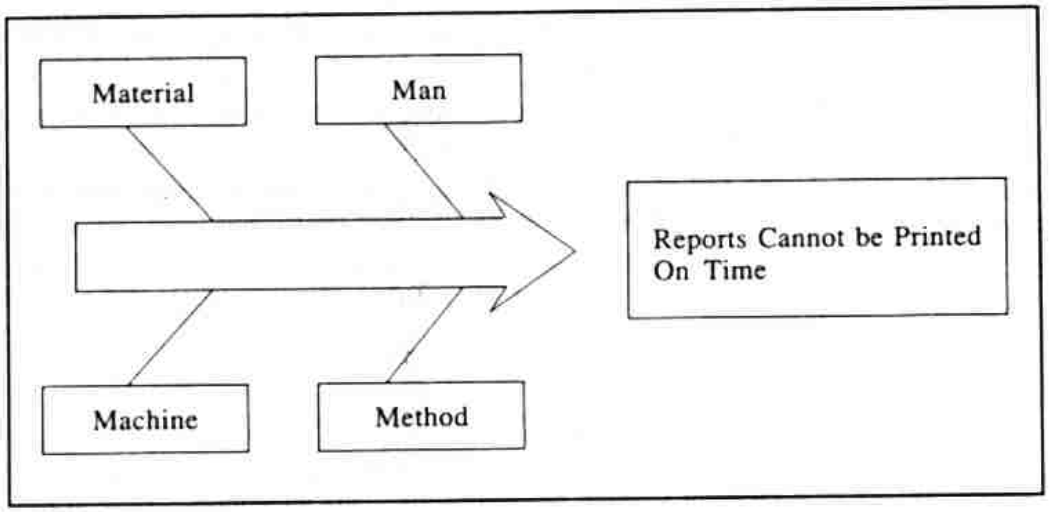
DIAGRAM 4: **PROBLEM IDENTIFICATION**



Step 2: Determine the Main Causes

A problem is caused by various factors. These factors can be categorised according to the resources of production such as man, machine, material and method as shown in *Diagram 5*.

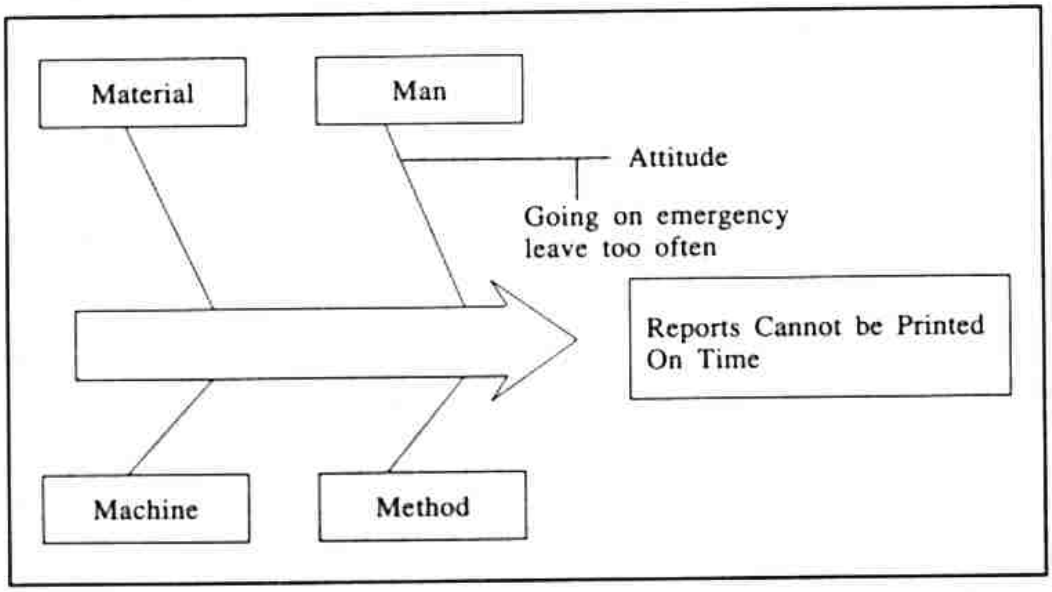
DIAGRAM 5: **DETERMINING THE MAIN CAUSES**



Step 3: Determine the Sub-Causes under The Main Causes

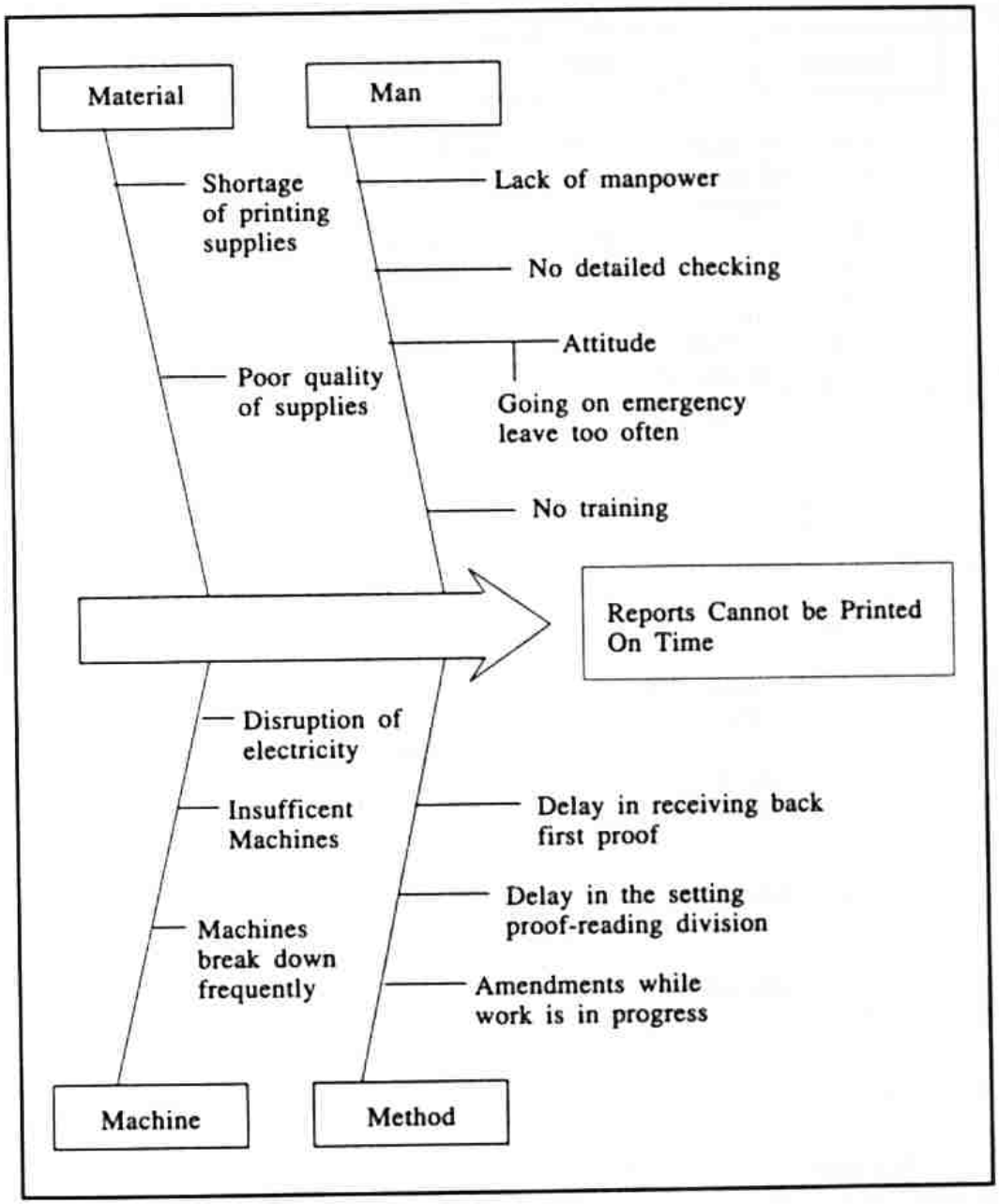
Through a process of brainstorming, the sub-causes of the problem are identified and entered below the appropriate main causes. Where possible, the sub-causes are further broken down into more detailed sub-sub-causes as shown in *Diagram 6*.

DIAGRAM 6: **DETERMINING THE SUB-CAUSES**



For instance, the sub-cause to the main cause "Man" is "attitude" and "Going on emergency leave too often" is the sub-sub-cause. This is because a negative attitude results in an officer going on emergency leave too often. Once all the sub-causes and the sub-sub-causes have been identified, the Cause and Effect Diagram will appear as in *Diagram 7*.

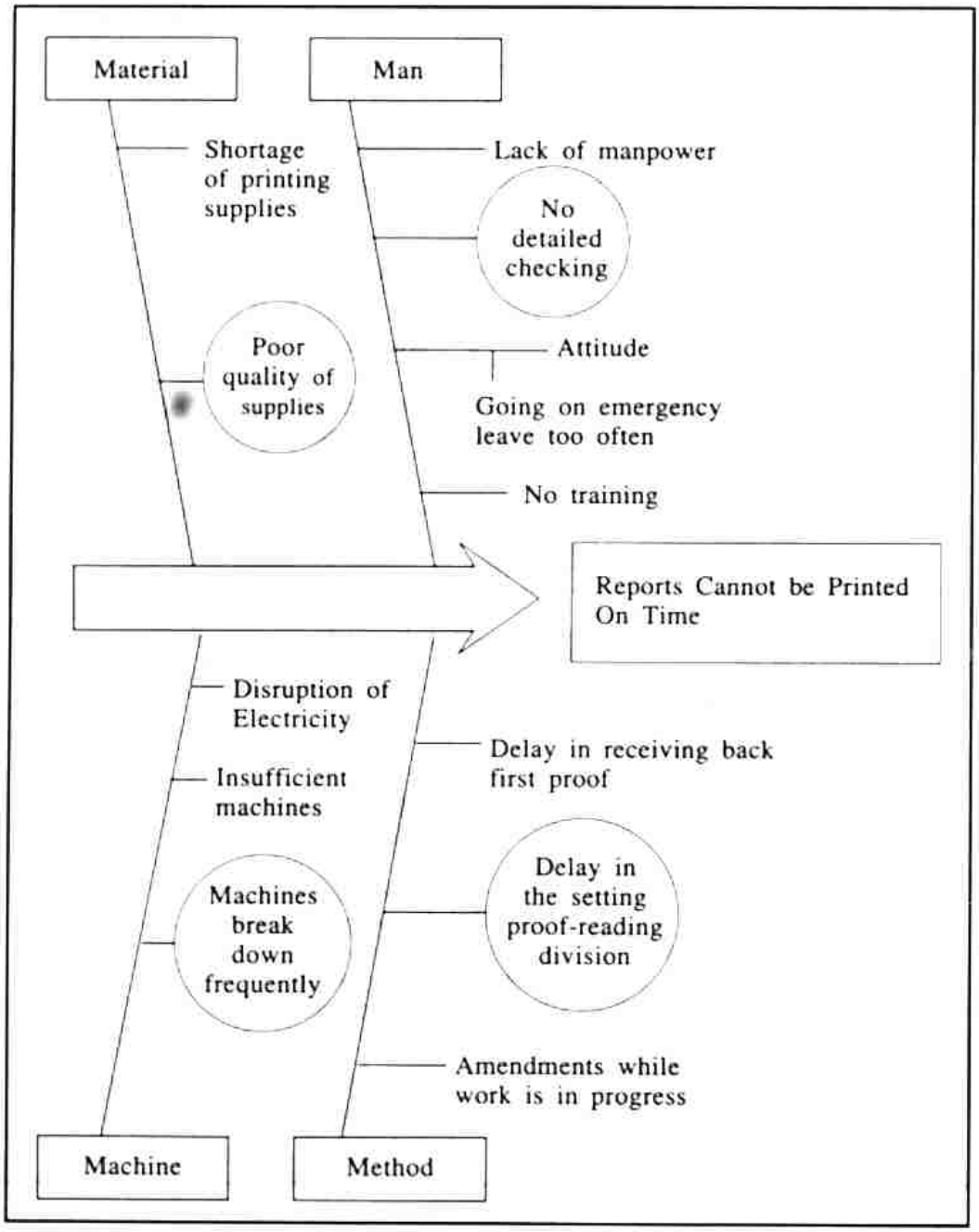
DIAGRAM 7: **THE COMPLETED DIAGRAM ESTABLISHING THE SUB-CAUSES**



Step 4: Verify Actual Causes

This can be done through two ways, namely through the use of data or by allowing each Circle member to vote on every cause which they think is important. If voting is used, the votes should be recorded in the Cause and Effect Diagram. The actual causes (that is those that receive the most number of votes) are circled. At this stage, the Cause and Effect Diagram will appear as in *Diagram 8*.

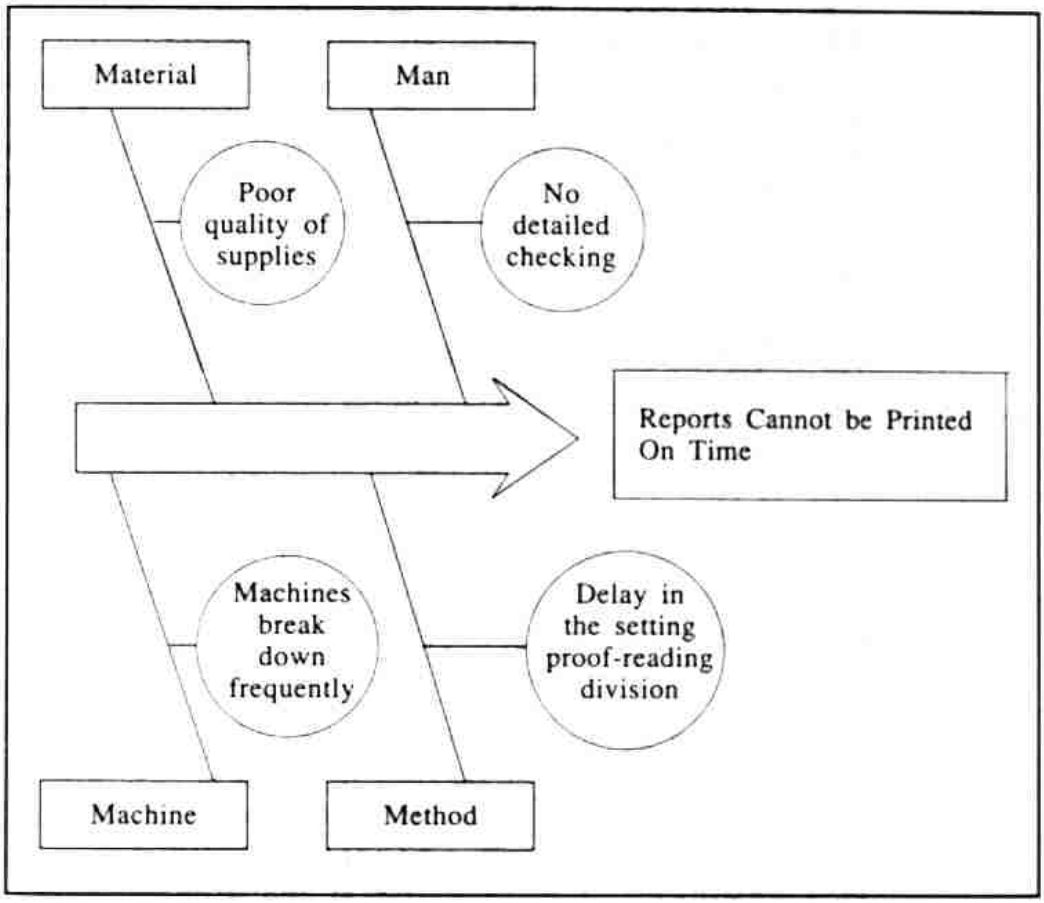
DIAGRAM 8: **VERIFYING THE ACTUAL CAUSES**



Step 5: Prioritisation of Sub-Causes

Additional data on each sub-cause and each sub-sub-cause which have been circled are collected to choose one or more main cause. These causes are then arranged in order of priority through a voting process. This is shown as in *Diagram 9*.

DIAGRAM 9: **ARRANGEMENT OF SUB-CAUSES ACCORDING TO PRIORITIES**



Points To Be Noted

In preparing the Cause and Effect Diagram, the following points should be given attention:

(i) This technique is not suitable in cases where the problem is easy to solve or its causes/solution are apparent.

(ii) During the brainstorming process to identity the causes of a certain problem, the focus should be on the causes only and not on the solutions.

(iii) Use the questioning technique when Circle members face difficulties in completing the diagram by, using words such as "what", "why", "where", "when", "who" and "how"; and

(iv) Use a separate Cause and Effect Diagram for each problem.

(c) Checksheets

Checksheets are used to record data in a more orderly and systematic manner according to the frequency of occurrence of the problem or its causes. The steps involved in preparing a checksheet are as follows:

Step 1: Designing A Checksheet For Data Collection

At this step, members will collect data related to the frequency of occurrence of each sub-cause identified in a pre-determined format. For example, the problem identified may be "Loss of Items From Lodging Rooms" and the sub-causes leading to this problem have been identified as in *Table 2*. Data on each of these sub-causes are listed according to the week in which they occurred. An example is shown in *Table 2*.

TABLE 2: **FREQUENCY OF OCCURRENCE OF SUB-CAUSES**

No.	*Time period* / *Sub-causes*	*October* — *Week* 1	2	3	4	5	*Total*
1.	No inspection of the rooms		/		/ /	/	4
2.	No system of records	/			/		2
3.	Items are shifted from place to place		/ /	/	/ / /		6
4.	No checking of inventory book	/ /	/	/ / /	/ / / /	/ /	12
	Total	3	4	4	10	3	24

Step 2: Summarising The Data Collected

Data on each of the sub-causes can be collected for a specified number of days, weeks or months using a checksheet. In view of the fact that many checksheets will be used in data collection, all the data gathered should be summarised into one checksheet as shown in *Table 3*.

TABLE 3: **SUMMARY CHECKSHEET**

No.	Time period / Sub-causes	1987			Total
		Oct.	Nov.	Dec.	
1.	No system of records	4	13	17	34
2.	No inspection of the rooms	2	26	93	121
3.	Items are shifted from place to place	6	15	30	51
4.	No checking of inventory book	12	10	5	27

Prepared by	:	Mr. A
Date	:	7 January 1988
Place	:	Lodging Room
Time Period	:	3 months (October—December 1987)
No. of course Participarts Staying in	:	444 persons
Number of Courses	:	12
Methodology	:	Observation and inspection

Step 3: Relative Frequency and Cumulative Frequency

The data presented in *Table 3* can be rearranged in a descending order. The relative as well as the cumulative frequency can also be calculated as shown in *Table 4*.

TABLE 4: **RELATIVE AND CUMULATIVE FREQUENCY AND AVERAGE OCCURENCE**
(Oct.—Dec. 1987)

No.	Sub-causes	Total (Frequency of Occurrence)	Percentage %	Cumulative Frequency
1.	No inspection of the rooms	121	44.32	121
2.	No system of records	74	27.11	195
3.	Items are shifted from place to place	51	18.68	246
4.	No checking of inventory book	27	9.89	273
		273	100	—

The use of checksheets is more effective if Circle members:

(i) Are clearly aware of the purpose of the data collection;

(ii) Collect data with care and accuracy;

(iii) Choose an appropriate type of checksheet;

(iv) Design a suitable format as well as instructions on the use of the form;

(v) Identify the person responsible for recording the data for a specific time period; and

(vi) Determine the sample size.

(d) Pareto Analysis

The Pareto Analysis is the most frequently used methodology for data analysis by Circle members. The Pareto Diagram is a special kind of graph which shows data in the form of vertical or bars in a descending order of length. This diagram shows the major causes of a problem. The tallest indicates the most important cause followed by other main causes. With this, attention can be given to overcoming the major causes of a problem.

The Pareto Diagram can also be used to confirm a certain decision, that is by comparing diagrams based on information before and after corrective action has been taken. The effectiveness of the corrective action can then be established.

The Pareto Diagram is based on the Pareto principle which is also known as "80—20 Rule". This principle shows that usually a small number of activities can cause numerous problems, or produce the most results. As an example, 80% of typing errors are caused by 20% of the typists or 80% of sales of a company are made by 20% of the sales personnel. This means that scarce resources should be directed towards the most important areas or aspects.

The Pareto Diagram can be prepared based on the data collected as in *Table 4*. The types of data is shown on the horizontal axis whereas the frequency of occurrence is on the left vertical axis. The cumulative frequency in the form of percentages is indicated on the right vertical axis.

A Pareto Diagram indicating the frequency of each item is presented in *Diagram 10*.

The cumulative frequency curve is plotted as follows:

(i) Start at zero point and connect the line to the right-hand corner of the first bar, that is at level 121, with a straight line;

(ii) Connect the print at level 121 and the point at level 195;

(iii) Connect the point at level 195 to the point at level 246 and onwards to level 273 or 100% at the right-hand vertical axis.

A legend to the Pareto diagram should be prepared to indicate the sources of data/information as shown in *Table 5*.

DIAGRAM 10: **PARETO DIAGRAM**

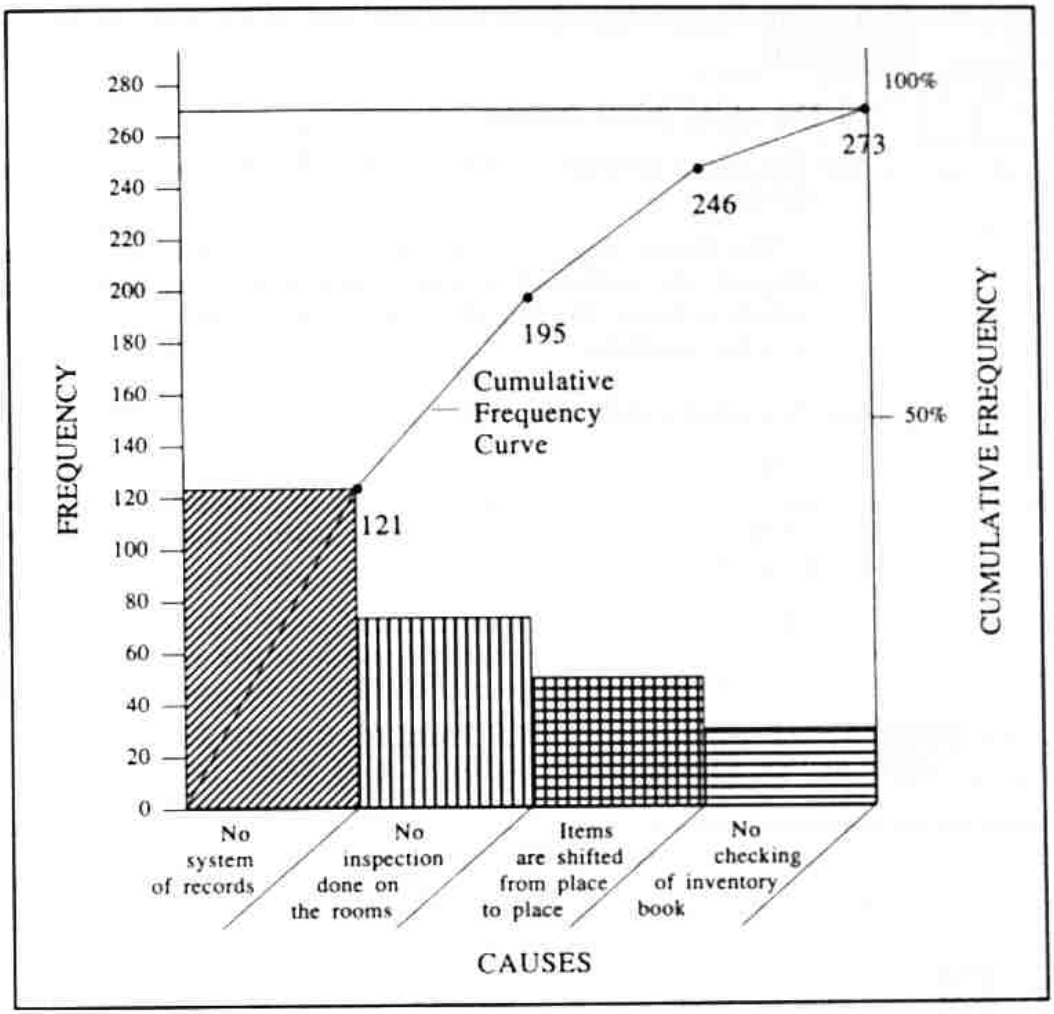


TABLE 5: **LEGEND TO PARETO DIAGRAM**

Problem/Project	*Loss of Items in Lodging Rooms*
Time Period	2 months
Date of Completion	1.1.91
Sources	Departmental Study

The purpose of the legend is to explain the data as well as the sources from which the data/information was obtained. The data collected must be accurate because inaccurate data can lead to incorrect or wrong conclusions.

The Use of the Pareto Diagram

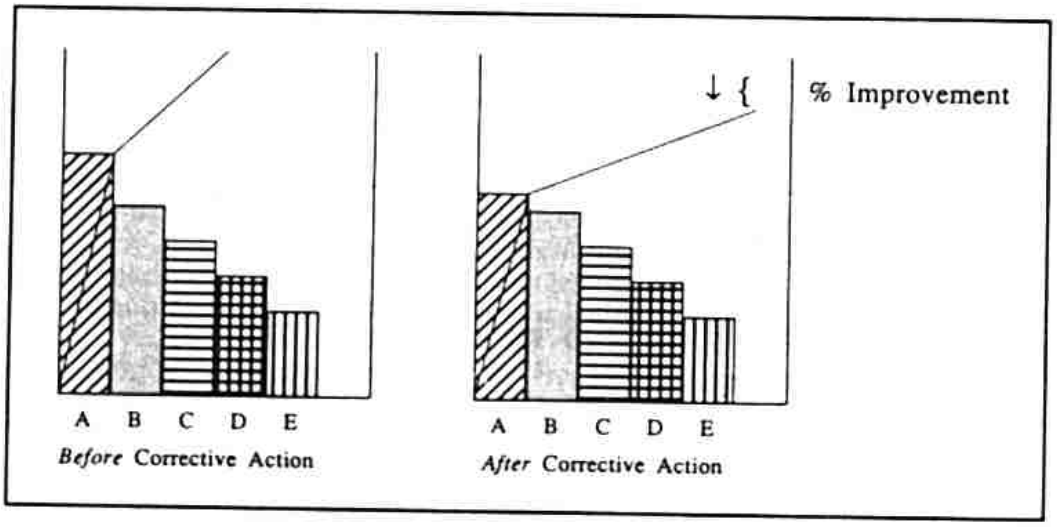
(i) The Pareto Diagram Is The First Step To Improve The Quality Of Work

The Pareto diagram is important because by examining the diagram, the reader can be made aware of the main causes of a certain problem. The tallest column indicates the main cause of a certain problem.

(ii) To Confirm Decisions

By comparing Pareto diagrams before and after corrective action, circle members will be able to confirm whether the correct course of action has been taken. This is shown in *Diagram 11*.

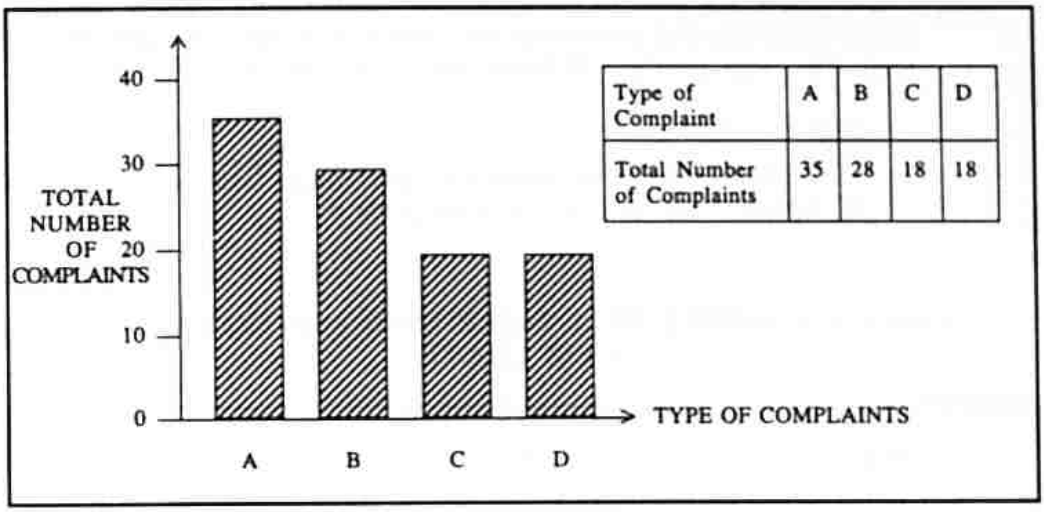
DIAGRAM 11: **COMPARISON OF PARETO CHART BEFORE AND AFTER CORRECTIVE ACTION HAS BEEN TAKEN**



(e) Bar Charts

Bar charts can be used to indicate the importance of an event through the frequency of occurence of a problem. *Diagram 12* is an example of a Bar Chart which shows the number and type of complaints.

DIAGRAM 12: **EXAMPLE OF BAR CHART 1**



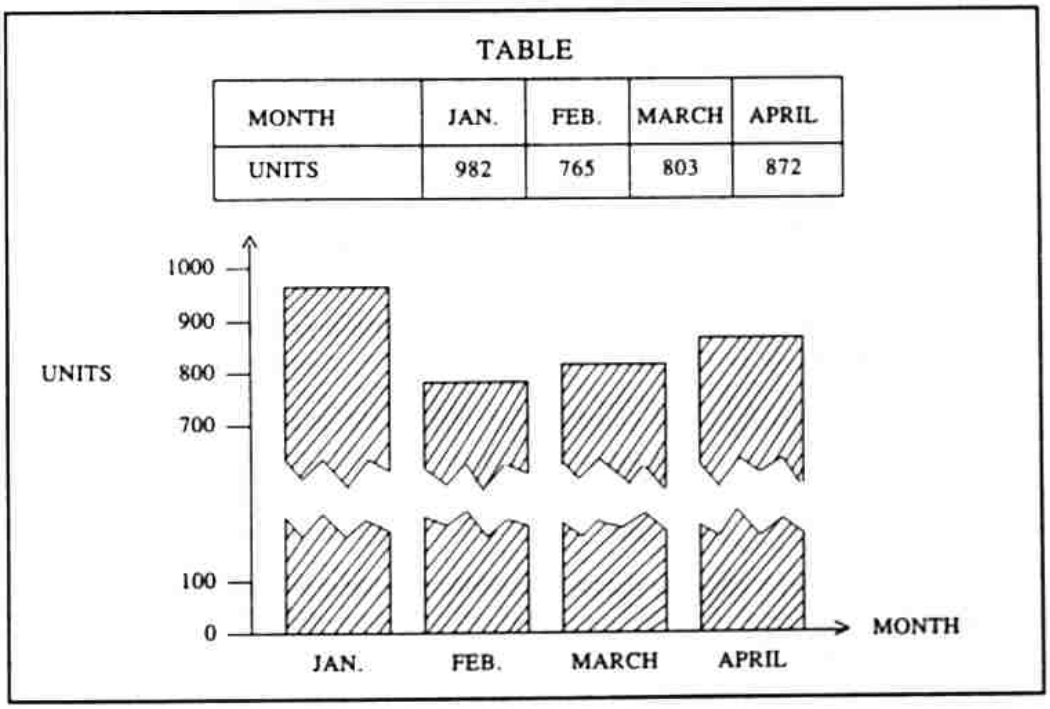
Type of Complaint	A	B	C	D
Total Number of Complaints	35	28	18	18

Methodology For Constructing Bar Charts

The vertical scale indicates quantity. If this begins at zero point, then the highest scale should be given. For example, if the highest figure on the scale is 978, then the maximum scale which should be used is 1000.

The bar chart need not be drawn to its full extent if big numbers are involved. It is sufficient to use a partial chart as shown in *Diagram 13*.

DIAGRAM 13: **EXAMPLE OF BAR CHART 2**



MONTH	JAN.	FEB.	MARCH	APRIL
UNITS	982	765	803	872

(f) Pie Charts

Pie charts are used to compare one quantity with another quantity. These charts are also convenient for comparing a particular data with its total. The steps involved in preparing a pie chart are as follows:

Step 1

The data collected is converted to percentage form and the number of degrees. This data is shown in *Table 6*.

TABLE 6: **EXAMPLE OF A TABLE USED FOR PREPARING A PIE CHART**

ITEM	*A*	*B*	*C*	*D*	*TOTAL*
UNIT	35	32	29	25	121
PERCENTAGE	29	26	24	21	100
DEGREE	104	94	86	76	360

This data is converted to a Pie Chart as in *Diagram 14*.

Calculation of percentage and degrees.

$$\text{Percentage: } \frac{\text{Total number of units per specific item}}{\text{Total number of units}} \times 100$$

$$\text{Item A} = \frac{35}{121} \times 100 = 29\%$$

The calculation using the above formula is made for other items namely B, C and D.

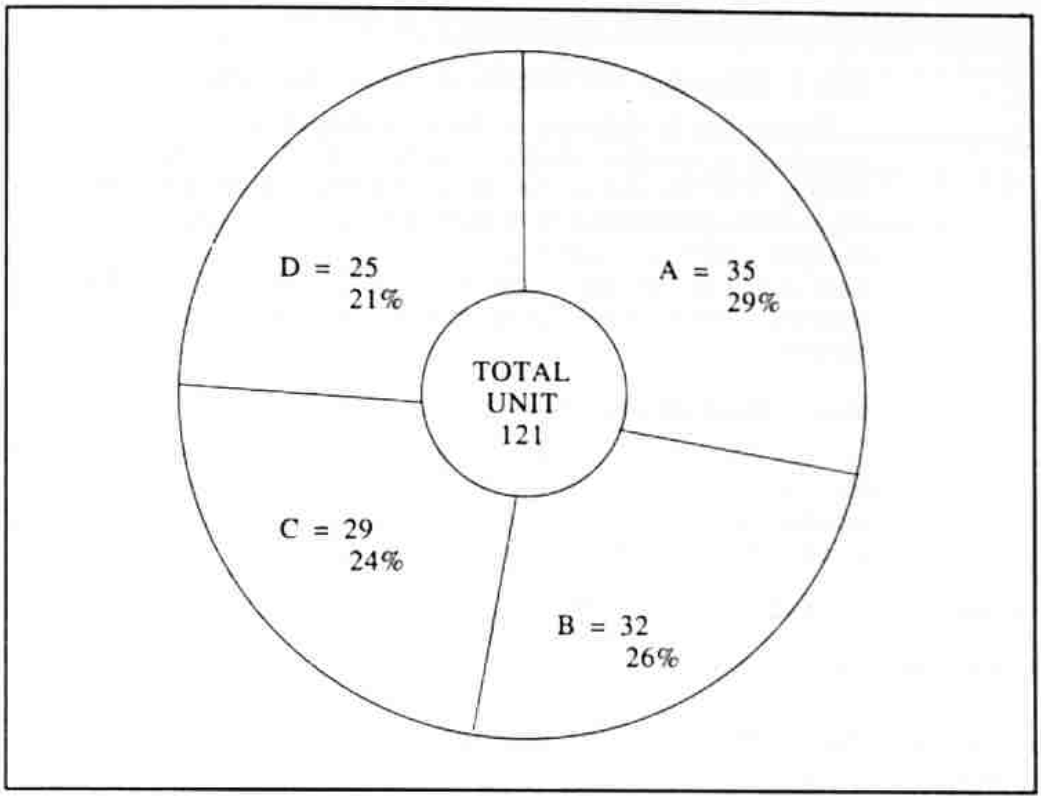
Degrees: One full circle = 360 = 100%

$$\text{Thus } 1\% = \frac{360}{100} = 3.60 \text{ degrees}$$

Thus 29% for Item A = 29% x 3.60 = 104 degrees

This process is continued to calculate the number of degrees for the other items namely B, C dan D.

DIAGRAM 14: **AN EXAMPLE OF A PIE CHART**



Step 2

Two concentric circles are drawn. The smaller circle indicates the total number of units that is 121 as in *Diagram 14*.

Step 3

The circle should be divided into sectors that is from A to D according to percentage as shown in *Diagram 14*.

Step 4

The sectors are arranged clock-wise starting from the 12 o'clock position. The arrangement is from the biggest/most to the smaller/ lesser. This chart should also provide information such as its date, purpose and other necessary information.

(g) Histograms

Histograms can be used to present data in an easy and effective manner. These are used to indicate the frequency of occurrence of the identified causes. The frequency is shown by the height of the columns in the histograms.

For example there are complaints in a Government agency that some of the workers come late to office. A histogram is prepared to depict this problem. The method of preparation is as follows:

Step 1: Determine The Number of Classes Required

Classes can be different as the arrangement of the data collected according to specific categories such as time or number of cases. Usually 5 to 20 classes can be used depending on the number of observations planned and the degree of accuracy required. In the above example, based on records from the punch-clock cards, it is found that there is no case of any worker clocking in after 8.45 a.m. Here, an arbitrary choice of 9 classes is made considering a range of 45 minutes.

Step 2: Establish Class Intervals

Class intervals are decided through comparison of the highest and the lowest value in the distribution with the number of classes selected. As in the example, anyone arriving in office after 8.00 a.m is late. The class interval for this example is:

$$\frac{8.45 - 8.00}{9} = \frac{45}{9} = 5 \text{ minutes}$$

Step 3: Determine Class Boundaries

Class boundaries need to be determined starting with the lowest taking into consideration the smallest value and building on subsquent classes. Class boundaries should be selected to avoid situations where a certain value can be included in a certain class.

In this example, the classes chosen are:

8.01 - 8.05 minutes
8.06 - 8.10 minutes
8.11 - 8.15 minutes
8.16 - 8.20 minutes
8.21 - 8.25 minutes
8.26 - 8.30 minutes
8.31 - 8.35 minutes
8.36 - 8.40 minutes
8.41 - 8.45 minutes

Step 4: Use A Checksheet To Collect Data

Once the class boundaries have been established as in Step 3, data can be collected according to the various classes using a checksheet. For the examples being used data can be collected from punch-clock cards for the past months. On the assumption that the Management has decided that data be collected from punch-clock cards for one day only, then the data collected using the checksheet is as in *Table 7*.

TABLE 7: **CHECKLIST ON TOTAL NUMBER OF LATE COMERS** (10 June 1991)

Class (Minute)	*Frequency*
8.01-8.05	~~////~~ ~~////~~ ~~////~~ ~~////~~ ~~////~~ ~~////~~ ////
8.06-8.10	~~////~~ ~~////~~ ~~////~~ ~~////~~ ~~////~~ ~~////~~ /
8.11-8.15	~~////~~ ~~////~~ ~~////~~ ~~////~~ ////
8.16-8.20	~~////~~ ~~////~~ ~~////~~ /
8.21-8.25	~~////~~ ~~////~~ ~~////~~
8.26-8.30	~~////~~ ~~////~~ ///
8.31-8.35	~~////~~ ~~////~~ ////
8.36-8.40	~~////~~ ~~////~~ ~~////~~
8.41-8.45	~~////~~ ~~////~~ ~~////~~ ~~////~~ ~~////~~

Step 5: Transfer The Information From The Checksheet To A Frequency Table

The information from the checksheet needs to be transferred to a frequency table before a histogram can be prepared. The example of the frequency table is as in *Table 8*.

TABLE 8: **FREQUENCY TABLE FOR TOTAL NUMBER OF LATE COMERS**

Class (Minute)	*Total Number of Late Comers*
8.01 - 8.05	34
8.06 - 8.10	31
8.11 - 8.15	24
8.16 - 8.20	16
8.21 - 8.25	15
8.26 - 8.30	13
8.31 - 8.35	14
8.36 - 8.40	15
8.41 - 8.45	25
Total	187

Step 6: Preparing A Histogram

Based on the Frequency table above, a histogram can be prepared as in *Diagram 15*.

(i) The horizontal axis is a continuous scale showing the selected classes;

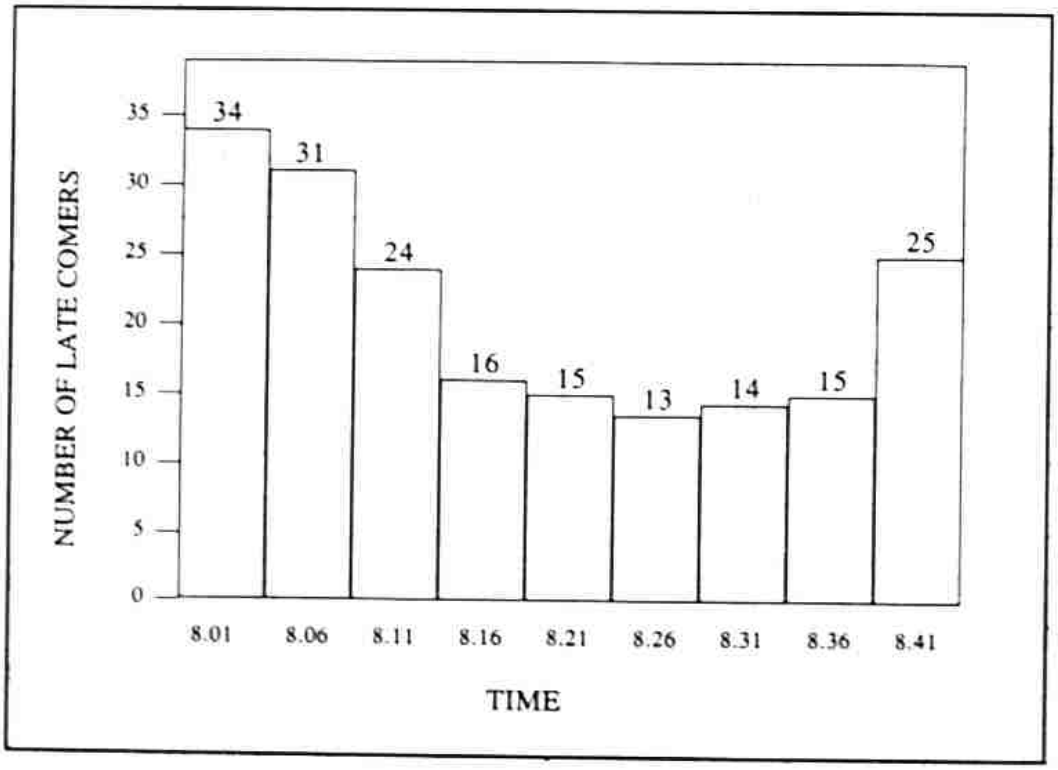
(ii) For each class, a square vertical column is drawn starting from the lower class limit to the upper class limit;

(iii) There is no space between the columns in a histogram; and

(iv) The vertical axis shows the frequency that is the number of employees.

A Histogram can be used to draw conclusions and also to confirm whether a complain is justified or not. In the above example, a total of 187 employees were found to be late on the date concerned. However, all 187 arrived before 8.45 am. This indicates that 37.4% out of the total number of employees were late and therefore the complaint is justified. From the histogram, it can also be seen that 65 out of the 187 employees who came late, were late by 10 minutes only. One clear finding is that 25 employees were between 41 - 45 minutes late.

DIAGRAM 15: **HISTOGRAM — NUMBER OF LATE COMERS**



(h) Process Analysis

Sometimes the source of a problem found in a division or at one stage of a process could originate from other divisions or the preceding stage of the process. In such a situation, a technique that can be used to trace or identify the specific stage where the problem originates is the Process Analysis Technique. Process Analysis can be undertaken through Work Processes or Work Flow Charts.

A Work Process is a sequential chain of actions involved in carrying out a certain activity.

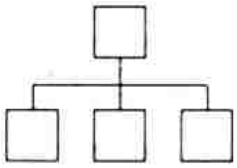
A Work Process ensures quality of work by way of pre-determined work standards. At the same time, a work process facilitates and streamlines the daily office routine as well as maintaining the level of efficiency and effectiveness of an employee's work. By analysing a Work Process, Circle members will be able to identify weaknesses or problems arising as well as the officers involved in the process. This is helpful to Circle members at the problem solving stage.

A Work Flow Chart should be prepared after the Work Process Chart has been completed. A Work Flow Chart is a graphical depiction or a diagram on all the actions involved in an activity or procedure. A Work Flow Chart is useful because it shows clearly each step or action which has to be taken in order of the correct sequence, that is it shows in brief the starting point as well as the finishing point. Flow charts also help the staff to understand their respective duties and responsibilities better as well as improving coordination between departments. Flow charts can also pinpoint areas of delay or bottlenecks as well as repetitive work. It also depicts the overall picture of the activity being undertaken. Specific symbols that are used in the preparation of a Flow Chart are:

An Action (step) in the work process

Flow

Decision Making



Simultaneous Action

Storage or No Further Action

Connector

An example of a Work Process is as follows:

Some of the Activities of Job Confirmation

Post	*Process*
Service Clerk	Check the service register every month and identify those officers who are not yet confirmed in their posts. Check personal files and Service Books of those officers concerned to determine whether conditions for confirmation have been complied with.
Assistant Director	If the officer has not fulfilled the conditions, no further action would be taken. Instead, the probationary period will be extended. If the officer has fulfilled the conditions, refer the case to the Head of Department informing him that all conditions have been complied with and the officer is eligible for confirmation in his post.
Head of Department	Record the recommendation in the file.
Service Clerk	For officers who have not fulfilled the conditions, extend their probationary periods for another 3 months before the date of expiry of their present probationary periods. For officers who have fulfilled the conditions and are recommended for confirmation, prepare the following forms: — Job Confirmation Recommendation Form (as per General Orders 36); — Statement of Examination Results; and — Service Statement. Prepare covering letter and send forms to PSC/ Prime Minister's Department via the Head of Service. Record confirmation in Service Book and give the original letter to the officer concerned. Prepare Fin. 8 (7 copies) and distribute to: — MAMPU's Finance Clerk — PSC/Prime Minister's Department — PSD — Personal File

The steps involved in the preparation of a Work Flow Chart are as follows:

(i) Refer to the Work Process for the activity concerned.

(ii) Prepare a detailed Work Flow Chart based on the Work Process for that activity.

(iii) Use the symbols specified.

An example of the Work Flow Chart is as in *Diagram 16*.

Based on the Flow Chart and other information collected, Circle members can analyse the causes of problems guided by the following question:

(i) *What* are the steps involved?

(ii) *Why* is this step important? Can a good service/product be produced without undertaking this step?

(iii) *Where* should this step be undertaken? Can it be carried out in an easier way and in a shorter time period, that is by rearranging the seating positions of officers or location of office equipment?

(iv) *When* should this step be carried out? Is this step part of a continuous arrangement?

Can it be carried out earlier or later? Can it be further simplified or combined with other steps?

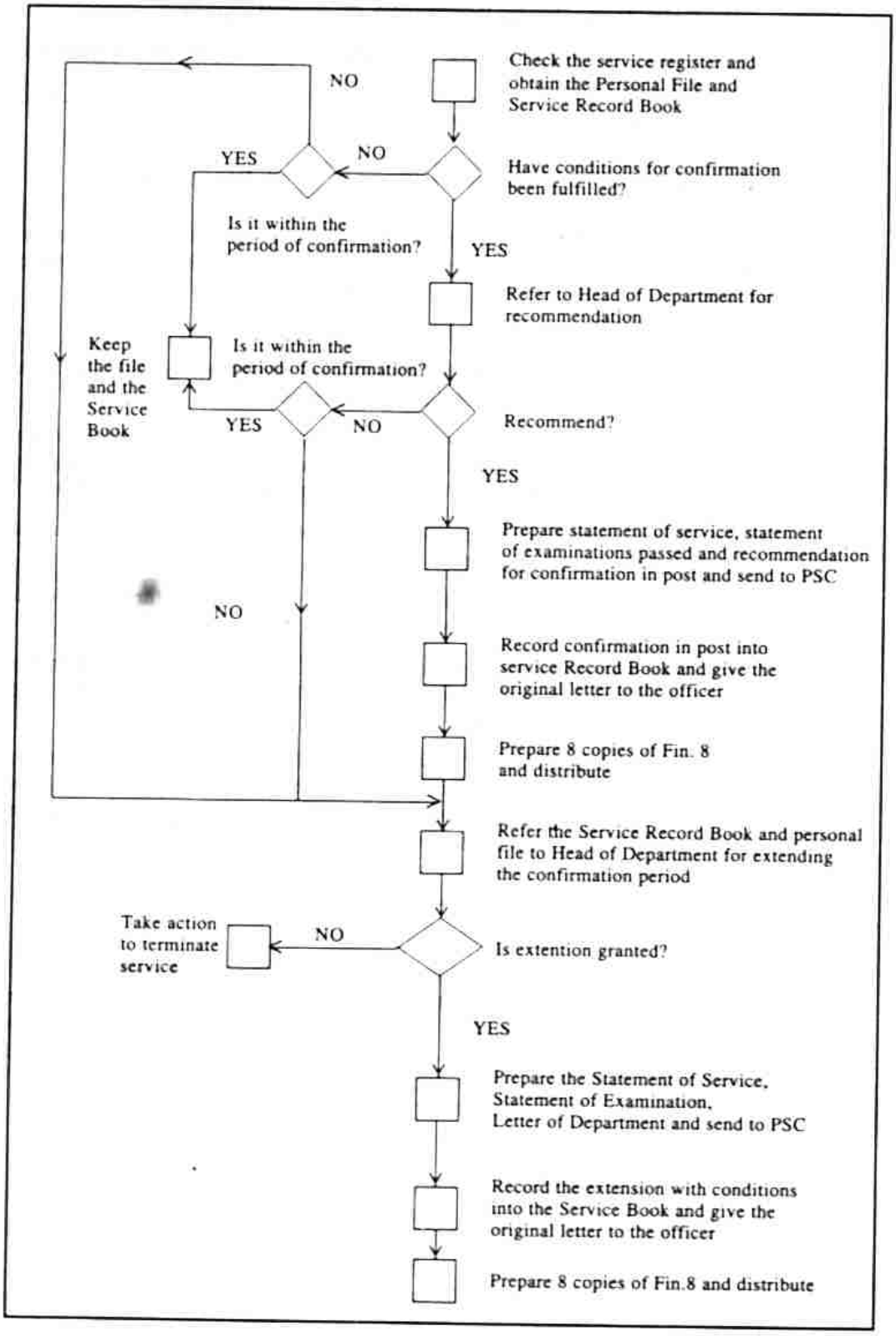
(v) *Who* should be carrying out this task? Is it being undertaken by an officer who has the required skills/expertise or should the task be transferred to other officers?

(vi) *How* should this task be implemented? Can it be done in a better way? Should other office equipment be used or should the office layout be improved, such that the task can be carried out more easily by all those involved?

CONCLUSION

28. Government agencies who have not set up QCC to improve the quality of their output or services should immediately plan for and implement the QCC programme in an orderly and systematic way. For those which have already done so, the Management is responsible to sustain the activity so that it becomes a part of their corporate culture.

DIAGRAM 16: EXAMPLE OF FLOW CHART FOR JOB CONFIRMATION ACTIVITY



GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 8 OF 1991

GUIDELINES ON THE MANUAL OF WORK PROCEDURES AND DESK FILE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This circular consists of guidelines for Head of Departments in the preparation of the Manual of Work Procedures and Desk File for officers and staff. These Guidelines on Manual of Work Procedures and Desk File are as in the appendix attached to this circular.

BACKGROUND

2. Manual of Work Procedures is a reference document for the department/office. It consists of functions, official objectives of the office, clear procedures and the officers and staff responsible for the implementation of each activity. This is the main reference document that will assist a department/office to function efficiently and effectively. A clear understanding of the functions and objectives will enable each individual in the organisation to carry out his duties more effectively. Detailed work procedures as well as clear definition of responsibilities will assist officers and stsff to carry out their duties more efficiently.

3. Desk File is a reference document for the individual/post. Among other things this document consists of the organisation chart of the department/office indicating the position of an individual in the department/office, the objective of the Department and the Division in which the individual is positioned as well as the relevant work procedures related to the individual position. A clear understanding of the role of a department/office, its directions as well as a comprehensive guideline on its duties, will assist an officer to carry out his duties efficiently and without delays. The Manual of Work Procedures and Desk File are management tools that contribute towards the improvement of the efficiency and effectiveness of the department/office.

Guidelines on Manual of Work Procedures and Desk File

4. The Guidelines on Manual of Work Procedures and Desk File consists of explanation on the following four aspects:

- Concept and rational for the preparation of the Manual of Work Procedures and Desk File;
- Contents of Manual of Work Procedures;
- Contents of Desk File;
- Preparation of Manual of Work Procedures and Desk File.

Various examples are attached to facilitate a better understanding of these documents.

5. The Manual of Work Procedures and Desk File should be reviewed from time to time or prefereably once a year, or as and when required. These documents need to be updated whenever there is a change in government policy and laws that affect a department/office. Both documents have also to be reviewed when new processes or duties are created in a department/office as a result of a review of existing processes and restructuring of duties or the structure of the department/office.

6. A review of these two documents have to be carried out to ensure that these are the main reference documents for officers and staff of a department/office at all times. Updated documents can effectively assist new officers and staff in a department/office. All officers and staff who are transfered from one department/ office are required to hand over their Desk File as well as a note regarding the handing over of duties to their replacement.

EFFECTIVE DATE

7. This guideline has to be implemented from the date of issue of this circular.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary To The Government

(Appendix To Development
Administration Circular
No. 8 of 1991)

GUIDELINES ON THE MANUAL OF WORK PROCEDURES AND THE DESK FILE

CONTENTS

GUIDELINES ON MANUAL OF WORK PROCEDURES AND DESK FILE

A. OBJECTIVE

1. The objective of this guidebook is to assist Heads of Departments in the preparation of Manual of Work Procedures (MWP) and Desk Files (DF) in an efficient and effective manner.

B. CONCEPT OF MANUAL OF WORK PROCEDURES AND DESK FILES

2. MWP and DF are two official reference documents that Government Departments should possess. These two documents are important management tools that can contribute towards overall improvement in the productivity of a department. The concept of MWP and DF is shown in *Chart 1*.

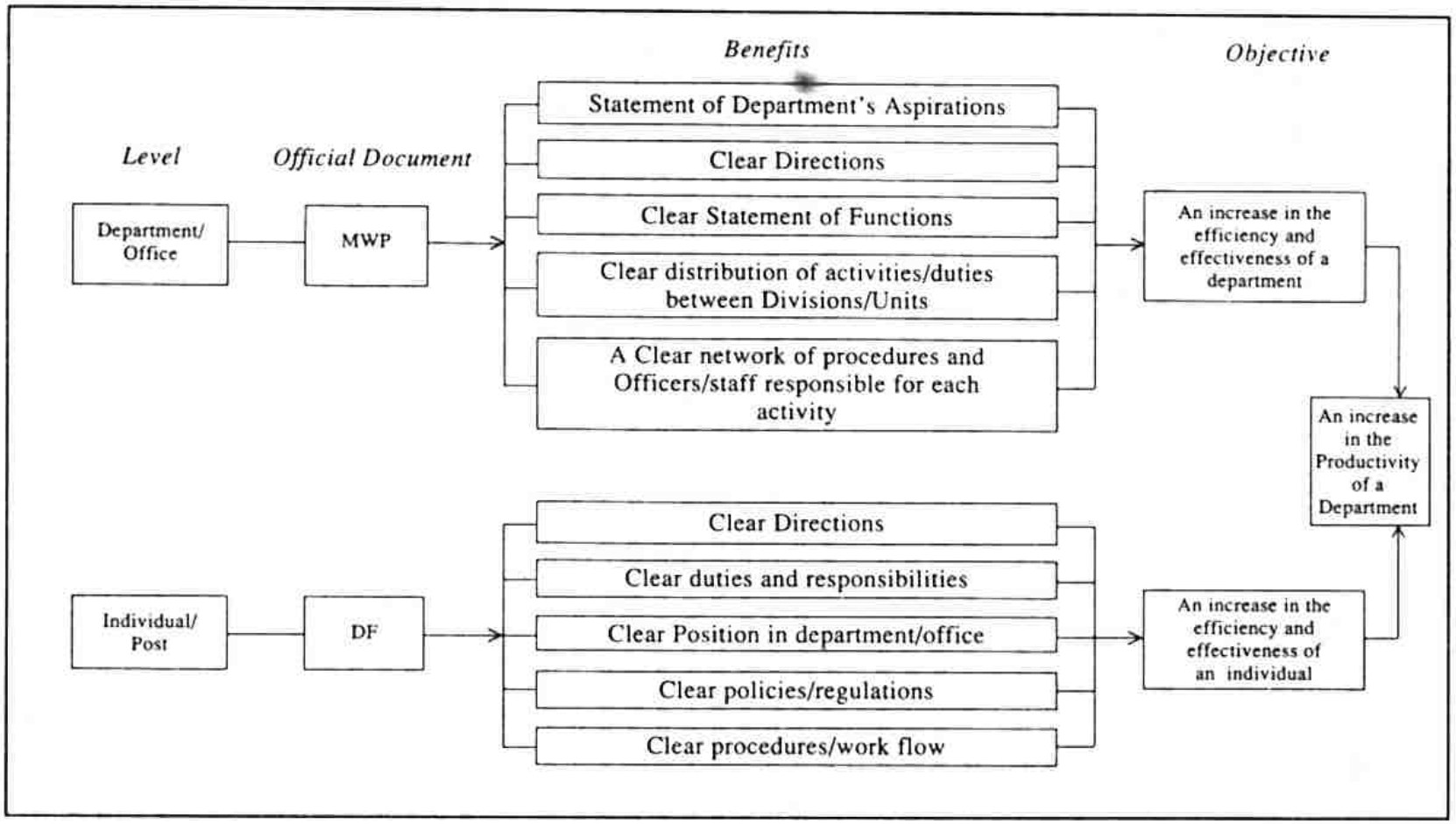
3. MWP is a reference document for use at the departmental level. It contains information that gives an overal picture of the department, such as its history, the rationale for its existence, functions procedures and officers/staff responsible for implementing these procedures.

4. An officer with knowledge of the history and rationale for the existence of a department will be better able to understand what is expected of him. In addition, his knowledge on the objective and main functions of the department will enable him to know which direction to take in executing his responsibilities. A clear determination of the functions of a department and a clear distribution of activities between the divisions and unit under them will enable every individual in that department to have a clear and precise understanding of the parameters of their own duties in addition to the duties of other division/units/ individuals in the department. The documentation of the steps to be taken and the indication of the officers (staff responsible for them will give the individual a clear picture of the procedures involved for all the activities of a department.

5. The MWP systematically documents the sequence of a job/ work. Each job consists of certain processes and procedures. Work that does not conform to these processes and procedures could lead to delays. A systematic approach has to be developed to enable work to be carried out accurately and efficiently. It is vital that processes, procedures, officers responsible for certain tasks and the work relationships between these officers are determined, arranged and documented to be used as reference. Clear and systematic work procedures will increase the productivity of a department. All Heads of Department should be furnished with a MWP.

6. A DF serves to improve the efficiency and effectiveness of each individual in a department. For this purpose a DF is designed specifically to give detailed guidelines on all duties carried out by an individual during a day. The preparation of an individual's DF is based on his duty list. The network of procedures and checklists contained in a DF serve as a step to step guide to enable an individual to carry out his duties efficiently. The DF also document the authority that authorises an individual to carry out his duties. In addition a DF contains work norms for each

CHART 1: **CONCEPT OF MWP AND DF**



task and the regulations governing the responsibilities of an individual. The objectives of a department, division and unit together with the organisational chart indicating an individual's position in his division or unit will give a better understanding of his role in the department.

7. A DF will enable an officer to understand his role in a department and his contribution towards increasing its productivity. The DF is a reference document which enables each officer to carry out his daily duties and as such should be placed on his table.

8. Besides serving as a management tool to improve the efficiency and effectiveness of individuals and departments, the MWP and DF are useful as a teaching tool to newly appointed officers or officers newly transferred to a department. Such officers normally have difficulty in understanding their new jobs and often take time to master their duties. They relied to a great extent on the experience of staff who have served long in a department as there was no official relevence document outlying standard work procedures.

9. Prior to the introduction of time MWP and DF, staff of a department relied on their own experience and the guidance of staff who have served long in the department to carry out their duties. More often than not, this knowledge is not based on standard work procedures but rather on the others' individual understanding of the job. As a result, there is a tendency for staff to carry out their duties without any idea of correct work procedures as well as to be clear about the scope of their authority. This situation leads to delays in the completion of certain duties.

10. MWP and DF serve different purposes and have separate forms. As such departments should prepare both these documents. The differences between these two documents are shown in *Chart 2*.

11. The MWP is for reference by all officers/staff and, as such, a department will only prepare one MWP. The main focus of the MWP is the department, and the purpose of its preparation is to increase the overall efficiency and effectiveness of that department. On the other hand the main focus of the DF is the individual, and it is aimed at increasing the efficiency and effectiveness of duties carried out by individuals. A DF has to be prepared for each individual/post in a department.

12. The advantages of the MWP and DF are as follows:

(a) Record all work procedures and regulations to be used as an official reference document;

(b) Standardise work procedures;

(c) Ensure rules of the department/office are adhered to ;

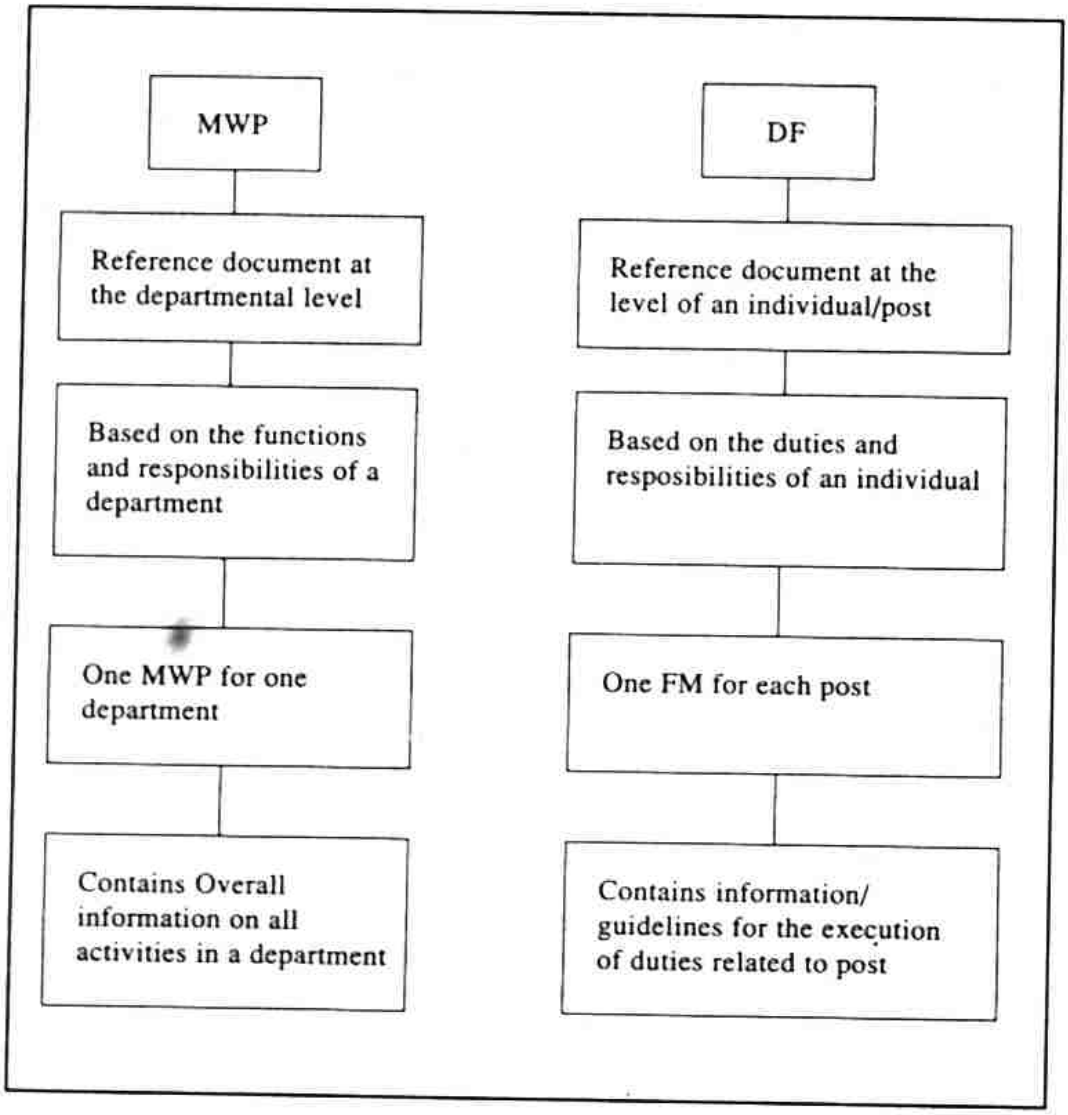
(d) Reduce operational errors;

(e) Reduce the need for training of new staff;

(f) Facilitate the transfer of staff between departments;

CHART 2

DIFFERENCES BETWEEN MWP AND DF



(g) Facilitate studies on work systems and enables improvements to systems to carried out;

(h) Reduce the need for training of new staff;

(i) Clarify the authority and working relationships between staff.

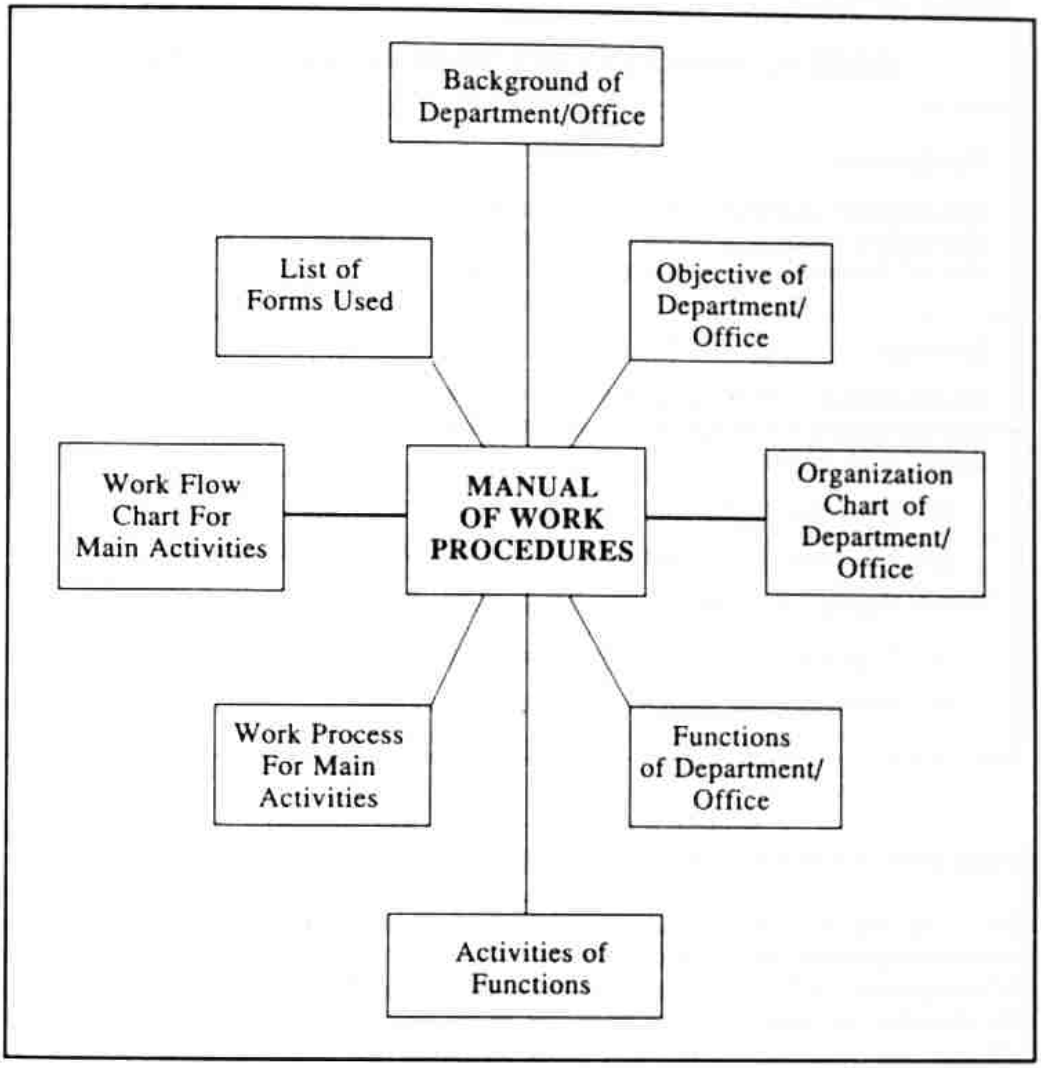
13. It is to be expected that the MWP and DF, if prepared well and used as a reference document in the execution of a department's duties and responsibilities, will increase the efficiency and effectiveness of that department.

C. CONTENTS OF MWP

14. The MWP consists of 8 main subjects as shown in *Chart 3*.

CHART 3

CONTENTS OF MANUAL OF WORK PROCEDURES



BACKGROUND OF DEPARTMENT/OFFICE

15. The background of a department/office states the historical background for the establishment of that department/office. Information such as the aims and objectives of setting up the department together with the related acts and laws will be contained in it.

16. Information contained in the background can be a basis on which to develop the action strategy of a department/office. It is also the main source of reference for the creation of the structure, functions and objectives of a department/ office. In addition, the above information will also assist researchers and others who are interested to know more about the department/office.

17. The background of the Federal Agricultural Marketing Authority (FAMA) is given as a sample below:

FEDERAL AGRICULTURAL MARKETING AUTHORITY
(FAMA)

Background

The Federal Agricultural Marketing Authority (FAMA) was set up on 30 September 1965 in accordance with the Act of Parliment 49 (1965) and the Act of Parliment 141 (Amendment) 1974.

Strategy

In accordance with the aspirations of the National Agricultural Policy, FAMA has developed a strategy to enhance its contribution towards the marketing of agricultural products through:

(a) Encouraging the participation of farmers in marketing

(b) Increasing its market share in local and overseas markets

(c) Upgrading marketing practices at the farms and the markets

(d) Upgrading information on marketing

(e) Increasing the number of marketing outlets

OBJECTIVE OF DEPARTMENT/OFFICE

18. The objective of a department/office is a statement of what is to be achieved by the department/office in line with the purpose of its establishment. The objective of a department/office is of utmost importance because it gives a clear picture of the direction of a department/office and is the basis for the strategic management process. As such, top management must formulate the objective of its department/ office, explain this objective to their staff and ensure that this objective is achieved. The objective of a department/office is also the basis upon which the objective of a division/unit is developed. The purpose of developing the objective of a department/office is as follows:

(a) It gives clear directions to the department/office such that all efforts are in line with the purpose of its establishment;

(b) It is the basis for the planning and development of programmes, projects and activities that have to be carried out by a department/office in order to meet customer needs;

(c) It is the basis for the evaluation of the effectiveness of a department/office in order to upgrade its performance;

(d) Provides direction whereby the objective of a department, office is the basis for the formulation of specific and detailed objectives at the lower levels;

(e) To establish long term priorities of a department/ office.

19. The following are some examples of the objective of a department/office:

Example 1

Objective of The Royal Customs and Excise Department "To collect federal indirect taxes and to control in an efficient and effective manner certain importation, production and services and to eradicate smuggling".

Example 2

Objective of the Federal Agricultural and Marketing Authority (FAMA) "The objective of the Federal Agricultural and Marketing Authority is to upgrade the marketing of agricultural products. A wide range of agricultural products are entrusted with FAMA and this includes almost all product produced by farmers with the exception of padi, rubber, oil palm, tobacco, pineapples and seafish".

ORGANISATION CHART OF DEPARTMENT/OFFICE

20. The organisation chart of a department/office gives a pictoral presentation of the structure, functions, activities and hierarchy of the department/office. The organisation chart of a department serves as a framework and guide for carrying out its activities and to enable it to achieve its stated objective. To an officer in a department/office its organisation chart is of utmost importance in explaining the following aspects:

(a) The activities carried out by a department/office

The distribution of activities to be implemented is indicated by the creation of Units/ Sections/Divisions. Usually each Unit/Section/ Division is only entrusted with certain activities. For example, the Service Division is usually only entrusted with the implementation of service matters whilst the Salary Division on the other hand is only entrusted with salary matters. Examples of Unit/Section/Division created based on activities are Administration, Finance, Research, Training and others.

(b) Chain of Command

The Chain of Command reflects the level of hierarchy of a department/office. The levels of hierarchy will assist in ascertaining the heads who are responsible for giving direction, making decisions and controlling specified tasks. Knowledge of the hierarchy will hasten the decision making process.

21. To the department/office on the other hand, the structure and organisational chart of the department/office is very useful in assisting management to plan for the following:

(a) the addition or reduction of staff;

(b) expansion of the functions of a department/office;

(c) planning of staff training; and

(d) channelling of management information.

22. The organisation chart of departments/offices differ due to the differences in their activities, functions and the roles they play. It can also undergo changes from time to time in line with developments that may occur in the department/office. As such the orgnaisation chart contained in the MWP and DF should be updated. Examples of organisation charts i.e. for the Department of Environment and Federal Agricultural Marketing Authority (FAMA) are shown in *Chart 4* and *Chart 5*.

FUNCTIONS OF DEPARTMENT/OFFICE

23. The functions of a department/office are the duties carried out by that department/office to achieve its objectives. These functions are dependent on activities of the department/office or activities common to all departments/offices. Examples of the functions of departments/offices are as follows:

Functions specific to a department/office:

Example 1

Department	:	National Registration Department
Function	:	Registration

Example 2

Department	:	Immigration Department
Function	:	Issue of Passport

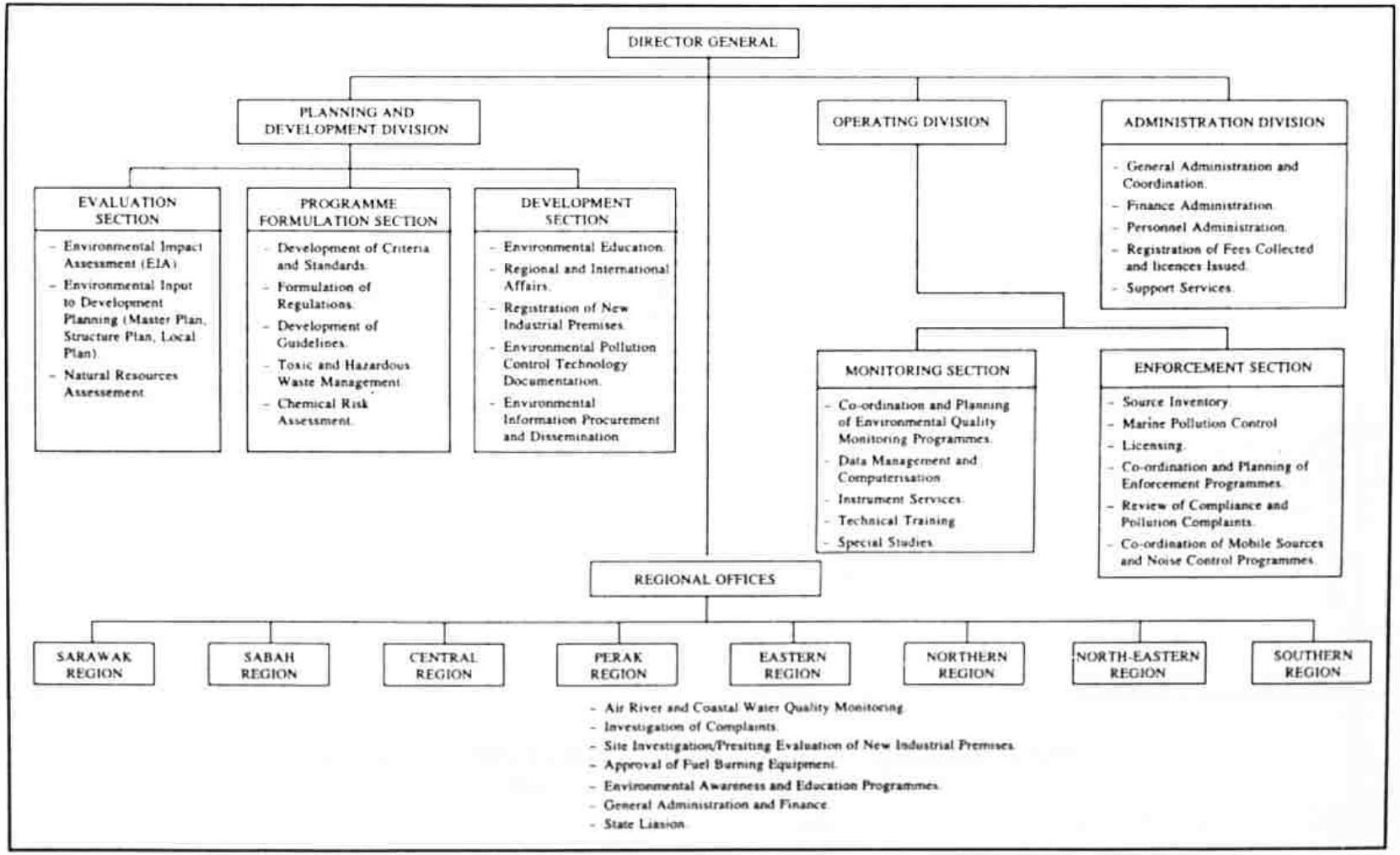
Functions common to all departments/offices:

(a) Service

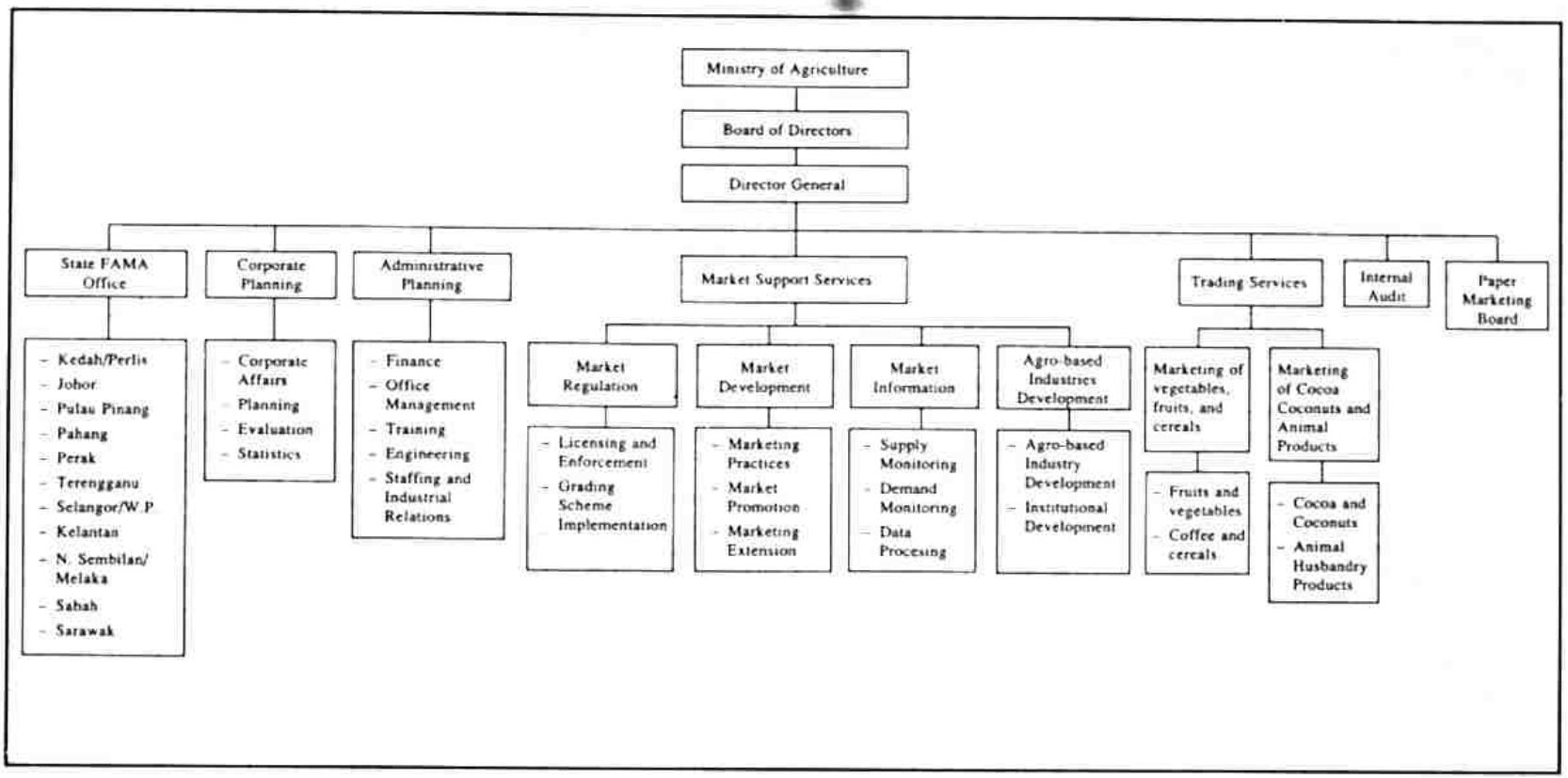
(b) General administration

(c) Finance

CHART 4: ORGANISATION CHART OF THE DEPARTMENT OF ENVIRONMENT



CARTA 5: ORGANISATION CHART
FEDERAL AGRICULTURAL MARKETING AUTHORITY (FAMA)



ACTIVITIES FOR FUNCTIONS

24. Activities are jobs carried out under each function. In carrying out an activity manpower, equipment, materials, time and cost are involved.

Examples of specific activities are as follows:

Example 1

Department	:	National Registration Department
Function	:	Registration
Activities	:	*(a)* Identity cards *(b)* Marriages *(c)* Birth Certificates *(d)* Citizenships *(e)* Deaths

Example 2

Department	:	Immigration Department
Function	:	Issue of Passport
Activities	:	*(a)* New Malaysian International Passport *(b)* New Malaysian Restricted Passport *(c)* Malaysian Diplomatic Passport *(d)* Malaysian Official Passport *(e)* Group Passport

Examples of common activities are as follows:

Example 1

Function	:	Service
Activities	:	*(a)* Filling of posts *(b)* Confirmation in post *(c)* Placement on the pensionable scheme *(d)* Covering a post

Example 2

Function	:	General Administration
Activities	:	*(a)* Punch Card System *(b)* Correspondence *(c)* Departmental Security *(d)* Departmental Cleanliness

WORK PROCESS FOR ACTIVITIES

25. A work process is a network of actions that have to be carried out sequentially and according to specified regulations in order to implement an activity. It is important to record these processes to provide clarity to a worker on the steps to be undertaken when implementing an activity. The advantages of a clear work process are:

(a) Overcomes mistakes in operations and regulations while handling a job;

(b) Gives a complete picture of the steps to be undertaken when carrying out a job;

(c) Assists in supervision;

(d) Enables checking and changes to be made to work processes whenever updating is required;

(e) Eliminates the repetition of instructions;

(f) Shortens training time for new employees;

(g) Maintains the level of efficiency and effectiveness of an officer;

(h) Facilitates and ensures the smooth flow of daily operations;

(i) Ensures the attainment of quality in work vis-a-vis specified work standards.

26. Steps in the preparation of a work process are as follows:

(a) Check the list of activities in order to identify acitivities for which work processes have to be prepared;

(b) List the sequence of actions for each activity;

(c) Begin each process with a verb;

(d) State the designation of officers responsible for each of the steps.

Example of a work process is as follows:

(a) Activity : Confirmation in a post

Post	*Process*
Service Clerk	Checks service register to ascertain officers who have not been confirmed in their posts. Checks Personal file and Record of Service of officers concerned and ascertain whether all conditions for confirmation have been fulfilled. Sends Personal File to the Assistant Director of Service.

Post	*Process*
Assistant Director of Service	If officers have not fulfilled conditions: — Keeps file and Record of Services Book if probationary period has not been exceeded. — Requests Service Clerk to take action for extension of probationary period if exceeded. If others have fulfilled all conditions, sends personal files to the Head of Department with a note stating that all conditions are fulfilled and thus can be recommended for confirmation.
Head of Department	Records recommendation in personal file.
Service Clerk	If officers have not fulfilled conditions for confirmation, extends probationary period (refer to process for the extension of probationary period) For officers recommended for confirmation, prepares the following forms: — Recommendation for Confirmation In a Post — Statement of examination passed — Statement of Service Prepares covering letter and sends above forms to PSC through he Head of Service Records confirmation in Service Book and sends original copy of covering letter to officer concerned. Prepares Fin. 8 (7 copies) and sends to the following: — Finance clerk — PSC — PSD — Personal File

(b) Activity : Maintenance Service for Machines and Cars

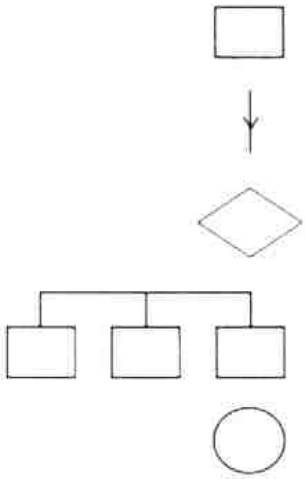
Post	*Process*
Store Clerk/ Finance Clerk	Receive request for maintenance service from Machine Operator/Typist/ Driver

Post	*Process*
	Maintenance of Cars
Store Clerk/ Finance Clerk	Identity the workshop to carry out maintenance based on the list of workshops issued by Central Contract Division.
Driver	Sends car for maintenance Service.
	Maintenance of Machines.
Store Clerk/ Finance Clerk	Ensure machine has a service maintenance contract.
Store Clerk/ Finance Clerk	If contract exists (warranty period/Central Contract) check maintenance contract schedule.
Store Clerk/ Finance Clerk	If warranty period has expired, ensure if maintenance contract is in the Central Contract.
Store Clerk/ Finance Clerk	If yes, call company appointed by Central Contract.
Store Clerk/ Finance Clerk	If not in the Central Contract sign on service contract.
Store Clerk/ Finance Clerk	Get the cost for repairs from the company carrying out the repairs.
Store Clerk/ Finance Clerk	Issue the Local Order to the company.
Store Clerk/ Finance Clerk	Receive the Local Order and invoice from the company and ensure: — Repairs have been carried out in a proper manner. — Items recorded as replaced in the invoice have actually been replaced.
Store Clerk/ Finance Clerk	Verify invoice and return to the company concerned.
Store Clerk/ Finance Clerk	Record on the Register of Bills and Register of Repairs.
Store Clerk/ Finance Clerk	Make payment.

WORK FLOW CHART

27. The work flow chart is a pictorial or graphic presentation of actions involved in an activity or prosedur. A work flow chart is necessary as it clearly shows each step or action to be undertaken and the sequence in which it is to be undertaken with a begining and an end. With a flow chart staff will be able to understand their duties and responsibilities.

28. In addition, a flow chart will also be able to show where delays, bottlenecks and repetitive work occurs. It also gives an overall picture of activities carried out. Various symbols are used in the preparation of work flow charts. These symbols are as follows:



Action (step) in the work process

Flow

Decision Making

Simultaneous action

Connector

29. The work flow chart should be prepared after the preparation of the work process. The steps in the preparation of the work flow chart are as follows:

(a) Refer to the work process for that activity

(b) Prepare the work flow chart based on the work process of that activity

(c) Use the various work flow chart symbols

Example of a work flow charts are shown in *Chart 6* and *Chart 7*.

FORMS

30. A form is an important management tool for office administration. Forms are used for:

(a) Storing and recording of information

(b) Enable the recording of information in an orderly and systematic manner;

(c) Enable the recording of information that is necessary and important only.

CHART 6: **ACTIVITY—PROCESSING OF MALAYSIAN PASSPORTS**

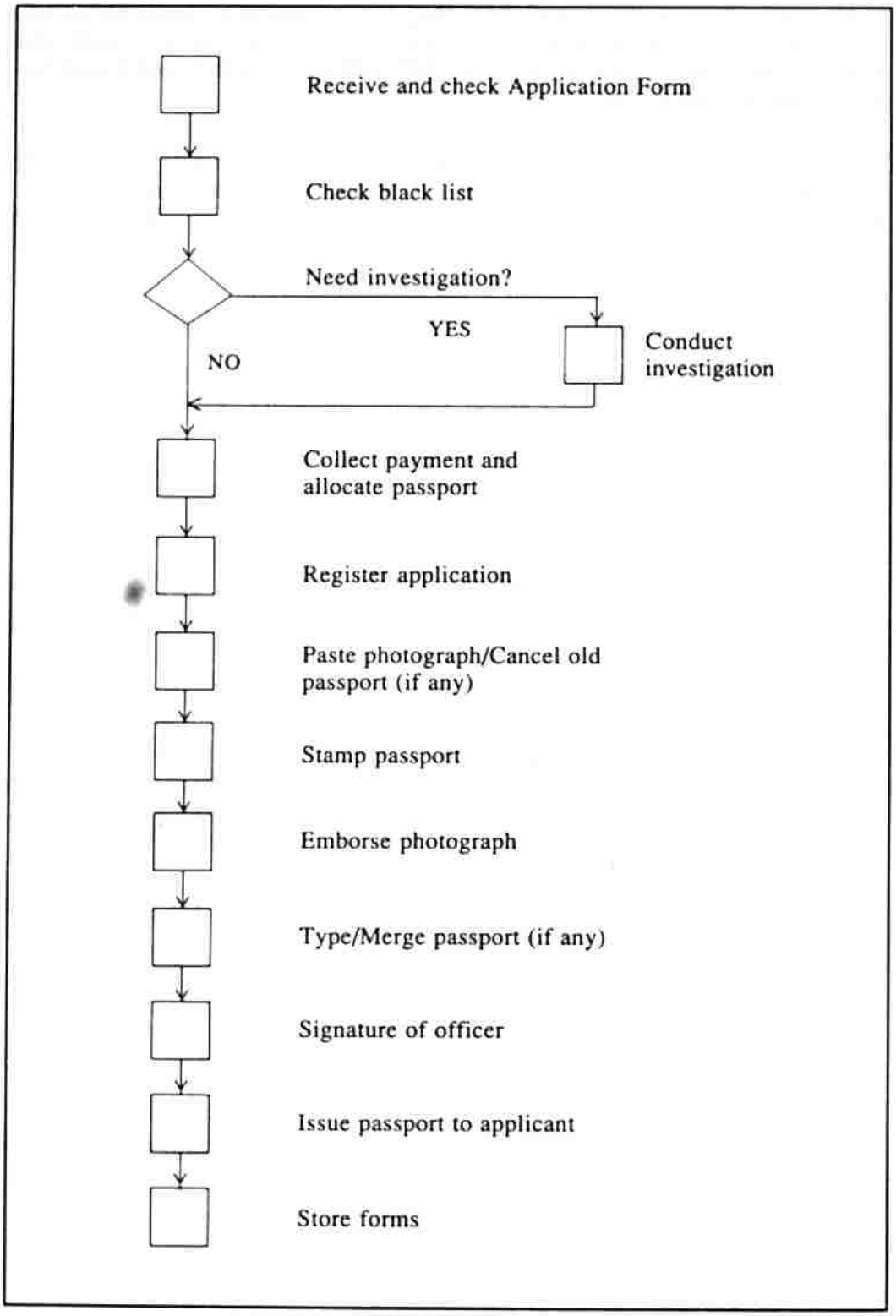
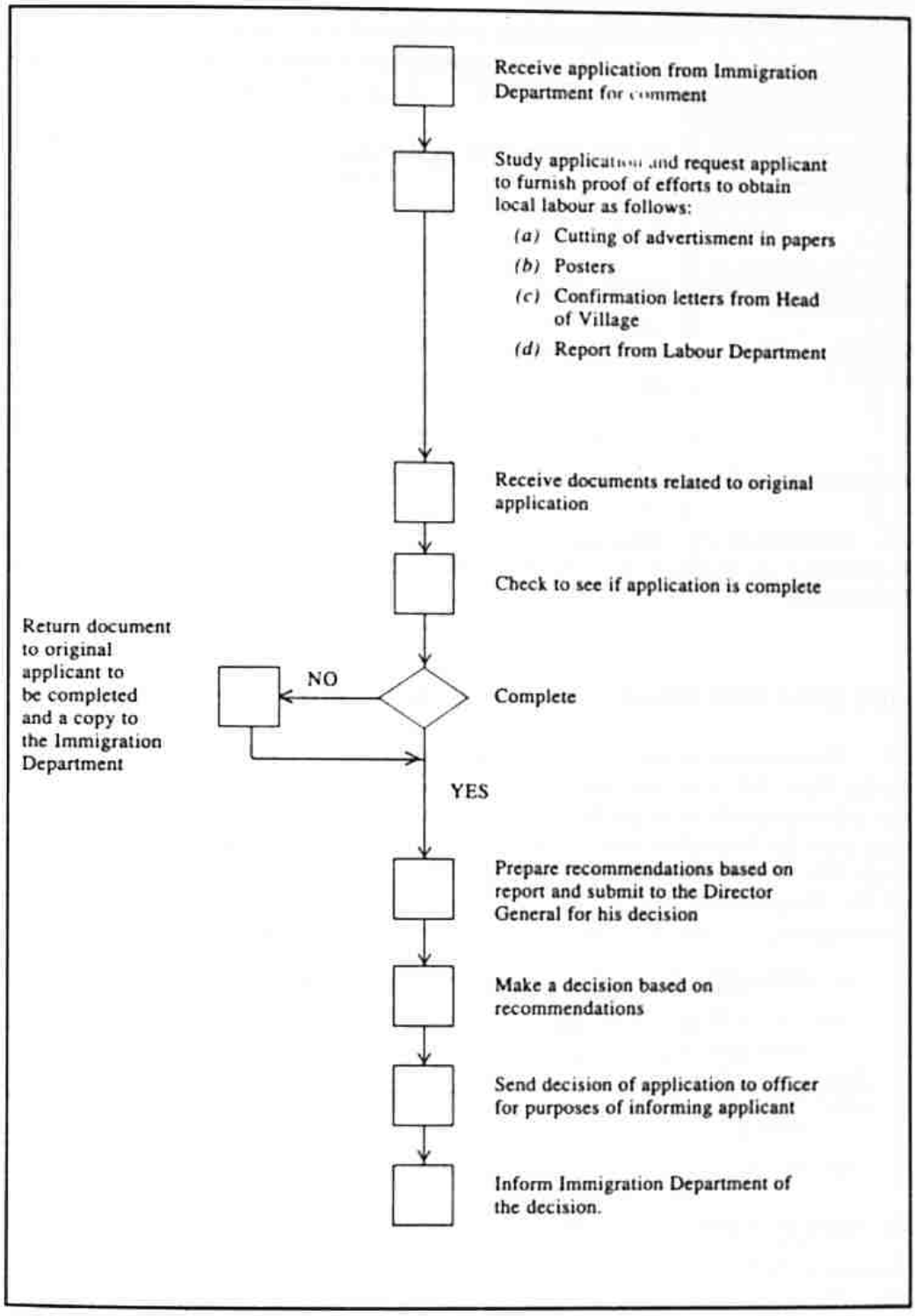


CHART 7: WORK FLOW CHART FOR APPLICATION TO BRING IN FOREIGN LABOUR TO WORK IN THE PLANTATION AND CONSTRUCTION SECTORS IN MALAYSIA



31. With samples of forms used, the following objectives can be achieved:

(a) Enable further clarification of procedures;

(b) All forms used by the department, office and their purpose can be gathered for reference ; and

(c) Officers are better able to understand procedures and forms used in the implementation of their duties.

Example of a form (Form for Application of Replacement Identity Cards) is shown in *Chart 8*.

D. CONTENTS OF DESK FILE

32. Dest File consists of 14 main subjects which are illustrated as follows in *Chart 9*.

ORGANISATION CHART OF DEPARTMENT/OFFICE

33. Explanation on organisation chart of Department/office showing its functions is similar to the explanation given in the Section on the contents of Manual of Work Procedures.

ORGANISATION CHART OF THE DIVISION/UNIT

34. The organisation chart of a Division is a part of the chart of department/office. In the Desk File only that part of the Division's organisation chart that concerns the individual/staff is required. For example, if the individual is a Service Clerk, then only the Organisation Chart of the Service Division has to be included in the Desk File. The individual's position should be indicated in the organisation chart of the Division/Unit. This chart is essential to give the individual a better understanding on the following aspects:

(a) The activities implemented by the Division/Unit

(b) The colleague that can take over his duties while attending courses, on outstation duty or on leave

(c) Immediate superior who can be consulted in case of problems arising during the course of duty.

(d) His position in the Division/Unit

An example of the Division/Unit's organisation Chart is in *Chart 10*.

35. The objective of department/office has been explained in the Contents Section on Manual of Work Procedures.

CHART 8

JPN 1/3

JABATAN PENDAFTARAN NEGARA MALAYSIA

Borang ini diberi percuma

BORANG PERMOHONAN GANTIAN KAD PENGENALAN

ARAHAN:
1. Sila isikan borang ini dengan menggunakan dakwat HITAM/BIRU.
2. Sila tandakan (√) pada kotak-kotak yang bertanda (*).
3. Sila gunakan HURUF BESAR.

A. MAKLUMAT PEMOHON

1. No. K.P.T. ___ - ___ - ___
2. No. K.P. (Jika ada)
3. Nama Penuh

B. MAKLUMAT IMIGRESEN (Bagi yang memperoleh Permit/Pas masuk yang baru)

4. Jenis Penduduk (*)
   - T Penduduk Tetap
   - S Penduduk Sementara
5. Jenis Kemudahan Imigresen (*)
   - Permit
   - Pas
6. Tarikh Dikeluarkan
7. No. Rujukan Imigresen
8. No. Permit/Pas
9. No. Pasport
10. Negara Pengeluar Pasport
11. Tarikh Pasport Dikeluarkan

C. MAKLUMAT PENUKARAN KAD KUASA POLIS /TENTERA MALAYSIA KEPADA K.P.T. (Bagi yang berkenaan sahaja)

12. Perkhidmatan (*)
    - P Polis
    - T Tentera
13. No. Polis/Tentera
14. Tarikh Berhenti

D. MAKLUMAT ASAS PEMOHON

15. Agama (*)
    - 1 Islam
    - 2 Kristian
    - 3 Buddha
    - 4 Hindu
    - 5 Lain-lain
    - 6 Tiada
16. Taraf Perkahwinan (*)
    - 1 Belum Kahwin
    - 2 Berkahwin
    - 3 Duda
    - 4 Janda
    - 5 Balu

E. MAKLUMAT ALAMAT

17. Negara
18. Daerah/Jajahan
19. Alamat
20. Poskod
21. Bandar

KEGUNAAN PEJABAT

No. Kawalan

No. Sijil Lain (Jika ada)

Kodpos Tetap

Negara

Daerah

Bandar

2

F. AKUAN PEMOHON

Dengan ini, saya _____ membuat akuan bahawa segala maklumat yang diberikan dalam borang ini adalah betul dan benar. Saya sesatkan sekam berharga.

22. $ ___ . 0 0 Sebagai Bayaran Permohonan.

23. $ ___ . 0 0 Sebagai Bayaran Denda Lewat (jika berkenaan)

24. $ ___ . 0 0 Sebagai Bayaran Khas (jika berkenaan).

25. Tarikh Permohonan

__ __ __ __ __ __

Tandatangan atau Cap Ibu jari Pemohon

G. KEGUNAAN PEJABAT (KAUNTER PENERIMAAN)

Dokumen yang dinyatakan telah diterima dan permohon layak dikeluarkan K.P.T.

Tarat

Kad Sebab/Garawat

Sebab-sebab Memohon:

Jika tarat berkelas, sebutkan sebab-sebab

Nama, Tandatangan dan Cap Rasmi

Tarikh:

Catatan

H. KEGUNAAN PEJABAT (IBU PEJABAT JPN)

Sebangan Hilang

Permohonan K.P.T. dikelaskan dengan tarat

Nama, Tandatangan dan Cap Rasmi

Tarikh:

Catatan

SILA LEKATKAN SETEM DI SINI

CHART 9: **CONTENTS OF DESK FILE**

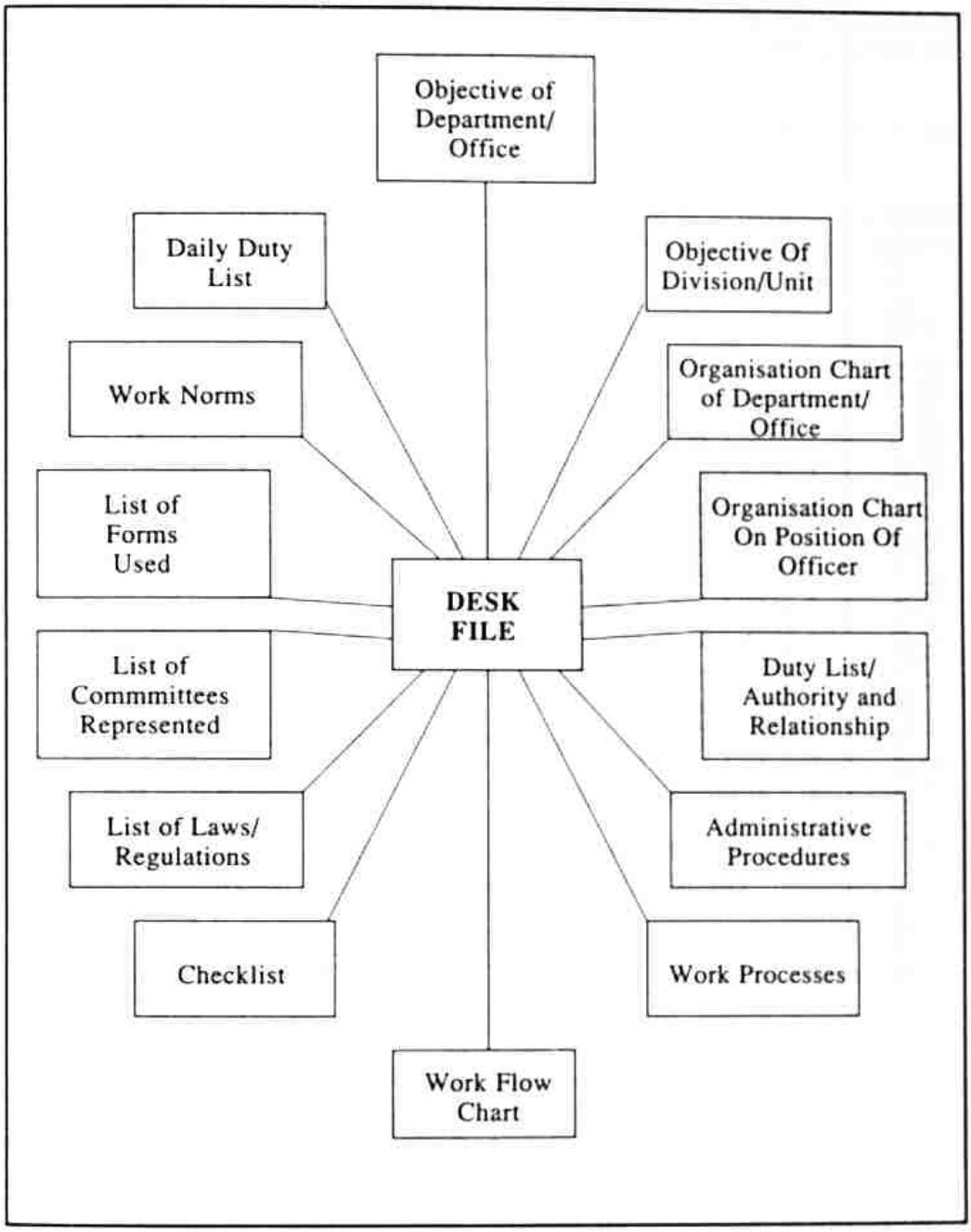
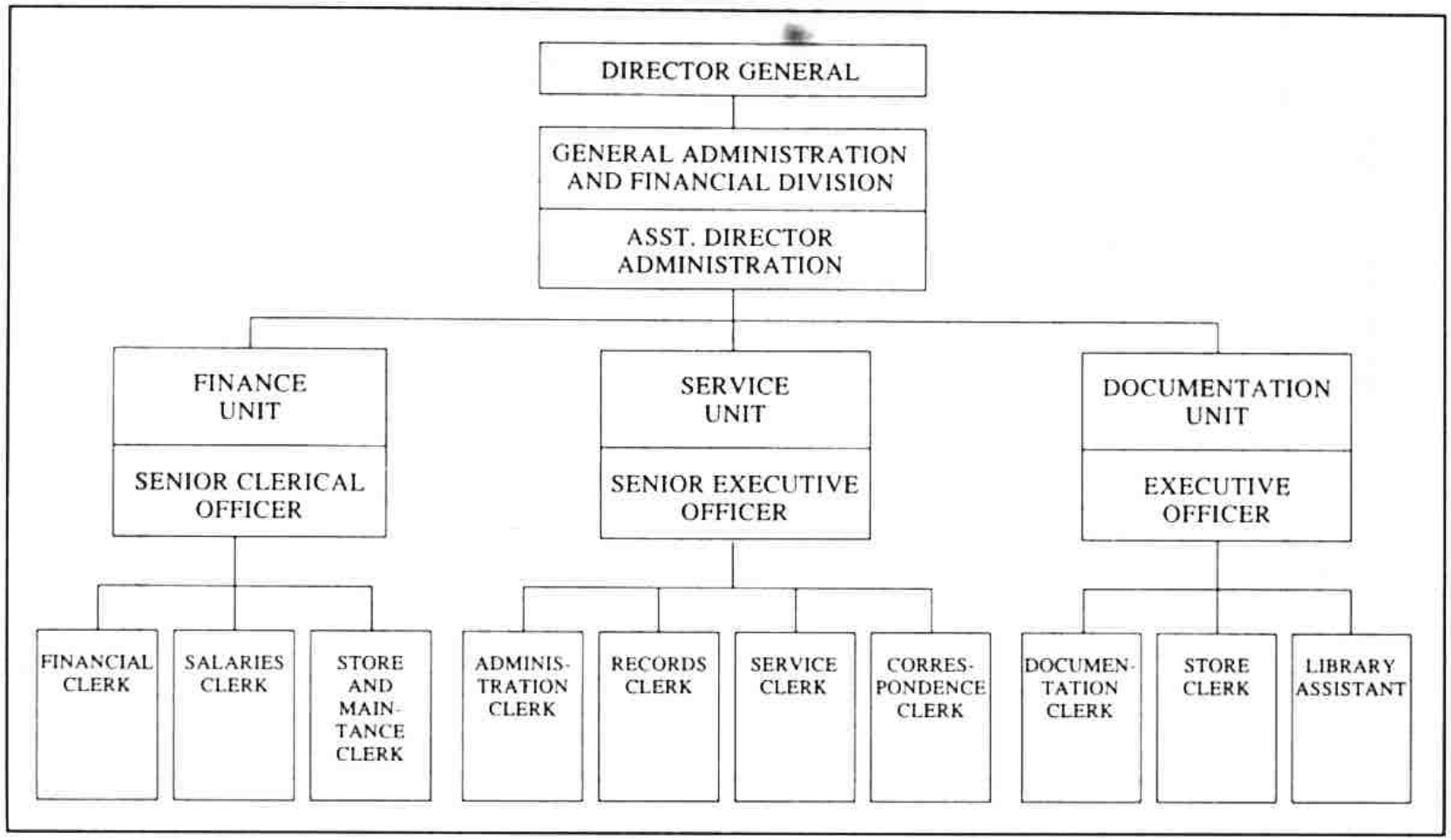


CHART 10: **ORGANISATION CHART**
GENERAL ADMINISTRATION AND FINANCIAL DIVISION



OBJECTIVE OF DIVISION/UNIT

36. The objective of the Division/Unit is derived from the objective of the department/office and is stated as a short term objective which must be achieved by the Division. Each activity undertaken by a Division/Unit has to contribute to the overall achievement of the department/office objective. The objective of Division/Unit has to be stated accurately, clearly, can be achieved and is quantifiable so that management can make decisions and evaluate the progress more effectively based on the objectives. The aim for preparing the objective of Division/Unit are as follows:

(a) Provides clear directions to all divisions for the achievement of the department/office objectives;

(b) Acts as a basis for planning and development of program, project and activities that need to be undertaken by a division/unit so as to achieve the objectives of the department/office;

(c) Acts as a basis for effective evaluation of a division/unit for the further improvement of the performance of the division/unit;

(d) Sets long-term priorities of division/unit;

(e) Enables a manager to evaluate the effectiveness of a plan so as to make the necessary changes if necessary; and

(f) Provides a mechanism for coordination between supervisors and staff.

37. Several examples of objectives of Division/ Unit are as follows:

Example 1

Objective of Identity Card Division, Registration Department "To register and issue identity card to those subjected under the laws of the National Registration Act 1956 efficiently, and with quality"

Example 2

Objective of System Unit, Pensions Division, Public Services Department "To ensure the pensions system function efficiently and effectively so that retirement benefits under the pension scheme are paid out to those eligible speedily"

DUTY LIST/AUTHORITY AND THE INDIVIDUAL'S RELATIONSHIP WITH OTHER OFFICERS

38. Duty lists gives an accurate and detailed explanation on the duties, responsibilities and the authority of the officer in carrying out his duties. Each individual should have a duty list. It is important to inform the office bearer his duties, responsibilities, knowledge or skills that are required of him. Each duty list should consist of the following aspects:

(a) Name of Department/Office/Division/Unit

The Name of Department/Office/Division/Unit in which the officer is placed has to be clear.

Example:

Department	:	MAMPU
Division	:	Administration and Finance,

(b) Substantive Post

The Substantive Post of the officer has to be stated:

Example:

Post	:	Service Clerk

(c) Duty and Responsibility

The duties and responsibilities of an officer has to be listed clearly and in detail.

Example:

Post	:	Service Clerk
Duties and Responsibilities	:	*a*. Manage appeals on changes and salary adjustments *b*. Manage the preparation of the annual confidential reports, statement of service and others.

39. The officer must be informed on the authority given to him. This would facilitate in carrying out his duties or making decisions based on these limits.

40. An officer's working relationship with other officers should be made known. This would help the officer to complete a task. The work relationships of an officer can be divided into four types namely.

(a) Work Relationship with superiors

(b) work Relationship with subordinates

(c) Work Relationship with colleagues

(d) Work Relationship with officers of other agencies.

41. Duty lists, authority and work relationships should be included in the Desk File because:

(a) It clearly explains the officer's duties and responsibilities;

(b) Assists management in planning suitable courses for the officer;

(c) Assists officer in carrying out his duties and responsibilities;

(d) Every individual officer knows the limits to his authority; and

(e) Clearly defines the relationship between an officer with other officers within the department/office or officers in other departments/ offices.

An example of the Duty list, authority and relationships with other officers is illustrated in *Chart 11*.

ADMINISTRATIVE DIRECTIVES FOR EACH ACTIVITY

42. For each activity there are several administrative directives that officers in a department/office should know. These directives of department/office should be adhered to in performing each activity.

Example:

Activity : Confirmation in Post

Administrative Directives:

(a) Confirmation of posts in Public Service takes 1 to 3 years from the date of commencement of service. This is possible if the staff fulfills all the stipulated conditions in the scheme of service;

(b) All matters pertaining to confirmation of an officer in a post should be accompanied with a letter of recommendation form the Head of Department;

(c) An officer who is not confirmed within the stipulated time duration is not eligible for an annual salary increment until he is confirmed in his post;

(d) A confirmation of the time duration for confirmation is necessary in cases where the officer has not passed all the examinations.

(e) Application for extension of time duration for confirmation has to be made to the authorities that have been appointed through the Head of service with the support of the Head of Department

(f) It is the responsibility of the Head of Department to submit his recommendation to the relevant authority which has been appointed through the Head of service regarding the extension of time duration for confirmation, three months prior to the expiry of the time duration for confirmation.

CHART 11

DUTY LIST, AUTHORITY AND RELATIONSHIPS OF OFFICER WITH OTHER OFFICERS IN GENERAL ADMINISTRATION AND FINANCE DIVISION, MAMPU

Duties of Superior officers which have work relationships	*Duties and Responsibilities*	*Authority*	*Duties of other officers who have work relationships and types of these relationships*
ASST. DIRECTOR OF ADMINISTRATION All matters concerning service, appointments, confirmation in posts, entry into the pension scheme, acting and covering of posts. OFFICERS IN MAMPU Obtains personal information, qualification and address for service record. SENIOR EXECUTIVE OFFICER All matters concerning confirmation in posts, appointments and others. SENIOR CLERK All matters concerning service, appointments, confirmation of acting on posts and others.	1. To manage all appointments, confirmation in posts, entry in the pension scheme, promotion/acting. 2. To manage all appeals on salary adjustments and changes. 3. To prepare monthly/quarterly reports on the position of staffing/transfers of personnel. 4. To manage the preparation of annual confidential reports, service statement and others. 5. To manage disciplinary action. 6. Other duties.	- Receives Confidential Reports from all officers. - Obtains the confidential files for purpose of taking action.	CLERKS 1. **Records Clerk**—handles and records all changes in the Government Service Record Book. 2. **Correspondence clerk**—handles and takes action on Personel File. TYPIST Types all letters. OFFICE BOY Makes photocopies when necessary. Relationships outside service clerks.

WORK PROCESS FOR ACTIVITIES RELATED TO THE OFFICER

43. The concept of work process has been explained in the content section of the Manual of Work Procedures. For the Desk file, the list of the approval officer's post and the list of laws and directives should be included in the work process. Examples of work process for the Desk file are in *Diagram 12, Diagram 13, Diagram 14* and *Diagram 15*.

DIAGRAM 12: WORK PROCESS FOR PROCESSING THE APPLICATION OF IDENTITY CARD FOR CHILDREN OF 12 YEARS

Bil.	*Work Process*	*Approval Officer*	*Sections of Laws/ Directives*
1.	Receive from JPN 1/2, documents, copies of documents, stamps and photograph		
2.	Check document		
3.	Stamp documents as certified		
4.	Check form JPN. 1/2 based on documents submitted		
5.	Fill in the type of application, status, article in the Federal Constitution for citizens by operation of laws and enter it into JPN 1/2		Federal Constitution
6.	Fill in JPN 1/8 for application of adopted children		
7.	Fill in JPN 1/4 for applications whose names are different from that in the birth certificates		
8.	Fill in JPN 1/1		
9.	Fill in JPN 1/9 and copies		
10.	Enter the number of JPN 1/9 into JPN 1/1, JPN 1/2, 1/4 and 1/8		
11.	Obtain the thumb print the applicant on JPN 1/1 and JPN 1/9		
12.	Obtain the thumb print of the sponsor in JPN 1/2 and the sponsor's signature on JPN 1/2, 1/4 and 1/8		
13.	Affix the photograph of the applicant on to JPN 1/1 and JPN 1/9		
14.	Punch a hole on the photograph in JPN 1/9		

DIAGRAM 13: **WORK PROCESS FOR DUTY OF MANAGING THE CONFIRMATION IN POST**

Bil.	*Work Process*	*Approval Officer*	*Sections of Laws/ Directives*
1.	Check list of officers or staff who are to be confirmed in the posts every month.		General Orders Chapter A Clause 36
2.	Check Personal File and Record of Service of officer concerned and ensure that he has passed his examination regarding the service and department and has been in service for at least one year.		
3.	For those officers who fulfill the above mentioned conditions, send their personal files to the Head of Division with a note stating that all conditions are fulfilled and thus can be recommended.	Head of Section	
4.	Prepare Recommendation form, statement of service and statement of examinations passed in 3 copies.		
5.	Send Recommendation From to Head of Department/ Division for support and to obtain signature.	Head of Department, Director of the Division	
6.	Prepare letter and send Recommendation Form, Statement of Examination passed and statement of service in 2 copies to PSC through the Head of Service.		
7.	Enclose 1 copy of the Recommendation form, statement of examinations passed and statement of service into the personal file of the officer concerned.		
8.	Receive letter of confirmation (2 copies) from PSC and enclose 1 copy into personal file of the officer.	Officer concerned	
9.	Give the original letter to the officer concerned.		

Bil.	*Work Process*	*Approval Officer*	*Sections of Laws/ Directives*
10.	Fill in the statement of changes Fin. 8 (5 copies) regarding the date of confirmation, total salary and allowances to be received and name of posts.		
11.	Obtain the signature of 2 authorised officers for validation.	Assistant Director of Administration, Senior Executive Officer, Senior Clerical Officer, Assistant Director of Administration.	Refer to the sample of signature
12.	Write a letter and obtain the signature from the Assistant Director of Administration for submitting the statement of changes.		
13.	Send the statement of changes with the forwarding letter to the folowing: 1 copy to PSD 1 copy to PSC 1 copy to Central Records, PSD 1 copy of the Statement of changes to be enclosed into the personal file of the officer concerned.		
14.	Minute the personal file to the Records Clerk so that details of the Confirmation can be recorded into the service Book.	Records Clerk	

DIAGRAM 14: **WORK PROCESS FOR CONDUCTING EXAMINATIONS FOR TRAINEE NURSES**

Bil.	*Work Process*	*Approval Officer*	*Sections of Laws/ Directives*
1.	Prepare the draft questions.		Duty List and respon-sibilities of Nursing Tutor.
2.	Send the examination questions to Head (at Least one week prior to the date of the examination).	Head	
3.	Determine 3.1 Date of Examination 3.2 Time of Examination 3.3 Place of Examination.		
4.	Prepare the answer papers for the examination.		
5.	Arrange the classrooms.		
6.	Conduct/supervise the examination.		
7.	Collect the answer scripts.		
8.	Submit the answer scripts to the Head.	Head	
9.	Submit the answer slip to the examiner.		
10.	Examine the examination answer scripts.		
11.	List the marks and the results.		
12.	Prepare the students progress report.	Head	
13.	Send it to the Head		
14.	Enter the examination marks into the student personal record and the Register.		

DIAGRAM 15: WORK PROCESS FOR DUTY OF INCLUDING PARTICULARS OF CHILDREN IN THE MALAYSIAN PASSPORTS OF FATHER AND MOTHER

Bil.	*Work Process*	*Approval Officer*	*Sections of Laws/ Directives*
1.	Receive the application from IM. 74 Pin. 7/87.		
2.	Check the details of the applicant to make sure it is complete.		
3.	Send the form to the Checking Section of Black Lists	Immigration Officer Black List.	
4.	Receive the application form that has been approved by the Checking Section of Black Lists		
5.	Stamp and attach photograph onto the application form		
6.	Make an entry in the appropriate space, that all documents are complete and have been accepted.		
7.	Sign the section that indicates receipt with name stamp and date.		

44. To prepare the work process, the following actions have to be undertaken:-

(a) Check duty list to identify the types of work that require the preparation of work process;

(b) Prepare the sequence of action for the work;

(c) Start with a verb for each process;

(d) List the officers that should be referred to; and

(e) List the laws and directives related to the duties.

WORK FLOW CHART

45. Work flow chart has been explained in the MWP. The Work Flow Chart for the Dest File of an officer should be obtained from the MWP for those activities involving him. The steps in the activities which involve the officer should be indicated. Thus, the officer concerned will know his responsibilities and role in carrying out each activity. Examples of work flow charts for Desk File are as in *Diagram 16, Diagram 17, Diagram 18* and *Diagram 19*.

CHECKLIST

46. Checklist is a tool for planning and control of work. It is short and accurate and states the actions that have to be taken in an activity. It can be in the form of a statement, question and answer or a reminder of a type/area of an activity that has to be carried out. As far as possible, the checklist has to be arranged in a sequence of actions.

47. Checklist functions as an action plan in implementing an activity. It's significant importance especially for activities like processing applications, security checking, checking quality, planning and controlling the implementation of development projects, preparations for meetings, conference and seminar, selection and intake of staff, training and planning progress of work. Checklist needs to be prepared because:

(a) It serves as a reminder and check on actions that have to be undertaken in the implementation of daily activities;

(b) It prevents carelessness, forgetfulness, error and duplication of work;

(c) It provides the basis for security control especially involving a technical activity like air and sea travel schedules, processing equipment in 'assembly line' and maintaining quality;

(d) It provides a supervisory tool for easy reference in determining the performance levels, to monitor delays and enables early action to be taken if there is a problem;

(e) It provides a check on all important aspects that have to be taken into consideration prior to approval for example the preparation of cabinet paper, proposal paper or that related to the processing of licences/permit/approval;

(f) It serves as a tool for controlling and coordinating actions that have to be done by various units; and

(g) It instills discipline in carrying out a duty.

Examples of checklists are as in *Diagram 20, Diagram 21* and *Diagram 22*.

DIAGRAM 16 : FLOW CHART FOR THE APPLICATION OF IDENTITY CARDS FOR CHILDREN OF AGE 12 YEARS

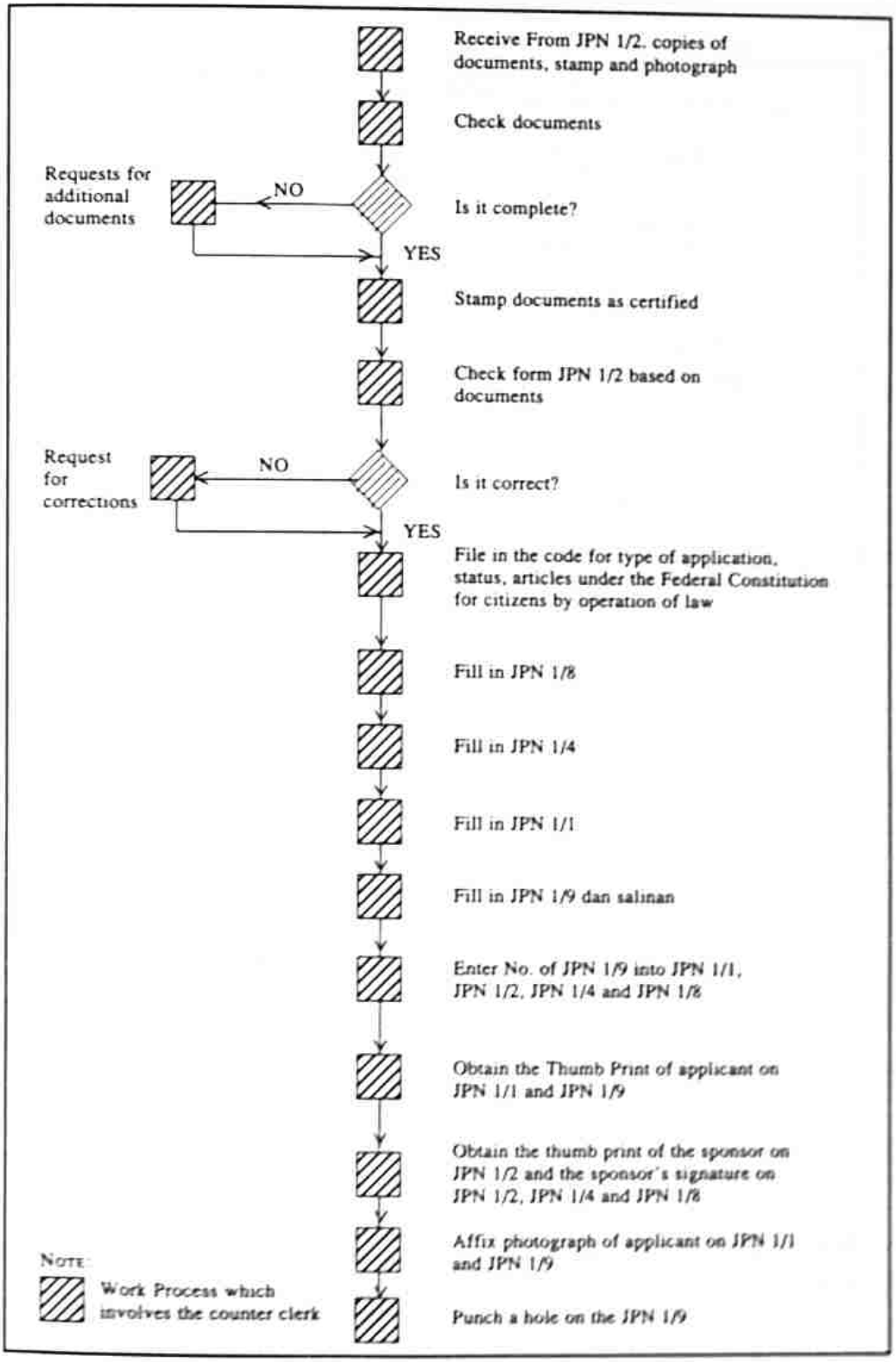


DIAGRAM 17: **FLOW CHART FOR CONFIRMATION IN POSTS**

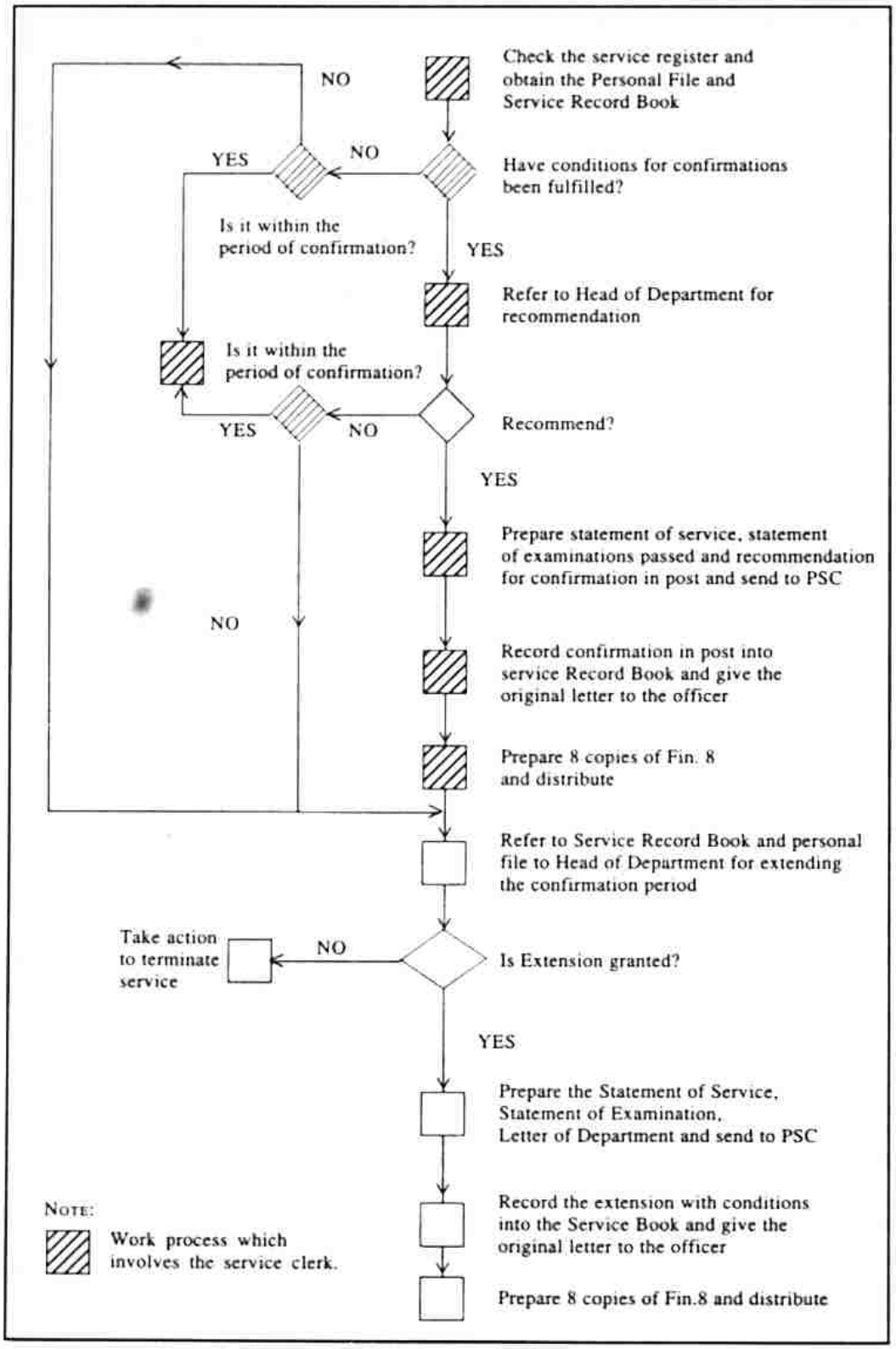


DIAGRAM 18: **FLOW CHART FOR CONDUCTING EXAMINATION AT THE NURSES TRAINING SCHOOL AT GENERAL HOSPITAL, KUALA LUMPUR**

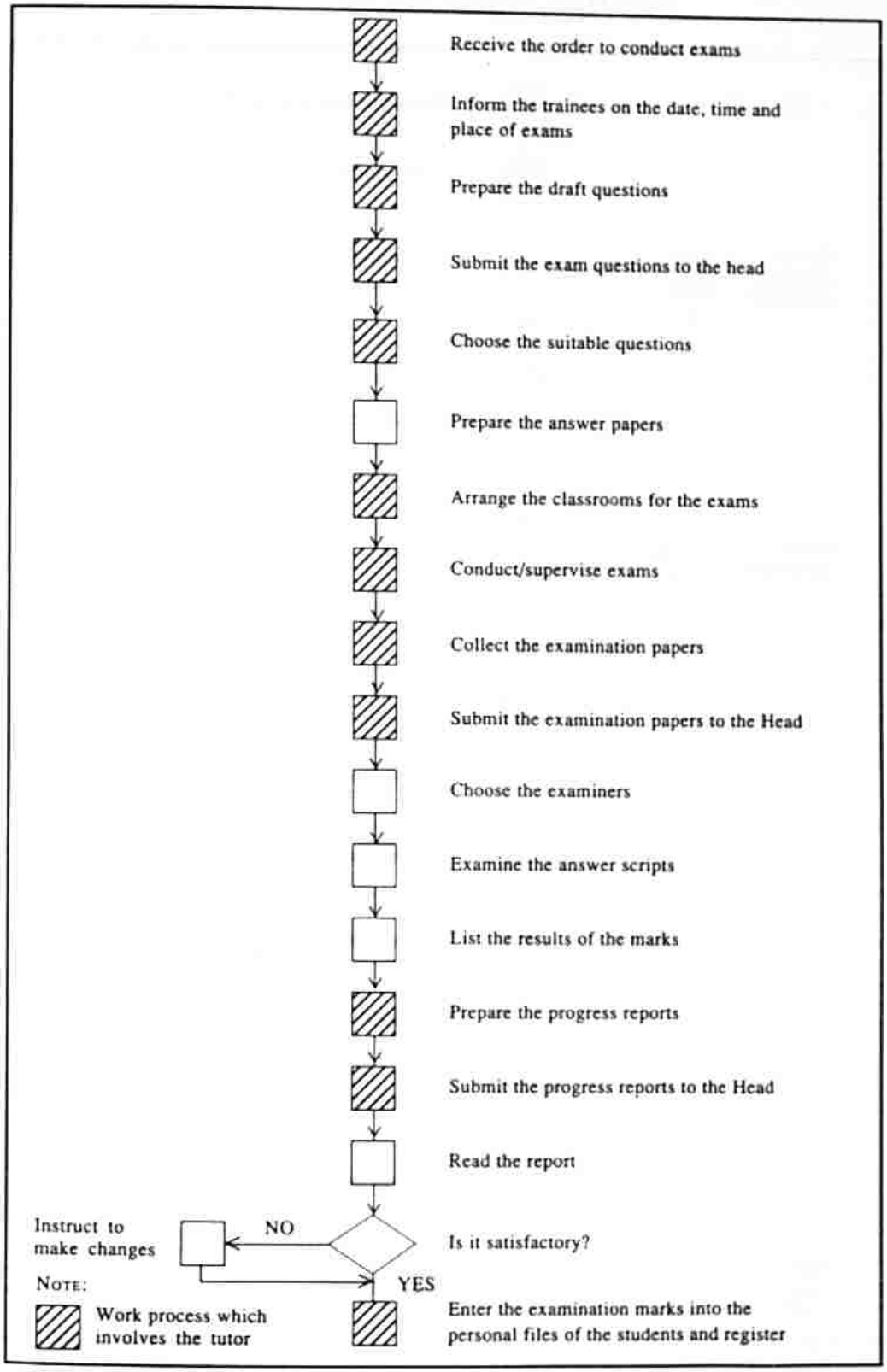


DIAGRAM 19: **PROCESS FLOW CHART FOR INCLUDING PARTICULARS OF CHILDREN INTO THE MALAYSIAN PASSPORT OF MOTHER OR FATHER**

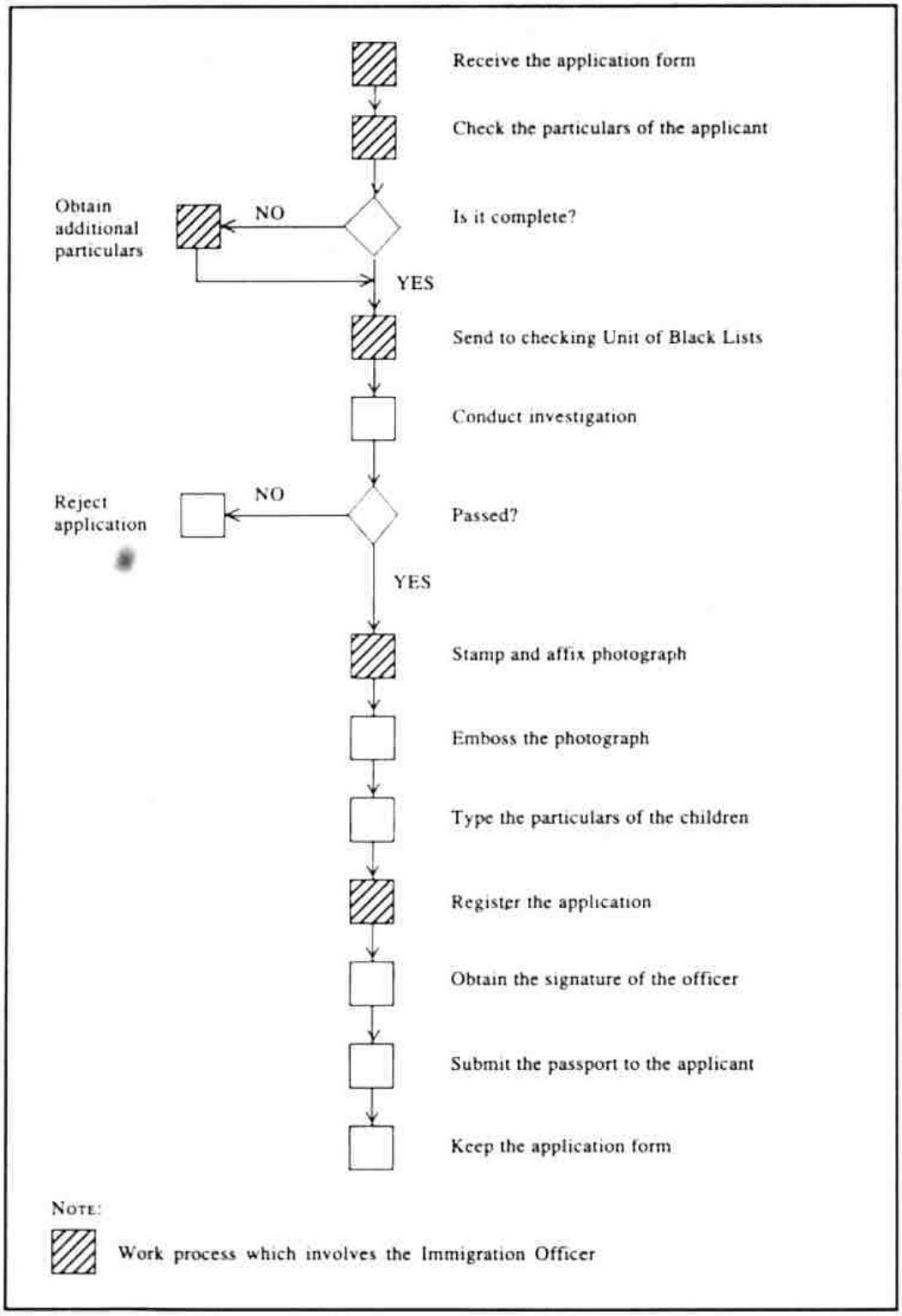


DIAGRAM 20: CHECKLIST FOR DUTY OF A RECEPTION NURSE AT THE OPERATION THEATRE

ACTION	INDICATE ( )	REMARKS
1. Asks and determines the name of patient.	☐	
2. Determines whether permission has been granted for the operation.	☐	
3. Determines whether the permission to operate is valid.	☐	
4. Examines the patient to make sure she is not wearing false objects or jewellry.	☐	
5. Asks the patient if she has taken any food or drinks.	☐	
6. Ensures the operation theatre is clear.	☐	
7. Asks the patient if injection has been administered prior to being sent to the operation theatre.	☐	

NOTE: The patient should be asked these questions politely and in a manner that is easily understood.

DIAGRAM 21: **CHECKLIST FOR DUTY TO PAY MONTHLY SALARIES**

ACTION	CHECK ( )	REMARKS
1. Determines place and time.	☐	
2. To book in advance the meeting room for purpose of counting money.	☐	
3. To book in advance the Security Police Guard at least 6 people (from Bank Negara to General Hospital, Kuala Lumpur).	☐	
4. To book in advance the Security Police Guards (to guard while counting and payment of money).	☐	
5. To book in advance vehicles (at least 3 vehicles).	☐	
6. Prepares and sends the list of currency denominations to Bank Negara and fixes the time to collect the cash.	☐	
7. Prepares the list of officers to pay the salary at least 20 people.	☐	
8. Ascertains the salary bag, coin box and cash envelope are ready.	☐	
9. Obtains signature of authorised officer for cashing the cheque.	☐	
10. Ascertains the keys of the strong room and the cash box is with officer responsible.	☐	
11. Ascertains the place for payment of salary is complete with tables and chairs.	☐	

DIAGRAM 22: **CHECKLIST FOR THE MANAGEMENT OF SEMINAR**

ACTION	CHECK ( )	REMARKS
Early Preparations		
1. Set up a coordinating Committee.	☐	
2. Set up Sub Committees for:		
(a) Secretarial Work	☐	
(b) Preparation of Auditorium	☐	
(c) Accommodation and Transport	☐	
(d) Banquet/Food	☐	
(e) Security	☐	
(f) Publicity	☐	
Secretariat Committee		
3. Determine:		
(a) Theme	☐	
(b) Subject	☐	
(c) Date	☐	
(d) Place	☐	
4. Identity areas of the papers to be discussed	☐	
5. Identify panel members	☐	
6. Determine the invited guests and special guests	☐	
7. Prepare the guidelines for the seminar	☐	

ACTION	CHECK ( )	REMARKS
8. Obtain the agreement of the ordinating committee on the following:		
(a) Theme	☐	
(b) Subject	☐	
(c) Date	☐	
(d) Place	☐	
(e) Panel Members	☐	
(f) Invited guests and special guests	☐	
(g) Participants	☐	
(h) Guidelines of seminar	☐	
Coordinating Committee		
9. Prepare the cost estimates	☐	
10. Obtain approval from Treasury	☐	
Secretariat Committee		
11. Book in advance the place for the seminar	☐	
12. Get the confirmation of those attending:		
– Invited Guests	☐	
– Special Guests	☐	
– Panel Members	☐	
13. Send the guidelines of the seminar to paper presenters	☐	
14. Send out the invitations to the participants	☐	
15. Collect the seminar papers	☐	

ACTION	CHECK ( )	REMARKS
16. Prepare:		
(a) Program Book	☐	
(b) Program	☐	
(c) Folder	☐	
(d) Name Tags	☐	
17. Receive replies from the participants	☐	
18. Prepare the list of participants who are attending together with the facilities required	☐	
19. Obtain information on qualification and experience of panel members	☐	
20. Prepare the list of panel members with their particulars	☐	
21. Prepare the list of invited guests/ special guests	☐	
22. Send the list of invited guests/ special guests to Ceremonial Division, Prime Minister's Department	☐	
23. Appoint staff to serve in the secretariat:		
(a) Typists	☐	
(b) Stenographers	☐	
(c) Machine operators	☐	
(d) Office Boys	☐	
(e) Drivers	☐	
24. Determine the things to be sent to the Secretariat Room:		
(a) Machines	☐	
(b) Stationary	☐	

ACTION	CHECK ( )	REMARKS
25. Send things to the Secretariat Room:		
(a) Machines	☐	
(b) Stationary	☐	
26. Prepare the duty list for the Secretariat Team	☐	
27. Brief the Secretariat Team	☐	
28. Make preparations for Rapporteurs:		
(a) Determine the number required	☐	
(b) Appoint the Rapporteurs	☐	
(c) Conduct a briefing	☐	
29. Make preparations for the usherers:		
(a) Determine the number required	☐	
(b) Appoint the usherers	☐	
(c) Conduct a briefing	☐	
30. Appoint the announcers for the function:		
(a) Opening of the seminar	☐	
(b) Closing of the seminar	☐	
31. Make preparations for the services of Workshop Assistants:		
(a) Determine the number of Workshop Assistants	☐	
(b) Appoint Workshop Assistants	☐	
(c) Conduct Briefing	☐	

ACTION	CHECK ( )	REMARKS
32. Prepare the draft of welcoming address for:		
(a) Sponsor	☐	
(b) Official Opening Speech	☐	
(c) Official Closing Speech	☐	
33. Obtain the approval of the draft paper of welcoming address from the coordinating committee for:		
(a) Sponsor	☐	
(b) Official opening address	☐	
(c) Official closing address	☐	
34. Send the draft speech to the relevant authority	☐	
35. Obtain the approval of the relevant authority	☐	
36. Print the speech	☐	
37. Send the speech to:		
(a) The person giving the speech	☐	
(b) The Publicity committee	☐	
38. Keep the speech for distribution to the participants	☐	

LIST OF FORMS RELATED TO THE DUTY OF AN OFFICER

48. The concept of forms has been explained in the Content Section of MWP. The aim of having the list of forms in a Desk File is to inform the officer the forms that are involved in his duties. For example the list of forms involved for the officer on duty at the Application of Identity Cards Division is as follows:

(a) Form for Registration of Application of Identity Cards (JPN 1/1);

(b) Form for Application of Identity Cards (JPN 1/2); and

(c) Form for Application of Replacement of Identity Cards (JPN 1/3)

LIST OF LAWS AND DIRECTIVES REQUIRED

49. The lists of laws and directives that are required in a Desk File are extracts of the official orders which need to be referred to by an officer. Only those orders that are in use should be enclosed in the Desk File. The list of laws and directives are necessary because it:

(a) acts as a basic reference for carrying out an activity legally;

(b) Saves time in reviewing all orders that are required, which are ususally kept in various division/unit in a department/office; and

(c) enables other staff to make reference when necessary.

50. The method to prepare the list of laws and directives is as follows:

(a) Collect all laws and directives which are related directly to the post concerned. Laws and directives like General Circulars, Treasury Circulars, General Orders, Specific Acts, Office Administrative procedures, Orders and others;

(b) Prepare the list of laws and directives by noting down the number, year of issue, date and brief title of each order;

(c) Enclose the extract of laws and directives that are related to the respective posts.

Examples of the list of laws and directives are as illustrated in *Diagram 23* and *Diagram 24*.

LIST OF COMMITTEES REPRESENTED

51. The list of committees to be enclosed in a Desk File covers all committee represented by the officer concerned. These committees should be in existence for at least six months.

52. The aim of listing these committees is to make the officer concerned aware of the committee in which he/she is represented thus enabling him/her to make the necessary planning and preparations prior to attending these committee meetings. This list will also enable officers taking over the position concerned to become aware of the committees that they have to represent.

DIAGRAM 23: LIST/EXTRACTS OF LAWS AND DIRECTIVES REQUIRED BY THE NURSING TUTOR

1. General Orders — Chapter B — In-service Allowances
   Chapter C — Leave
   Chapter D — Discipline
2. Circulars from The Director, General Hospital, Kuala Lumpur
3. Circulars from The Director, Training and Human Resources Division— Scholarship Allowances and training conditions
4. Circulars from the Principal Matron of Malaysia, Nursing Division, Ministry of Health
5. Circulars from the Secretary General, Ministry of Health, Service Division and Finance Division
6. Laws and Directives of Nursing Board of Malaysia concerning the examinations of Trainee Nurses and Registration
7. List of journals/reference books
   (a) Nursing Mirror
   (b) Nursing Times
   (c) American Journal of Nursing
   (d) Journal of Nursing Administration
   (e) Journal of Nursing Education
   (f) Nursing Procedures
   (g) Text Books for Trainees

DIAGRAM 24: **LISTS OF LAWS AND DIRECTIVES REQUIRED BY THE SERVICE CLERK**

1. General Orders Chapter A
2. Treasury Instructions
3. Service Circulars No. 6/70 - Retirement Papers and Payment of Pensions, Retirement allowances or gratuity to a pensioner
4. Service Circular No. 10/70 - Pensions Scheme for Widows and Orphans
5. Service Circular No. 11/70 - New Examinations Syllabus for Internal and External Services and Malay Administrative Service
6. Service Circular No. 13/70 - Status of Women Officers under the General Orders Chapter A 32
7. Service Circular No. 14/70 - Examinations for Clerical Services and Clerical Assistants
8. Service Circular No. 17/70 - Special Examinations for Clerical Assistants
9. Service Circular No. 24/70 - Same as SPP 14/70

53. This list should contain information such as name, frequency of meetings and the kind of representation whether as Chairman, Secretary, Permanent Member, Associate Member, Invited Member and others.

Example:

List of Committees represented by the Director of Work Systems Division is as follows:

— Committee for the Appointment of Private Management Consultant

— Member of the Central Tender Board

— Committee for Excellent Services Award, MAMPU

WORK NORMS

54. Work norm is a time frame or any other measure of performance that has been established for the completion of a job. Work norms can be used as a guide by workers in the implementation of their duties so as to be able to achieve performance standard expected of them. It is also the basis of productivity measurement for a job. Through improvements in the work environment, either through technological advancement, staff training, or other motivational efforts, the work norm can be adjusted in accordance with these improvement efforts. Work norms assist in the improvement of work methods for purposes of reduction in wastage and errors in work.

55. For the creation of work norms, the following steps can be adhered to:

(a) Obtain work norms for a post from available sources, if any, and adjust according to the capability of the person holding the post and the equipment and machines available in that department.

(b) If work norms are not available from other sources, carry out work measurement studies in order to create the necessary norms.

Example of work norms is shown in *Chart 25*.

DIAGRAM 25: **WORK NORMS FOR THE DUTIES CARRIED OUT BY A SERVICE CLERK**

No.	*Type of Work*	*Time Taken*	*Total Units which can completed in one week*
1.	Manage appointments	115 minutes	17 units
2.	Manage confirmation in posts	151 minutes	13 units
3.	Manage entry into pensionable posts	195 minutes	10 units
4.	Manage the promotions	95 minutes	21 units
5.	Manage acting on posts	155 minutes	13 units
6.	Preparation of monthly/quarterly statements	120 minutes	16 units
7.	Manage transfers of officers	185 minutes	11 units

Total number of units which can be completed if the officer only carries out that task in a week.

DAILY DUTY LIST

56. Daily Duty list is a format for reminding and planning main activities which are required to be implemented on that day. This list, as far as possible should be placed on the table for easy reference. The daily duty list assists the officer before hand to plan work or carry out an important action, thus encouraging the practice of managing time efficiently and effectively.

57. The Daily Duty List can be prepared either in the evening after office hours or at the start of work in the morning. Check the activities that have been completed and make a note for those actions that require follow-up action or are postponed.

58. The use of daily duty list can be coordinated with the officer's requirements and can be prepared weekly or monthly. There are some types of posts which only require the checklist as a guide to plan work. Thus the daily duty list need not be used. Example of a format of a Daily Duty list is as illustrated in Diagram 26.

E. PREPARATION OF MANUAL OF WORK PROCEDURES AND DESK FILE

59. The preparation of MWP and DF need proper planning. The involvement of top management is very important in the preparation of both these books. To facilitate and assist in the preparation of these books, the Heads of Department/ office should appoint a senior officer as a Coordinator and a Work Group has to be set up for the preparation of these books.

60. To prepare the contents of MWP, the following actions have to be implemented:

(a) Determine the objective of department/office;

(b) Prepare the organisation chart of department/ office;

(c) List the main functions of the department/office;

(d) List the activities under each main function;

(e) Prepare the work process involved in every activity;

(f) Prepare the workflow chart for every acitivity; and

(g) List all forms used.

61. For the preparation of DF, the following steps have to be implemented :

(a) Include the objective of department/office which has been prepared for the MWP;

(b) Prepare the objective of Division/Unit;

(c) Indicate the position of the Division/Unit in the organisation chart of department/office which has been prepared for the MWP;

(d) Prepare the organisation chart of department/unit and indicate the position of the officer within the department/office;

(e) List the duties, responsibilities and work relationships of the officer concerned;

DIAGRAM 26: **DAILY DUTY LIST**

NAME:

POST:

DATE:

NO.	DUTIES TODAY	REMARKS

(f) List all the Administrative directives for main activities (list of activities is as that, prepared for the MWP);

(g) List all work processes which are required under every duty and responsibility;

(h) List all officers concerned with the approval;

(i) Lists all related laws and directives;

(j) Prepare work flow charts for every duty;

(k) Prepare checklist for every duty;

(l) Record the existing work norms;

(m) List the committees that officers are members of;

(n) Prepare the format of daily duty lists; and

(o) Make use of the exisitng work norms for the work norm schedule.

62. MWP and DF has to be updated whenever there are changes in the department/office. The directives, work procedures and forms which are no longer in use resulting from these changes has to be taken out from this manual and replaced with new ones. This ensures that the manual is updated at all times and is used by every officer in the department/office.

F. CONCLUSION

63. This guideline underlines the importance of the preparation of MWP and DF as well as the subjects to be included into both the books. The preparation of the MWP and DF has to involve all officers and staff of a department/office. It is hoped that with this guidelines the preparation of MWP and DF can be implemented more effectively.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 9 OF 1991

GUIDELINES ON THE IMPLEMENTATION OF THE MALAYSIA INCORPORATED POLICY

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries.
Local Government Authorities

PURPOSE

1. The Circular provides guidelines in the implementation of the Malaysia Incorporated policy at the Ministry, Federal Department, State Government and District Office levels, including local authorities.

IMPORTANCE OF THE POLICY

2. The Malaysia Incorporated Policy stresses the importance of cooperation between the public and private sectors in order to ensure rapid economic growth and national development. The success of the private sector leading to its expansion and increased profits will provide more revenue to the nation through the collection of various government taxes. It is therefore crucial that the public sector ensures the success of the private sector.

POLICY IMPLEMENTATION

3. For the effective implementation of the Policy, it is decided that each Ministry/ Department/Office must take the following actions:

A. CONSULTATIVE PANEL

3.1 A Consultative Panel must be established at each Ministry/ Department/Office at the federal, state and district levels. The following rules must be conformed with:

(i) *Membership*

3.2 The Consultative Panel must be chaired by the Secretary General/ Director-General/State Secretary/District Officer. The Deputy Chairman must be appointed from amongst the private sector members. Membership of the Panel shall comprise of specified officers of the Ministry/Department/ Ofice and representatives of the private sector. The private sector representatives can be chosen from amongst members of chambers of commerce and industry, bussiness councils, industries, and social, professional and other related organizations, as well as interested individuals. Members of the Panel shall be appointed by the Chairman.

(ii) *Terms of Reference*

3.3 The Consultative Panel serves as a mechanism for both sectors to discuss the implementation of Government policies/programmes/ projects that involve the private sector. The Panel must give due attention to issues relating to the delivery of services by the Ministry/ Department/Office to the private sector as follows:

(a) the improvement of rules, regulations and administrative procedures governing the activities of the private sector;

(b) the preparation of guide books to facilitate greater understanding of rules, regulations and administrative procedures;

(c) the determination of criteria for transparent decision making and the reduction in the resort to discretionary powers; and

(d) the efficient, effective and timely delivery of services to the private sector.

(iii) *Scheduled Meeting*

3.4. Panel Meetings must be held at least twice a year. The date of the meeting must be determined earlier.

(iv) *Secretariat*

3.5. The Secretariat for the Consultative Panel at each agency must be indentified and an official be designated as a liason between the agency and the private sector.

(v) *Discussion*

3.6. Agencies must ensure that proposals submitted at the Panel Meetings must be duly analysed, discussed, decided upon, and subsequently followed up and followed through.

A. ANNUAL DIALOGUE SESSION

3.7. Each Ministry/Federal Department/State Secretariat must hold an annual dialogue session with the private sector. The purpose of such a dialogue session is to enable an open discussion with the private sector on specific government policies, programmes and activities affecting the private sector coming under the purview of the agency; the implementation of those policies, programmes and activities; rules, regulations and procedures; and the general performance of the agency. The feedback obtained at the annual dialogue sessions must be used to improve the performance of the each agency in their given fields of responsibilities. These annual dialogue sessions are merely advisory and are without any decision making powers.

3.8. The annual dialogue session, to be chaired by the Minister or Menteri Besar, shall comprise of the Secretary General/State Secretary, Heads of Departments and senior officers of the relevant Ministries/ Departments/Offices representing the public sector; and members of chambers of commerce and industry, business and industries, relevant social and professional organizations, selected individuals and such others representing the private sector.

3.9. A secretariat for the annual dialogue session shall be identified to receive and submit working papers for discussion. The date for the dialogue session shall be duly scheduled and prior notice shall be given to each member.

3.10 Discussions and proposals made at the annual dialogue sessions shall be documented and transmitted to its members. Proposals made shall be studied and their feasibility for implementation be determined.

C. INFORMATION SHARING

3.11 Information required by the private sector in the course of discussions at Consultative Panel Meetings, annual dialogue sessions and other forums involving both the public and private sector, shall be given with the prior approval of the Head of Department. The communication of such information shall be subjected to specific policies of the Ministry/Department/Office, Government's administrative regulations and the provisions of the Official Secrets Act, 1972.

D. INTERACTION THROUGH FORUMS FOR THE EXCHANGE OF IDEAS, KNOWLEDGE AND EXPERIENCE

3.12 Government officials are permitted to participate in seminars and other fora sponsored by chambers of commerce and industry, business councils, professional bodies and similar organizations if the topics and issues to be discussed concern the areas under the purview of the Ministry/Department/Office. The participation of Government officials at seminars, workshops, training courses is to encourage the exchange of ideas, knowledge, experiences as well as to obtain feedback which will benefit the Government administration.

E. SOCIAL INTERACTION

3.13 In order to foster closer relationship between the public and private sectors, Ministry/Government Department/Office are permitted to hold sporting activites with participation by both sectors. Team sports are encouraged. The sponsorship and cost for sporting activities must be borne jointly. In this regard, the private sector means chambers of commerce and industry, business councils, federations of industries and other similar organizations. Competitive sports between Ministry/ Government Department/Office and individual companies are discouraged.

F. RECOGNITION BY PRIVATE SECTOR

3.14 A Ministry/Department/Office is permitted to receive recognition from the private sector for its performance in the efficient and effective delivery of quality and productive services to the satisfaction of the private sector. Notwithstanding, any such recognition to be bestowed by the private sector to any Ministry/Department/Office must have prior approval of the Panel on Administrative Improvement in the Civil Service. Recognition conferred on Ministry/Department/Office by chambers of commerce and industry, business councils, federations of industries and similar organizations are acceptable while recognition conferred by any individual company is not allowable. Awards for recognition must be in the form of objects such as souvenirs, trophies and plaques and not in cash.

3.15 Recognition from private sector can only be awarded to Ministry/ Department/Office or the division/unit of Ministry/Department/Office and not to any individual of the public service.

EFFECTIVE DATE

4. The Circular is effective from the date of issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 10 OF 1991

GUIDELINES FOR THE IMPROVEMENT OF THE QUALITY OF COUNTER SERVICES

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

AIM

1. The aim of this circular is to provide guidelines to assist all Government Departments upgrade their counter services. These guidelines are used as reference by the management of departments/offices as well as counter staff in their efforts to upgrade the quality of services. The Guidelines For The Improvement of the Quality of Counter Services are in the Appendix attached to this circular.

BACKGROUND

2. Counter Services are an important front line service. The Public who patronise Government Departments, have specific needs and high expectations of Government Departments that provide counter services. Counter Services that are fast and efficient will reduce the customer's waiting time.

3. These guidelines serve as a step to ensure that counter services rendered by Government Departments satisfy customers and also create quality counter services.

GUIDELINES ON IMPROVEMENT OF THE QUALITY OF COUNTER SERVICES

4. These guidelines consists of 2 important sections i.e.

(i) The Concept of Counter Services

This section deals with the concept of counter services which comprise of 3 components. These components are section infront of the counter, section at the counter and the section behind the counter.

(ii) Quality Counter Services

This section deals with the explanation on the goals of counter services and efforts to incorporate quality into the three component sections of counter services so as to ensure that these goals are achieved.

5. It is hoped that with these guidelines Government Departments/Offices can plan and implement efforts to improve quality counter services.

EFFECTIVE DATE

6. These guidelines should be used from the date of issue of this circular.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix To Development
Administration Circular
No. 10 of 1991)

GUIDELINES FOR THE IMPROVEMENT OF THE QUALITY OF COUNTER SERVICES

CONTENTS

GUIDELINES ON IMPROVEMENT OF THE QUALITY OF COUNTER SERVICES

I. AIM

1. The aim of these Guidelines is to assist Government Departments which provide counter services in upgrading the quality of their services.

II. CONCEPT OF COUNTER SERVICES

2. Counter services facilitates the Government in providing services to the public. It is here that various services like the issue of licences, permits, passports, identity cards as well as certificate of marriages and citizenship, collection of revenue, processing of application for essential facilities and other services are provided. The Concept of Counter Services comprise of three components which are as follows:

(a) The Front Section of the Counter which is the Customer.

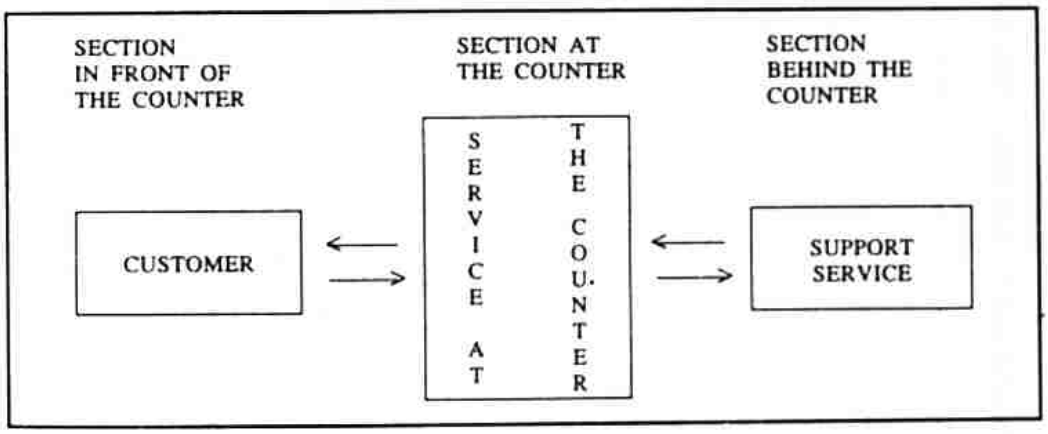
(b) The Counter Section which is service at the counter.

(c) Section behind the counter which is the Support Services.

This concept is illustrated in *Diagram I*.

3. The section at the counter is the place where customers wait for services. It is at the counters that counter staff start meeting and providing services to the public. This is the place where counter staff receive customers, provide services and terminate the service. The section behind the counter provides the supportive service for the counter service.

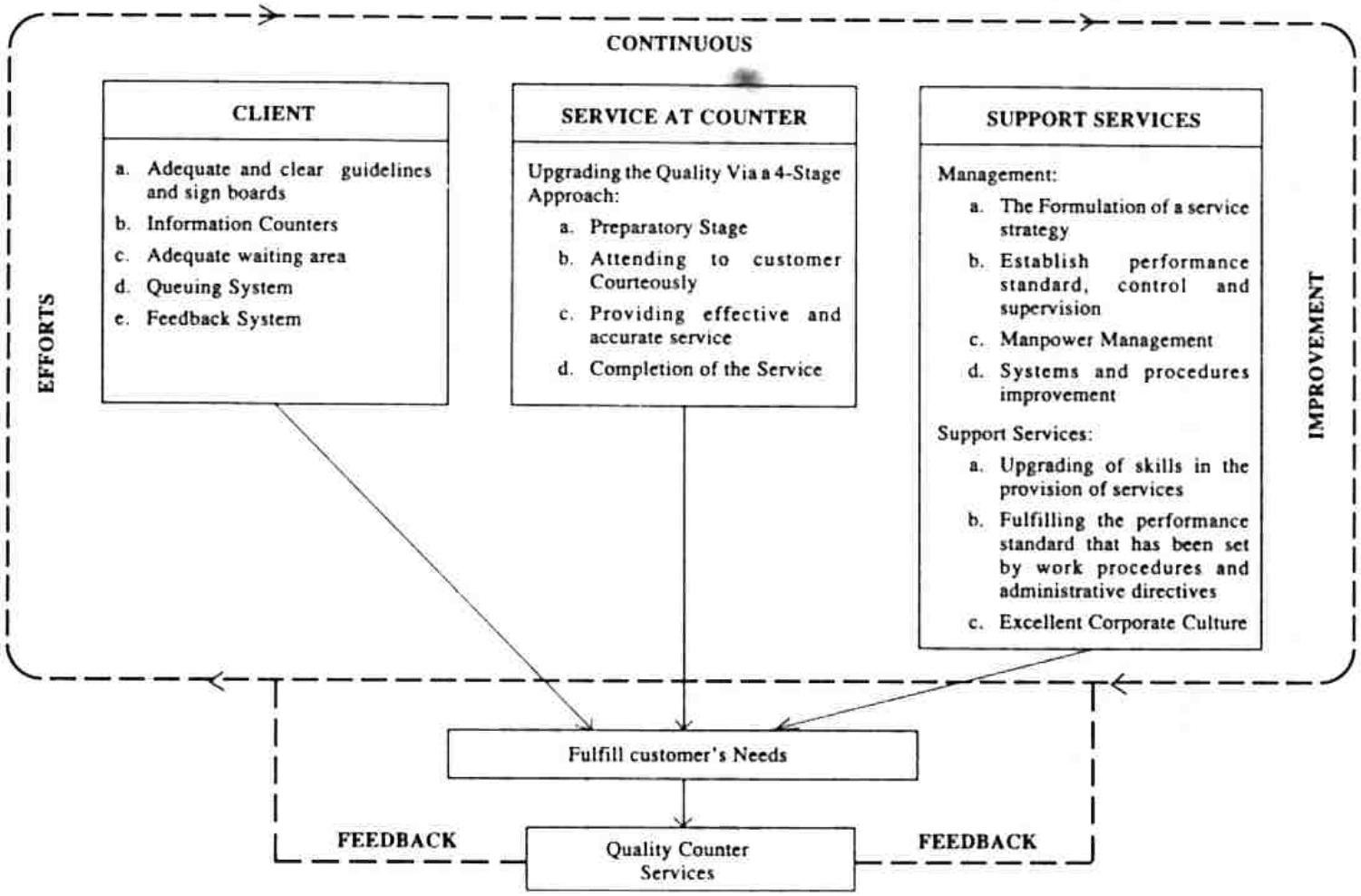
DIAGRAM I—CONCEPT OF COUNTER SERVICE



III. QUALITY COUNTER SERVICES

4. Quality Counter Services are services that fulfill the needs of the customers. Customers will be satisfied if the service provided is fast, error-free, easily available and is not burdensome to the customer who is served in a courteous manner. In order to achieve this, the quality at the three components of counter services as shown in *Diagram I* has to be improved. Efforts to incorporate quality at these three components of counter services is illustrated in *Diagram 2*.

DIAGRAM 2—**EFFORTS TO ESTABLISH QUALITY COUNTER SERVICES**



IV. EFFORTS TO IMPROVE THE QUALITY OF COMPONENTS OF COUNTER SERVICES

A. INFRONT OF THE COUNTER—CUSTOMER

5. Appropriate and sufficient facilities are to be provided for the customers infront of the counters. These include:

(a) Notice Boards and Directional Signs

Features of a good notice board and directional signs are as follows:

(i) Easily visible;

(ii) Accurate and clear; and

(iii) Indicates type, place and lists of requirements for a service.

(b) Enquiry Counters

Enquiry Counters should be equipped with the following:

(i) Easy accessibility;

(ii) Counter staff should be knowledgable; and

(iii) Equipped with forms, guidelines and pamphlets regarding services.

Enquiry Counters that function effectively will result in the following advantages:

(i) Facilitate the public in obtaining clarification without queueing at the service counters;

(ii) Save waiting time for the customers as well as the counter staff. This is made possible because the customer is able to be obtain information at the enquiry counters prior to obtaining services at the counters;

(iii) Reduce the number of customers in the queues by separating those who require services at the counters from those who have queries.

(c) Comfortable Waiting Area

Features of a good waiting are:

(i) Adequate waiting area;

(ii) Well equipped with adequate and comfortable seats;

(iii) The area should be clean, attractive and equipped with fans or air conditioners;

(iv) The customers should be entertained with music, video clips or television programs which provide information;

(v) Provide light reading material; and

(vi) Provide public telephones.

A comfortable waiting area reduces the boredom of customers. To further enhance the comfort of the customers additional facilities are provided such as:

(i) vending machines;

(ii) canteens;

(iii) clean public toilets which are in good working condition;

(iv) photocopying machines;

(v) facilities for taking photographs;

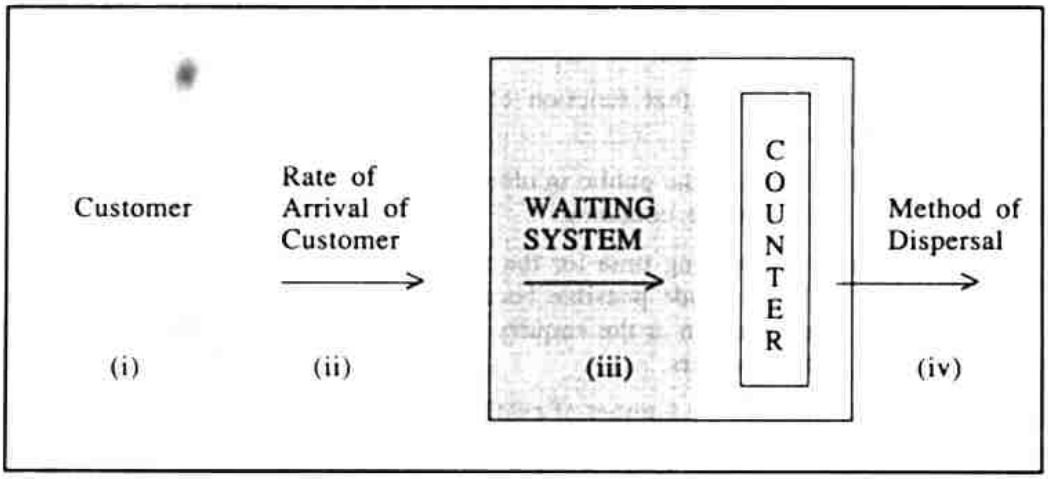
(vi) loud speakers; and

(viii) postal agents selling stamps

(d) Queuing System

The queuing systen comprises of the customers, their arrival rate, the system of waiting for service and the distribution of crowds. This is illustrated in *Diagram 3*.

DIAGRAM 3—**CONCEPT OF QUEUING SYSTEM**



The system of waiting for services has to be given adequate attention cause this invariably affects the comfort and satisfaction of the customers. There are at least 5 type of waiting system for services which are usually practised such as:

(i) Type I — One queue for a service counter

(ii) Type 2 — One queue for multiple counters with similar service

(iii) Type 3 — Multiple queues for multiple counters with similar service

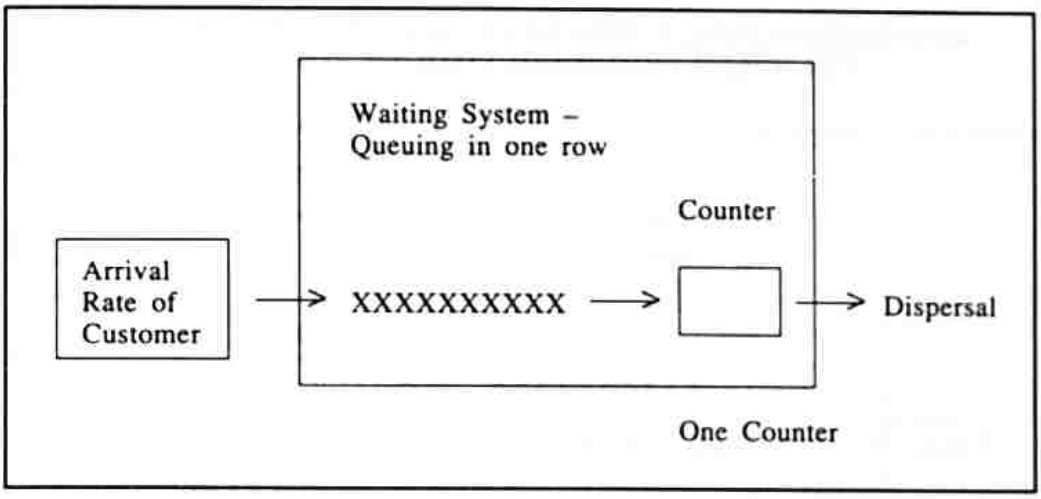
(iv) Type 4 — Multiple queues for multiple counters which provide various services

(v) Type 5 — Calling System

Type 1—One Queue for a service counter

In this type the customer queues up in a line to obtain service at one counter only. This is illustrated in *Diagram 4*.

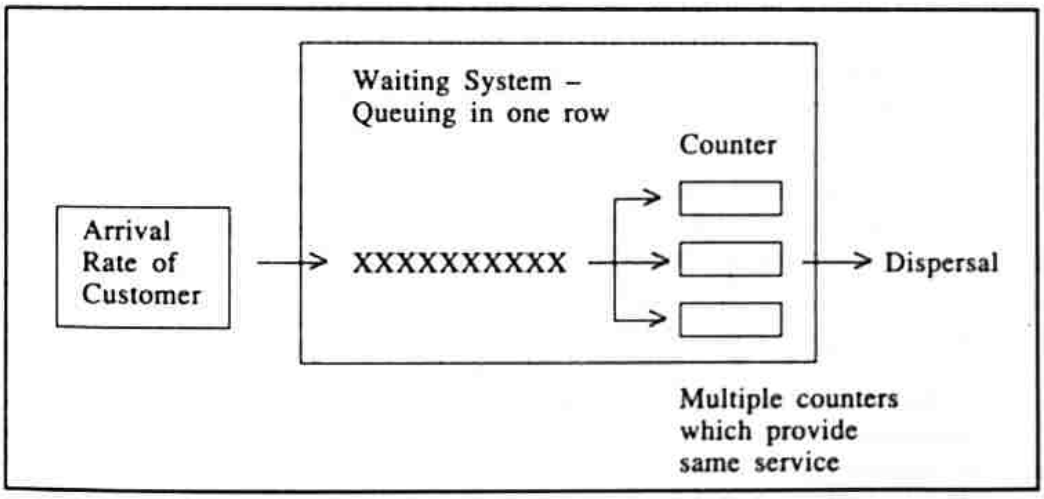
DIAGRAM 4—**TYPE 1: ONE QUEUE FOR ONE SERVICE COUNTER**



Type 2—One Queue for multiple counters for similar service.

In this type, the customer queues up in one line to obtain service from many counters all providing the same service. The customer who is right infront of the queue can go to any of the counters which is free. This ensures that customer who come first are served first. This type is illustrated in *Diagram 5*.

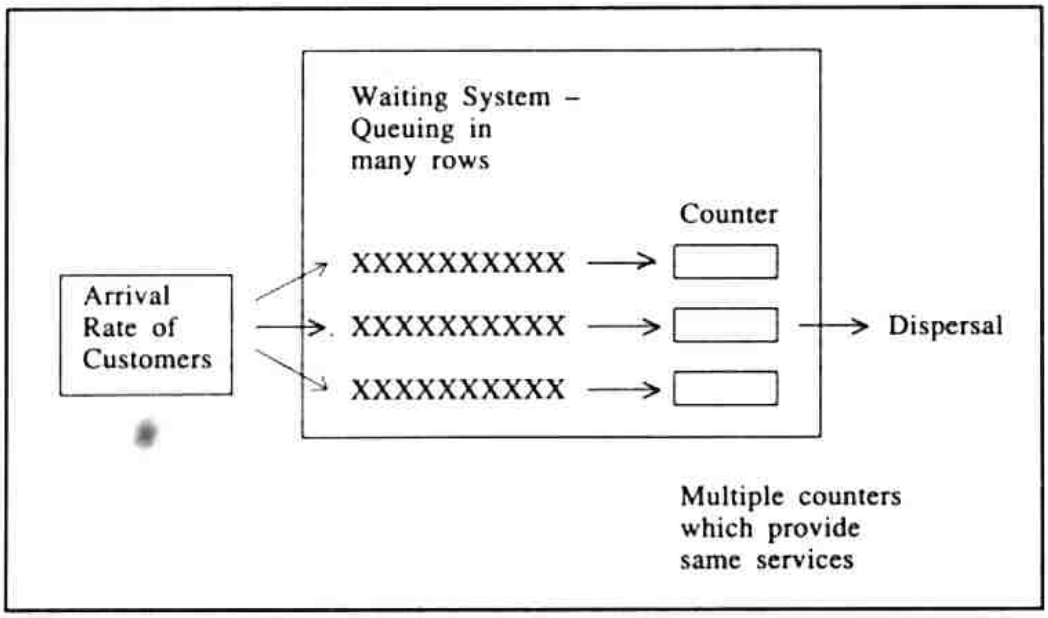
DIAGRAM 5—**TYPE 2: ONE QUEUE FOR MULTIPLE COUNTERS FOR SIMILAR SERVICE**



Type 3—Multiple Queues for Multiple counters providing similar services

In this type, there are many counters which provide a variety of services. Each counter provides these services similar to the other counters. Customers queue up at any of the counters for any of the services they require. This is illustrated in *Diagram 6*.

DIAGRAM 6—**TYPE 3: MULTIPLE QUEUES FOR MULTIPLE COUNTERS PROVIDING SIMILAR SERVICES**



This type has diadvantages such as:

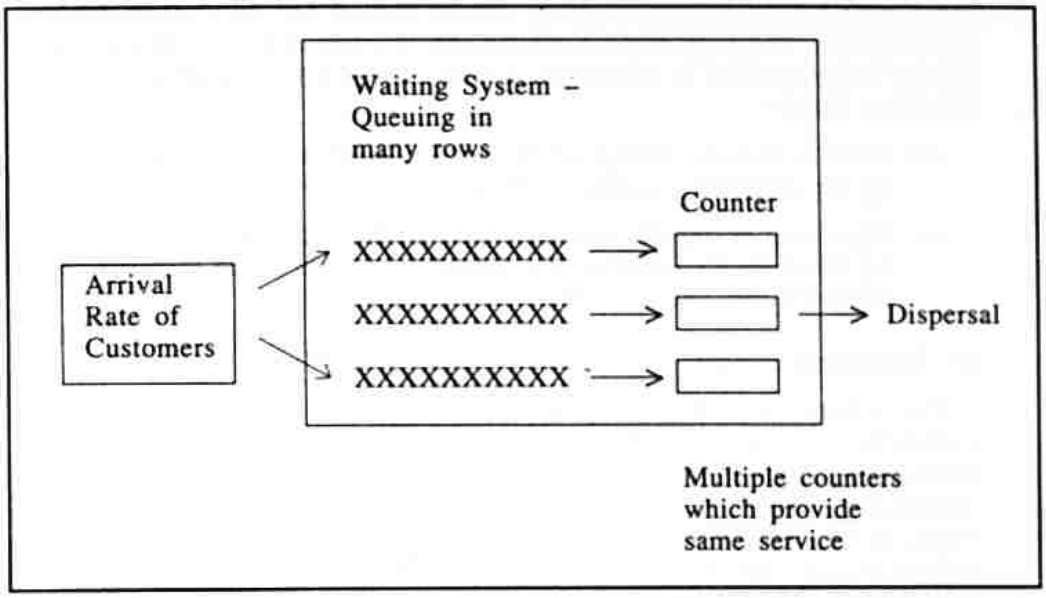
(i) The rate of providing service may differ from one counter to another because of different requirements for each service. This situation can give rise to customers in some counters having to queue and wait longer than others. It is also possible that those who come later are able to be served earlier because of the faster service provided at the counter.

(ii) Counter staff are forced to temporarily close counters in order to attend to customers with complicated cases. Thus, customers in these queues are asked to go to other counters for services. This can cause much inconvenience and delay to these customers.

Type 4—Multiple Queues for Multiple Counters for various services.

In this type there are many counters which offer various services. Customers can queue in the counters which provide the services they require. This type is illustrated in *Diagram 7*.

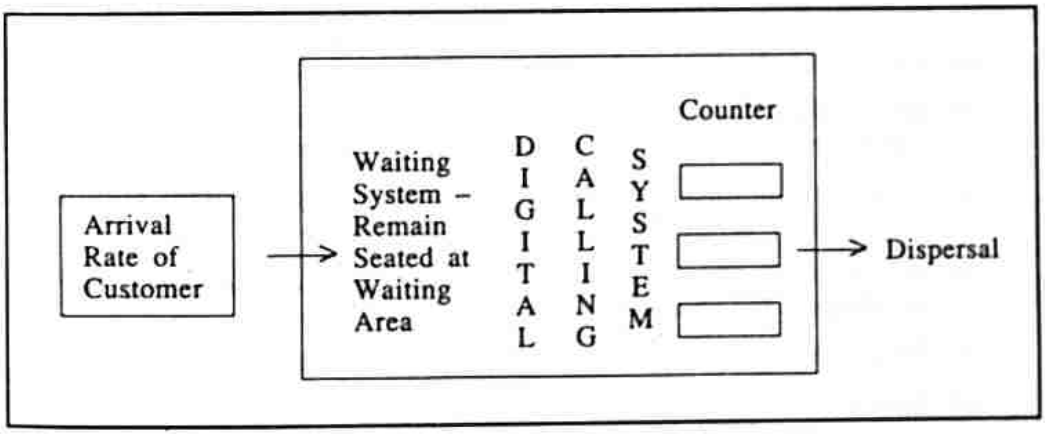
DIAGRAM 7—TYPE 4: MULTIPLE QUEUES FOR MULTIPLE COUNTERS WITH VARIOUS SERVICES



Type 5—Calling System

The Calling System does not require customers to queue up for services. Customers can remain seated comfortably after they have been allocated a number. These numbers are provided at the counters through many methods. One such method is the use of electronic machines which issues numbers or customers can obtain these number from special counters. They only need to be at the counter when their number is called. Loud speakers or electronic display systems are used for this purpose. Thus, customers do not need to wait in long queues or crowd around counters for services. This type also reduces the crowds at counters. This type is illustrated in *Diagram 8*.

DIAGRAM 8—TYPE 5: QUEUING SYSTEM



Department/office can choose any type of waiting systems, suitable for their respective counters. However, as far as possible given the right circumstances for example, with suitable waiting area and financial resources, departments/offices should strive to choose Type 5 i.e. the Calling System. The reason is this type is most comfortable for the customer. Departments/ offices which propose to adopt this system should give consideration to the following factors:

(i) Strive to provide enough waiting area to accomodate adequate seats for all the customers waiting to be served.

(ii) Place seats at suitable locations so as to enable customers to see clearly the numbers displayed at the counters, or to hear the numbers being called by the counter staff.

(a) Suggestion System

Each counter service should establish a suggestion system so as to enable customers to channel their appreciation or grievances on the quality of services rendered, and provide suggestions to further improve the services. There are several ways customers can express their views such as the use of suggestion boxes, special questionnaire forms placed at the waiting area. Other forms include having dialogue sessions and discussions with groups of customers or associations. They are also encouraged to express their views by way of letters. In this way, customers are made to feel that their feelings are genuinely taken into consideration. Management can also obtain valuable information from customers so as to upgrade the quality of their counter services.

B. THE COUNTER—SERVICE AT THE COUNTER

6. Efforts to improve the quality of the counter services can be implemented based on the 4—stage approach as illustrated in the *Diagram 9*. The stages involved are as follows:

Stage 1—Preparation

7. The aim of this stage is to remind counter staff on steps that need to be taken before the start of the day's work. These steps are to be taken so as to ensure the smooth functioning of the services throughout the day.

8. The necessary steps that have to be undertaken are as follows:

(a) Ensure that all lights at the counter and the waiting area are switched on;

(b) Ensure that all machines and equipment such as receipting machines, public announcement systems and others are in good working condition;

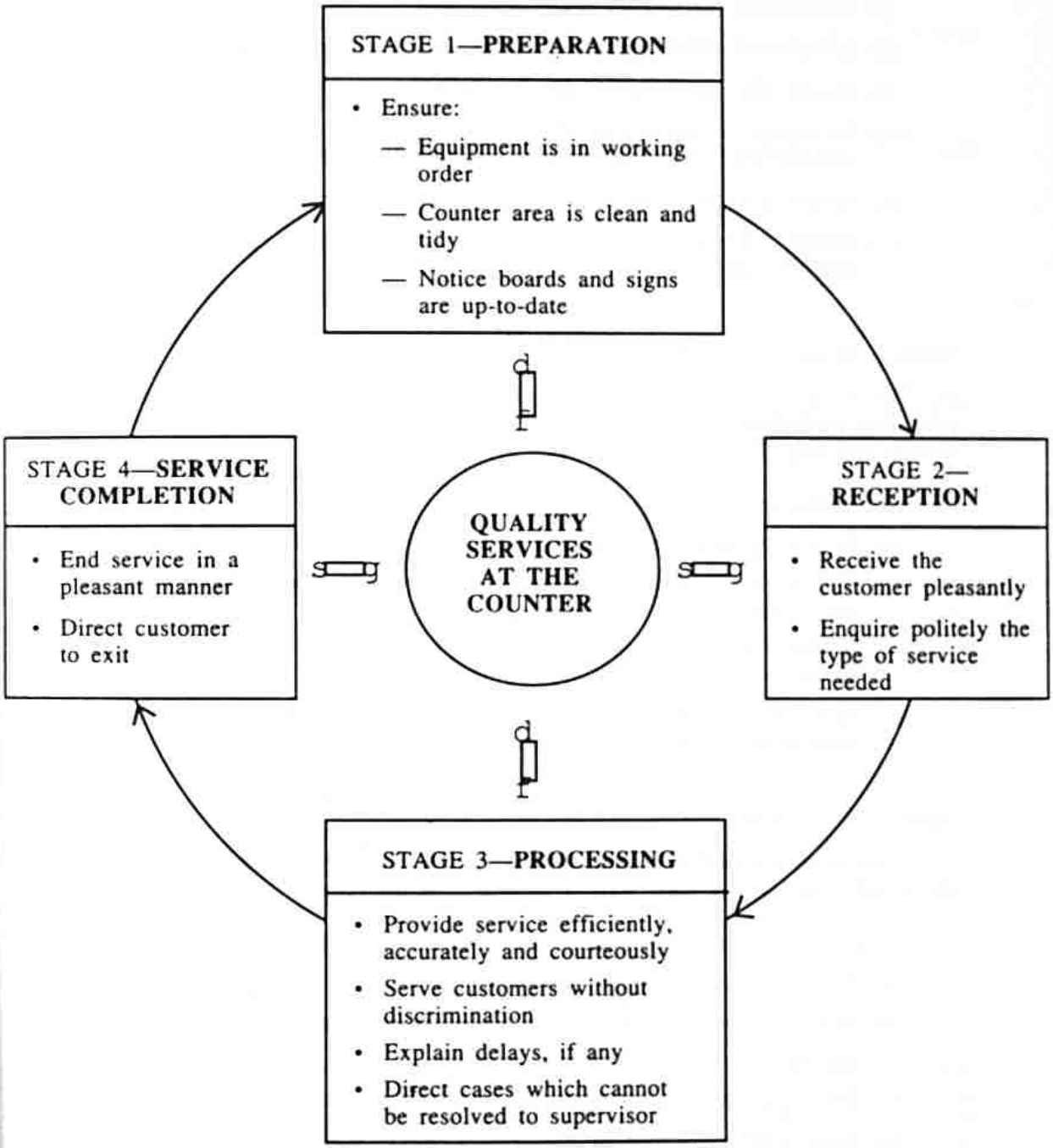
(c) Ensure that all forms and other documents for carrying out the day's work are available in sufficient quantity;

(d) Ensure that working tools such as the date stamp, the acknowledgement of receipts, and stationery are easily available;

(e) Ensure that there is enough coin and currency change available;

(f) Ensure that the counter and the waiting area is clean and tidy;

DIAGRAM 9—4-STAGE APPROACH TO IMPROVE SERVICES AT THE COUNTER



(g) Ensure that public facilities such as seating for the public, trash cans and others are in good condition;

(h) Ensure that forms/documents that have to be completed by the public are available in sufficient quantities and there are places for filling of forms at the Enquiry Counters;

(i) Ensure that the queuing area is clean;

(j) Ensure that the activity board is updated;

(k) Ensure that notice boards consist of up-to-date information and notices;

(l) Ensure that there are enough directional signs which are accurate;

(m) Be present at the counter 10 minutes before the counter is opened, be dressed neatly and appropriately and name tags should be worn;

(n) Ensure that the counters open at the specified times;

(o) Inform the supervisor in case of any counter staff being absent at the specified time.

Stage 2—Reception

9. This stage starts when the counter clerk meets the customers. It is aimed at providing guidelines to the counter staff on good practices to be adopted when serving customers.

10. These practices are as follows:

(a) Receiving customers pleasantly with a cheerful greeting to welcome them;

(b) Making enquiries about the types of services they require in a polite and clear tone;

(c) Looking at the customer when speaking and paying attention to what is being said;

(d) If the service is not offered at the counter, direct them to the appropriate counter and giving accurate direction.

Stage 3—Processing

11. This stage is when the counter staff serves the customer. It is aimed to inform the counter staff of the ideal way of dealing with customers.

12. Counter staff have to give attention to the following aspects:

(a) Provide efficient and accurate services;

(b) Being courteous while speaking to customers to make them feel at ease;

(c) Serving customers who are in the queue;

(d) Providing fair services without discrimination;

(e) Always be ready to help and assist without being asked;

(f) Being patient as well as open to suggestions and comments;

(g) Informing customers politely if they fill forms incorrectly or fail to bring the necessary documents;

(h) If delays cannot be avoided give reasons and inform the time duration needed to settle the matter at hand;

(i) Give acceptable reasons if customer's needs cannot be fulfilled;

(j) Channel cases that cannot be settled by the counter staff to supervisors/ top management immediately;

(k) Inform the supervisor to open additional counters or to extend counter service time, if needed;

(l) Inform customers on follow-up action (if necessary).

13. On the other hand, the following practices should be avoided by the counter staff:

(a) Allow customers to wait without acceptable reasons;

(b) Entertain customers half heartedly;

(c) Discriminate against customers;

(d) Give incorrect and inaccurate information;

(e) Challenge, argue, scold or mistreat customers;

(f) Allow wastage of time by conversing or talking for a long time over the telephone while dealing with customers; and

(g) Read, eat, drink, speak and laugh loudly; and

(h) Dress inapproriately when on duty at the counter.

Stage 4—Completion of Service

14. This stage is when the counter staff completes the service rendered to the customer. This final stage is aimed to ensure that customers are happy and satisfied, and would continue to come for services in the future.

15. The following good practices should be applied:

(a) Convey appreciation in a pleasant tone so that customers are made to feel wanted such as:

(i) "Thank you and see you again"

(ii) "Goodbye and have a safe journey"

(iii) Other appropriate greetings.

(b) Direct customers to exit points (if necessary).

C. BEHIND THE COUNTER—SUPPORT SERVICE

16. The ability of Government Departments/offices to provide quality counter services depend largely on the role played by the management and staff who render support services behind these counters. All planning, managing of resources, decision-making process and daily administrative matters are carried out at this section.

MANAGEMENT ROLE

17. The role of management is to employ resources efficiently and effectively. Management is responsible for decision-making by using available information. They are also responsible for supervision, controlling, monitoring and evaluating all plans and decisions made so as to ensure goals are achieved. Management also plays an important role in the development of human resources so as to ensure that all officers and staff contribute towards the success of all efforts that have been planned and decided upon.

18. Departments/Offices which are successful in providing quality counter services have adopted several good operational principles as a basis. These principles are as follows:

(a) Establishing a Customer Driven Strategy;

(b) Setting of Performance Standards in accordance with the strategy;

(c) Manpower management for the accomplishment of the strategy;

(d) Improving The Systems and Work Procedures for the achievement of the strategy.

Establishing a Customer Driven Strategy

19. This principle places emphasis on meeting the customer's needs. To achieve this, it is important to listen, understand and respond to customers' needs.

20. Some examples of customer-driven strategies are as follows:

(a) One Stop Bill Payment Centre

Through these One Stop Bill Centres the public are able to pay various types of bills at one place. With this facility customers do not need to go to several places to settle their bills. This can save the customers time, cost and effort.

(b) One Stop Service Centre

The One Stop Service Centre provides various types of services at one central place. This saves the customer from going place to place to obtain services required.

(c) One Stop Counters

One stop counters centralise all counter services provided by several departments/offices at one place. This enables customers to obtain different services by departments/offices at these centres.

(d) Service at Branch and Mobile Offices

It is not practical to centralise counter services at the Headquarters. It would be better if these services are also rendered at the branch offices or mobile offices. This approach allows the service departments/offices be close to the customers. Thus, it is more convenient for customers to obtain these services.

(e) Extending of service time of counters

Extending service time at counters facilitates those customers who are working during the office hours. Extending service time at counters can be done by opening counters earlier i.e. half an hour earlier than the actual opening time of counters, extending service time after office hours, for example till 6 pm. or opening counters during lunch breaks.

(f) Additional Services

In addition to extending the service hours, Government departments/ offices which provide counter services can extend their services by firstly, opening counters on weekends and secondly, opening temporary counters to provide additional service/information to customers at shopping complexes.

(g) Enquiry Services through telephone

Enquiry services through telephones represent yet another facility provided by the counter services. Through this system, the customer is able to make enquiries and obtain information immediately. This system can be efficiently handled through computers which have the capacity to handle enquiries, check and update records so that accurate information is given whenever required.

(h) Issue of Composite Licences and Forms

The establishment of Composite Licences and Forms is another effort to combine various licences and application forms for several activities which is controlled by a department/office. This facilities departments/ offices to issue licences and process applications forms. It also makes it easier for customers as they do not need to handle various licences and complete several different types of forms. This saves the time of departments/offices and customers.

(i) Departments/Offices that are easily accessible

Management should take into consideration aspects like location of counter services. As far as possible, counter services should be located on the ground floor of departments/offices so that there is easy accessibility. This is to ensure that customers obtain services easily saving time and energy.

Setting of Performance Standards, Control and Supervision

21. The setting of performance standards in accordance with the strategy is an important operational principal for the achievement of a quality counter service. With these standards management can evaluate the performance of services rendered. Feedback on the changing expectations and demands of the customers should be used as a guideline to evaluate and review the performance standards set previously. It is the responsibility of management to establish reliable performance standards and control the duties of the staff in order to ensure that duties are in accordance with prescribed directives and performance standards.

Manpower Management

22. Manpower Management comprises of selection, training and optimal deployment of human resources, evaluation, recognition and rewarding excellent services employees. In order to achive a quality counter service it is important that counter staff should be selected with special traits. These traits include friendliness, pleasant, courteous and emotionally stable when dealing with various types of customers. Their knowledge and skills should also be enhanced through proper training and courses, so that they are able to carry out their duties in a professional manner. They should be provided with sufficient checklist and guidelines which would assist them in dealing with problems or use their discretion when required. In order to ensure that high performance standards are maintained by officers and staff, recognition and the giving of awards should be practised.

23. Efforts to improve the quality of counter services through human resource management can be done by taking into consideration the following aspects:

(a) Conducting training programs that are aimed at producing quality personnel prior to their placement and having in-house training.

(b) Conducting motivational programs for staff to encourage and improve their capabilities for example by establishing communication between counter staff and management to discuss problems faced and ways to resolve these immediately.

(c) Establishing a system of recognition for officers/staff who have given excellent service.

(d) Ensuring that there is adequate number of staff in relation to the workload.

(e) Establishing a job rotation system so as to expose the officers and staff adequately in all areas. Thus improving their capabilities.

Improvements in Systems and Work Procedures

24. Improvements in systems and work procedures contribute to the upgrading of the quality of counter services. Systems and procedures that are short, directives that are easy, forms that are updated and do not confuse the public, work processes that are smooth and a conducive work environment should be developed to assist the smooth implementation of strategies that have been formulated for the achievement of goals.

25. Several improvement efforts related to systems and procedures have been implemented by departments/offices which provide counter services. These improvements cover aspects of records management, forms, management information systems, procedures and work directives.

(a) Records Management

Records Management Systems play an important role in speeding up the taking of action and decision-making. Records management which is not systematic can delay the taking of action. The comfort of customers while they are waiting as well as the pleasant service rendered by the counter staff will not contribute to the achievement of the goals of the counter service if files or documents essential for processing takes a long time for retrieval, consequently, service is not provided speedily and customers have to wait a long time. To avoid this, departments/offices

which provide counter services should have systematic records management system. Several characteristics of an efficient and systematic Record Management System are as follows:

(i) A concise and accurate indexing/reference system;

(ii) Files are stored near the work place;

(iii) A file movement system that is neat and tidy;

(iv) Files are stored according to specified procedures.

(b) Usage of forms

Forms are used for various counter services. Most services at counters require customers to complete stipulated forms. Forms that easy to complete will assist customers having dealings with the department/ offices. Features of a good form are as follows:

(i) The form design is easy to understand;

(ii) Adequate space for filling in of information be provided;

(iii) Information required should be clear and concisely stated;

(iv) Completing too many copies of forms should not be done; and

(v) Forms are attached with guidelines on how to complete the forms.

Forms that are difficult to complete create problems for customers especially those who are less educated. A form review study should be undertaken regularly to update and improve the format as well as the design of forms.

(c) Management Information System

Management Information System (MIS) involves the collection, storage, analysis and the distribution of information. MIS is developed by departments/offices for decision-making. The use of computers to handle this system has the capacity to provide information immediately. This information can be used by the department/office in strategy formulation, defining quality standards as well as developing human resources.

(d) Procedures and Work Directives

Procedures and Work directives can be followed correctly if guidelines like Desk files, checklist of duties, filing systems and others are prepared. In order to ensure that work procedures are carried out systematically, office layout which facilitates work flow and easy work directives should be given consideration by departments/office.

(e) Office Equipment and Furniture

Efforts to improve systems and procedures should also include the use of equipment and furniture that helps to maintain the quality of daily work. For example, manual based systems and procedures can upgrade its efficiency by changing to a mechanised or computerised system. For example the preparation of bills, revenue collection and accounting can be carried out more efficiently if the system is mechanised or computerised. In addition, the efficiency of departments/offices can be improved if daily work like storage of files, processing of data, photocopying, graphics and correspondence can be handled by machines or sophisticated equipment.

ROLE OF SUPPORT STAFF

26. Support from staff is very important to ensure the success of strategies and planned actions of the management. Strategy and improvements which are planned by management is the infrastructure which enables the support staff to carry out their duties efficiently and effectively. In order to upgrade the quality of services they provide, the support staff behind the counter should strive to undertake the following:

(a) Strive to improve further their skills and knowledge in carrying out their daily responsibilities;

(b) Conform to the performance standards set by management to ensure that service provided is always up to the standard;

(c) Conform to the directives and guidelines which have been prepared by the management;

(d) Practise an excellent work culture;

(e) Be prepared to voice views and proposals towards the improvement of work environment especially where they are directly involved.

V. CONCLUSION

27. Efforts to improve the quality of counter services should be in line with the development and changes in the environment. Quality is dynamic. The level of quality achieved in a day is not the same as that of the following days, instead it should be improving constantly. Thus, efforts to achieve and sustain a level of counter service which is excellent should be continuous.

28. It is hoped that with these guidelines for the Improvement of the Quality of Counter Services, will assist departments/offices which provide counter services, in upgrading the quality of services of these departments/offices. Improvement efforts must comprise all components that are in front of the counter—customer, at the counter—service at the counter and behind the counter—support services. Each component must be emphasized equally in the efforts to improve the quality of counter services. This is because each component has a specific role in ensuring its success.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 11 OF 1991

GUIDELINES ON THE USE OF THE WORK ACTION FORM

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 JULY 1991

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

The objective this Circular is to provide guideline to assist Government departments on the use of the Work Action Form as a tool to increase effectiveness in the implementation of activities. The "Guidelines on the Use of the Work Action Form" is as in the Appendix attached to this Circular.

BACKGROUND

2. Every activity that is carried out by Government department has its own work process. The activity should be monitored and the implementation should be coordinated to ensure that all necessary action in managing the activity are being taken. The creation of work monitoring system, will ensure that the activity are done systematically and will enable management to monitor each step in the implementation.

3. Inspection at several Government departments on the flow of activity reveals that delayed cases happened in implementing an activity. One of the reasons is that there is no work monitoring system that enable management to coordinate and monitor implementation of the acitivity. This has imposed difficulties for management to know the cause and parties responsible for the delays.

4. Hence, a work monitoring system should be created to enable management in monitoring each action or work process for every activity carried out by Government departments. For this purpose, Work Action Form was introduced for every Government offices/departments to use.

GUIDELINES ON THE USE OF THE WORK ACTION FORM

5. The Work Action Form will be used to monitor the action for every work process in carrying out certain activity by every Government department/offices. This form will enable management to obtain lattest information and feedback on the flow of action for every activity under his supervision.

6. It is hopeful that through this guidelines, the Work Action Form will be used effectively by Government departments/offices to ensure that the implementation of activity can be monitored so that every step is always in accordance with current policies and conditions which can contribute towards achieving the objectives of departments/offices.

DATE OF EFFECT

7. The circular is effective from the date of issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix To Development
Administration Circular
No. 11 of 1991)

GUIDELINES ON THE USE OF THE WORK ACTION FORM

I. PURPOSE

This Circular was introduced with the purpose of assisting Government Departments in the use of the Work Action Form as a tool for the monitoring of projects. The use of the Work Action Form will assist management in monitoring each step in the implementation of activities and also ensuring that all parties involved in each of these activities are taking the necessary action.

II. THE RATIONALE OF THE WORK ACTION FORM

2. This form will provide a guide to officers responsible for carrying out every activity, i.e. the necessary action to be taken, the time taken to carry out the action and the subsequent actions to be taken. The statement of directives by the next officer will assist him to carry out his duties effectively and within the time period specified.

III. FEATURES OF THE WORK ACTION FORM

3. Government agency should use the format of the Work Action Form as shown at Exhibit A. The features of the Work Action Form are as follows:

(a) Column A — Sequence number of work process for each activity;

(b) Column B — Work process or action to be taken for each activity;

(c) Column C — Officers responsible in carrying out the task;

(d) Column D — Date File/Directive is received;

(e) Column E — Date of Completion of activities and signature;

(f) Column F — Instruction to subsequent officers;

(g) Column G — Date of Completion of subsequent action; and

(h) Column H — Notes

Column A

Number of work process acording to sequence number of 1, 2 and so on are noted in Column A.

Column B

All work process to be taken for each activity are listed in Column B. Work process for each activity carried out by departments/offices should be prepared according to activity and work process contained in the Manual Work Procedure. For activity that comprise of long work process, more than one copy of the work action form should be used.

Column C

Officers responsible in carrying out the work process are listed in Column C. The name of the officer or position can be ranked according to the department/ offices.

Column D

Dates of File/Directive received by responsible officer are noted in Column D.

Column E

Dates of completion of activities with initial are noted in Column C.

Column F

Instruction to subsequent officers are filled in Column F. All officers regardless of position held can give instruction. The additional instruction can be note down on minute paper if the column is not sufficient.

Column G

Dates of completion of subsequent action are noted in Column G.

Column H

Notes on important things regarding the implementation of every work process in the activity such as causes of delay and others are noted in Column H.

IV. HOW TO USE THE WORK ACTION FORM

4. For every activity, a file in opened and a Work Action Form is attached to the minute sheet. For those activities involving more than one case, a different Work Action Form has to be used for each case and attached in a similar manner. For example, one of the main activities of The Malaysian Administrative Modernization and Management Planning Unit (MAMPU) is to approve request for the purchase of equipment from Government Department. For this activity MAMPU opens a new file for each department. These files contains more than one request for equipment. In this case a separate Work Action Form will be required for each application.

5. Exhibit B shows the example of how to fill in the form and Exhibit C shows the use of the form.

6. Management has to ensure that all officers faced with problems refer immediately to their superiors.

7. Management has to use the Work Action Form to monitor from time to time the following:

(a) All parties responsible for carrying out each of the work processes in an activity have carried out the necessary action;

(b) Causes of delays, if any; and

(c) Immediate decisions to overcome problem.

V. CONCLUSION

The use of the Work Action Form will assist all parties involved in the implementation of an activity to play a more effective role. By knowing what are the processes to be carried out, the responsible officer will be able to take the necessary action effectively. On the other hand, the management will be able to monitor and take immediate remedial action to solve problems. Hence, all planned activities can be implemented within the specified time.

WORK ACTION FORM

ACTIVITY :

NO. (A)	WORK PROCESS (B)	OFFICER RES-PONSIBLE (C)	DATE OF RECEIPT OF FILE/ DIRECTIVE (D)	DATE OF COM-PLETION OF ACTION AND SIGNATURE (E)	DIRECTIVE TO THE OFFICER CON-CERNED FOR FURTHER ACTION* (F)	DATE FOR COM-PLETION OF ACTION (G)	REMARKS (H)

Notes:

*1. If insufficient space use the minute sheet for recording directives.

2. The officer concerned may refer to his superior any problems encountered.

WORK ACTION FORM

ACTIVITY : PRINTING OF MAMPU REPORT
BY THE NATIONAL PRINTING DEPARTMENT

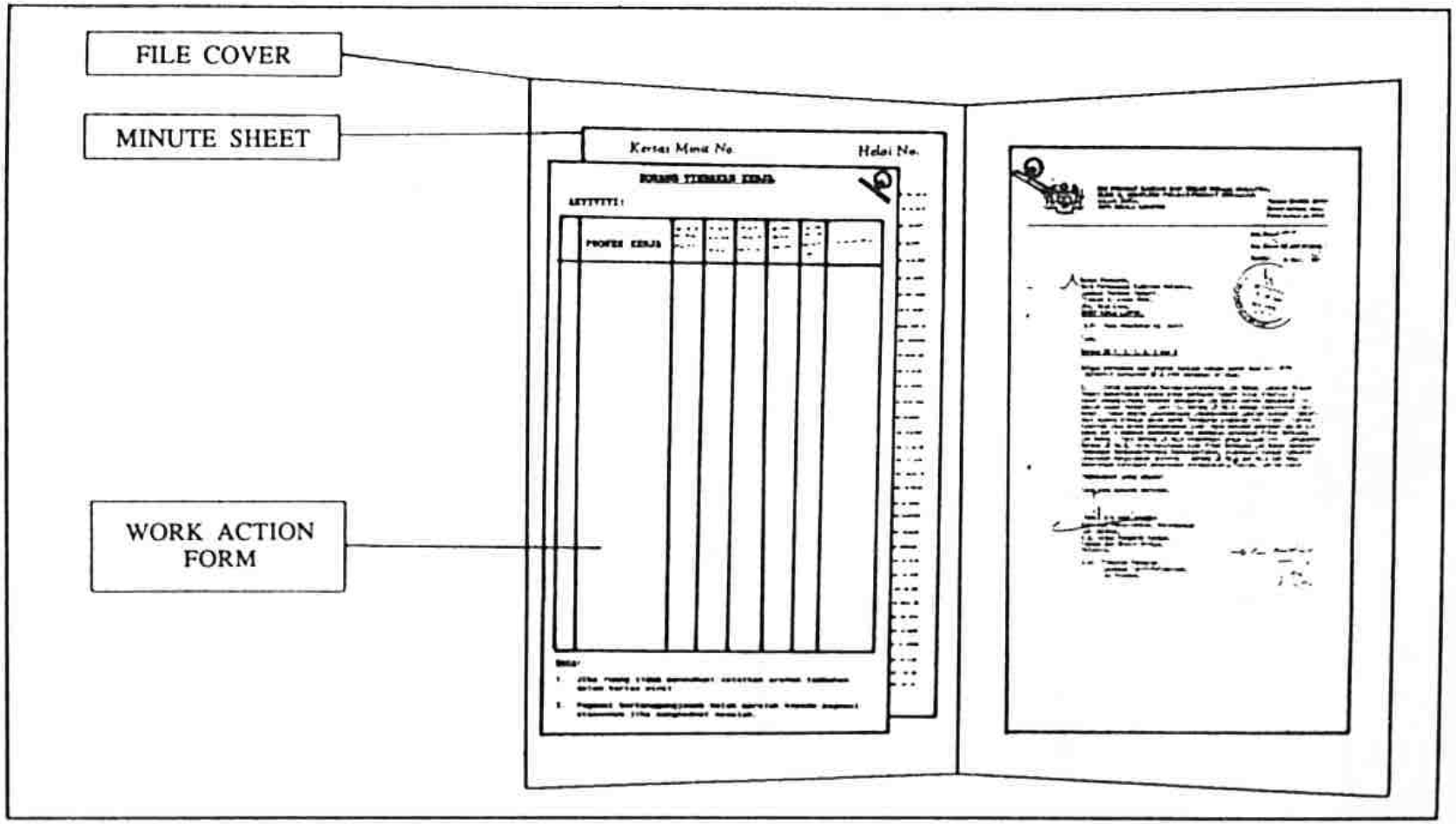
NO. (A)	WORK PROCESS (B)	OFFICER RES-PONSIBLE (C)	DATE OF RECEIPT OF FILE/ DIRECTIVE (D)	DATE OF COM-PLETION OF ACTION AND SIGNATURE (E)	DIRECTIVE TO THE OFFICER CON-CERNED FOR FURTHER ACTION* (F)	DATE FOR COM-PLETION OF ACTION (G)	REMARKS (H)
1	Make decision for report to be printed by NPD	Director of Adminis-tration	24.8.90	26.8.90	Prepare letter to NPD.	28.8.90	
2.	Prepare letter and document for printing.	Documen-tation Officer	27.8.90	27.8.90	Director of Adminis-tration: for signature.	28.8.90	
3.	Sign letter.	Director of Adminis-tration	28.8.90	28.8.90	Send letter and document to NPD.	29.8.90	
4	Obtain docket No. and date of completion of first proof from NPD	Documen-tation Clerk	30.8.90	30.8.90	-	3.9.90	First proof completed on 3.9.90.
5	Obtain proof from NPD	Documen-tation Clerk	3.9.90	3.9.90	To be proof-read and approved.	5.9.90	
6	Check, approve draft dan return to NPD.	Officer who prepared the Report (Mr. Ahmad)	3.9.90	5.9.90	Proceed with Final Printing	15.9.90	
7.	Obtain printed document.	Documen-tation Clerk	5.9.90	15.9.90	Record receipt of document.	16.9.90	
8.	Record document in Stock Book	Stores Clerk	15.9.90	16.9.90	Deliver report to Mr. Ahmad.	17.9.90	
9.	Deliver Report to Officer Concerned.	Documen-tation Clerk	17.9.90	17.9.90	-		

Notes:

*1. If insufficient space use the minute sheet for recording directives.

2. The officer concerned may refer to his superior any problems encountered.

METHOD OF USING THE WORK ACTION FORM



GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 1 OF 1992

GUIDE ON TOTAL QUALITY MANAGEMENT IN THE PUBLIC SERVICE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 JULY 1992

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

PURPOSE

1. The purpose of this Circular is to provide information and guidance to the Heads of Departments on Total Quality Management in the Public Service. The Guide entitled "Guide On Total Quality Management In The Public Service" is attached as an Appendix to this Circular.

BACKGROUND

2. The Government has always made serious efforts to improve the quality of the Public Service. A quality Public Service will be capable of carrying out its responsibilites efficiently, besides providing excellent services to the public. The Government has taken several efforts in this direction such as sponsoring training, seminars and workshops on quality. Manuals on quality management are also published.

3. The "Guide On Total Quality Management In The Public Service", is another effort by the Government in enhancing quality management in the Public Service. Heads of Departments can use this Guide as a reference in planning and activating the process of improving quality in their departments. This Guide lays out several important management principles to be practised by the Heads of Departments to ensure that the quality movement is continuously expanding. Moreover, the implementation of these principles will also create an environment that is conducive for the inculcation of an excellent work culture.

GUIDE ON TOTAL QUALITY MANAGEMENT IN THE PUBLIC SERVICE

4. The Guide on Total Quality Management in the Public Service explains two important aspects relating to Total Quality Management. These aspects are:

(a) TQM Concepts; and

(b) Principles Supporting TQM.

Principle 1	–	Top Management Support;
Principle 2	–	Strategic Quality Planning;
Principle 3	–	Customer-focus;
Principle 4	–	Training And Recognition;
Principle 5	–	Teamwork;
Principle 6	–	Performance Measurement; and
Principle 7	–	Quality Assurance.

EFFECTIVE DATE

5. This circular is effective from the date of its issue.

"SERVICE TO THE NATION"

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary To The Government

(Appendix to Development Administration Circular No. 1 of 1992)

GUIDE ON TOTAL QUALITY MANAGEMENT IN THE PUBLIC SERVICE

CONTENTS

GUIDE ON TOTAL QUALITY MANAGEMENT IN THE PUBLIC SERVICE

I. INTRODUCTION

1. The concept of Total Quality Management (TQM) was introduced in the 1920's when the statistical approach was first used in quality control in the factories in America. This concept was later introduced to the corporate managers in Japan in the 1950's, at a time when the country was gearing itself towards industrial development. This concept received a further impetus in the 1980's with the increasing awareness worldwide on the importance of quality.

2. These changes have directly affected the views and attitudes of managers in the public and private sectors on quality management. They have realised that the traditional philosophies and approaches in quality management could no longer guarantee the production of outputs that conform to the requirements of their customers. As a result of this, attention was shifted towards TQM which could assist them in achieving excellence. The application of TQM not only benefits the customers in that they receive quality products but also benefits the organisation in terms of cost savings and enhanced operational efficiency. This is the key to the success of an organisation.

II. TQM CONCEPT

3. TQM is a continuous process that involves the whole organisation and is customer-driven. This process is aimed at creating a culture of excellence in any organisation. Hence, TQM can be seen as a process of culture transformation through which the existing elements of the culture are modified, replaced or strengthened with better elements. These elements encompass values and attitudes, systems and procedures, operational practices, organisation structure and so forth.

4. TQM aims, ultimately, to enable organisations to achieve total quality in all its operational aspects. Hence quality does not only mean the production of quality products and services but also encompasses all operations and activities pertaining to an organisation. At this stage, quality will be reflected in many ways in an organisation such as effectiveness of management, ability of the employees, efficiency of the operational systems and so forth. The concept of total quality is explained in *Figure 1*.

5. There are many important features of TQM as shown in *Figure 2*. These features are the objective of TQM; the focus of TQM; strategy of TQM for quality improvement; and the authority responsible for implementing it (implementor).

6. The objective of TQM is to provide customer satisfaction. This is attained by producing outputs that conform to the requirements of the customer and meeting customer expectations. Every output that is produced must be defect-free or error–free because defects or errors result in customers being dissatisfied. Hence, the organisation should also ensure that the right outputs are produced as required by the customers.

FIGURE 1: THE CONCEPT OF TOTAL QUALITY

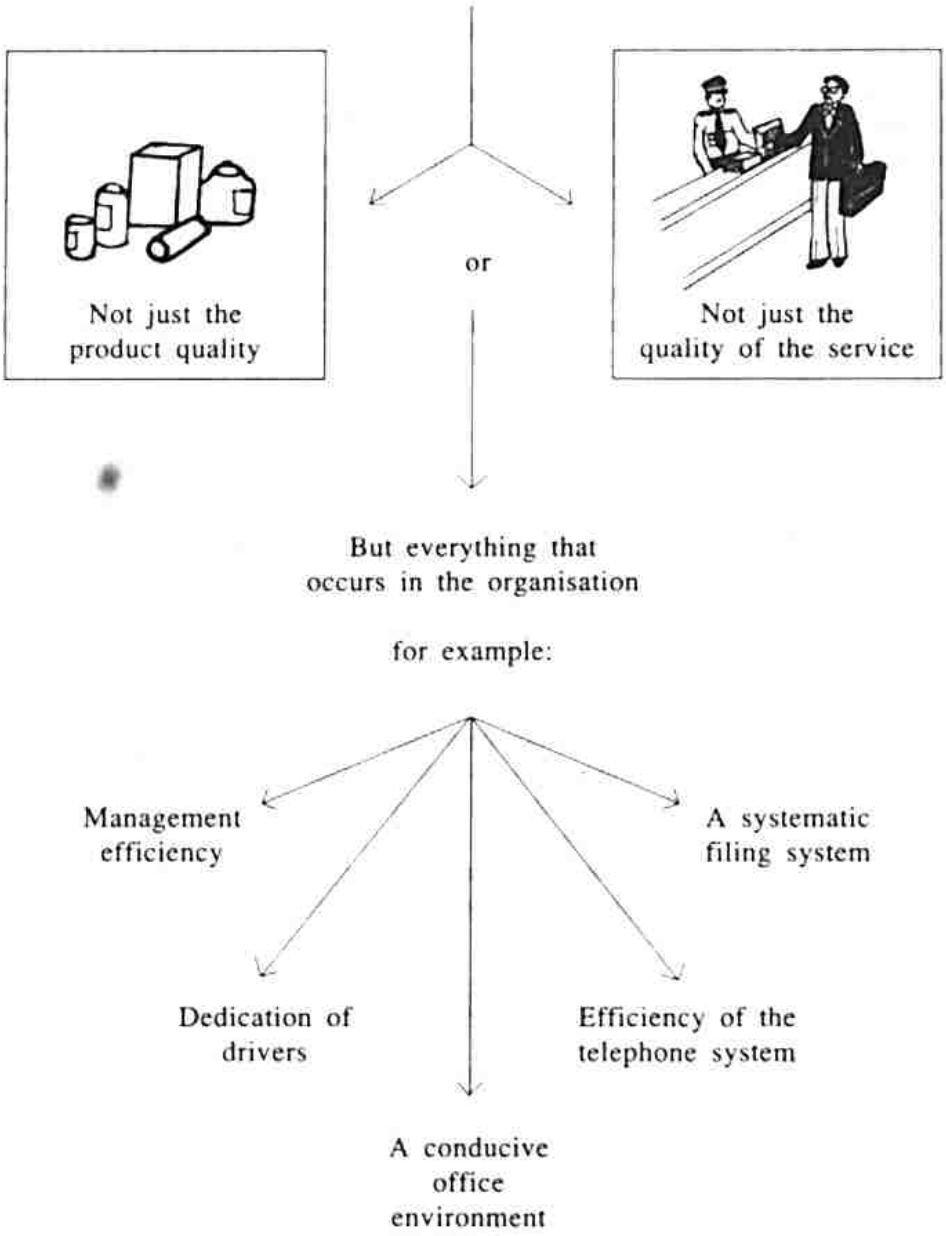
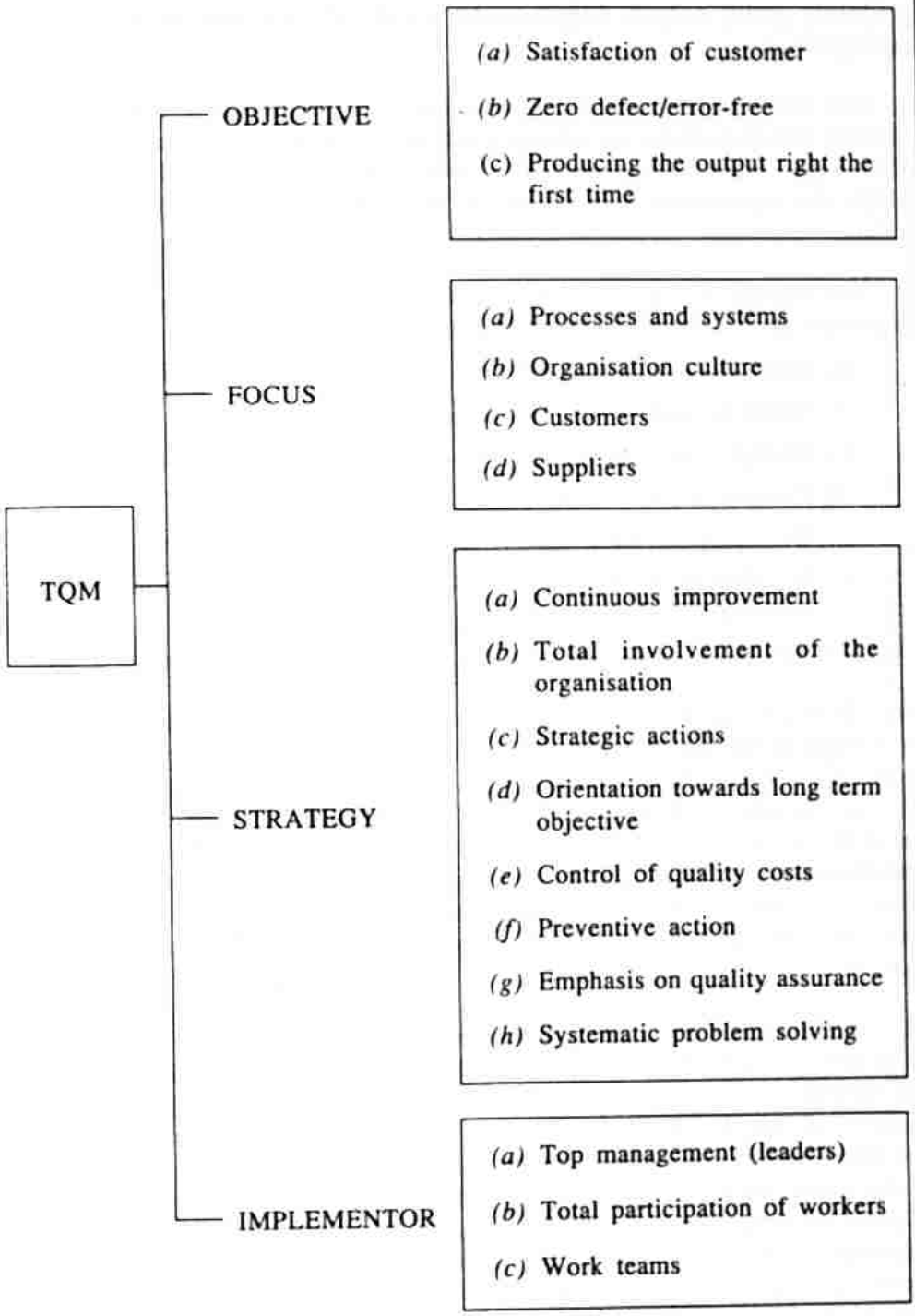


FIGURE 2: FEATURES OF TQM



7. TQM focuses on the development of quality systems and work processes. This is because only quality work systems and processes can ensure the production of quality outputs. In this respect, TQM emphasises on customers and suppliers. Feedback and views of the customers are used for the purpose of designing systems and work processes to ensure that the final output conforms to requirements. Suppliers are treated as business partners who are collectively responsible for producing quality outputs. Suppliers play a vital role in supplying quality inputs to the organisation.

8. The process of continuous improvement is an integral element of TQM where strategic planned actions are taken towards the attainment of the long term objective of the organisation. This process involves the total involvement of the organisation where the organisation's resources are harnessed towards quality improvement efforts.

9. The process of continuous improvement in TQM involves 7 integrated steps. These are as in *Figure 3*. The steps are as follows:

(a) Determination of improvement objectives that will be implemented.

(b) Determination of methods of attaining these objectives.

(c) Engagement in education and training

(d) Implementation of the planned improvement.

(e) Evaluation of the effects of implementation.

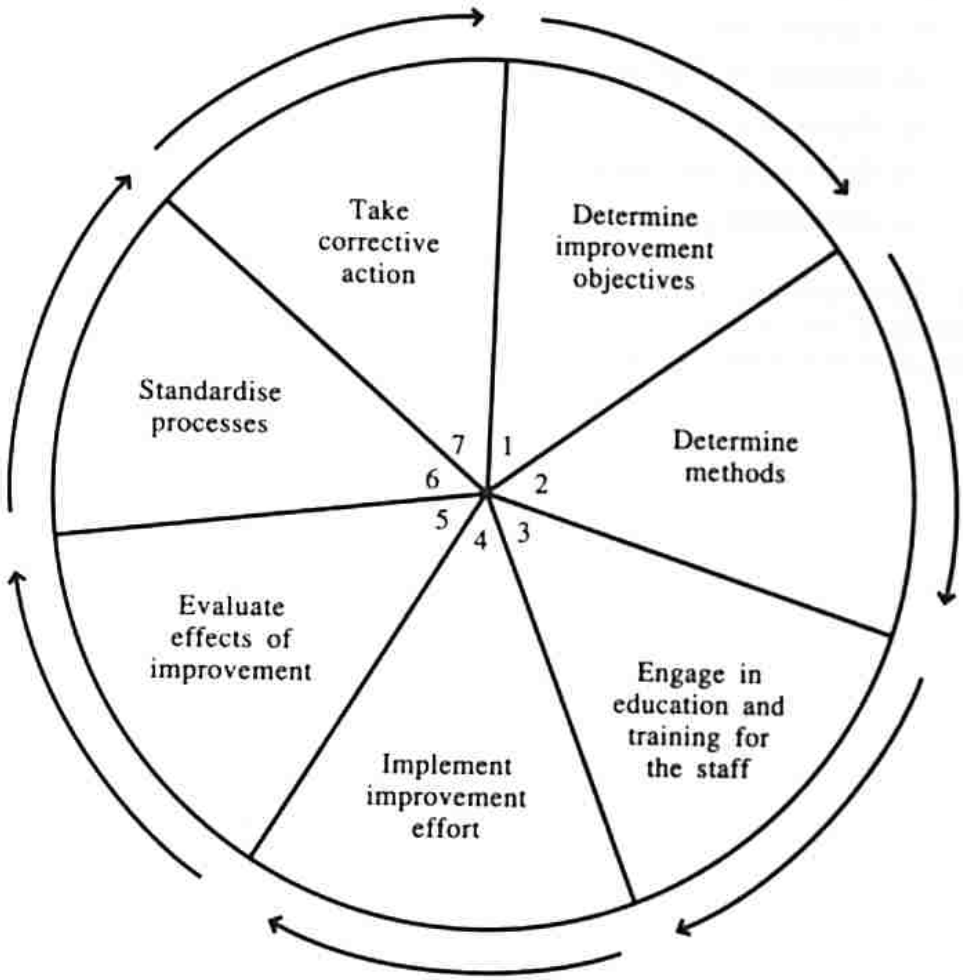
(f) Standardisation of the work processes which have been improved to be implemented in other divisions in the organisation.

(g) Continuous implementation of corrective action, if necessary.

10. TQM constantly focuses on control of the cost of quality. This cost is incurred as a result of wastage of resources, production of low quality products, errors in work or non-value added activities. Cost of quality can be reduced by prevention. This can be done by improving the work processes so that there is no opportunity for errors or defects to occur. Besides this, quality problems that occur are solved immediately by using a systematic problem solving approach. Another important strategy of TQM is quality assurance. The objective of quality assurance is to ensure that every output produced by an organisation is of quality and satisfies the customer.

11. According to the TQM approach, every individual in the organisation is collectively responsible for ensuring the success of the quality improvement efforts. The sustenance of any quality improvement effort depends on the total participation of the employees in an organisation. This involvement is guided to ensure that time and energy contributed by the employees is focussed according to the requirements of the organisation. In this respect, the role of top management is vital. They are responsible for spearheading and providing effective leadership. Apart from this, the contribution of work teams is also greatly encouraged under TQM. These work teams are effective in contributing creative and innovative ideas and in implementing improvements successfully.

FIGURE 3: MODEL OF CONTINUOUS QUALITY IMPROVEMENT



III. PRINCIPLES OF TQM

12. Government departments can successfully practise TQM if they have a conducive work environment. A conducive work environment will enable the successful implementation of TQM and ensures that it becomes a way of life for the organisation. To create such an environment, Government departments must emphasise on 7 management principles as depicted in *Figure 4*. These principles are:

(a) Support of top management;

(b) Implementation of long-term strategic plan on quality;

(c) Customer focus;

(d) Providing training and recognition;

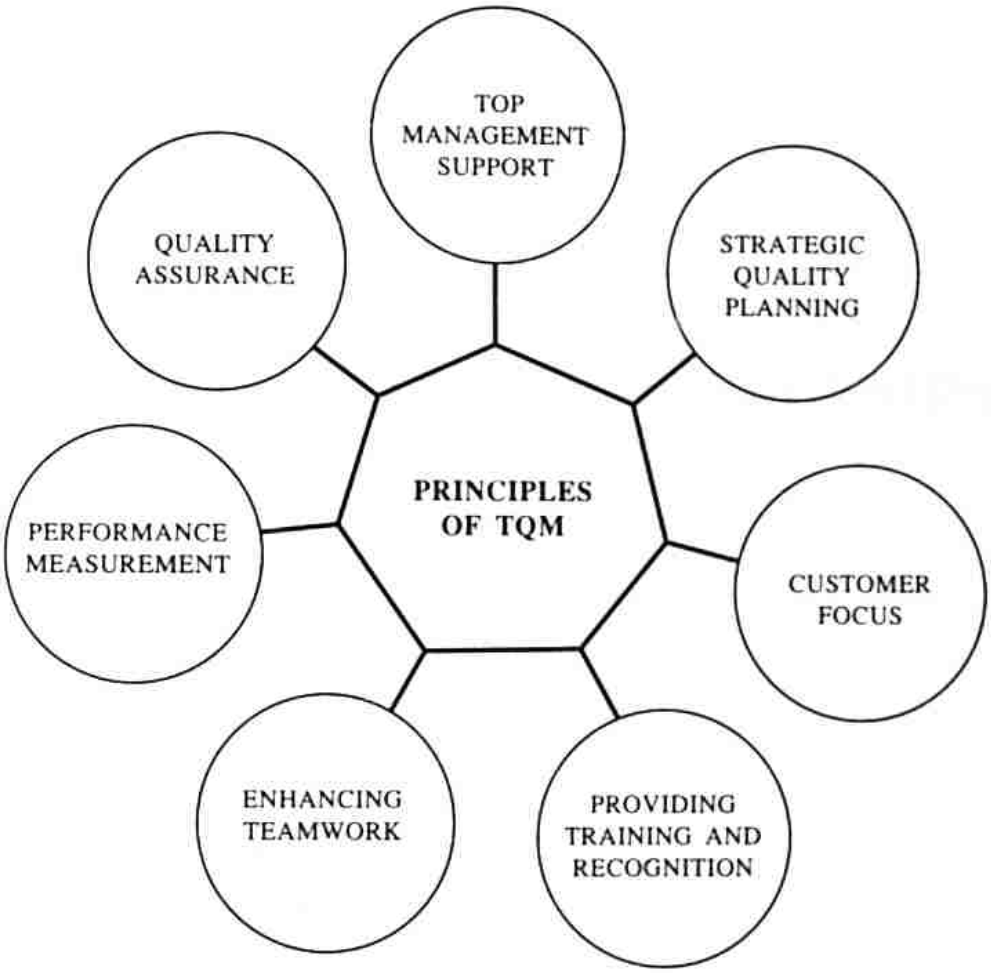
(e) Fostering teamwork;

(f) Establishing performance measurement; and

(g) Emphasising quality assurance.

13. These principles are universal in nature and therefore are applicable in any Government department. The departments can take various actions to implement them according to the suitability of their organisational operations.

FIGURE 4: PRINCIPLES OF TQM



PRINCIPLE 1: TOP MANAGEMENT SUPPORT

PRINCIPLE 1: TOP MANAGEMENT SUPPORT

14. Under the TQM process, the quality improvement efforts will result in changes in the ways a department operates. These changes will affect areas such as the departmental policy, its philosophy, systems and procedures, structures, etc. These changes will only be effective if the TQM process receives the support of the top management. In fact, top management itself should activate the TQM process by virtue of the fact that it holds the power for making strategic and important decisions. The direct involvement of the top management enables quick decision-making and thus ensures the smooth operation of the TQM process.

15. Top management support should be clearly visible in that it is ready to take concrete actions. Some of these actions include:

(a) Formulating a quality policy;

(b) Setting up a quality management structure;

(c) Getting the total involvement of employees;

(d) Disseminating information on quality;

(e) Managing the change process; and

(f) Organising a Quality Day.

(a) Formulating A Quality Policy

16. The quality policy of a department is a statement on the direction and the quality goals to be attained by the department. It also touches on the philosophy, priorities, and values as stressed by the department. It functions as a guide as well as a reference for all level of employees to plan and implement quality improvement efforts in their respective work. As such the quality policy of a department must be clearly defined and be easily understood so as not to cause any confusion among the workers. For the awareness of every employee, the quality policy has to be communicated as widely as possible throughout the whole organisation. The formulation of a quality policy must be accompanied by an appropriate implementation plan. The implementation plan has to be monitored closely in order to gauge its progress. A sample quality policy is shown in *Table 1*.

(b) Setting Up A Quality Management Structure

17. The implementation of TQM invariably involves vital management processes such as planning, monitoring, coordinating, decision-making. etc. In order to ensure the smooth functioning of these processes, the department has to set up a quality management structure with clearly defined roles and responsibilities.

18. For the Public Service, it is recommended that the quality management structure takes the form shown in *Figure 5*. The management structure consists of:

(a) A Steering Committee on Productivity and Quality;

(b) A Quality Coordinator assisted by a Productivity and Quality Task Force; and

(c) Work Teams.

TABLE 1: QUALITY POLICY OF A DEPARTMENT

This Department focusses on customer satisfaction:

- both external as well as internal customers
- for all its products and services
- all the time

This requires:

- total involvement of all employees
- total management support
- customers and suppliers working together
- objectives, standards and systems which conform to the goals of excellence

It is attained by:

- meeting all requirements
- prevention
- doing it right the first time
- measuring quality performance

Total quality is to be the hallmark of the culture of this Department. It will be implemented, monitored, nurtured and maintained by having an ongoing quality improvement programme.

19. The Steering Committee on Productivity and Quality is chaired by the Head of the Department. Its committee members are the various heads of divisions, units and branches under the Department. The functions of the Steering Committee are as follows:

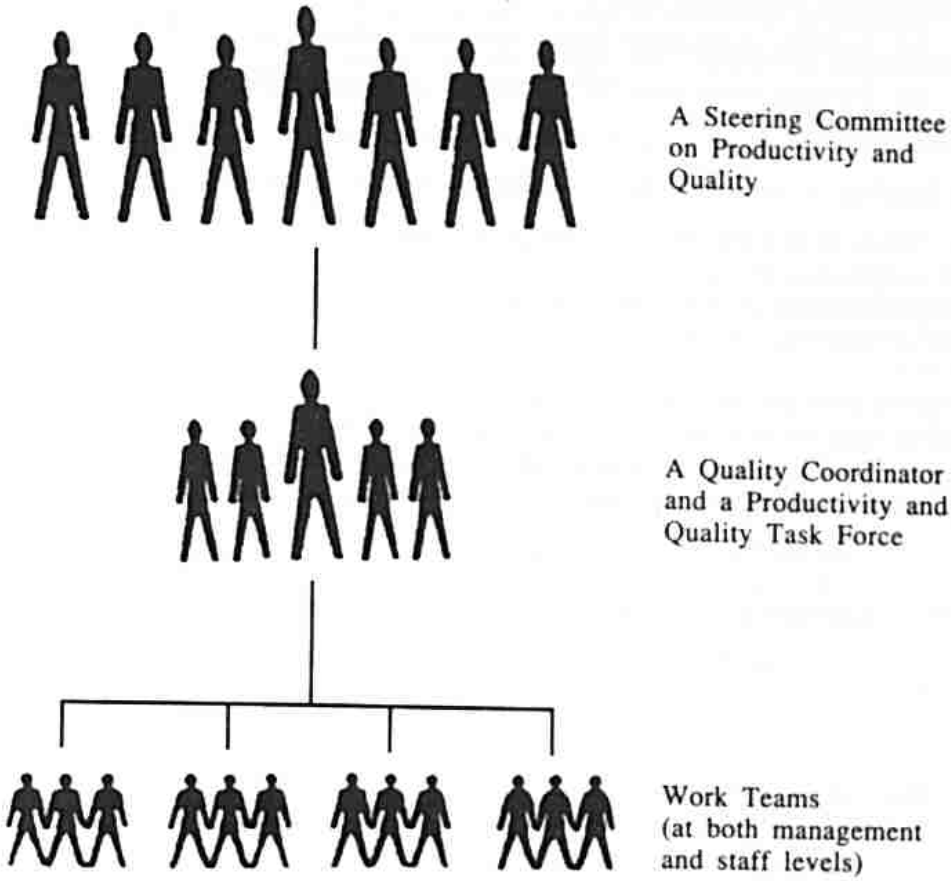
(a) To plan quality improvement efforts for the whole department;

(b) To determine the policy and strategies to achieve the quality objectives; and

(c) To coordinate and monitor the quality improvement efforts being implemented.

20. The Quality Coordinator is usually an experienced and senior officer. Apart from being responsible for coordinating all the quality improvement efforts, the Quality Coordinator has also to liaise with other external agencies. In addition, the Quality Coordinator is also the Alternate Chairman of the Steering Committee on Productivity and Quality.

FIGURE 5: THE PRODUCTIVITY AND QUALITY MANAGEMENT STRUCTURE



21. The Quality Coordinator is assisted by a Productivity and Quality Task Force whose functions are:

(a) To monitor the progress of the implementation of quality improvement efforts;

(b) To assist in the problem solving process; and

(c) To provide guidance and training to other employees.

22. A Work Team is a specially selected group of employees entrusted with the responsibility to solve a particular problem on quality. Once the problem is resolved, the Work Team is disbanded. The members of a Work Team are usually those employees who possess special knowledge and expertise relevant to the problem under scrutiny.

(c) Getting Total Involvement From Employees

23. TQM can only progress when it involves every employee in the organisation. With each employee practising the quality principles and values in work activities, the production of quality outputs is assured. In getting the total involvement from its employees, the management can use two strategies. These strategies are:

(a) Instilling confidence among employees about quality; and

(b) Defining clear roles for employees involved in the quality improvement efforts.

(a) Instilling Confidence Among The Employees In Quality

24. When employees are confident about quality, they are ever willing to give their cooperation and will also voluntarily participate in TQM activities. They may also be motivated to change their attitudes and mind-set to conform to the quality goals of their department.

25. To instil confidence among its employees about quality, the management itself must be seen to show confidence in TQM. In addition, the management also has to prove its readiness, dedication and commitment in implementing TQM in the department. Among the measures that can be taken by the management are:

(i) Institutionalising the concepts of TQM as its daily management practices such as practising the principle of prevention; having zero-defect as its performance standard; and emphasising on the costs of quality;

(ii) No compromising with pre-determined quality standards;

(iii) Giving emphasis to quality in official speeches, management meetings, etc;

(iv) Taking concrete actions to overcome the barriers to quality improvements; and

(v) Setting up of control mechanisms at the input level, work process level, and the final output level.

(b) Defining Clear Roles For Employees Involved In Quality Improvement Efforts

26. The TQM philosophy which makes quality improvement the responsibility of every employee will only be realised when employees fully understand their respective roles in the quality improvement efforts. They should also be made aware of the limits to their responsibilities so that there is no confusion over the issue of accountability. As such, the management must clearly spell out the role of each level of employees so as to be in conformance with the quality goals of the department. For instance, the role of the supervisor of a work group is as follows:

(i) To guide his/her subordinates on the correct work methods and procedures;

(ii) To inform subordinates on the sources of defects in the output and the necessary corrective actions;

(iii) To ensure the smooth functioning of the quality systems; and

(iv) To initiate actions to improve systems and procedures, equipment as well as the working environment under his/her control.

27. The role that can be played by the subordinates is as follows:

(i) To abide by all mutually agreed and written procedures;

(ii) To use all materials wisely and to operate their equipment correctly;

(iii) To report to the management any source of problems on quality;

(iv) To propose ways and means to reduce the chances of occurrence of problems on quality; and

(v) To assist in guiding new employees particularly by being good role models themselves.

(d) Disseminating Information On Quality

28. In implementing TQM, it is imperative that there is a sharing of information and knowledge among the employees. This information is most useful as they act as a source of reference and guide either in the planning of quality improvement efforts or in solving a particular problem. Therefore, it is vital that the management ensures that all kinds of information on quality is disseminated as widely as possible and effectively communicated throughout the department. This can be done through the publication of magazines, reports, newsletters, video tapes, etc.

29. The types of information that need to be disseminated include:

(i) Achievements of quality improvement efforts by the various divisions or units under the department;

(ii) Activities of the Work Teams as well as the Quality Control Circles;

(iii) Explanation on the basic concepts of TQM and the strategy adopted for its implementation by the department; and

(iv) Quality policies of the department and the impending changes involved.

(e) Managing The Change Process

30. Implementation of TQM will result in changes in the existing work methods, systems and procedures, and even the organisational culture. These changes are inevitable and they may cause conflicts, tensions as well as confusion among the employees. Such a situation may be due to various factors such as the vehement opposition of a group of employees who are not convinced of the potential benefits arising from the changes. It may also be due to the existing systems which are unable to handle the changes. Viewed in this light, the top management needs to manage the change process well.

31. In managing change, the management should concentrate on the following five key aspects:

(i) Mutual agreement between management and employees;

(ii) Mutual trust among employees;

(iii) Skill enhancement of personnel;

(iv) Cautiousness in implementation; and

(v) Flexibility in management style.

32. Before introducing any change into the organisation, the management has to first obtain the agreement of those employees affected by the change. There must be mutual agreement on the change concept, its principles as well as its objectives. Apart from seeking and considering their views, the management also has to acknowledge the contributions of its employees. By doing this, any change to be introduced later will have the full support and commitment of the employees as they will feel that the change process belongs to them. Also, a sense of ownership is created among the employees and this will spur them to work even harder to ensure its success.

33. Management should also instil a feeling of mutual trust among its employees regardless of rank and position. Such a feeling will not only strengthen the existing bond of cooperation among the employees but also assist in resolving any potential conflict that may arise in the work place.

34. In ensuring the success of a change process, those employees involved have to be provided with the necessary training. This is to enable them to acquire new knowledge as well to enhance their skill levels. Hence, it is the duty of the management to ensure that this basic requirement is met all the time.

35. Changes resulting from TQM need time to be implemented, especially when they affect aspects such as values, attitudes and systems which are complex in nature. In such cases, it is wise for the management to be cautious and patient in initiating any change into the organisation. Any sudden change that is hastily introduced may end in failure as a result of strong opposition from the employees.

36. A flexible management style is also an important factor in managing change successfully. As the change process will lead to several modifications to the existing systems so as to conform to the changes in the environment, the management has to be flexible in order to ensure minimal disruption.

(f) Organising Quality Day

37. Management can display its commitment to quality by organising a Quality Day each year. For instance, the Public Service Quality Day is officially fixed on 31 October each year. One of the objectives of having a Quality Day is to provide an opportunity for the management to further strengthen the quality values in the organisation. Through activities carried out on Quality Day, the level of awareness of the employees on quality can also be increased.

38. In celebrating Quality Day, the management can organise various activities relating to quality and quality improvement efforts undertaken by the department. These activities include oath-taking ceremonies; training sessions such as talks and seminars on quality; exhibition on quality; recognition ceremonies; and presentations by Quality Control Circles.

PRINCIPLE 2: STRATEGIC QUALITY PLANNING

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39. Effective strategic planning is imperative for producing quality output. The process of strategic planning itself enables a department to identify its customers, prioritise the customers' requirements and consequently determine the types of output.

40. A strategic quality planning process involves 5 important steps as shown in *Figure 6*. These steps are:

(a) External environmental analysis.

(b) Internal environmental analysis.

(c) Formulation of organisational vision.

(c) Formulation of quality objectives.

(e) Identification of improvement activities.

(a) External Environmental Analysis

41. External environmental analysis enables a department to identify opportunities that can be exploited to achieve quality goals. Besides this, it also enables a department to monitor clearly potential threats and challenges which can impede the realisation of departmental goals. Information from such analysis enables a department to take early corrective action in overcoming or preventing threats to the achievement of departmental objectives.

42. In the external environmental analysis, a department should pay attention to important environmental changes which have direct implications on the department. These include changes that effect:

(a) Tastes and preferences of customers.

(b) Government policies, regulations and laws.

(c) Technology.

(d) Socio-economic situation.

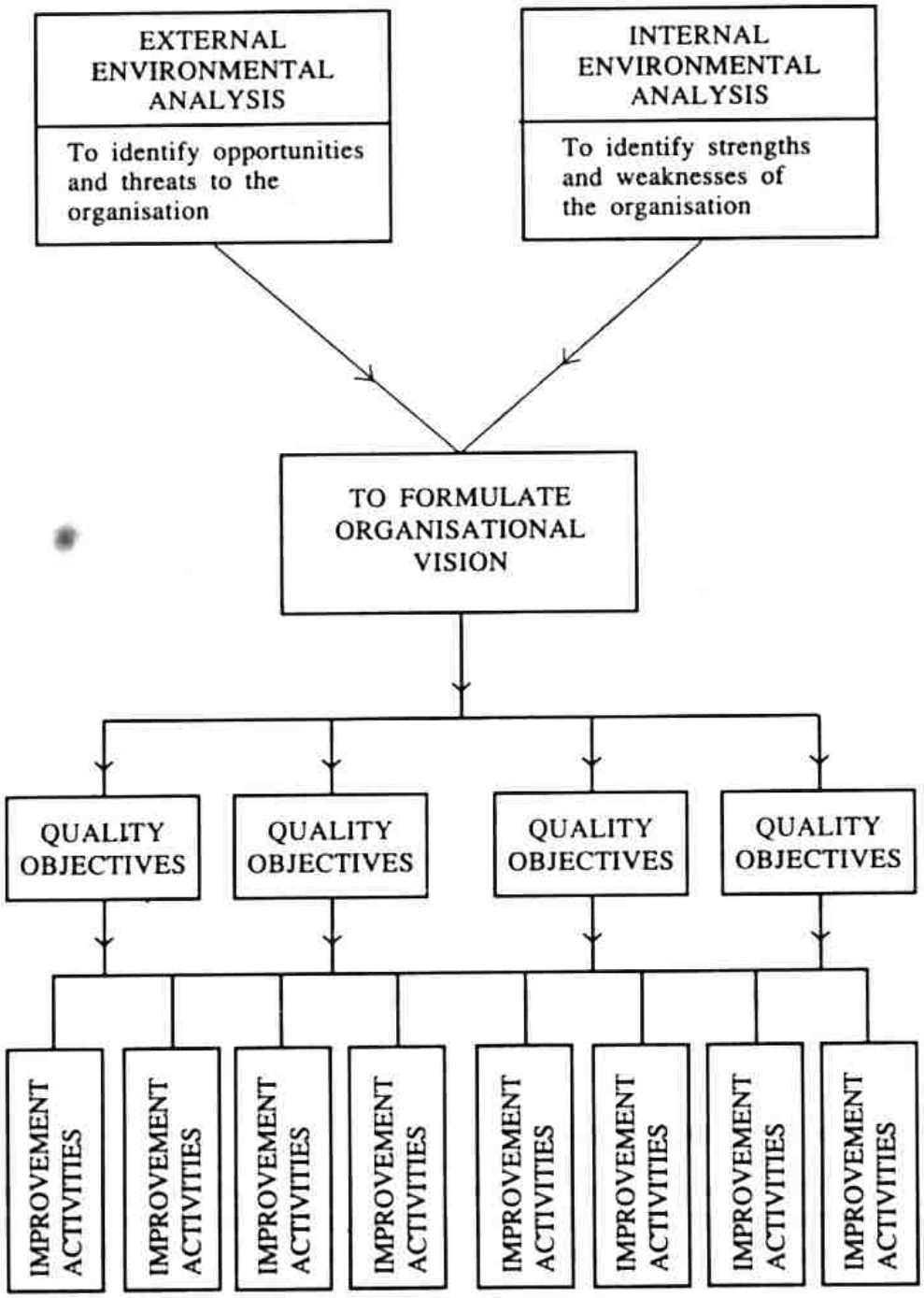
(e) Availability of resources (e.g manpower and materials).

(f) Establishment and/or development of other related agencies.

(b) Internal Environmental Analysis

43. This analysis is aimed at measuring the ability of a department to respond to the external environment. For example, customers' preferences, which are becoming more and more demanding, or obstacles which impede the smooth operation of the department. It also identifies the strengths of a department which can be capitalised on to achieve quality goals, as well as weaknesses which need immediate attention.

FIGURE 6: STRATEGIC QUALITY PLANNING PROCESS OF A GOVERNMENT DEPARTMENT



44. This analysis should be comprehensive in nature while focusing on main organisational aspects such as:

(a) Objectives, programmes and activities of the department.

(b) Products and services.

(c) Organisational structure.

(d) Value system, philosophy and organisational culture.

(e) Provision of resources like manpower, finance, technology and equipment.

(f) Information, administrative and other support systems.

(c) Formulation Of A Vision

45. After analysing the environment, the management of each department should respectively formulate a vision. An organisation's vision is an official statement of the desired future state that the organisation wants to attain. The vision reflects the corporate aspirations and overall strategic direction that will ensure the success of an organisation.

46. The vision provides direction and a focus of reference which is shared by every member of the organisation in integrating all quality activities at all levels of operations. This will then lead to the establishment of a common aim or constancy of purpose in the department's quality activities which in turn results in greater effectiveness in its implementation. The vision statement for Malaysia in the year 2020 is a good example of a vision statement. The Vision 2020 statement is as follows:

> "By the year 2020, Malaysia can be a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient.

47. A vision must be formulated carefully to ensure that it is realised as planned. A good vision should possess the following features:

(a) Clarity.

(b) Easily understood.

(c) Act as a motivation and source of inspiration to staff members.

(d) Challenging.

(d) Formulation Of Quality Objectives

48. Following the formulation of the vision, quality objectives have to be determined. These objectives expound the quality standards expected of a department in assuring the attainment of the quality vision. The objectives will act as the basis for the identification of quality improvement activities.

49. A good quality objective statement should encompass four elements, that is, quality; quantity; time; and cost. The objective should be:

(a) Specific.

(b) Measurable.

(c) Achievable.

(d) Realistic.

(e) Time-bound.

50. For example, the quality objective of a department's counter service can be: "To reduce waiting time at the counter from 45 minutes to 15 minutes in a period of six months without incurring extra cost."

(e) Identification Of Improvement Activities

51. Quality objectives are achieved through the implementation of improvement activities. As such, departments need to identify appropriate improvement activities which are in line with their work operations. These activities may be in the form of a network of actions for: reviewing of the quality system; improvement of work procedures; upgrading of operational standards, etc.

52. Improvement activities need detailed planning in order to facilitate their implementation. An Implementation Schedule is necessary to enable the management to monitor the progress of these activities from time to time. When planning improvement activities, several important factors regarding each activity, as shown in *Table 2*, need to be explained by the management to its staff members. These include:

(a) Aim of improvement activities.

(b) Place of implementation of activity.

(c) Implementation schedule.

(d) Staff members involved.

(e) Methodology to be used.

TABLE 2: INFORMATION OF IMPROVEMENT ACTIVITIES TO STAFF MEMBERS

1. AIM:	*(a)*	What are the improvement activities to be conducted?
	(b)	Reasons for choosing an activity.
2. PLACE:	*(a)*	Where is the place of activity or what work process will be involved in this activity?
	(b)	Reasons why an activity needs to be conducted in that particular place.
3. IMPLEMENTATION SCHEDULE	*(a)*	When is an activity going to be implemented?
	(b)	Actions to be taken according to sequence.
4. STAFF MEMBERS:	*(a)*	Who are involved?
	(b)	Areas of responsibility of those involved.
5. METHODOLOGY:	*(a)*	Methodology chosen for an activity.
	(b)	Reasons why a particular methodology is chosen.

PRINCIPLE 3: CUSTOMER FOCUS

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53. Quality is determined by the customer. A quality output is one that can satisfy the target group namely the customers. Hence, under TQM, departments are required to focus on their customers in all work aspects.

54. A department needs to know what the requirements of the customers are before it can produce a quality output. The requirements serve as a basis in determining the characteristics of an output to be produced as well as the processes involved. The various steps involved is shown in *Figure 7* which include:

(a) Identifying the customers.

(b) Identifying customers' requirements.

(c) Translating the requirements into standards of quality output.

(d) Establishing the processes involved in producing the output.

(e) Implementing the processes.

55. In implementing the various steps, a quality performance system should be established for each step. This is to determine that each step be carried out effectively. Corrective action can be taken immediately if there are defects in any of the output.

(a) Identifying The Customers

56. This step will enable a department to focus its efforts and resources towards providing services to the customers identified. Government departments generally have a large number of customers. It is difficult for them to provide services to please everyone. The problem becomes more complex when there are insufficient resources or when there are other operational obstacles. Therefore, a department can have a list of customers and categorise them according to priorities and the list can be referred to when providing services to customers.

(b) Identifying Customers' Requirements

57. Customers' requirements vary and differ depending on the types of output, time, place and a number of other factors. It is therefore important for the departments to identify customers' requirements exactly. This can be done through questionnaires, dialogue sessions, interviews and getting suggestions from customers.

58. However, as a general guideline, departments can refer to the universal quality characteristics. Some of the examples are shown in *Table 3*.

(c) Translating Customers' Requirements Into Quality Output Standards

59. Customers' requirements that have been identified need to be translated into quality output standards. The standards must be clear and if possible measurable. This is to ensure that the staff of the department is able to understand the standards. For example, if the customers require speedy service at the counter, this requirement must be translated into a standard which may be 5 minutes, 10 minutes and so forth.

FIGURE 7 : STEPS INVOLVED IN PRODUCING A QUALITY OUTPUT

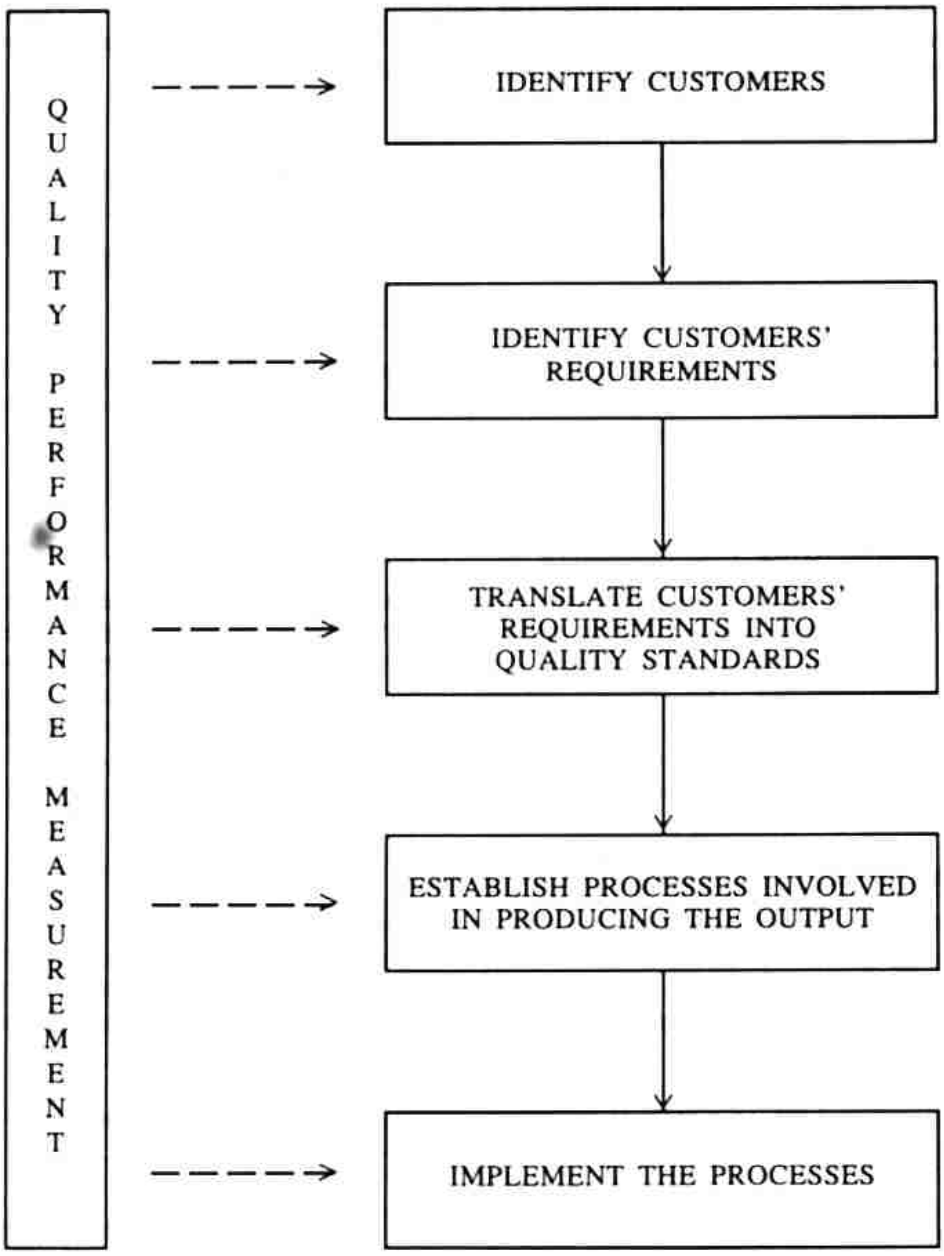


TABLE 3: EXAMPLES OF CHARACTERISTICS OF QUALITY OUTPUT OR SERVICE WIDELY APPRECIATED BY CUSTOMERS

1.	Reliability	11.	Availability
2.	Durability	12.	Simple to understand
3.	Safe	13.	Efficiency
4.	Functionality	14.	Readiness to assist
5.	Timeliness	15.	Integrity
6.	Accuracy of facts	16.	Cleanliness
7.	Responsiveness	17.	Reasonable cost
8.	Courteousness	18.	Innovativeness
9.	Considerateness	19.	Flexibility
10.	Informative	20.	Practicality

(d) Establishing The Processes Involved In Producing An Output

60. The work processes involved in producing an output must be formulated in line with the standards set in producing a quality output. This will ensure process capability for providing quality outputs.

61. Besides this, quality standards for each work process must be determined. This serves as a guide to the workers as to the standard of the output required. With this, errors made by the workers can be eliminated.

(e) Implementing The Processes

62. This step involves the implementation of the work processes in order to produce the required output. The department should also carry out quality inspection to ensure that the quality standards set are met. Inspection should be carried out at three stages of the process, that is, input, transformation and final output stage.

PRINCIPLE 4: TRAINING AND RECOGNITION

PRINCIPLE 4: TRAINING AND RECOGNITION

(A) TRAINING

63. Training in the field of quality is a basic prerequisite towards achieving success in TQM. This is because the implementation of TQM requires the support and participation of skilled and knowledgeable workers. Knowledgeable workers make less human errors, hence ensuring defect-free output. In the course of training, a department can enlighten its staff regarding concepts of quality management, quality policies and departmental strategies. An understanding of these concepts will inevitably increase worker commitment and reduce opposition to changes arising from the implementation of TQM.

64. Since departments operate in an ever-changing environment, training must be an on-going process to ensure that the staff are well equipped to meet the challenges brought about by the changes.

65. Training must be done in a systematic manner and in line with the department's quality policy. The various steps which may be followed when implementing training are shown in *Figure 8*. These steps are as follows:

(a) Formulate a Master Plan on Training in line with the department's quality policy.

(b) Identify an officer responsible for training.

(c) Outline the training objective.

(d) Establish an organisational structure to manage training.

(e) Outline training needs.

(f) Organise training programmes and prepare training materials.

(g) Implement and monitor the progress of training programmes.

(h) Evaluate the success of training programmes.

(i) Review the effectiveness of training.

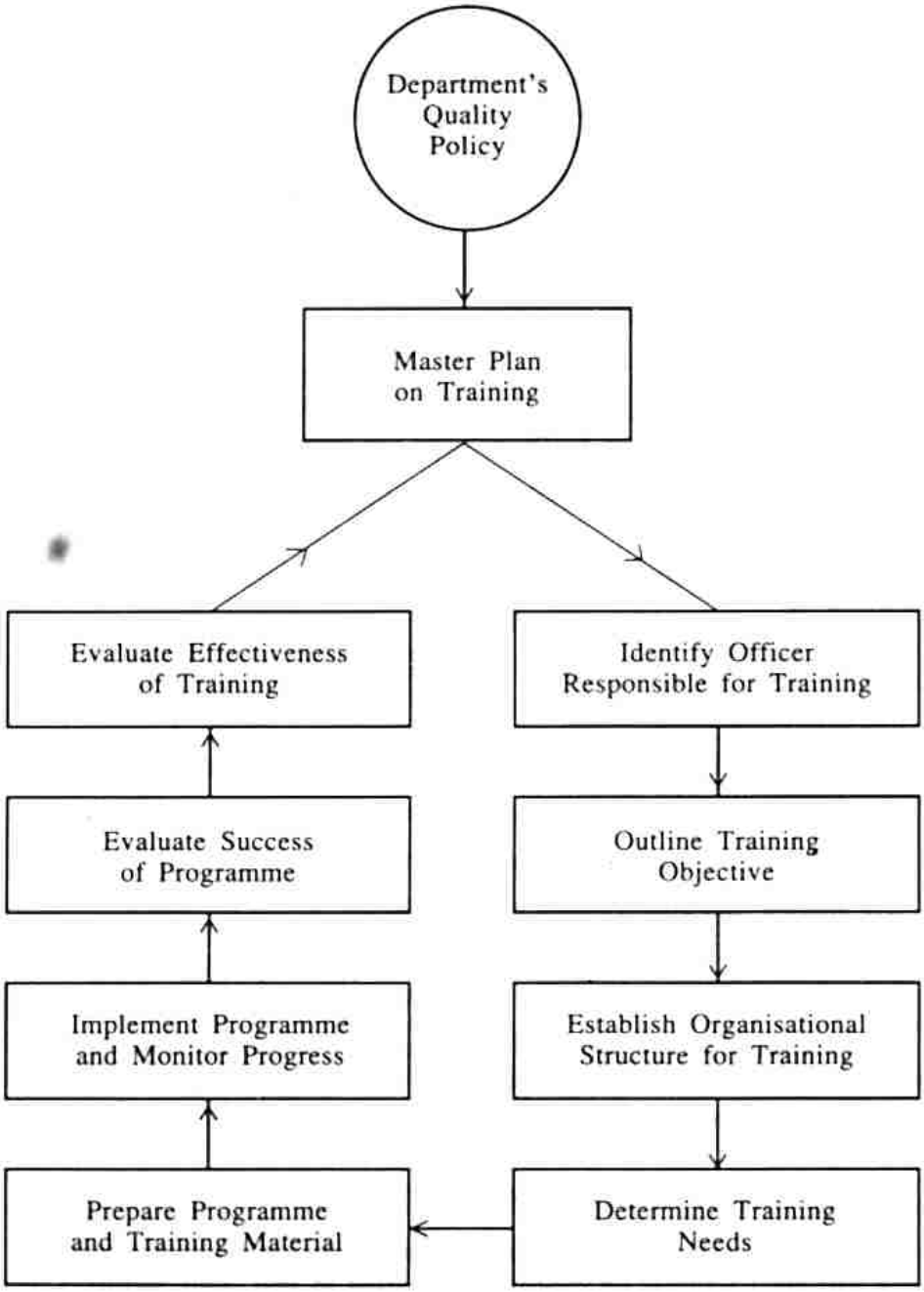
(a) Formulate A Master Plan On Training

66. The Master Plan on training is formulated based on the department's quality policy. This plan must be in accordance with the principles and objectives of the quality policy. All staff members must be well informed of this plan.

(b) Identify An Officer Responsible For Training

67. All departmental heads, managers and supervisors must ensure that their staff receive sufficient training on quality. In addition to that, staff members who are trained must be encouraged to disseminate their knowledge, in line with the cascading principle of training. In this way, knowledge on quality will be transmitted widely throughout the department.

FIGURE 8: IMPLEMENTATION OF TRAINING ON QUALITY IN THE DEPARTMENT



(c) Outline The Training Objective

68. The training objective is based on the quality standard of output or service to be rendered. It should address the following issues:

(i) How customer requirements can be explained effectively to all staff members.

(ii) Work areas that need attention.

(iii) Procedures and regulations which need to be amended.

(iv) Changes to be made in the future.

(d) Establish Organisational Structure To Manage Training

69. If possible, departments should establish an organisational structure to manage training courses on quality for their staff. For instance, a training section or unit can be created for this purpose. These training courses should emphasise on specialised knowledge or skills and should be conducted by experts in their respective fields.

(e) Training Needs

70. Departments should outline clearly training needs for the various types of work carried out. Issues that need to be considered include:

(i) Identification of training needs.

(ii) Standard of expertise required.

(iii) Period of training.

(iv) The necessity to expedite training.

(v) Number of people to be trained.

(vi) Person responsible for training.

(vii) Resources needed.

(f) Determine Programmes And Training Materials

71. Programmes and training materials should be in accordance with the objectives and needs of the department. These programmes should touch on the following 4 aspects:

- The objective of training (this objective should be clearly specified).
- Module contents.
- Training methods.
- Training instructor responsible for the programme.

(g) Implement And Monitor The Progress Of Training

72. Departments should implement training programmes as agreed in the Master Plan. These programmes should be constantly monitored so that any problem of implementation can be attended to immediately.

(h) Evaluate The Success Of Training Programmes

73. Officers who are responsible for training (e.g. Heads of Departments, Managers and Supervisors) should evaluate the results of the training programmes. Feedbacks from the exercise will act as a basis to improve future training programmes.

(i) Review The Effectiveness Of Training

74. From time to time, the top management of every department should review in general the effectiveness of their individual Training Master Plan. This is to ensure that they are still applicable to the current needs and situation.

(B) RECOGNITION

75. Recognition acts as an important function towards achieving success in TQM. This is a show of appreciation towards workers who have attained excellence in their work. Two positive effects can be attributed towards recognition. Firstly, workers who receive recognition will feel happy that their achievements and contributions are appreciated by their department. This will encourage them to strive further to improve their performance in the future. Recognition will also invoke a sense of pride in their jobs and this acts as a strong motivation factor. Secondly, through the act of giving recognition, what constitutes desired behaviour can be made clear to the workers. This will facilitate workers in adjusting their behaviour to meet the expectations of the department.

76. The management of a department should establish an appropriate recognition system in accordance with its needs. The objectives of this system are:

(a) To appreciate excellent performance from a worker or a group of workers so that they will be even more committed towards quality improvement.

(b) To reaffirm desired behavioural patterns in the department.

(c) As a departmental declaration of commitment towards quality improvement.

77. A department needs to establish clear criteria towards giving recognition. These criteria should be made known to all staff members to avoid any form of misunderstanding. Recognition can be given in various forms:

(a) Letters of appreciation.

(b) Gifts (Cash/souvenir).

(c) Opportunity to attend a course.

(d) Special privilege to use the department's recreational facilities.

(e) Presentation of a medal or an award.

(f) Additional leave.

(g) A special ceremony to honour the recipient.

(h) Free membership in the civil service club or departmental club.

(i) Selection of "Best Worker of the Month".

(j) Publicity in the department's magazine or newsletter.

PRINCIPLE 5: TEAMWORK

PRINCIPLE 5: TEAMWORK

78. Teamwork among employees of a department is a unifying force in ensuring the success of the department's quality improvement efforts. Teamwork is present when there is total cooperation, total commitment and total involvement by the employees.

79. The task to improve quality should not be dished out on an individual basis. This is because problems concerning work processes are complex as they cut across divisions and systems. As such, it is beyond the capability of any one individual. The only way to tackle such problems is through the use of some form of teamwork. The use of the team approach to problem solving enables the department to fully harness both its strengths and resources. The advantages of team approach to problem solving are:

(a) It enables the pooling of a group of people with the appropriate knowledge, skills and expertise to tackle problems effectively;

(b) It enhances the level of job satisfaction and morale of employees as they are given the opportunity to solve problems together;

(c) Problems which cross departmental and functional boundaries can be dealt with more easily and effectively;

(d) The recommendations from team members are more likely to be implemented than individual suggestions.

80. Teamwork enhances three key aspects of the quality improvement process. These aspects as illustrated in *Figure 9* are:

(a) Facilitates free exchange of information and ideas;

(b) Builds up trust among the employees; and

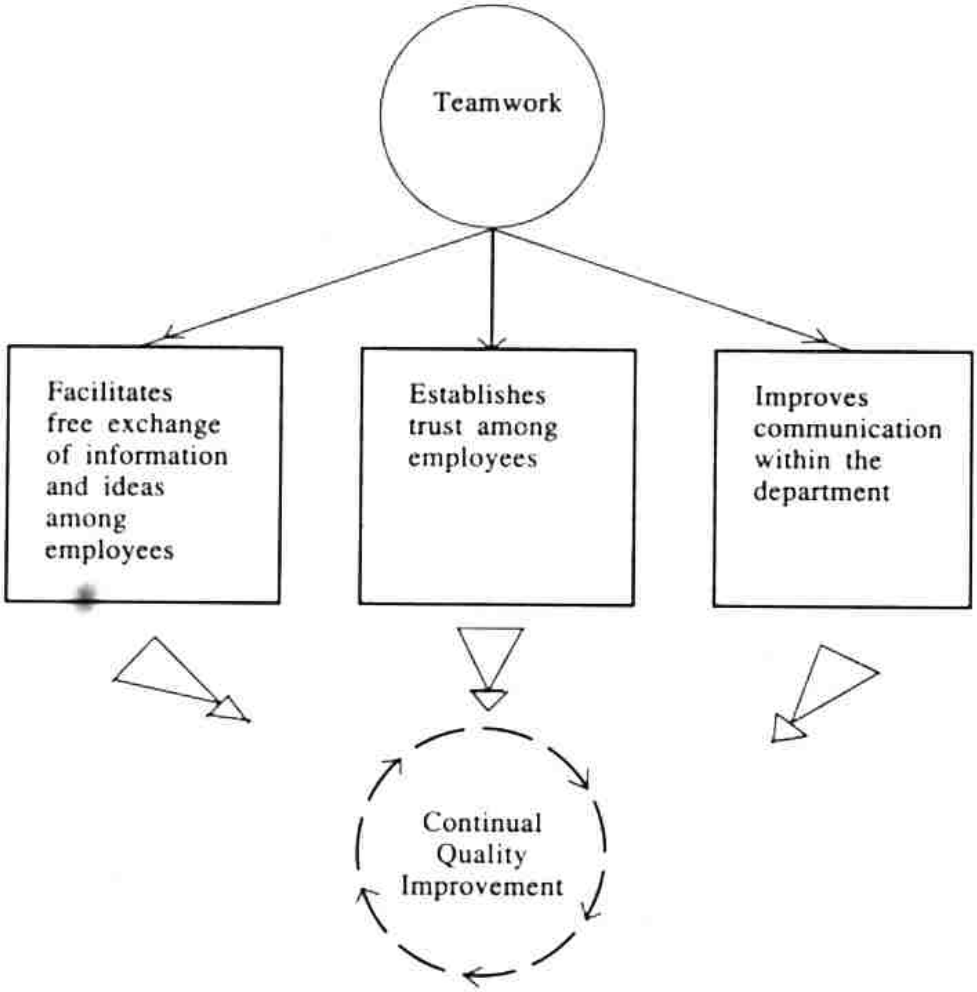
(c) Improves communication within the department.

81. By involving in team activities, employees have the opportunity to share and exchange knowledge, experiences, information and ideas with one another. Such a process enables an individual to come out with new, creative and innovative ideas on how to improve the quality of work.

82. In an environment where there is active encouragement of group activities, employees quickly develop trust among themselves. With trust, individuals feel free and confident to carry out their respective job responsibilities. At the same time, they are able to make decisions quickly and wisely; as well as to develop their talents and potentials to make continuous quality improvements.

83. The establishment of trust among the employees greatly facilitates the communication process within the department. The divisions as well as units can now communicate freely with one another leading to a sharing of data and information as well as other resources. Consequently, there will be vast improvement in the performance of the department due to the development of cooperation and interdependence among its divisions and units.

FIGURE 9: TEAMWORK AS A CONTRIBUTING FACTOR IN QUALITY IMPROVEMENT



84. To create a conducive climate for employees to work as a team, management can take various actions. Some of these actions are:

(a) Quality awareness campaigns;

(b) Organising training sessions;

(c) Establishing structures for teamwork;

(d) Empowering the teams; and

(e) Giving due recognition.

(a) Quality Awareness Campaigns

85. The objectives of the awareness campaign are to draw the attention of the employees and to make them realise the importance of teamwork in an organisation. The awareness campaign can be in the form of holding a series of talks, briefings, video shows, and publishing of brochures and pamphlets. All in all, the campaign should appropriately emphasise several key aspects such as:

(a) Concept of teamwork;

(b) Gains to individual work performance;

(c) Gains to organisation;

(d) Role of an individual in making teamwork a success; and

(e) Forms of organisational support.

(b) Organising Training Sessions

86. Training sessions have to be conducted to equip employees with the basic skills and knowledge to work as a team. Through training, they can contribute positively as team members. In the course of the training sessions, management can give emphasis on the following skills:

(a) Leadership skills;

(b) Setting of objectives and activities;

(c) Communication skills; and

(d) Problems solving techniques.

(c) Establishing Structures For Teamwork

87. In order to encourage teamwork among its employees, the Department has to set up various structures such as Work Team, Task Force, Quality Control Circles, etc. By being members of these structures, employees can put forward their ideas and proposals for quality improvement directly to the management. They are motivated to do so because these structures act as vehicles to channel their ideas or proposals in a more systematic and effective manner. On the other hand, the management can also communicate the department's quality policy to employees through these structures.

(d) Empowering The Work Teams

88. For excellent results, the management must empower their Work Teams. As they are allowed to work freely, empowered teams tend to be faster and more creative in problem solving. Employee empowerment can take many forms and among them are:

(a) Effective delegation;

(b) Provision of adequate working facilities and resources;

(c) Having more confidence in employees doing bigger and more important tasks; and

(d) Allowing Work Teams to be involved directly in the process of formulating the quality goals of the department.

(f) Giving Due Recognition

89. Successful Work Teams should be given due recognition by management. By recognising their achievements, management show their appreciation towards the contributions as well as the team spirit of the employees. On the other hand, the employees are also more motivated and more committed towards teamwork.

PRINCIPLE 6: PERFORMANCE MEASUREMENT

PRINCIPLE 6: PERFORMANCE MEASUREMENT

90. The quality improvement process in Government departments must be supported by a good performance measurement system. The system provides feedback to the management on the progress and achievements of its improvement efforts. Such information is functional in planning future actions. To ensure the success of TQM, Government departments have to establish performance measurement systems for each type of outputs and services produced.

91. A performance measurement system provides important data and information to mangement on the current performance of a work process which is being implemented. This information can be utilised in several ways, among which are:

(a) Evaluating present performance of a particular work process.

(b) Measuring process conformance, that is, the extent to which the present work process meets the preset quality standards and objectives.

(c) Identifying segments of a work process which have quality problems.

(d) Planning for improvement activities to further upgrade the quality of work.

92. In establishing an effective performance measurement system for its outputs, Government departments have to accomplish a line of actions as illustrated in *Figure 10*. These actions are:

(a) Determining control subjects. These are the quality features of an output the department wants to control.

(b) Specifying quality standards and objectives.

(c) Establishing mechanisms for measurement.

(d) Setting performance information network.

(a) Determining Control Subjects

93. For each type of outputs produced, departments should select quality features that need to be controlled. These features must be in conformance with the needs and expectations of the customers. And it is these features that the whole exercise of measurement will focus on.

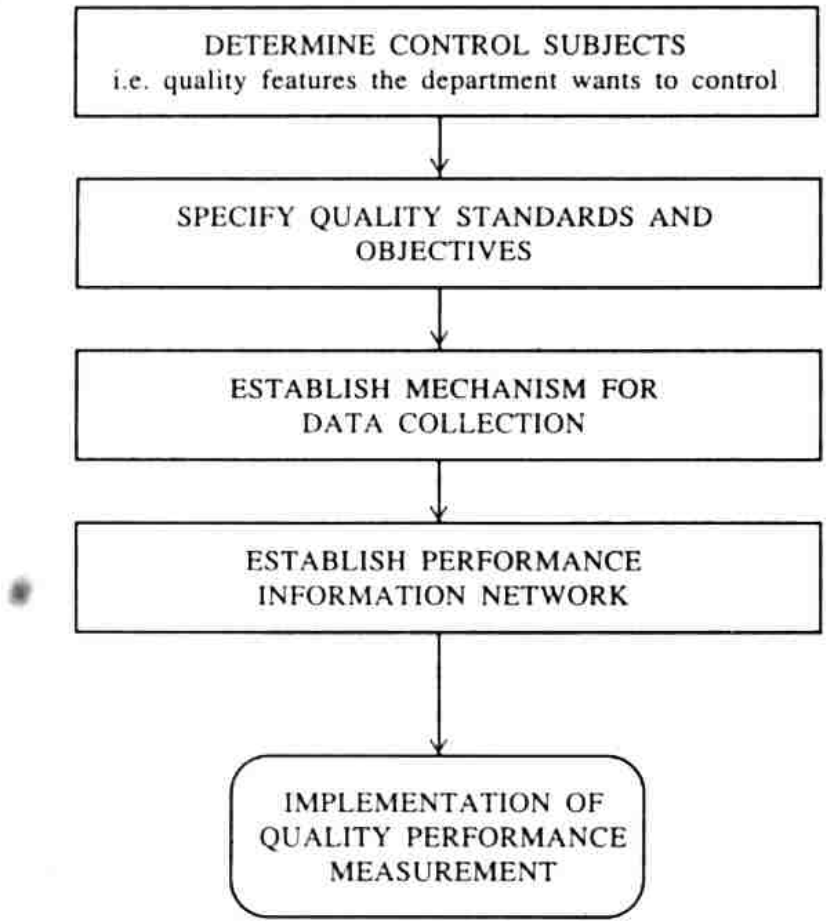
Examples of control subject: Durability
Timeliness

(b) Specifying Quality Standards or Objectives

94. The departments must set quality standards or objectives for each output. This must be in accordance with the quality features that have been identified. In specifying such standards and objectives, departments must ensure that they really reflect the level of quality excellence which will contribute to customer satisfaction. Examples of quality standards and objectives are as follows:

Control Subject	*Quality Standard/Objective*
Durability (eg. equipment)	The equipment must have a useful life span of *not less than 10 years*
Timeliness (eg. counter service)	The counter service must begin its operation at *8.00 a.m. every working day*

FIGURE 10: SEQUENCE OF ACTIONS IN SETTING UP PERFORMANCE MEASUREMENT FOR QUALITY



(c) Establishing A Mechanism For Measurement

95. Basically, there are two components in the performance measurement system. One is the unit of measure, and the other is the sensor. For a unit of measure, it has to be in line with the nature of the quality feature being measured. Examples of units of measure are shown as below:

Control Subject	*Unit of Measure*
Durability (eg. equipment)	*Number of years* the equipment can function effectively.
Timeliness (eg. counter Service)	The exact *time* the counter service begins its operation every day

96. A sensor is actually a tool or a method used in data collection. It may be in the form of a machine, a computerised system or even the personnel who are directly involved in the work process. In fact, questionnaires and interviews with the customers can also be considered as sensors for measuring customer satisfaction.

(d) Establishing a Performance Information Network

97. It is important that the data and information collected by the sensors are directly communicated to the decision makers. Such timely data and information facilitate the decision making process in quality management. Therefore, a department must establish an information network within the organisation so as to effectively disseminate information on quality performance.

98. For certain types of work processes, departments may need to measure the quality performance of their staff. Such measurement will indicate the extent to which the staff has managed to accomplish predetermined work targets. This feedback is vital both to the staff and the management. The staff may use this information to further improve their levels of performance. The management, on the other hand, relies on such information as a means of control and to identify problems faced by the staff so that remedial action can be taken expeditiously.

99. The implementation of a performance measurement for the staff requires 4 steps. They are:

(a) Setting performance targets.

(b) Measuring actual performance.

(c) Analysing performance variance.

(d) Activating corrective actions.

100. In setting performance targets for the staff, it is important to note that the targets must be clear, specific and measurable. This is to ensure that the staff understand the targets set for them. Furthermore, it also permits measurement to be done in an objective manner. In addition, every target set must also be realistic and within the capability of the staff to achieve them.

101. The measurement of actual performance is a process involving data collection on work accomplishments of the staff over a period being evaluated. The measurement can be done continuously throughout the year or according to a specific interval such as every 3 months, 6 months and so on. The frequency of measurement, however, depends on the management policy.

102. Variance analysis is a process whereby actual performances are compared with the performance targets set earlier. In cases, where the variance indicates poor performance, a comprehensive diagnosis must be conducted. The aim is to identify the causes of the variance so that they can be corrected.

103. Based on variance analysis, the departments can plan and implement corrective actions. The results of the analysis must also be made known to the staff so that they are aware of their performance. In this way, they can collectively solve the problems.

PRINCIPLE 7: QUALITY ASSURANCE

PRINCIPLE 7: QUALITY ASSURANCE

104. It is the responsibility of Government departments to ensure that their customers are satisfied with their products and services. The customer should also be confident that they will receive quality products and services at all times from the departments. This objective can be attained by the departments adhering to the seventh principle of TQM that is Quality Assurance.

105. Quality assurance is broadly the prevention of quality problems arising in the production process of an output through planned and systematic actions. Thus, it will be assured that the output produced will be defect-free or error-free. Hence, this will ensure that customers are satisfied with the output as it conforms to their requirements which will in turn increase their confidence in the departments.

106. To attain the objective of quality assurance, departments can undertake the following 3 actions:

(a) Implement quality inspection;

(b) Carry out output planning; and

(c) Training of workers.

(a) Quality Inspection

107. The objective of quality inspection is to identify quality problems or deviations from standards that have been set in the production of an output. The problem that has been identified will be analysed to find out its root causes so that improvement actions can be taken. Hence, any quality problem can be resolved before the output reaches the customer.

108. Quality inspection involves incoming inspection, process inspection and final inspection. The aim of incoming inspection is to ensure that quality inputs are used in the production of outputs. This inspection is vital because the use of unquality inputs can bring about problems in the work process which will affect the quality of the final output. These inputs involve materials that are procured from suppliers or other agencies; systems and procedures; and information and data.

109. Process inspection is carried out to ensure that the various stages of the processes involved in the production of an output run smoothly as has been planned and conform to the quality standards that have been set. This is because when the work process conforms to the standards set, the quality of the final output will be in conformance to the quality characteristics required by the department. In terms of implementation, the inspection will be more effective if it is carried out by the workers operating the process. This will facilitate them to take immediate remedial actions when divergence of standards occurs. These immediate remedial actions will prevent defective outputs from entering into the next work process and create bigger quality problems for the department.

110. Final inspection is the inspection on the final output before it is delivered to the customer. In this type of inspection, the department must ensure that the output produced conforms to the characteristics as required by the customer. The inspection at this level is critical because any mistake will result in the delivery of unquality outputs to the customers. If this occurs, it will not only result in the customer being dissatisfied but the department will also have to incur additional costs such as handling complaints and grievances of the customers.

(b) Output Planning

111. Output planning is an effective way of assuring quality outputs. Hence each stage in the work process has to be planned in detail to ensure that opportunities for defects are prevented. This is preventive planning which will assist the department from incurring quality costs. This planning is very critical at the following 2 stages of the process:

(a) Stage of product design; and

(b) Stage of process design.

112. The objective of planning at the stage of the product design is to ensure that the output produced conforms to the requirements of the customers. Hence the department must be aware of the requirements of the customers and determine the characteristics of the output required.

113. Planning at the designing process stage is aimed at ensuring that the processes involved are capable of producing a quality product. It is at this level, that the processes involved and the quality standards that have to be adhered to at each process is determined. Apart from the various stages of the process, systems and procedures and standards have to be documented in the manual of work procedure, flow chart and so forth for the reference of the employees.

(c) Training Of Employees

114. To enable an organisation to produce quality outputs, an organisation must have workers who have the necessary skills and expertise. Hence, training is an important factor in quality assurance. The workers must be trained so that they fully understand their responsibilities in ensuring that outputs produced by them conform to the quality characteristics that are required. Hence, they should carry out a self-assessment on the work processes they are involved in to ensure that standards set for each process are achieved. Apart from this, training should also be given to ensure that the workers understand the philosophy and objective of quality implementation in the organisation. As a result of this awareness, the commitment of the workers towards the quality systems established in the organisation will be further strengthened. This will in turn ensure that quality work will be generated.

IV. CONCLUSION

115. The implementation of TQM is a prerequisite in the pursuit of excellence. TQM enables an organisation to produce quality products and services. Apart from this, departments will also enhance their efficiency and effectiveness in achieving their respective operational objectives.

116. The implementation of TQM is not an easy task and involves systematic planning and implementation. Top management commitment is also a basic requirement. In this respect, top management should lead all the changes implemented under TQM and at the same time encourage workers to participate in the process. Such an environment will enable TQM to be successfully implemented in all Government departments.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 2 OF 1992

GUIDELINES FOR DEVELOPMENT PROJECT PLANNING AND PREPARATION

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 JULY 1992

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This Circular is to provide guidelines for planning and preparation that can be used to prepare project paper for submission to the Economic Planning Unit, Prime Minister's Department, for approval. The Guidelines for Development Project Planning and Preparation is attached as Appendix to this Circular.

BACKGROUND

2. Malaysia's national development efforts have been implemented through the various five-year development plans and presently the country is in the Sixth Malaysia Plan period (1991-1995). However, up till now there has been no specific Circular in the form of guidelines for Government officers in project planning and management. Consequently, the Guidelines will provide a clearer basis for planning and management of development projects in order that the planning and preparatory process will be more comprehensive and systematic.

USE OF GUIDELINES

3. These Guidelines will provide methodologies and techniques to assist Government officers in the preparation of development projects. With this Circular, the Government hopes that problems in project planning and management such as shortfalls in development expenditure can be reduced.

4. All Government officers are required to take note that applications for new development projects will have to be based on these Guidelines.

5. This Circular shall be used with reference to other relevant circulars such as General Circulars on preparation of five-year Malaysia plans and Treasury Circulars on guidelines for annual budgetary allocations.

EFFECTIVE DATE

6. These Guidelines are effective from the date of issue of this Circular.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to Government

(Appendix to Development
Administration Circular
No. 2 of 1992)

GUIDELINES FOR DEVELOPMENT PROJECT PLANNING AND PREPARATION

GUIDELINES FOR DEVELOPMENT PROJECT PLANNING AND PREPARATION

PREFACE

The importance of good project formulation and preparation need no further emphasis. Projects are the 'cutting edge' of development and the task of identifying and preparing sound, implementable projects should be thought out carefully. It is important to note that projects are the building blocks of any development programme and if the projects are not well planned, then the chances of project delays and failure to achieve development objectives are high.

The purpose of these Guidelines is, therefore, to present a systematic methodology for identifying and preparing sound implementable projects in order to minimise any shortcomings. These Guidelines should be used together with other circulars and instructions issued by the various Central Agencies for the preparation of project documents for purposes of development plan preparations, budgetary reviews and monitoring. Hence, the Guidelines will be useful for officials in Ministries, Departments, Agencies, both at Federal and State levels, who are involved directly in the planning and preparation of development projects. In addition, these Guidelines provide useful reading materials for others who are not directly involved in project preparation but interested in the overall development process in Malaysia.

It is to be emphasized that these Guidelines should serve as an aid for general project preparation. However, there are numerous types of projects such as agricultural, industrial, tourism, social, infrastructure projects and others. These different types of projects require analyses that are specific for the consideration of their viability depending on each project.

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A. CONCEPT OF A DEVELOPMENT PROJECT

In some sectors, the concept of a project is straight-forward e.g. setting up a factory to produce toothpaste, land development scheme or a large scale cattle ranch. In other cases, there might not be clear-cut investments normally associated with the term 'project'. Sometimes development activities could include the provision of on-going services e.g. on-going extension services to farmers and fishermen or to expand existing investments or services e.g. purchase of additional equipment or expansion of existing facilities in a school.

2. In order to come out with an operational concept of a development project, an investment or activity should satisfy four (4) basic conditions, viz:

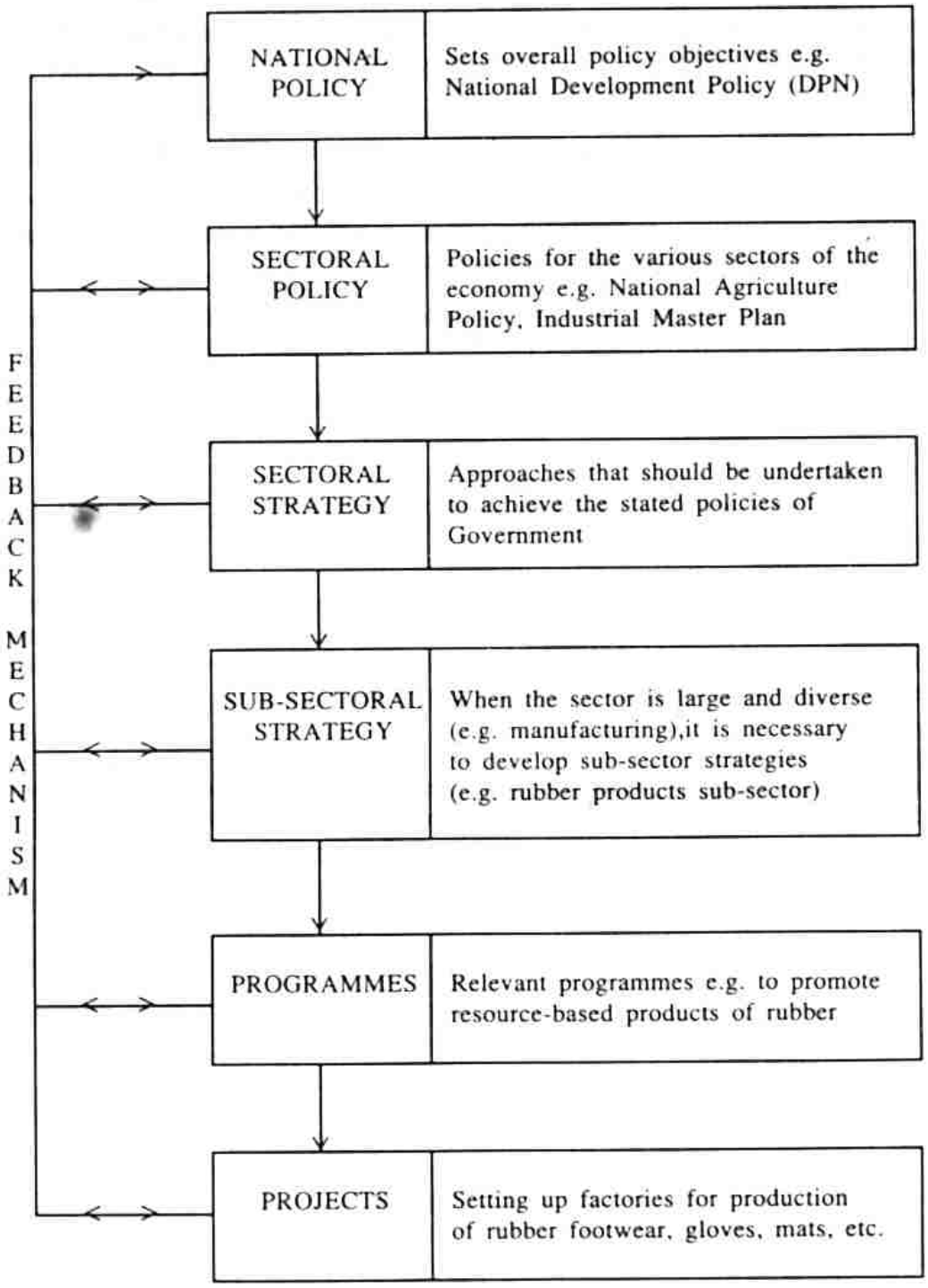
- It is a separate IDENTITY which allows it to be clearly distinguished from other investments or activities;
- It has clearly defined DEVELOPMENT OBJECTIVES (explicitly stated in quantifiable terms if possible) and identifiable costs and benefits;
- It is a COMPLETE project i.e. it incorporates (or provides for) all the components needed to obtain the projected benefits and achieve the stated development objectives;
- There is a clear allocation of RESPONSIBILITY for implementation and the use of resources.

3. The above conditions will facilitate an organised planning system in the use of scarce resources to maximise the achievement of development objectives and assist in the evaluation of the project. Hence, it is suggested that development activities need to be "projectised" to ensure that the earlier mentioned four conditions are satisfied.

4. It is also useful to indicate the position of projects in relation to policy, strategy and programmes so that a clearer understanding is obtained when identifying and preparing projects. Figure 1 indicates the relationship.

FIGURE 1

RELATION BETWEEN POLICY, SECTOR STRATEGY, PROGRAMMES AND PROJECTS



5. From Figure 1, the following can be noted:

- Better and more relevant projects would be identified if there is a clearly defined sector policy and strategy. In fact, it is often very difficult to justify a project in the absence of an overall sector or sub-sector plan.
- The planning process is not only one way. In most cases, the policies percolate down into strategy which in turn is translated into programmes and projects. It is important to note that there are feedback mechanisms to demonstrate that policy should be reviewed and if necessary be changed as a result of detailed project planning and implementation.

B. THE PROJECT CYCLE

6. Development programmes consist essentially of an inter-related series of development projects. A thorough understanding of the role, status, procedures and methods is, therefore, essential for those charged with the responsibility of planning, implementing and managing development projects. To clarify the procedures, methods and alternatives relating to the planning and management of projects, it is necessary to have a framework of elements involved in a project.

7. Projects involve investments of substantial amounts of scarce resources which have an opportunity cost. These resources are committed for specific lengths of time with the expectation of generating future benefits.

8. This implies that projects have (i) an objective or goal to achieve, (ii) an investment of resources for future benefits, (iii) a definite time limit and (iv) a specific physical boundary. Projects having such characteristics undergo several stages or phases of activity which take place between project conception and completion. The stages or phases constitute a specific sequence that is cyclical in nature has been referred as a *project cycle*.

(a) THE INTEGRATED PROJECT PLANNING AND MANAGEMENT CYCLE (IPPMC)

9. The first basic model of the project cycle, designed in 1970 was the Baum Cycle to reflect World Bank projects. Since then, different versions were introduced but basically following the same logic. For the purpose of these Guidelines, the concept of Integrated Project Planning and Management Cycle (IPPMC) is used.

10. The IPPMC is a conceptual tool which includes all the elements that constitute the life of a development project from its inception to evaluation after a project is completed. It has been developed to clarify the procedures of project planning and implementation. Figure 2 shows the IPPMC divided into four major phases as follows:

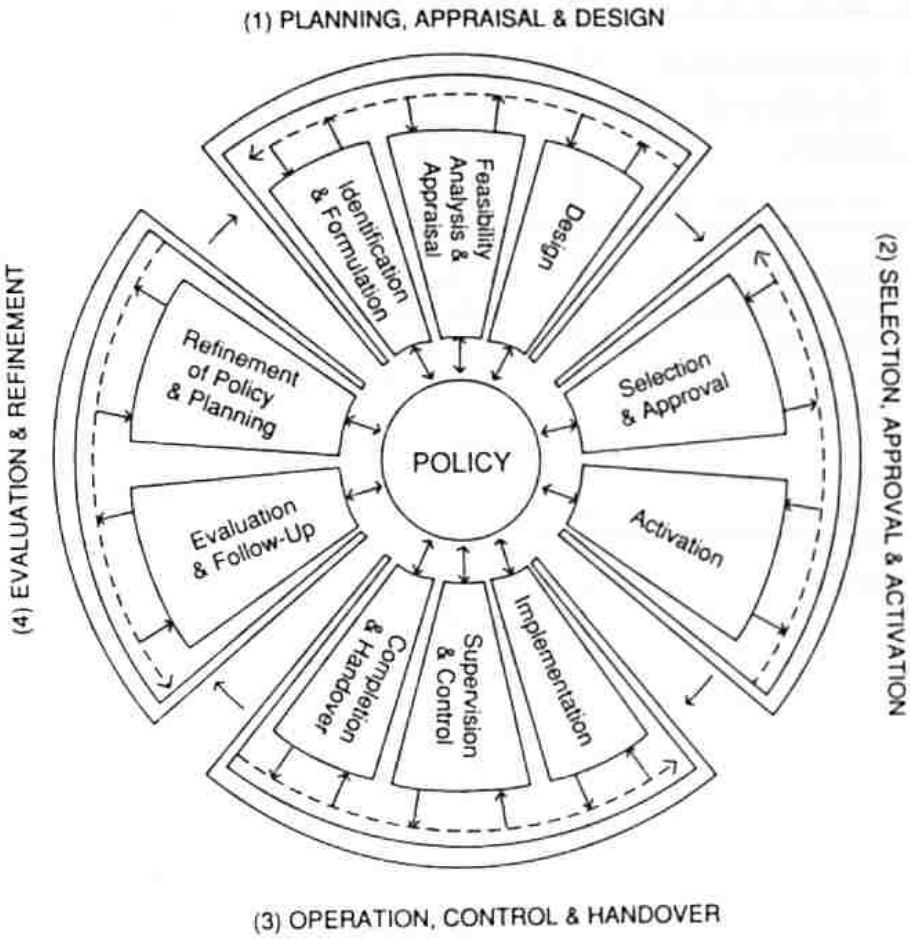
Phase I	–	Planning, appraisal and design
Phase II	–	Selection, approval and activation
Phase III	–	Operation, control and handover
Phase IV	–	Evaluation and refinement

11. Although a project emanates from a policy decision, its process of project implementation is in the hands of the project manager/director. Therefore, there is a vital need to have a two-way communication between the policy makers and the project manager to ensure that the outcome of the project is in line with the policy makers' decisions. There should be a continuous feedback and dependency relationship among the tasks and between planners, implementors and policy makers. Each task is dependent upon and is influenced by the others and therefore the feedback and response communication link between the various individuals involved is an important part of the integrated project cycle.

12. The IPPMC emphasises the interdependent and cyclical nature of the process of project planning and implementation. Nevertheless each task within each of the four phases of the cycle is distinct and has to be examined as an individual entity. The IPPMC is also useful in analyzing how well the various phases and tasks of a project were undertaken. Figures 3,4,5 and 6 show the tasks to be undertaken in the four phases of the IPPMC.

FIGURE 2

INTEGRATED PROJECT PLANNING AND MANAGEMENT CYCLE: 4 PHASES



- - - - - → FEEDBACK PROCESS

⟷ TWO-WAY INFORMATION AND AUTHORITY FLOW

SOURCE: Louis Goodman and Ralph Love (eds.), Project Planning and Management: An Integrated Approach (page 8)

FIGURE 3

PHASE I: PLANNING, APPRAISAL AND DESIGN

Tasks	*Description*
1. Identification and formulation of projects	– translate project ideas into *Project Identification Briefs* for preliminary assessment and shortlisting of viable projects
2. Feasibility analysis and appraisal of the project	– shortlisted viable projects are developed further using feasibility studies – findings are presented as a *Project Document* for selection and approval by the relevant authorities e.g. Economic Planning Unit for the development plans
3. Design	– once a project is determined viable basing on the feasibility study, the design task has to proceed – includes preparation of blueprints and specifications for construction, facilities and equipment; implementation plans/ schedules – designers must bring together the views of policy and decision makers and technical experts

FIGURE 4

PHASE 2: SELECTION, APPROVAL AND ACTIVATION

Tasks	*Description*
4. Selection and approval	– pojects are submitted to the relevant authorities for selection and approval
5. Activation	– involves the coordination and allocation of resources – assigning responsibility and authority for executing the project in terms of personnel, legal, financial, organisation, procurement, and administration matters – an *Implementation Plan* is necessary to facilitate above two activities. For the Sixth Malaysian Plan, SIAP can be used as an implementation plan

FIGURES 5

PHASE 3: OPERATION, CONTROL, AND HANDOVER

Tasks	*Description*
6. Implementation	– physical construction of the project based on procedures set down during the two earlier phases – final review of project design and timetable taking into account any necessary changes
7. Supervision and control	– supervision and control procedures must be activated to provide feedback to both policy makers and the project manager – use of specific management tools e.g. CPM, PERT, SIAP to facilitate monitoring and problem solving
8. Completion and handover	– transfer of completed project to operating agency – preparation of Project Completion Reports (PCRs) especially for foreign funded projects by World Bank, Asian Development Bank (ADB)

FIGURE 6

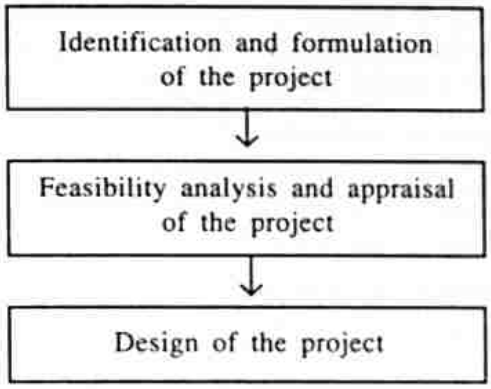
PHASE 4: EVALUATION AND REFINEMENT

Tasks	*Description*
9. Evaluation and follow-up	– evaluation of the intended and unintended impact of the project (impact evaluation study) after the project has been operating for some time
10. Refinement of policy and planning	– refinement of policy and planning procedures basing on the experiences and lessons learned

The following sections in these Guidelines will further discuss the tasks that have to be taken to prepare the Project Document and Implementation Plan.

(i) PLANNING, APPRAISAL AND DESIGN PHASE

13. There are three tasks that need to be undertaken in this phase and these are:



(ii) IDENTIFICATION AND FORMULATION

14. The task of identifying suitable projects is the most important and crucial step in the whole process of project preparation. During this stage, as many projects as possible should be identified to provide alternatives to achieve a given objective.

Project Identification—Sources of Ideas

15. Project ideas can originate from a number of sources—from national, sectoral or regional plans or strategies, from operating agencies and from the intended beneficiaries.

16. In practice, project ideas often result from the identification of:

- Unsatisfied demands or needs and the most effective means to meet them.
- Problems or constraints in the development process due to shortages of essential facilities, services and material or human resources and other obstacles e.g. trade, balance of payments problems etc.
- Unused or under-utilised material or human resources for their conversion towards more productive purposes or conversely, over-utilised natural resources which need to be preserved or restored.
- The need to complement other investments that have already taken place.
- The initiative, or the response to government incentives, of local, private or public entrepreneurs who wish to take advantage of the opportunities they perceive.
- The government's desire to respond to local political or social pressure originating from e.g. growing economic, social or regional inequalities.

- The personal experience and knowledge of field officers on the grassroots needs and potentials. This requires imagination, creativity, ability and commitment to analyze the economic and national resources information of the sector or geographical project area, the existing technologies, institutions, human resources etc. (In this regard, the Buku Merah Dua will provide a useful source of information for project ideas).
- The perception of market potentials through the review of statistical data and available surveys concerning:
  - products in which the country has a comparative advantage due to natural resources;
  - products which would substitute previously imported goods;
  - products required by a growing and unsatisfied local demand market;
  - products for which there is export market potential.
- Political and strategic considerations.

Project Formulation

17. Project ideas are just statements of how a certain problem can be overcome or a particular policy objective can be achieved. Promising project ideas then need to be refined in an orderly manner. Only the most suitable ones are retained for further investigation with the option of eliminating alternative ideas from further consideration with a minimum of wasted time and effort.

18. During the project identification stage, a large number of projects are identified. Preliminary evaluation is conducted and only those ideas that are deemed as potentially viable are selected for further scrutiny in the next stage of the project cycle i.e. feasibility studies and appraisal. In order to facilitate the preliminary screening process, the identified project ideas are formulated. Formulation is done by the preparation of Project Identification Briefs (PIB). The briefs are short reports (about 2-3 pages) and describe the elements of the project so as to provide a quick assessment of the project's costs and benefits. The format of a PIB is in Appendix A.

(b) PROJECT PREPARATION

19. After the PIB stage, only selected projects will be developed further and prepared for submission to relevent authorities for approval in the form of a Project Document. In preparing this document, a feasibility study of the project needs to be done. A format of a Project Document is given in Appendix B. The purpose of the document is to ensure that:-

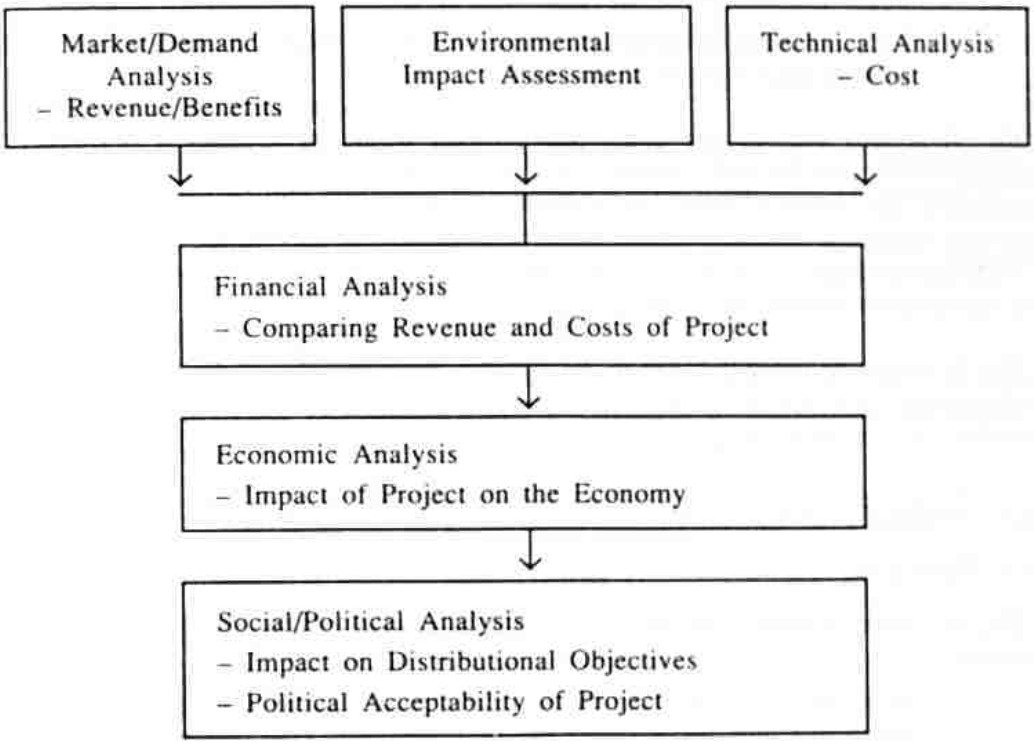
- The project is in accordance with the country's development objectives and priority;
- The project is technically sound—can be implemented;
- The project is viable.

C. FEASIBILITY STUDY

20. This section outlines techniques that can be used to consider the viability of the project as required in the Project Document vis-a-vis the various aspects of the project as in Figure 7 below:

FIGURE 7

TECHNIQUES AND STAGES FOR FEASIBILITY STUDY



21. The *market/demand analysis* would provide estimates on the benefits or revenue derived from the project whilst the *technical analysis* would provide the physical requirements (site, machinery and equipment, building and construction) and hence the cost of the project.

22. The next step would be to compare the benefits/revenue of the project with its corresponding cost to determine whether benefits/revenue is more than the cost. This is the purpose of the *financial analysis*. However, the financial analysis provides only the net benefits attributable to the project but does not assess the impact of the project on the economy as a whole.

23. A project utilises resources (capital, land, labour) which are scarce in any economy. The *economic analysis* would therefore help us to determine whether the resources are being 'best used' in the selected project.

24. The *social/political analysis* considers not only the effect of the project on the distributional objectives of development but also political acceptability of the project. Distributional objectives include raising income for the target group, creating employment, improving standard of living (reducing mortality rate, increasing literacy rate) etc.

25. In summary the above analyses focus on:

- net returns from the project itself (market, technical and financial analyses);
- impact on the economy (economic analysis); and
- impact on the distributional objectives and political acceptability of the project (social/political analysis).

26. It is also without any doubt that projects would have either a positive or negative effect on the environment. If the effects are negative (such as air and water pollution, land erosion, depletion of fish stock, etc.), it would not only incur costs for any corrective actions but also result in a negative impact on the quality of life. With the rapid pace of economic development, the *environmental impact assessment* is essential to prevent environmental problems.

27. It should be noted that due to the specific characteristics of the different types of projects (agricultural, industrial, infrastructure, social projects), the techniques outlined below serve as guides only.

(a) MARKET RESEARCH AND ANALYSIS

(i) Rationale

28. A market research and analysis should be carried out for the following main reasons:

- to establish whether the goods and services to be provided by a new productive unit are required by the community (the demand), and
- to estimate the volume which it would wish to acquire at given prices.

29. There can be no discussion of profitability or of the other aspects of the feasibility study if there is no demand. Therefore, the market study includes the following elements:

- determination of demand for the project's output and the volume;
- target group; and
- time frame for the demand.

30. This study is equally relevant to projects which produce "marketable" goods and services (commercial products) and those which do not, such as schools, hospitals, roads and the like. In the latter case, which are termed broadly as social goods and are supplied `free' (due to the absence of a market price), it is more difficult to estimate the volume of demand. This, however, does not mean that a needs analysis can be ignored.

(ii) Steps in a Market Analysis

31. A market analysis is sometimes conducted prior to a full feasibility study if this parameter or variable is considered very significant to the success or failure of the project. It is only after this study that subsequent aspects in the feasibility study follows. The study seeks to determine the following:

- the size, nature and growth of total demand for the product;
- the supply situation and the nature of competition;
- the description and price of the product to be sold;
- the different factors affecting the market; and
- the appropriate marketing program for the product

(iii) Demand in Project Study

32. An analysis of demand is to identify the needs of consumers and determining whether they are willing and have the capability to pay for a given product.

33. The size, nature and growth of total *demand* for a product may be determined as follows:

- Who and where is the market?

  Segment the market according to type, manner of use, income classification, location, age, etc. The manner of segmenting the market would depend on the type of product being considered.
- What is the total domestic demand from the historic point of view?
- Is there a foreign market?

  If so, determine the historical demand.
- Evaluate demand growth patterns in the past and project future demand by applying appropriate projection methods.

(iv) Supply

34. On the other hand, the supply situation may be determined as follows:

- Who and where are the direct competitors? Classify them according to size, product quality, location, performance and market segment performance. Are there only a few big firms producing the product being considered? Are there many small firms with no single firm controlling the market? Or is it an industry of big and small firms? The type of competition in existence would influence the decision on production capacity and marketing strategies.
- Determine historical domestic supply as comprised by local production and imports.
- If there is a foreign market, determine the historical supply patterns in the targeted countries as comprised by their local production and imports.
- Evaluate supply growth patterns and project future supply by applying appropriate projection methods.

(v) Demand-Supply Analysis

35. Once we have the data on demand and supply situations, the following analysis is done:

- Compare the demand and supply trends;
- Determine the unsatisfied amount of demand;
- If demand appears to be fairly satisfied by supply, consider:
  - whether the factors affecting the market may disrupt the equilibrium so as to cause demand to grow faster than supply; or
  - whether the quantity of the product is such that it may create additional demand or redirect part of the existing demand in its favour.
- Determine the market share using the proposed production volume (as determined in the technical analysis) as against the total market size;
- Conduct a price study;
- Identify other factors affecting the market;
- Draw up a marketing plan.

(vi) Product Description and Price Study

36. In addition, the following are taken into consideration with regard to product description and price study:

- Name of the product;
- Properties of the product (physical, chemical, etc.);
- Uses of the product (as finished product, intermediate goods);
- Major users of the product (individual, firm).

37. In economic theory, price is determined mainly by the demand-supply situation. An increase in demand with supply constant will hike up prices. The reverse would result in the lowering of prices. There are, however, other factors which assert some influence on the price. Without any change in demand or supply, prices may go up if inputs such as raw materials cost rise; or prices may decline if the government decides to subsidise production. Keeping all these in mind, the price study may be conducted as follows:

- Determine the selling prices of all similar and substitute products;
- What is the historical pricing of these products (including the range and fluctuations) and establish the factors that will influence their fluctuations over time;
- Determine the responsiveness of demand to price changes;
- Establish the product's selling price.

(vii) Factors Affecting The Market

38. There are certain factors affecting the market that may be quantified or predicted:

- Demand may be significantly affected by population growth, income changes, taste, rural/urban development, prices of substitute and complementary products, and marketing techniques such as advertising, promotions, credit policies etc;
- Supply may be influenced by the development of substitute products, the entry or exit of firms, sources and costs of production, government policies, technology availability, etc;
- Prices may be affected by production costs, price controls, inflation, price of substitutes, etc.

(viii) Marketing Programme

39. The final aspects of a market analysis would consist of a comprehensive marketing programme as follows:

- Determine the types of marketing programme prevalent in the industry and gauge their respective effectiveness;
- Draw up a marketing plan that identifies and defines the target market, the selling price, the packaging, the distribution network, the sales management mechanism and promotion activities. The important components of the marketing programme may best be summarised by the '4-Ps' i.e product, price, place (distribution) and promotion;
- Design the marketing organisation which will implement the plan and determine the costs involved.

(ix) Conclusion

40. As in other studies, that of the market includes two stages: the collection of data and the establishment of empirical basis for their elaboration and analysis. Data collection is part of identifying the needs of consumers and determining whether they are willing and have the capability to pay for the products. In forecasting demand, one takes into consideration not only production and import figures of the past, but also such other factors as credit availability, income distribution, population growth, price variations, age composition, degree of urbanization, taste and preferences, money supply, GNP etc. Thus, the analysis and elaboration stage will involve analyzing both macroeconomic variables, i.e economic data that add up the activities of consumers, firms, government and the import-export sectors; and microeconomic variables, i.e data on the level of the individual firm or at least on the level of an industry grouping. It should answer the fundamental questions of the study:

- How much can be sold? i.e who and where is the market (total domestic demand and/or foreign market)?
- At what price?
- What are the marketing problems of the product? (direct/indirect competitors, growth patterns etc.).

(b) TECHNICAL ANALYSIS

(i) Rationale

41. The technical analysis is used to establish whether or not a project is technically feasible and provide tentative alternatives to achieve the project's objectives. It is an attempt to determine the following:

- how well the technical requirements of the project can be met;
- which location would be the most advantageous; and
- what would be the optimum size of a plant.

(ii) Steps in Technical Analysis

42. The technical feasibility analysis should consider various aspects, and alternatives of a project as follows:

- Preliminary research and testing;
- Selection of the production process;
- Specification of operating and assembly equipment;
- Location, buildings and site layout;
- Plant layout;
- Supplementary engineering works;
- Efficiency;
- Flexibility of productive capacity;
- Work schedules; and
- Size of project.

(iii) Preliminary Research and Testing

43. All engineering projects require, a certain amount of preliminary tests and research. These tests cover widely varied matters: simple strength tests of the site for the construction of buildings; laboratory or pilot plant tests of the possibilities of using certain raw materials or processes, and the conditions under which such uses will be possible; experiments with new crops; metallurgical research into the treatment of ores, etc.

44. The project itself need only contain a clear summary of the information regarding these tests and research; the complete text of the respective reports may be attached as appendices.

(iv) Selection and Description of the Production Process

45. In many cases there are no problems regarding the production process or system, but in others complexities and alternatives arise which should be explained together with the solutions offered, in relation to the preliminary research. To provide clarity and better presentation, the process can be described by the use of simple drawings or flow diagrams.

(v) Selection and Specification of Equipment

46. There are two stages in the selection of equipment:

- choice of the type, in order to draw up the specifications for the bids; and
- selection between the various equipment of the type chosen in order to decide between the bids.

47. Selection of the type of equipment will be influenced by the nature of the process, the scale of production and the degree of mechanisation, all of which are closely inter-connected. It may often happen, for instance, that a certain degree of mechanisation is only applicable above a certain production level, and similarly certain processes lend themselves better to mechanisation than others. The type of production is thus related to the degree of mechanisation and automation.

48. The analysis of bids for a given technology or engineering is not only a question of choosing the lowest bid in direct terms, but also entails other considerations such as:

- Specifications or suitability for the type of raw materials;
- Minimum risk of obsolescence;
- Commitments for technical assistance and technology transfer;
- Alternative plant sizes/design flexibility; and
- Cost factors and operating conditions.

49. Sometimes, the problem is further complicated by financial considerations of the nationality of the source of supply. Credit facilities, rate of interest, type of foreign currency required -convertible or not - and other considerations may also play an important part of the decision.

(vi) Location, Buildings and Site Layout

50. The technical feasibility analysis of a project depends largely on location, as substantial differences usually exist in the availability, quality and costs of the various requirements in an alternative location. Projects whose technical requirements could have been well taken care of in one location sometimes fail because they are established in another place where conditions are less favourable. In other words, a project situated in a location that is remote from services and supply sources such as experienced labour force, market, raw materials, utilities and other requirements would be operating with disadvantages.

51. In addition, an engineering project should include estimates of the size and characteristics of the buildings required for production and site layout. For agricultural projects this will include stables, barns and similar buildings; for mines they will be the surface buildings for housing machinery, work-shops, etc. The problem acquires special interest in the case of manufacturing industry, because the distribution of the industrial buildings has an important bearing on the handling and flow of raw materials, materials in process of manufacture, and finished products.

Reception areas, stores, central workshops and other installations must be functionally situated in relation to the main factory building and transport services. The other important factor for consideration is future expansions which means adequate land with acceptable physical characteristics.

(vii) Plant Layout

52. The efficiency of a project such as a manufacturing operation depends to a great extent on the layout of the plant and equipment, since this can lead to economy in movement and the flow of material and processes thereby saving time and money. Some other factors which need attention in plant layout are:

- Storage space for raw materials and supplies;
- Space for internal transport;
- Utilities service systems including waste disposal;
- Interdepartmental communication;
- Future expansion flexibility;
- Environmental considerations.

(viii) Supplementary Engineering Works

53. Projects must often cover additional installations to supply the services needed for actual production or for the employees/persons who will work on the project. Consideration of these supplementary works arising from the project's technical requirements - industrial water, electric power and similar items - will be more exacting than in the case of those needed to serve the population. The quality and quantity of the buildings for housing, camps and welfare services will be more elastic since in this case the criterion will be both economic and social, and will vary with circumstances. A solution has to be sought which is reasonable in cost, but which will at the same time provide the minimum comfort required by the workers and employees.

54. This association of various supplementary projects with the principal or central project may be indispensable in the case of agricultural, mining or industrial projects, which because of their nature must be situated close to natural resources and far from urban centres.

(ix) Efficiency

55. Once the manufacturing method, the size of the plant and the arrangement of equipment and buildings has been decided, it will be possible to calculate the volume of each type of input required by the project, both for installation and operation. Once the volume has been determined in physical terms, operating and input costs can be estimated. Moreover, this volume serves as a useful element of comparison when appraising the estimated administrative and operating efficiency of the enterprise.

56. The volume of input according to the physical processes employed, the quality of the available raw materials and the experience of other plants, can be estimated with the help of preliminary technical research. In addition to the purely technical factors, these estimates should also take into account the industry's general administrative and technical organisation and the quality of the labour available. This may lead to specific recommendations regarding the organization and administrative structure of the enterprise, training, contracting of advisers, etc. It may be also necessary to have laboratories for the technical checking of raw materials, the actual production process and final products as part of the quality control in accordance with the required specifications.

(x) Flexibility of Productive Capacity

57. The need for flexibility in productive capacity is at times a result of seasonal demand; at others, it may depend on temporary limitations in the availability of raw materials, or a tight financial situation, which means that production has to be started on a limited scale in the first stage. Naturally there are limitations in the approach to these problems, but if the conditions mentioned should exist, solutions should be sought which will tend to facilitate harmonious growth and permit flexibility of operation with minimum drawbacks, interference and cost.

(xi) Work Schedules

58. The schedule of project implementation from project preparation through plant start-up and the identification of potential causes of delay are one aspect of technical study. There must be realistic schedules which not only include all activities from engineering design through land purchase/acquisition, construction and procurement, to testing of equipment and training staff necessary for the successful completion of the project. These schedules should be arranged in an coherent sequence. The estimates of realistic schedules in terms of timing and cost are drawn up from experience with comparable projects in the same or similar environment.

59. The work schedule in a manufacturing project must ensure that the entry into operation is synchronised with the arrival or availability of the raw materials. Even if the raw materials are to be produced locally or by the plant itself, or if they are not perishable, the schedule arrival of material such as the concept of 'just in time' should be given serious consideration. Conversely, if some of the materials must be imported, the work schedule must include the placing of the orders abroad, the approval of necessary permits, transportation, so that their arrival will be synchronized with the entry into operation of the enterprise.

(xii) Size of Projects

60. The size of a project usually means its production capacity during a normal operating period. Owing to the need for capacity and provision for operating flexibility to meet demand fluctuations, the normal output will seldom be 100% of the installed capacity. Size is sometimes expressed in terms of the number of persons employed, the capital involved, or some other units. However, whatever unit of measurement this may be, the optimum size and the best location will be those which will lead to the most favourable financial result.

61. Some important factors in considering the size of projects are:

- the volume of demand to be met;
- the relationship between size (or scale of production) and the technique and investment;
- the relationship between size and location or the geographical distribution of the market;
- the problem between size and financing or capital resources for the project; and
- administrative experience and capacity.

(xiii) Project Costs

62. Once the various aspects are given thoughts, it becomes natural to have a fair idea as to the overall project costs. Basically, details of capital cost (land, building, machinery/ equipment, etc); and development cost (such as land clearing, infrastructure), production cost and maintenance cost should be given due considerations.

(xiv) Conclusion

63. Since the technical analysis would cover both engineering and non-engineering aspects of a project, a checklist would definitely help a project officer in managing his varied tasks, even if a consulting firm has been appointed. The checklist would include those aspects that have been covered above and, amongst others, the examination of details such as technical description of the project, relevant project site characteristics and size, project implementation schedules, technical life of project, salvage values, availability of technical supporting staff and impact from the project.

(c) FINANCIAL ANALYSIS

(i) Rationale

64. The financial analysis is one of the analyses conducted in a feasibility study and is normally undertaken after the market and technical analyses. The objective of the analysis is to determine the financial viability of the project and there are basically two main types of analyses, viz.:

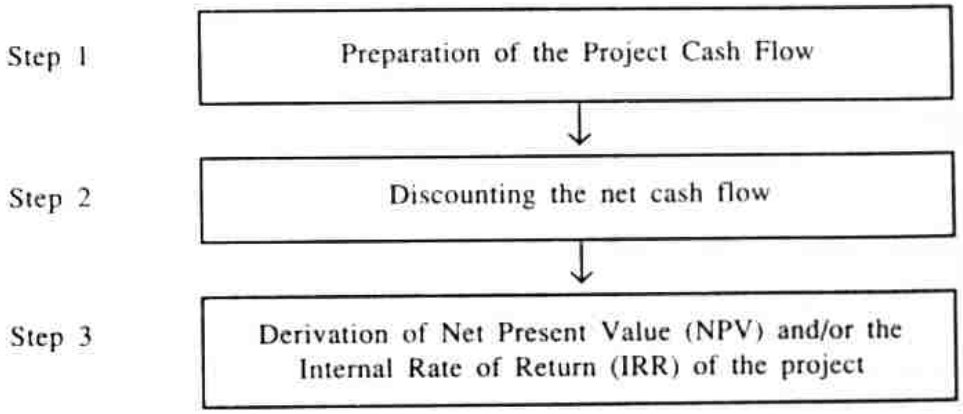
- Analysis of projects with "measurable benefits" i.e. benefits that can be valued at market prices. The output of these projects, if sold in the market, provide the benefits of the project.
- Analysis of projects with "non-measurable benefits" i.e. benefits that cannot be valued at market prices. These are mainly social and security projects which are undertaken by the public sector to provide essential services and therefore cannot be valued at market prices.

65. In the case of projects with "measurable benefits" it is important to determine if the benefits produced by the project justify the cost. This analysis examines the *opportunity cost* of capital and determines if the project is a justifiable investment, especially to the individuals or agencies undertaking the investment. If it is not justifiable, then it will be financially prudent to consider alternative investments to maximise the use of capital and other resources.

66. In the case of projects with "non-measurable benefits" it is not possible to make a direct comparison between benefits and costs. The decision to implement such projects is usually determined through policy and strategy considerations. The financial analysis, in this case, examines the various alternatives of implementing the project and selects the least cost alternative in order to optimise the use of capital.

(ii) Financial Analysis of Projects With Measurable Benefits - Discounted Cash Flow Technique

67. The major analytical tool of financial analysis of projects is the Discounted Cash Flow (DCF) technique. This method involves basically three steps viz.:



(iii) Preparation of the Project Cash Flow

68. The essence of financial appraisal is the forecasting of all costs and benefits over the lifetime of the project. The appraisal is done at prevailing market prices and the format in which it is set out is often described as a '*Cash Flow Statement*'. The term cash flow statement is to some extent a misnomer. This is because what one is really concerned with is the flow of resources involved in the project, cash being merely a convenient way of measuring the flow. In fact, the format is referred to as a 'Resource Flow Statement' to avoid confusion with the 'Sources and Application of Funds' Statement used by accountants and which is sometimes referred to as a cash flow statement.

(iv) **Costs**

69. The cash flow statement includes the following costs as shown in Figure 8:

FIGURE 8

TYPES OF COSTS IN CASH FLOW STATEMENT

Type of Costs	*Items*
(i) Capital Costs	– land – buildings (including site preparation and civil works) – plant and equipment (acquisition costs plus transporation) – vehicles – contingency allowances (physical and price)
(ii) Operating Costs	– raw materials – costs – labour – utilities – fuel – transport – repairs and maintenance
(iii) Pre-operating Expenses	– expenses incurred before commencement of operations e.g. pre-feasibility and feasibility studies, architect's and surveyor's fees, etc
(iv) Sunk Costs	– use of capital assets from other projects or abandoned projects
(v) Working Capital	– stocks (of raw materials), spare parts and cash requirements to pay bills – there is no set formula for calculating working capital requirements. Each project has to be viewed individually – only the extra requirements over and above the amounts needed in the previous year are included – the value of working capital in the last year is a benefit to the project when it is liquidated

70. However, the cash flow statement excludes the following items as shown in Figure 9:

FIGURE 9

ITEMS EXCLUDED FROM CASH FLOW STATEMENT

Items	*Description*
(i) Depreciation	– to avoid double counting as the cost of the asset is already accounted for in the capital costs
(ii) Loan repayment (principle payments)	– a loan is taken out to purchase an asset and the value is already accounted for in the capital costs as in the above example
(iii) Interest payment	– one of the reasons for deriving the cash flow is to determine the rate of interest the project can bear

(v) **Benefits**

71. The basis for benefit valuation of output of project is as shown in Figure 10:

FIGURE 10

BASIS FOR BENEFIT VALUATION

Basis	*Description*
(i) Sales value	– if output is sold through normal commercial channels
(ii) Imputed value (using market price of output)	– if output e.g. on the farm, is not sold but is consumed by the farm family
(iii) Principle of 'with' and 'without' project	– when project is not completely new but merely an addition to an existing activity; – the entire output of the project cannot be treated as the benefit of the project; – benefit of the project is the change (increase) in output as a result of the project.

(vi) Other Considerations in a Cash Flow

72. In addition to presenting the costs and benefits in a Cash Flow Statement, the following items (as shown in Figure 11) have to be considered:

FIGURE 11

OTHER CONSIDERATIONS IN CASH FLOW

Other Considerations in Cash Flow	*Description*
(i) Salvage value	– value of fixed assets at the end of project when they are sold constitute a benefit to the project
(ii) Life of project	– based on expected technical life of project's major investment components e.g. in an irrigation project this would be determined by the expected useful life of the upstream dam and irrigation canals; – based on technological obsolencence e.g. industrial projects and projects with a high degree of mechanisation.

(vii) Layout of the Project Cash Flow

73. Given the above information, the layout of the project cash flow is not difficult. In some cases, each year of the project's life is given a separate row and each heading a separate column. In other cases, the years are given the columns and the headings the row. An example of a project cash flow is given in Table 1.

(viii) Discounting

74. Once the cash flow of benefits and costs for the project have been determined in the manner indicated earlier, it is necessary to ascertain the financial feasibility of the project by comparing the costs (which are normally incurred in the first few years of the project) with the positive net benefits. The net benefits (or net cash flow) are derived by simply subtracting the total costs from total benefits for each year of the project.

75. However, in a project it is important to take into account not only the volume of net benefits but also the time period it occurs. Benefits which accrue very late in the life of the project are not as valuable as benefits which accrue earlier on in the project. This is because the benefits which accrue earlier have an opportunity cost and could be used for consumption or investment.

TABLE 1

RESOURCE (CASH) FLOW STATEMENT OF MARBLE CRAFT FACTORY
($'000)

Year	0	1	2	3	4	5	6	7	8	9	10
PRODUCTION CAPACITY (%)		50	75	100	100	100	100	100	100	100	100
OUTFLOW											
INVESTMENT COSTS:											
Land	40.0										
Buildings	150.0										
Machinery and Equipment	149.0										
Site Development	50.0										
Furniture, Fittings & Vehicle	45.0										
Pre-operating Expenses	52.5										
Contingency	31.4										
WORKING CAPITAL (1)		82.6	26.1	28.6	3.0	0.1	0.1	0.1	0.1	0.2	0.2
PRODUCTION COSTS											
Raw Materials		120.0	180.0	240.0	240.0	240.0	240.0	240.0	240.0	240.0	240.0
Labour		344.0	344.0	344.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0
Water, Fuel & Power		8.4	9.6	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Repairs & Maintenance		9.0	9.9	10.9	12.0	13.1	14.3	15.9	17.5	19.3	21.2
Packaging		6.0	7.2	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
OTHER COSTS											
Office Administration & Insurance		28.2	29.4	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6
Promotion		50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Miscellaneous		10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(TOTAL OUTFLOW) TOTAL COSTS	517.9	658.2	666.2	733.3	743.8	742.0	743.2	744.8	746.4	748.3	750.2
INFLOW											
REVENUE (from sales)		600.0	900.0	1200.0	1200.0	1200.0	1200.0	1200.0	1200.0	1200.0	1200.0
SALVAGE VALUE (land & equipment)											70.0
LIQUIDISATION OF WORKING CAPITAL											141.1
TOTAL INFLOW		600.0	900.0	1200.0	1200.0	1200.0	1200.0	1200.0	1200.0	1200.0	1411.1
NET CASH FLOW	-517.9	-58.2	233.8	466.7	456.2	458.0	456.8	455.2	453.6	451.7	660.9

NOTES: (1) Working capital requirements are obtained from Table 2.

TABLE 2

WORKING CAPITAL REQUIREMENTS OF MABLE CRAFT FACTORY

($'000)

Year	0	1	2	3	4	5	6	7	8	9	10
Cash in Hand (1)		47.96	53.34	58.72	61.70	61.80	61.90	62.00	62.10	62.30	62.50
Accounts Receivables (2)		10.00	18.75	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Stock of Raw Materials (3)		10.00	15.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Stock of Finished Goods (4)		12.00	18.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Work-in-Progress (5)		2.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Spare Parts Stock (6)		0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
TOTAL WORKING CAPITAL		82.56	108.69	137.32	140.30	140.40	140.50	140.60	140.70	140.90	141.10
INCREMENTAL WORKING CAPITAL REQUIREMENT		82.56	26.13	28.63	2.98	0.10	0.10	0.10	0.10	0.20	0.20

NOTES: (1) Cash in hand is estimated at one month of total operating costs.

(2) Accounts receivables is maintained at one month's local sales which is 20% for the 1st year, 25% for the 2nd year and 30% for the remaining years.

(3) Stock of raw materials is maintained at one month's requirement.

(4) Stock of finished goods is maintained at 20% of total sales.

(5) Work-in progress is estimated at the value of one day's output (300 working days in a year).

(6) Stock of spare parts is maintained at one month's requirement valued at $20 per day.

76. One ringgit earned in, say, year 10 of a project is not as valuable as one ringgit earned in year 1. The latter could be profitably invested (or put into a savings account) in year 1 so that by the year 10, it would be worth much more than the original one ringgit (the exact worth would depend on the interest rate or earning power of the investment) while the one ringgit earned in year 10 will have a face value of one ringgit only.

77. Thus, benefits and costs that occur at different time periods cannot be just added to compare total costs and benefits before taking into account the time factor, since they have different real values. This is precisely what discounting a net cash flow does. It reduces the annual flows to a single common denominator - the equivalent value of those benefits and costs as if they had all occurred in the first year (year 0 or present time period) of the project.

78. The procedure to discount a net cash flow is straight forward once a discount rate is selected (to be elaborated in paragraphs 80-83). With the aid of discounting tables, the annual discounted net benefits of the project are obtained by multiplying each year's net benefits or costs by the appropriate discount factor. (Adopting the convention of applying a discount factor of 1 to the costs or benefits of the first year of the project i.e. Year 0).

79. Table 3 which is a summary of Table 1 shows the procedure to discount a project's net cash flow when the discount rate is 10% and 15%. Note that the discount factors (DFs) become smaller as they move further into the future years. (At 10%, the DF is 1.0 in Year 0 but 0.621 in Year 6 and 0.386 in Year 10). This means that the benefits become smaller or "less valuable" the later they occur. In addition the discount factors also become smaller at higher discount rates. (For Year 1, the DF is 0.909 at 10% discount rate but 0.870 at 15% discount rate). Therefore, using different discount rates give different values to the discounted costs and benefits. Note also that the discount factors are normally rounded up to three decimal places without any significant loss in accuracy.

(ix) The Discount Rate

80. Without entering into theoretical complexities, the discount rate can be taken to reflect the opportunity cost of capital or cost of borrowing capital in the country.

81. The opportunity cost of capital is the next best alternative available to invest. Thus if an individual or agency is planning to invest in a particular project, the financial analysis of the project utilises the opportunity cost of capital as the discount rate to test if the return on investment of the project is higher than the next best alternative (which should reflect the same level of risk and uncertainty). This type of discount rate is often used in projects where the objective is to maximise returns from the investment.

82. If the cost of capital is used as the discount rate, then the test is to determine if the return on investment of the project is higher than the cost of borrowing capital to finance the project. This is often used in most public projects where the objective is to provide essential services at affordable prices and not to maximise returns.

TABLE 3

NET CASH FLOW DISCOUNTED AT 10% AND 15%

Year	Net Cash Flow* ($'000)	Discount Factor @ 10%	Discounted Net Cash Flow @ 10% ($'000)	Discount Factor @ 15%	Discounted Net Cash Flow @ 15% ($'000)
0	– 517.9	1.000	– 517.90	1.000	– 517.90
1	– 58.2	0.909	– 52.90	0.870	– 50.63
2	– 233.8	0.826	+ 193.12	0.756	+ 176.75
3	+ 466.7	0.751	+ 350.49	0.658	+ 307.09
4	+ 456.2	0.683	+ 311.58	0.572	+ 260.95
5	+ 458.0	0.621	+ 284.42	0.497	+ 227.63
6	+ 456.8	0.564	+ 257.64	0.432	+ 197.34
7	+ 455.2	0.513	+ 233.52	0.376	+ 171.16
8	+ 453.8	0.467	+ 211.92	0.327	+ 148.39
9	+ 451.7	0.424	+ 191.52	0.284	+ 128.28
10	+ 660.9	0.386	+ 255.11	0.247	+ 163.24

* This net cash flow is obtained from Table 1 which is the Resource Flow Statement for the marble craft factory.

83. The discount rates are used to provide a quantitative criterion in the selection of projects and this is discussed in the next section. The Economic Planning Unit often provides official discount rates to be used for the different sectoral projects from time to time. The project analyst should not attempt to change the results of the financial analysis by modifying the discount rates to be used.

(x) Measures of Project Viability: Net Present Value (NPV) and Internal Rate of Return (IRR)

84. The two criteria that are often used in discounted cash flow (DCF) analysis to determine financial viability are the Net Present Value (NPV) and the Internal Rate of Return (IRR).

Net Present Value (NPV)

85. The previous two sections and Tables 1 and 3 showed how to prepare a project resource (cash) flow and to discount the resulting net cash flow using the appropriate discount rate. If the resultant discounted net cash flow is added up, this will give the NPV of the project. Table 4 is a summary of Table 3 with the addition of the calculation of the NPV.

TABLE 4

COMPUTATION OF NET PRESENT VALUE (NPV)

Year	*Discounted Net Cash Flow @ 10% ($'000)*	*Discounted Net Cash Flow @ 15% ($'000)*
0	- 517.90	- 517.90
1	- 52.90	- 50.63
2	+ 193.12	+ 176.75
3	+ 350.49	+ 307.09
4	+ 311.58	+ 260.95
5	+ 284.42	+ 227.63
6	+ 257.64	+ 197.34
7	+ 233.52	+ 171.16
8	+ 211.92	+ 148.39
9	+ 191.52	+ 128.28
10	+ 255.11	+ 163.24
NET PRESENT VALUE (NPV)	+ 1718.52	+ 1212.30

86. If the NPV value is positive, the project is financially viable i.e. the project's benefits exceeds the costs taking into account the opportunity cost of such investment. In other words, the return on investment in this project is higher than the discount rate used which reflects the return from the next best alternative in the economy. Conversely, if the NPV is negative, the project (in principle) is not financially viable since the return on investment is lower than the opportunity cost of capital or the cost of borrowing depending on which factor was used as the discount rate. (The question of whether the project should be rejected would depend on further social and economic analyses). As Table 4 shows, the project is viable at both 10% and 15% discount rates.

Internal Rate of Return (IRR)

87. The IRR is defined as that discount rate at which the total discounted costs exactly equals the total discounted benefits i.e. NPV equals zero. The manual computation is not as straightforward as computing the NPV as it is largely done by trial and error. However, there are a number of computer software e.g. Lotus 1-2-3 which, when inputed with the raw data to develop the project cash flow, can be used to calculate the NPV at different discount rates and also the IRR.

Manual Computation of the IRR

88. The procedure for calculating the IRR involves:

- discounting a given cash flow so that the NPV changes from positive to negative or vice-versa;
- using a formula to calculate the IRR.

89. Set out below is the calculation of IRR for the cash flow of the marble craft factory as shown in Table 1.

Step 1 : Discount the cash flow at a given discount rate e.g. 10%. The resultant NPV is positive i.e. $1,718,520 (see Table 4). This indicates that the discounted benefits outweigh the discounted costs.

Step 2 : A new NPV is calculated using a higher discount rate of 15%. It is recommended that the new discount rate used be 5 percentage points above the previous one but never more than that.

When the cash flow is discounted by 15% the resultant NPV is still positive i.e. $1,212,300.

Step 3 : Step 2 is repeated with higher discount rates until the NPV becomes negative which indicates that discounted benefits is less than discounted costs. This process is shown in Table 5.

TABLE 5

DISCOUNTED NET CASH FLOW @ 40%, 45% AND 50%

Year	*Discounted Net Cash Flow @ 40%* ($'000)	*Discounted Net Cash Flow @ 45%* ($'000)	*Discounted Net Cash Flow @ 50%* ($'000)
0	– 517.90	– 517.90	– 517.90
1	– 41.55	– 40.16	– 38.82
2	+ 119.24	+ 111.29	+ 103.81
3	+ 169.88	+ 153.08	+ 138.14
4	+ 118.61	+ 103.10	+ 90.33
5	+ 85.19	+ 71.45	+ 60.46
6	+ 60.75	+ 49.33	+ 40.20
7	+ 43.24	+ 33.68	+ 26.86
8	+ 30.86	+ 23.14	+ 17.70
9	+ 21.68	+ 15.81	+ 11.74
10	+ 23.13	+ 15.86	+ 11.24
NPV	+ 113.13	+ 18.68	– 56.24

TABLE 6

NPV OF PROJECT AT VARIOUS DISCOUNT RATES (%)

Discount Rate (%)	*NPV*
10	+ $1,718,520 (See Table 4)
15	+ $1,212,300 (See Table 4)
20	+ $ 849,900
25	+ $ 583,960
30	+ $ 384,500
35	+ $ 231,920
40	+ $ 113,130 (See Tablel 5)
45	+ $ 18,680 (See Table 5)
50	– $ 56,240 (See Table 5)

Step 4 : Referring to Table 6, at a discount rate of 45% the NPV is positive (discounted benefits is more than discounted costs). At a higher discount rate of 50%, the NPV is negative (discounted benefits is less than discounted costs). This means that at a discount rate between 45% and 50%, the NPV is zero (discounted benefits is equal to discounted costs). This discount rate is the IRR of the project which can be calculated by the formula (which is an interpolation assuming a linear relationship) as follows:

$$\text{IRR} = \text{Lower Discount Rate} + \left[\left[\begin{array}{c}\text{Difference between the}\\ \text{two Discount Rates}\end{array}\right] \times \left[\frac{\text{NPV at the Lower Discount Rate}}{\text{Absolute Sum of NPV's at the two Discount Rates}}\right]\right]$$

$$\text{IRR} = 45 + \left[\left[50 - 45\right] \times \left[\frac{18.68}{18.68 + 56.24}\right]\right]$$

$$= 45 + \left[5 \times \frac{18.68}{74.92}\right]$$

$$= 46.25\% \approx 46\%$$

90. It is worth pointing out that if, in the first round, the NPV had been negative, it indicates that the IRR is lower than that discount rate used. A second round of tests should have been initiated but this time at lower discount rates. For instance, if the original NPV at 10% was negative, a second NPV should be obtained at 5% (or anywhere between 5% and 10%) and the process continued until the NPV turned positive. The IRR would then be calculated by the formula (as in Step 4) using the lower discount rate (at which the NPV is positive) and higher discount rate (at which NPV is negative).

91. The test for acceptance/rejection of the project on the basis of the IRR is in comparison to the discount rate set by the Economic Planning Unit. If the IRR obtained is higher than the discount rate, the project is in principle financially viable as it means that each unit of investment into the project is earning a higher return than the expected average return in the economy as given by the discount rate. If the IRR is lower than the discount rate it means that the project, if carried out, is not going to earn as much as it could (or should) be earning in other alternative projects, and therefore a closer look should be taken into the design of the project or other possible projects.

(xi) Net Present Value Versus Internal Rate of Return

92. It is an unsettled issue which of the two measures is to be preferred in judging the viability of projects. However, in many ways this is really a non-issue once the interpretation and limitations of the two measures are understood.

93. The NPV provides a measure of the project's viability in absolute value, while the IRR provides a relative measure of the project net benefits to the returns in alternative projects or cost of borrowing.

94. What is important, however, is that both measures will provide in all cases the same reject/accept decision on projects. That is, if by the test of the NPV a project is acceptable, it will also be acceptable by the IRR test (if a project's NPV is positive the IRR is, by definition, higher than the discount rate) and conversely. The only instance where the IRR should not be used is when a decision has to be made on mutually exclusive projects (i.e. deciding whether to plant maize or soya in the same area, or building a large size versus a small size plant). In these cases, only the NPV can be used to select the most favourable project.

(xii) Financial Analysis of Projects With Non-Measurable Benefits

95. In the services sector and at times in the infrastructure sector there may be projects where, while it is possible to quantify the benefits, it is difficult to assign to them a value in ringgit, e.g. in health projects. In such cases, the methodology to apply to ensure that the project uses financial resources efficiently is that of "Least Cost or Minimum Cost Analysis".

96. This methodology can also be used to choose from mutually exclusive projects where the benefits are equal in all the alternatives but the costs may be as different as, for instance, in selecting between gasoline-powered and diesel-powered trucks.

(xiii) Least-Cost Analysis

97. This methodology, as the name implies, sets or assumes a fixed qualitative and quantitative objective for the project (i.e. to reach a certain number of farmers for extension purposes, to provide a certain number of beds in rural hospitals, etc.) and then tries to minimise the cost necessary to obtain those fixed benefits, compatible with acceptable standards of quality and performance. The costs involved in each of the different possible alternatives to achieve those benefits would be obtained in the same fashion indicated earlier.

98. The resulting cash flow formats for each of the possible alternatives must also be discounted at the discount rate provided by the Economic Planning Unit. In Least-Cost Analysis, the NPV is the measure used to select the best alternative. Other considerations (quality, performance, etc.) being equal, the alternative project which results in the *lowest* present value of costs should be chosen.

(xiv) Analysis of Risk and Uncertainty

99. The probability that a project will exactly earn the NPV or IRR that is obtained from the projected cash flow over the entire life of the project is very low. Regardless of how well the project has been designed and how much care has been taken in developing the cost and benefit estimates, they will change in the future. The future is always uncertain.

100. This does not mean, however, that estimating the NPV or the IRR has no value. It means simply that it is useful to analyze the test of what would happen to the "earning capacity" of a project if something does change, for instance, a decline in output prices or the project implementation is delayed. These effects can be tested by using sensitivity analysis.

101. Another way of assessing the earning capacity of the project is to calculate the minimum level of output and sales at which the enterprise would not lose money. This can be calculated by the Break-Even Analysis.

(xv) Sensitivity Analysis

102. Sensitivity analysis tests the impact of changes in the more important variables of a project (such as prices, investment costs, unit costs of the main inputs, etc.) on the NPV and IRR. This is done by reworking the cash flow after assigning different values to such variables.

103. The cash flow in Table 1 has resulted in a NPV of $1,718,520 at a discount rate of 10%. Assuming there are changes in price and costs of the project, the effects on the NPV are shown in Table 7.

TABLE 7

EFFECTS OF CHANGES IN VARIABLES

Changes in Variables	*Project NPV*	*Increase (+)/ Decrease (–) in NPV*
If there are no changes (see Table 3)	+ $1,718,520	—
10% increase in cost of raw materials	+ $1,586,920	– $131,600
10% decrease in cost of raw materials	+ $1,850,100	+ $131,580
10% decrease in investment costs	+ $1,770,310	+ $ 51,790
10% increase in price of sales	+ $2,376,480	+ $657,960
10% decrease in price of sales	+ $1,060,640	– $657,880

104. It can thus be observed that the project is very sensitive to changes in the sales price. On the other hand, changes in investment costs and changes in the price of raw materials do not affect the project's viability very much. Special attention should therefore be paid to possible changes in the sales price during the life of the project.

(xvi) **Break-Even Analysis**

105. This is another technique that can be used, among other applications, to test risk especially in industrial sector projects. It does so by providing an estimate of the minimum level of output (and therefore income) that the enterprise must reach to break even, that is, to at least cover all their costs.

106. To carry out break-even analysis, the costs of the project must be divided into fixed costs and variable costs. The level of production which would equate costs and benefits is given by the following formula.

$$\text{PU} \times \text{No. of Units} = \text{FC} + [\ \text{CU} \times \text{No. of Units}\ ]$$

or

$$\text{No. of Units} = \frac{\text{FC}}{\text{PU} - \text{CU}}$$

where,

PU : Price per unit of output
FC : Total Fixed Costs
CU : Cost per Unit of output

(d) ECONOMIC ANALYSUS

(i) Rationale

107. A project uses resources (capital, land, labour) to produce output. Resources are limited or scarce in any country and thus it is important that these resources are used in an optimum way to increase the output of a country.

108. Economic analysis of a project looks at the effects of a project on the country. It helps to determine whether the economy is getting more returns by committing resources in a particular project compared with other projects.

(ii) Difference Between Financial and Economic Analyses

109. While Financial Analysis of investment viability focuses on returns (including financial payments) to individuals who sponsor the project e.g. traders, partnerships, companies, public corporations; Economic Analysis is concerned with the costs and benefits (real resources and true cost) to the economy as a whole.

110. Thus, two adjustments need to be made to the resources/ cash flow table of the Financial Analysis to derive the Economic Analysis:

- identification of benefits and costs in terms of real resources;
- valuation of identified items at their opportunity cost or true value to society.

(iii) Identification of Benefits and Costs

111. Only input and output items which constitute real resources are included in Economic Analysis. Financial or transfer payments e.g. taxes and subsidies are excluded as they constitute payments or receipts from one sector of the economy to the other and do not constitute capacity to increase output. For example, a subsidy on the production of aluminium ingots only lowers the cost of production to the manufacturer but in order to increase the physical output of aluminium we need to increase the input of aluminium.

112. The flow of the Financial and Economic Analyses are summarised in Figure 12.

FIGURE 12

FLOW OF FINANCIAL AND ECONOMIC ANALYSES

Financial Analysis	*Economic Analysis*
Capital costs (including financial payments e.g. taxes, and subsidies) valued at market prices	Capital costs (excluding financial payments) valued at true/ opportunity cost
Plus	*Plus*
Operating costs (including financial payments) valued at market prices	Operating costs (excluding financial payments) valued at true/opportunity cost
Less	*Less*
Revenue (including financial receipts e.g. subsidies) valued at market prices	Revenue (excluding financial receipts) valued at true/ opportunity cost
Equals	*Equals*
Net Resources Flow at market prices	Net Resources Flow at true cost
(a) discount ↓	*(a)* discount ↓
Financial Discounted Resources Flow (Financial NPV)	Economic Discounted Resources Flow (Economic NPV)
or	or
(b) compute IRR ↓	*(b)* compute IRR ↓
Financial IRR	Economic IRR

113. The list of items which are included or excluded in Financial and Economic Analyses are outlined in Figure 13.

FIGURE 13

ITEMS IN FINANCIAL AND ECONOMIC ANALYSES

Items	*Financial Analysis*	*Economic Analysis*
Output	Included as Benefit	Included as Benefit
Machinery & equipment	Included as Cost	Included as Cost
Land	Included as Cost	Included as Cost
Construction	Included as Cost	Included as Cost
Inputs	Included as Cost	Included as Cost
Labour	Included as Cost	Included as Cost
Maintenance	Included as Cost	Included as Cost
Taxes (sales)	Included as Cost	Exclude
Custom duties	Included as Cost	Exclude
Subsidies	Included as Benefit	Exclude
Transportation	Included as Cost	Included as Cost
Working capital	Included as Cost	Included as Cost

(iv) **Valuation of Benefits and Costs**

114. For Financial Analysis, the market price of an item is a sufficient indication of its value. In Economic Analysis where the concern is the value of resources to the economy as a whole, the true or opportunity cost to the economy is the benefit foregone by not using the particular resources in their best alternative use. In a perfectly competitive economy, the market price and the opportunity cost could be the one and same thing. However, very often the existing prices of inputs and outputs of a project may not be determined by the free interplay of supply and demand factors in the market due to fixed prices, subsidies, custom duties. As a result, prevailing market prices may not reflect the opportunity cost and/or the real value to the economy. Hence, market prices have to be modified to reflect the true cost in the Economic Analysis of a project.

115. Market Prices can be transformed to Accounting (or Shadow) Prices using Conversion Factors (CFs).

$$\text{By definition; CF} = \frac{\text{Accounting Price}}{\text{Market Price}}$$

and therefore, Accounting Price = Market Price x CF

116. A list of CFs are available in the 'National Parameters for Project Appraisal'[1]. The methodology used is based on the Little-Mirlees approach where the numeraire for the Accounting Price is in terms of world/border prices. The concept of world/border prices is used to ensure that new projects are viable and competitive in the world market. The world/border prices refer to the f.o.b. prices on the export side and c.i.f. price on the import side.

117. Any divergence between market and world prices is due to protection i.e.

Market Price of Imports = Import c.i.f. price + Import duties

(e) SOCIAL ANALYSIS

(i) Rationale

118. Economic Analysis focuses on the allocative efficiency of the project i.e. the resources are best used in the selected project. It does not take into account the distributional aspects of the project.

119. The ultimate aim of development projects is to improve the welfare of the people. One of the ways is to increase consumption through higher incomes. It is without doubt that raising the income of the lower-income or less advantaged group would go towards improving the welfare of this group of people. Economic Analysis, however, does not distinguish the income generated from the project going to the various groups of people. It treats a dollar going to the higher income group is just as important as a dollar going to the lower income group.

120. It is important to know not only that the resources are best used in the selected project but also the income generated is in line with the income distribution goals of the government (i.e. the targeted group is getting the benefits).

121. Social Analysis of a project provides an analysis of the income distribution pattern of the project i.e. who are the beneficiaries and what is the income obtained from the project.

[1] For details, please refer to Veitch, M., National Parameters for Project Appraisal in Malaysia, 1986. Copies are available from Economic Planning Unit, Prime Minister's Department.

(ii) Identifying Beneficiaries and Weighting

122. The first step in Social Analysis is to identify the beneficiaries of the net income flows generated by the project. Set out below is a listing of possible criteria for classifying the different types of beneficiaries:

- income level;
- public/private sector;
- national/foreign;
- gender.

123. Once net project benefits have been identified and allocated appropriately to beneficiary groups, the next step is to 'weight' each group according to some generally agreed scheme. Some forms of net income, for example, that are received by the very poor people, might have a higher weight whilst others have lower weights. An important point is that whatever the weights which are used, they must be applied to all projects consistently if the Social Analysis is to contribute usefully to project selection.

(iii) Social Indicators

124. In cases where it is not possible to apply the approach mentioned above, some indicators can be used to assess the social or distributional objectives of the project. These indicators include:

- value added generated by the project;
- direct employment created;
- employment created;
- income earned per worker;
- reducing poverty incidence;
- indirect or externality effects.

(f) ENVIRONMENTAL IMPACT ANALYSIS

(i) Rationale

125. Development in the developing countries is very often accompanied by deterioration in the environment e.g. air and water pollution, erosion, siltation etc. These deteriorations not only have a negative impact on the quality of life but also incur costs for any corrective actions.

126. Experiences of many developed countries have recently shown that this need not be so if environmental considerations are incorporated into the developmental planning process. To a large extent many of the environmental problems associated with various development can be avoided or minimised through the adoption of *preventive* action. This is opposed to the early periods of development which lacked sound environmental concerns and created problems requiring *curative* actions. Environmental Impact Analysis is essentially a planning tool to prevent environmental problems.

(ii) Activities Subject to Environment Impact Assessment

127. Under the Environmental Quality Act (Amended) 1985, Environmental Impact Assessments are required for selected activities. The list of activities are outlined in the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987. Nineteen categories are presented and these include activities related to:

- agriculture
- airport
- drainage and irrigation
- land reclamation
- fisheries
- forestry
- housing
- industry
- infrastructure
- ports
- mining
- petroleum
- power generation
- quarries
- railways
- transportation
- resort and recreational development
- waste treatment and disposal
- water supply

(iii) What is Environmental Impact Analysis

128. Environmental Impact Analysis is generally considered as a planning tool which could assist planners in anticipating future impacts of a development project, both beneficial and adverse, with a view to maximising beneficial impacts and to mitigating adverse impacts on the environment.

129. The procedure for Environmental Impact Analysis is outlined in 'A Handbook of Environmental Impact Assessment Guidelines' prepared by the Department of Environment. The procedure consists of three major steps:

Step 1: Preliminary assessment of impacts due to the development of the project. This is usually initiated at the pre-feasibility study stage of the project.

Step 2: Detailed assessment for these projects which have significant environmental impact predicted in the preliminary assessment.

Step 3: Reviews of Steps 1 and 2 above. The review of the preliminary assessment is done internally by a technical committee in the Department of Environment. The Detailed Assessment is reviewed by an ad-hoc Review Panel comprising external experts. The recommendations arising out of the reviews are then transmitted to the relevant project approving authorities for consideration in making a decision on the project.

130. The steps involved in the Environmental Impact Assessment are shown in Figure 14.

D. PLANNING FOR IMPLEMENTATION

131. Project implementation starts from the time the project is approved in principle under the development plan until it is operational.

(a) PROJECT ACTIVATION

132. Activation involves the coordination and allocation of resources that serve to make the project operational. Thus activation tasks are directed to:

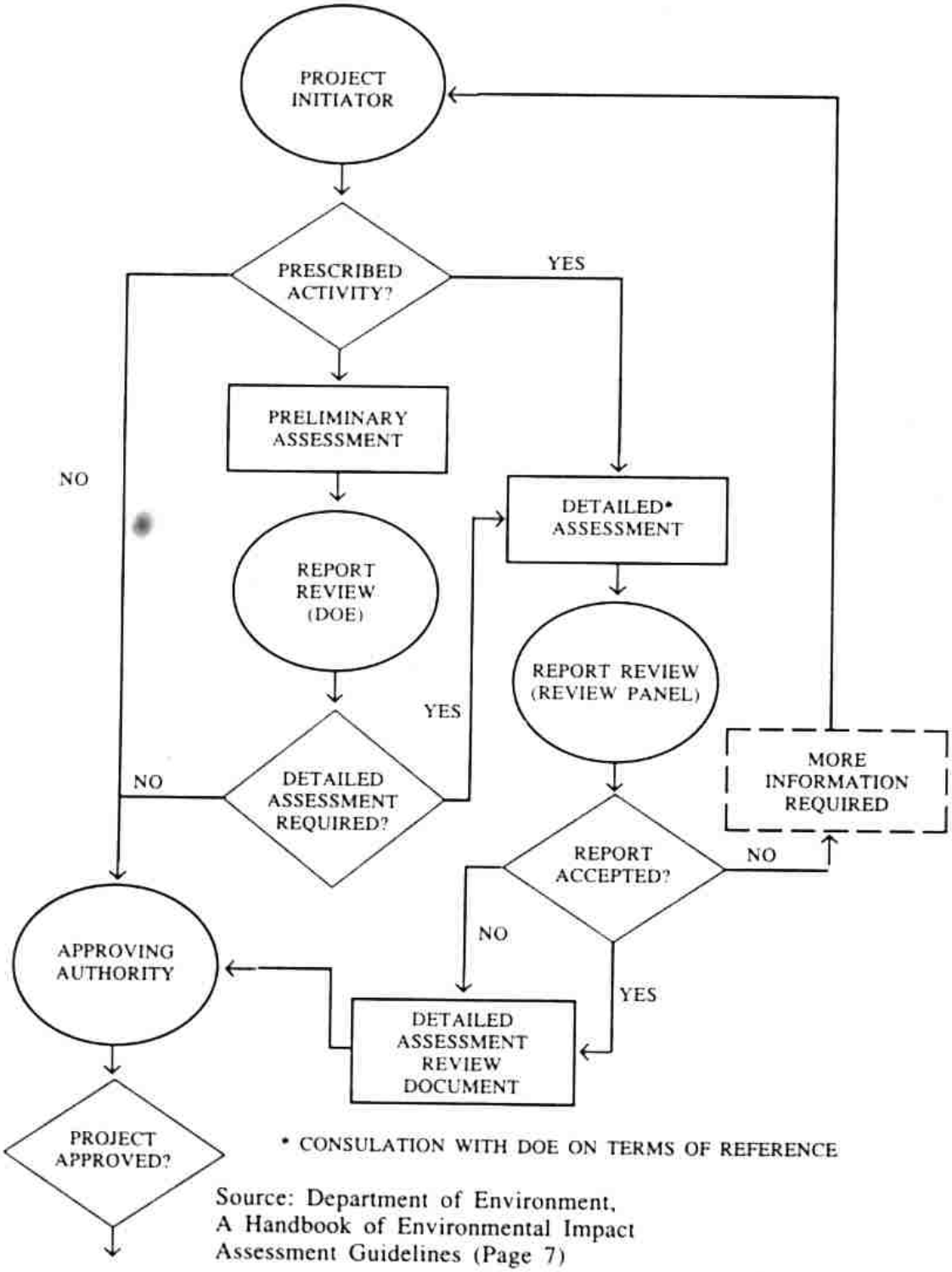
- establishing a project team;
- obtaining required manpower;
- securing necessary authorization in terms of funding and other necessary support.

133. Project activation would require the management to develop an implementation plan that will address to issues such as planning of project implementation and to establish an effective organisation structure. Under the planning of project implementation, the project has to establish objectives and set their priorities. A Project Work Breakdown Structure will have to be done so as to develop programmes and activities necessary to achieve the objectives. Apart from that certain scheduling for implementation has also to be done. The scheduling will translate the project plan into definable, timed step toward specific objectives. The schedule will also present the planned elements in activities and a timescale acceptable to management. The scheduling will determine the input required - quality and quantity-and function or task to be performed. The scheduling shows the starting and finishing time of the various major component activities that must be completed before the project can start operation.

134. Financial activation is another important aspect that has to be taken into consideration during the activation phase. Funds and budgeting in adequate amounts have to be available timely for the project to be efficiently and effectively implemented. In requesting for funds and budgeting, procedures by Treasury Instruction and other circulars by Treasury and the Economic Planning Unit has to be abide to.

FIGURE 14

OUTLINE OF ENVIRONMENTAL IMPACT ASSESSMENT PROCEDURE



* CONSULATION WITH DOE ON TERMS OF REFERENCE

Source: Department of Environment, A Handbook of Environmental Impact Assessment Guidelines (Page 7)

(b) ORGANISATIONAL AND MANPOWER ANALYSIS

135. This is concerned with how and by whom the project should be executed and operated so as to establish responsibility and accountability. The establishment of an efficient organisation and management is one of the keys to the success of the project. The organisation and management will have to indicate which entities are responsible for various aspect of project execution and operation and that they have adequate powers, staffing, equipment and finance to undertake the various functions. Thus the various entities have to be provided with legal status, function and power.

(i) Project Organisation

136. The project can be operated by three organisational structures namely:

- Functional Organisational Structure;
- Projectised Organisational Structure; and
- Matrix Type Organisational Structure.

Functional Organisational Structure

137. This traditional model is most prevalently used and it is hierarchical in structure (pyramid). This system is usually applicable where projects are small in terms of size and cost and involve one or two functional departments.

Projectised Organisational Structure

138. This organisation is the opposite to functional structure and requires a separate management organisation. It is usually self-contained and generally consists of all functional units. This type of organisation will achieve a singleness of purpose and have a clear perception of goals.

Matrix Type Organisational Structure

139. This is a multi-dimensional form of structure with the standard vertical hierarchical structure combined with a superimposed horizontal structure of a project manager. This structure lies between the functional and projectised structure and tends to maximise the strengths and minimise the weaknesses of both the projectised and functional structures. By this structure it is possible to retain clear perception of project goals without the need to set up a separate body as in projectised form. The major weakness is that the man at the project level is answerable to two bosses i.e. vertically to his functional department head and horizontally to the project manager/director.

(ii) Project Manager/Director

140. A successful project organisation needs a project manager/director with broad skills of a general manager. So in selecting a project manager/director certain criteria have to be taken into consideration such as the project manager/director is not only a technical person but also an administrator, leader and manager. He must be able to combine technical knowledge required in the project with management abilities for leadership of the entire team.

141. Wherever possible the project manager/director should be involved in the planning stage as early as possible.

(iii) Staffing

142. The staffing of the project office is critical and certain issues, have to be addressed such as:

- What type of staff is required;
- When will the staff be required;
- Where will the staff be required;
- What are their duties; and
- What sort of training is to be given.

(c) SCHEDULING TECHNIQUES FOR PROJECT IMPLEMENTATION

143. Successful management of project implementation requires careful planning, which includes scheduling, to facilitate coordination of inter-related activities. Hence, the need to prepare a detailed Project Implementation Plan.. The first step in doing so is to identify components and activities involved in the project. This can be done by breaking the project down using a Project Breakdown Structure (PBS).

144. The identified components/activities are then scheduled to provide a framework for coordination, monitoring and control of the resources used. These scheduling techniques include the Bar (Gantt) Charting and Network Analysis.

(i) Project Breakdown Structure

145. PBS is a systematic method of identifying (in a hierarchical and structured manner) the various activities involved in implementing a project.. PBS diagrams are used as a *first step* in the preparation of Bar (Gantt) Chart and network analysis for projects. In developing a PBS the following points should be noted:

— Subdivide the project into discrete and logical work packages or activities.

— Establish assignment of responsibilities for all identified tasks to specific organisations and organisational elements (e.g. division, sector, officer-in-charge).

— Check proposed PBS against the reporting requirements of organisations involved.

146. Figure 15 presents a sample PBS of a health project. Level 1 indicates the main project as a whole. Level 2 involves breaking down the project into its main components or sub-projects. Level 3 involves breaking down each of the individual components into major implementation activities that must be carried out from the beginning of project implementation (i.e. after the project or its funding has been approved, involving pre-construction activities) until total completion (i.e. post-construction stage). Level 4 shows the detailed functional activities that would be undertaken by the implementing agency. However, for the purpose of preparing the Project Implementation Plan it is sufficient to identify major implementation activities down to Level 3.

147. The *second step* in preparing Project Implementation Plan is to estimate dates to start and to end each of the major implementation activity. These data can be incorporated into the SIAP Form S4a, as in Figure 16.

(ii) Bar (Gantt) Chart

148. The Bar (Gantt) Chart comprises horizontal bars each representing the major implementation activity. The beginning and end parts of the bar indicate the scheduled start and finish times of the major activity. The horizontal axis indicates the time scale. Figure 17 presents the Bar (Gantt) Chart of one of the components/ sub-projects of the health project.

149. In terms of monitoring, the current progress of each activity is denoted by a bar (under column "S" or "Actual") to show the portion of the task completed at a particular time (milestone). Horizontal bar in a "float" form denotes the activity is still being implemented while a "solid" bar denotes completion. The difference in length between the scheduled bar (under column "R" or "Planned") and the actual or on-going bar denotes the progress of project implementation (ahead of schedule, on-schedule or behind schedule).

150. The Bar (Gantt) Chart is simple and effective in showing status of project and component activities, primarily for strategic purposes. However, it would not be able to show explicitly the dependency relationships among the activities. Hence a Bar Chart cannot impute the effects of delays in individual activities on the overall project completion. Thus, the need, where appropriate, to use the Network Analysis technique.

(iii) Network Analysis

151. A network analysis is a logical diagram showing the relationship of activities involved in completing a project. This is an advantage over the traditional Bar (Gantt) Chart as the network diagram will be able to show the inter-dependencies among the various activities and the effects of their changes on one another. There are two techniques used in network analysis i.e. Critical Path Method (CPM) and Program Evaluation Review Technique (PERT).

152. The difference between CPM and PERT is in estimating the time (duration) taken to complete an activity. In CPM, the activity performance time is deterministic and based on past experience. In PERT, the activity performance time is based on probability. The expected time is estimated as follows:

$$\text{Expected time} = \frac{a + 4m + b}{6}$$

where: a = optimistic time
m = most likely time
b = pessimistic time

(Note: The formula is a weighted average with more weight given to 'm' i.e. the most likely time)

FIGURE 15

PROJECT BREAKDOWN STRUCTURE

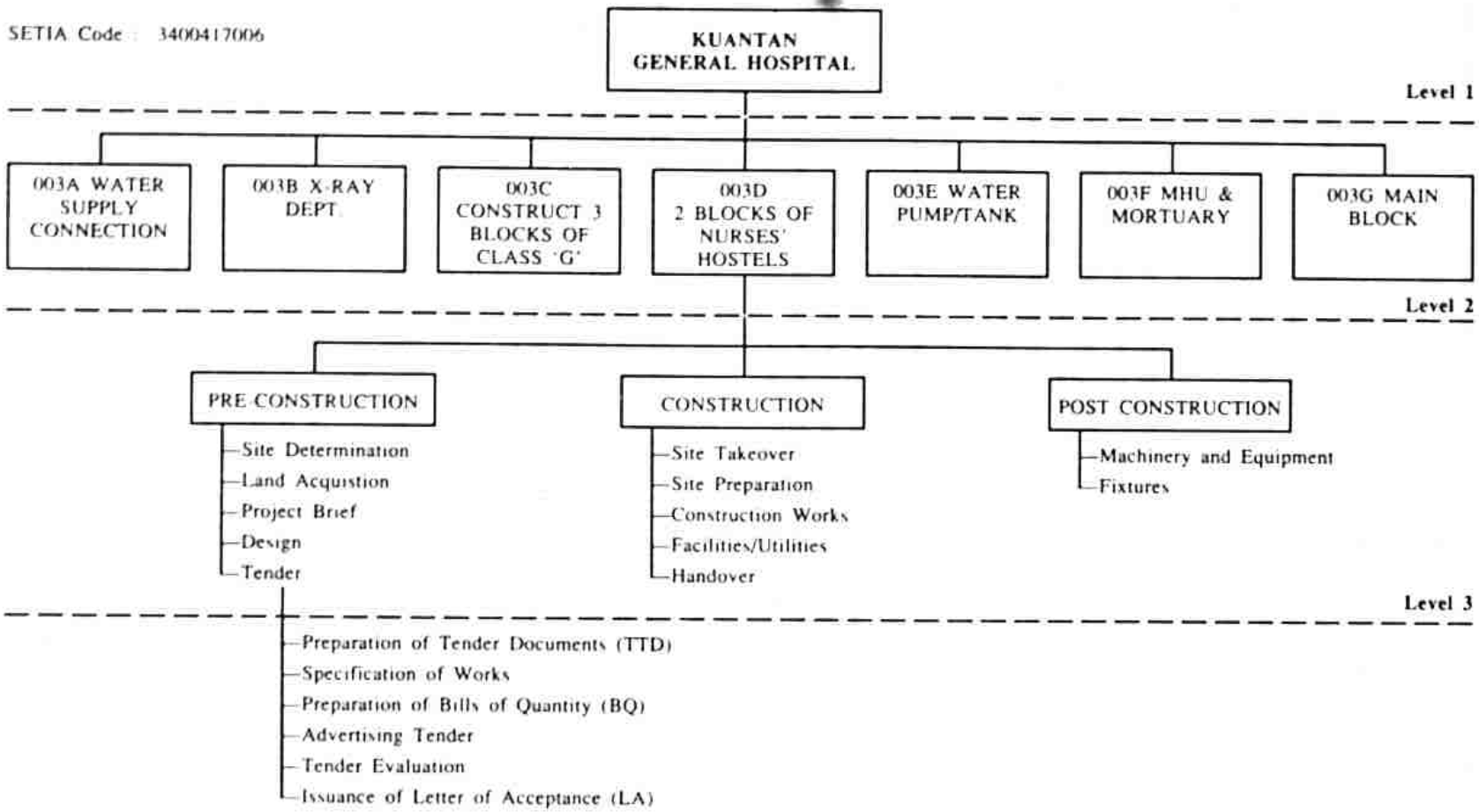


FIGURE 16

INTEGRATED SCHEDULING SYSTEM

FORM S4A Construction & Infrastructure

Project No: 3400417006

Component No: (if applicable) 0030

Name of Project: KUANTAN GENERAL HOSPITAL

RM6 Allocation: 140,000,000

Name of Component: CONSTRUCT 2 BLOCKS OF NURSES' HOSTELS

Component Cost: 4,750,000

User Agency: MINISTRY OF HEALTH MALAYSIA

Expenditure: (till now) 0

Implementing Agency: PUBLIC WORKS DEPARTMENT PAHANG

Codes:	State	District	Ministry	Dept.	Parlimentary Constituency	State Assembly Constituency
	06	0604	25	251F	P075	

Activity	Planned Dates			Actual Dates		Percentage of Implementation
	Start	Complete	Revised	Start	Complete	
1. SITE DETERMINATION	05/89	05/89		05/89	05/89	100%
2. LAND ACQUISITION						0%
3. PROJECT BRIEF	06/89	08/89		06/89	08/89	100%
4. DESIGN	09/89	12/89		09/89	12/89	100%
5. TENDER	01/90	04/90		01/90	04/90	100%
6. SITE TAKEOVER	05/90	05/90		05/90	05/90	100%
7. SITE PREPARATION	06/90	07/90		06/90	07/90	100%
8. CONSTRUCTION WORKS	08/90	11/91	04/92	08/90		60%
9. FACILITIES	11/91	12/91	05/92			0%
10. HAND OVER	12/91	12/91	06/92			0%
11. MACHINERY AND EQUIPMENT						0%
12. FIXTURES	01/91	11/91	06/92	01/91		30%

Name of Reporting Officer : DR. SATVINDAR KAUR

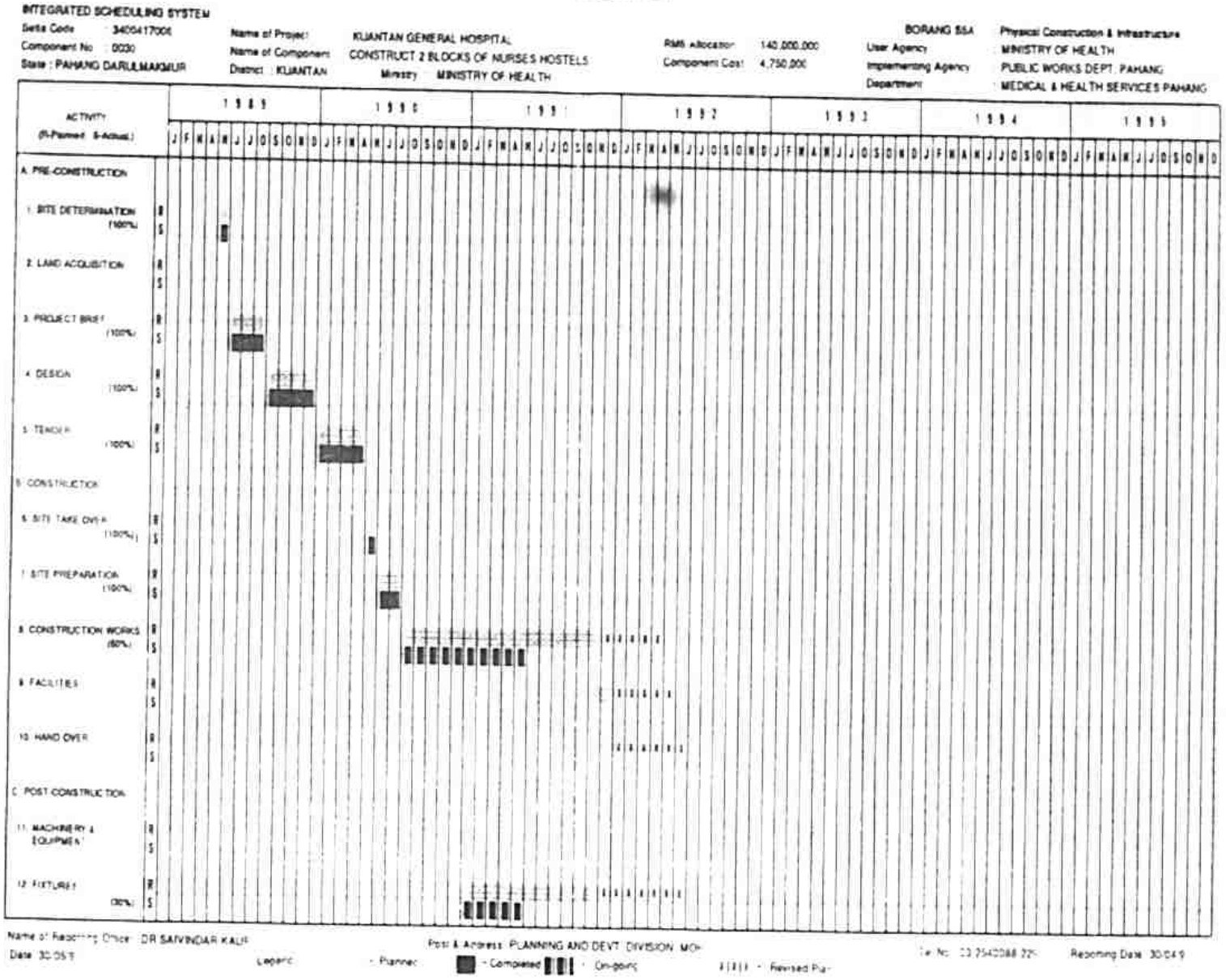
Post & Address : PLANNING AND DEVELOPMENT DIVISION, MOH

Telephone No. : 03-2540088-229

Reporting Date 30/04/91

Date : 30/05/91

FIGURE 17


INTEGRATED SCHEDULING SYSTEM
Setia Code : 3400417006
Component No : 0030
State : PAHANG DARULMAKMUR
Name of Project : KUANTAN GENERAL HOSPITAL
Name of Component : CONSTRUCT 2 BLOCKS OF NURSES HOSTELS
District : KUANTAN
Ministry : MINISTRY OF HEALTH
RMK Allocation : 140,000,000
Component Cost : 4,750,000
BORANG SSA
User Agency : MINISTRY OF HEALTH
Implementing Agency : PUBLIC WORKS DEPT. PAHANG
Department : MEDICAL & HEALTH SERVICES PAHANG
Physical Construction & Infrastructure
ACTIVITY
(R-Planned S-Actual)
1989
1990
1991
1992
1993
1994
1995
A. PRE-CONSTRUCTION
1. SITE DETERMINATION (100%)
2. LAND ACQUISITION
3. PROJECT BRIEF (100%)
4. DESIGN (100%)
5. TENDER (100%)
B. CONSTRUCTION
6. SITE TAKE OVER (100%)
7. SITE PREPARATION (100%)
8. CONSTRUCTION WORKS (60%)
9. FACILITIES
10. HAND OVER
C. POST CONSTRUCTION
11. MACHINERY & EQUIPMENT
12. FIXTURES (0%)
Name of Reporting Officer : DR SATVINDAR KAUR
Date : 30.05.9
Post & Address : PLANNING AND DEVT. DIVISION MOH
Tel No : 03-2540088 22
Reporting Date : 30.04.9
Legend :
- Planned
- Completed
- On-going
- Revised Plan

153. The network analysis also involves computing the critical path through the project logical network and identifying the critical tasks which must be completed as scheduled if the whole project is to be completed on time. It will also help to identify non-critical tasks whereby delays in completion of such tasks will not delay the project completion unless they are so delayed so as to cause a shift of the critical path i.e. the non-critical tasks became critical tasks.

154. Nevertheless, unless time is the essence in completing the project or the project proposal is submitted by a technically competent planner or consultant, it is considered sufficient if the Bar (Gantt) Chart technique is used in preparing the Project Implementation Plan.

APPENDICES

CONTENTS OF A PROJECT IDENTIFICATION BRIEF
(About 2-3 pages)

I. BACKGROUND OF THE PROJECT

This provides a brief background of the proposed project including the location and present conditions. It also describes the development constraints and also the potentials for development and how the proposed project relates to national, state and/or sectoral objectives.

II. PROJECT OBJECTIVE

This states clearly the objective to be achieved through the implementation of the project. It would be preferable if the objective is stated in precise quantifiable terms wherever possible.

III. PROJECT COMPONENTS

This defines clearly the various components that must be included in order to achieve the stated objective. Here basic available technical alternatives should be given with estimation of outputs with identification of technologies already available and their potential for improvement.

IV. ESTIMATED PROJECT COSTS

This part provides a rough estimate of the total project cost including capital costs and operation and maintenance costs. This is not a detailed costing exercise but an indication of the magnitude of costs involved and therefore unit costs could be used to derive the total cost estimates.

V. PROJECT'S EXPECTED OUTPUT AND BENEFITS

This part will provide the size and nature of the demand or market for the project's product or services and also the intended or expected beneficiaries - including the number and type or target areas.

VI. PROJECT JUSTIFICATION

This part should provide the justification for selecting this project including some rough estimates on financial/economic returns and the achievement of certain stated policy objectives.

VII. ADDITIONAL REMARKS

This part should indicate any major constraints or other general factors that are likely to have an important impact on the proposed project.

PROJECT FORMAT

I. SUMMARY AND CONCLUSIONS

The main purpose of this section is to give the essential elements of the project very briefly - project priority, purpose, location and size, main components, disbursement periods, costs, organisation, beneficiaries and justification.

II. BACKGROUND AND OBJECTIVES

(a) Relationship to National and Sectoral Objectives

This section should look at the project sense i.e. from the economic and social perspectives. This includes looking at the overall development, social objective such as the National Development Policy (NDP) and the sectoral policies and strategies.

(b) Development Constraints and Potential of the Sector or Area

This section provides the basic argument for selecting this particular project. This is done by relating the project to the constraints faced by and potential of the sector. Some of the issues considered are:

- Significant features of a sector or geographical area;
- Constraints (technical, economic, commercial, etc.) and measures to remedy them;
- Sectoral or regional studies upon which the project is based.

(c) Specific Project Objectives

Summarise major qualitative and quantitative aspects of the project including the cost, scale and risk of the project.

(d) Planning, Coordinating, and Implementation Responsibilities of the Various Agencies Involved in the Project

Indicate clearly the organisation responsible for the planning, coordinating, implementing, financing and scheduling for implementation and the actual steps involved in the process.

III. PROJECT DESCRIPTION

(i) *Physical Description of the Project*

Detailed and quantifiable description of physical objectives and also description of the physical environment such as location, climate, soils, land use, etc.

(ii) *Project Components*

Describe the project in terms of the various components that are needed to ensure that the project, when completed, will be able to produce the expected outputs to meet the project objective. The components may include land, infrastructure, buildings, machinery, etc.

IV. ORGANISATION AND MANAGEMENT

This part details out the project organisation and procedures for project implementation. This could also recommend the organisation needed to operate and maintain the project once the implementation phase is completed.

V. FEASIBILITY

(i) *Technical Feasibility*

This study looks into the technical or engineering aspects of the project, mainly the physical and technological dimensions to determine whether it is technically implementable. It also outlines the form that activation and implementation will take place and estimates the scheduling of project inputs and outputs to satisfy both immediate and long term developmental goals. It also examines the various technical alternatives and estimates both capital and operating and maintenance costs.

(ii) *Market Feasibility*

This analysis determines the potential demand for the project's output and provides indications on output projection, potential market outlets, price estimations and total project revenue estimations which are given on an annual basis. These are done in the case of projects where the projects' output is sold to general benefits. In the case of social projects, a needs analysis is done to determine the effective demand for the service to be provided by the project.

VI. FINANCIAL AND MANPOWER REQUIREMENTS

(i) *Domestic and Foreign Cost Estimates*

Accuracy of cost estimates is critical and forms the basis for determining the financial, economic and social viability of the project and its funding requirements. However, some uncertainty should be reflected in the contingency allowances. All costs should be broken down based on foreign exchange and local currency elements and also show actual expected cash expenditure.

- Capital and Investment Costs

  This should include working capital, starting up expenses, and technical services to prepare studies and to train local personnel.

- Recurrent or Operating or Production Costs

  These are costs required for continuous operations such as raw material, labour, etc.

(ii) *Contingency and Escalation Allowance*

This allowance should be included to the cost estimates and should be based on the degree of confidence of estimates and price escalation. 10-15% should be the percentage in the Malaysian context.

(iii) *Phasing of Costs*

The pattern of capital expenditure is based on the implementation schedule. It will indicate the capital expenditure that will be incurred by the project.

(iv) *Financial Requirements*

This section will include expected financial plans in terms of borrowing and repayment and will provide the budget institution on the budgeting implication of the project. It should also include the financing plan based on (i) proportion of total investment cost, by categories to be financed by loans or equity and (ii) foreign exchange and local currency cost.

(v) *Manpower Requirements*

This section will indicate the manpower requirements for the project that needs to be budgeted for.

VII. PROJECT JUSTIFICATION—BENEFIT AND RISK

(i) *Minimum Financial Returns for Project Approval*

This section discusses whether a project should be implemented or the resources be used for an alternative project. In determining the financial and economic viability of projects, the criteria of Net Present Value (NPV) and Internal Rate of Return (IRR) is commonly used. The Economic Planning Unit (EPU) indicates, from time to time, the minimum acceptable IRR for the different kinds of development projects undertaken by the public sector and the government companies. In the case of projects which have multiple objectives e.g. employment generation, eradication of poverty, restructuring society etc., the various indicators have to be clearly indicated and quantified to justify the viability of the project.

(ii) *Financial Analysis*

The section determines the financial viability of the project from the point of view of the project participants which could be an agency or groups of people e.g. farmers. The project cash flow is prepared and the Net Present Value (NPV) and the Internal Rate of Return (IRR) of the project calculated. In addition, a sensitivity analysis is carried out to determine the sensitivity of the various variables that determine project viability. With regards to projects where the benefits of the project cannot be valued in monetary units e.g. social projects, minimum cost analysis is done to determine the cheapest and most cost effective way to implement the project. Other analyses that could be carried out here include project liquidity, return to equity participation, financial statements and cost recovery.

(iii) *Economic/Social Analysis*

This analysis determines the economic viability of the project to the nation in terms of the efficient use of resources. In projects where the benefits can be valued in monetary terms, a benefit/cost analysis is done to determine the Economic Net Present Value (ENPV) and also the Economic Internal Rate of Return (EIRR) of the project. This will determine whether it is worthwhile for the nation to implement the project.

In some cases, however, there may be other objective besides the efficient use of resources. In this case, these other benefits should be quantified so that the project can be appraised to determine its suitability for implementation. Some of the factor often considered are:

- Value Added
- Employment Impact
- Foreign Exchange Earning
- Income Distribution
- Eradication of Poverty
- Restructuring of Society
- Indirect or Externality Effects

(iv) *Environmental and Other Effects*

This section should qualify the impact of the project on the environment—erosion, pollution etc., and also other benefits resulting from the project.

(v) *Risk*

Describe any issues that might hinder or delay the implementation of the project e.g. technical, social, management, land acquisition, etc.

VIII. PROJECT IMPLEMENTATION

Describe clearly the responsibility for implementing agency. The scheduling of the various activities and the implementation timetable in the form of a Bar (Gantt) Chart should be provided.

MINI HYDRO PROJECT

A. Background of Project

During the FMP period, NEB's original plan for the Mini Hydro project was the implementation of 22 projects under Scheme 22. The balance of 82 projects i.e. 41 projects in Region I (West Coast of Peninsular Malaysia) and 41 projects in Region II (East Coast of Peninsular Malaysia), will be financed by loans from the Asian Development Bank (ADB) and World Bank. However, the implementation of Scheme 82 had been reviewed due to budgetary cuts by Government. The life span of these projects is expected to be 30 years.

2. The implementation of the Mini Hydro scheme is in line with the Government's policy of improving the standard of living of the rural population. The provision of electricity supply as a basic amenity will contribute towards the achievement of the objectives of the New Economic Policy (NEP). Basing on a study done, this project will save energy costs compared with other sources of energy.

3. A major problem in the economic development of the rural society is the vicious cycle of poverty. However, this cycle can be broken through the use of electric appliances in economic activities and assistance (in the form of advisory services and capital) provided by Government agencies.

4. To implement this project, NEB will work together with other agencies such as district offices, Department of Drainage and Irrigation and other government agencies and the private sector to ensure that the objective of the project is achieved.

B. Feasibility Study

5. This Project is given priority by Government in its efforts to provide electricity to the rural areas. In this regard, Government has approved two consulting companies/ groups in Peninsular Malaysia to identify and carry out a feasibility study on the Mini Hydro Project so as to analyse the benefits/ costs of the project in the two regions concerned. The identified Project can be divided into three:

- Projects that will be connected directly to the grid network;
- Projects that are far from the grid network but will replace diesel engines;
- Projects that can provide electricity to areas that are not accessible to other sources of electric power in the future.

6. The feasibility study from the technical view point and least cost analysis had been carried out and the technical decision is based on the economic size of the project. The study is also based on the internal rate of return, sensitivity analysis and benefit/cost ratio of the 3 types of project.

The following table shows the capacity of the Project:

State	*No.*	*Capacity KW*	*Project Cost ($ Million)*
Region I			
Kedah	11	3,425	31.2
Perak	23	6,465	62.2
Selangor	6	2,050	12.7
N.Sembilan	1	210	3.9
Region II			
Johor	3	355	4.6
Kelantan	12	5,270	41.3
Pahang	14	5,020	41.0
Terengganu	12	5,760	38.7
	82	28,555	235.6

C. Financial and Manpower Requirements

7. The Mini Hydro Department, NEB estimated the implementation cost of the scheme as follows:

- Scheme 22 $53.0 million
- Region I $110.0 million
- Region II $125.5 million

Projects in Region I will be financed by loans from ADB and grant from the Norway Government whilst projects in Region II will be financed by World Bank loans. The local cost will be financed by grant from the Federal Government. The estimated financial requirements for the Fifth Malaysia Plan are shown in Tables I-A, I-B and II.

8. The cost for Scheme 22 will be financed by grant from the Federal Government.

9. The staffing requirements for the feasibility study and construction stage comprises the consultants and outside contractors as well as NEB staff (as project manager). The implementation work will be handled by the staff of the Mini Hydro Department.

D. Project Benefits and Justification

10. The justification and benefits of the project are based on the economic analysis such as benefit/cost analysis, sensitivity analysis and also the internal rate of return.

11. Basing on the study done, it is found that the project will provide electricity at minimum cost with the following justifications:

- Cost savings from the replacement of diesel sets;
- Direct benefits to the rural population through the use of electricity;
- Projects that are connected to the grid network have a higher benefit/ cost ratio. Projects that are far from grid network will eventually be connected directly and subsequently provide more electricity; and
- These projects have an internal rate of return of 10%.

12. Apart from the above justifications, there are non-quantifiable benefits e.g. improvement in the standard of living through the use of electricity.

Domestic Users

13. There are savings in cost as the existing source of energy (kerosene) has a higher cost per KW than hydro power. A survey of the users also showed electricity supply can help improve the standard of living and economy of the rural society.

Business, Users

14. The business users in the rural areas are the sundry and coffee shops. With the supply of electricity, these businesses can be expanded using electrical appliances such as refrigerators and others.

Industrial Users

15. Industries in rural areas use diesel engines as a source of energy power. Consequently, the benefits to the industrial users will be the savings in cost using electricity.

The mini hydro projects are located in the rural areas that are still left behind from the overall economic development of the country. The development in these areas can be speeded up with the use of electricity in the economic activities.

E. Project Implementation

16. NEB has set up the Mini Hydro Department to implement the mini hydro projects. Until now all the projects under Scheme 22 have been implemented. For Regions I and II, the Government has approved the implementation of 16 projects under Phase I for the period 1984-86 and the balance of 66 projects are proposed to be implemented during the period 1986-1989.

TABLE I-A

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post

Department : NEB (Rural Electricity Supply)

Name of Programme/Project : 41 projects under ADB loan and Grant from Norway Government

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	32,131	8,400	8,100	5,328	3,839	—	25,667	17,923	7,744
Machinery & Equipment	54,172	10,100	10,600	10,272	3,811	—	34,783	12,083	22,700
Investment	—	—	—	—	—	—	—	—	—
Land Acquisition	650	100	200	200	50	—	550	550	—
Others	17,059	4,000	4,000	5,000	1,000	—	14,000	6,000	7,000
TOTAL DEVELOPMENT COSTS	104,012	22,600	22,900	20,800	8,700	—	75,000	36,556	37,444
Operating Expenditure									
Wages and Salaries Travel and Transporation Public Utilities (water electricty and others) Rental Supplies and Materials Maintenance and Repairs Other economic services and Entertainment Others	9,958	2,000	3,500	3,000	500	—	9,000	9,000	—
TOTAL OPERATING COSTS	9,958	2,000	3,500	3,000	500	—	9,000	9,000	—

TABLE I-B

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : 41 projects under 10th IBRD Loan

Type of Expenditure	Total Project Cost	Expected Expenditure					Breakdown of Development Expenditure		
		1986	1987	1988	1989	1990	Total 1986-90	Local Cost	Foreign Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Development Expenditure:									
Construction	35,297	5,200	15,400	10,000	—	—	30,600	22,242	8,358
Machinery & Equipment	55,331	13,600	15,800	13,500	3,830	—	46,730	26,730	20,000
Investment	—	—	—	—	—	—	—	—	0
Land Acquistion	1,169	500	200	100	—	—	800	800	0
Others	20,033	4,000	5,000	8,000	1,000	—	18,000	14,000	4,000
TOTAL DEVELOPMENT COSTS	111,830	23,300	36,400	31,600	4,830	—	96,130	63,772	32,358
Operating Expenditure:									
Wages and Salaries Travels and Transportation Public Utilities (water electricity and others Rental Suppliers and Materials Maintenence and Repairs Other economic services and entertainment Others	13,788	2,700	4,000	4,000	1,088	—	11,788	11,788	—
TOTAL OPERATING COSTS	13,788	2,700	4,000	4,000	1,088	—	11,788	11,788	—

TABLE II

DEVELOPMENT EXPENDITURE ACCORDING TO STATE
($'000)

Ministry : Energy, Telecoms & Post

Department : National Electricty Board

Name of Programme/: Project : 82 mini hydro projects financed by IBRD, ADB and Grant from Norway Government

State (1)	*Total 1986–90* (2)	
Johor	4,600	(IBRD)
Kedah	31,200	(ADB & Norway Grant)
Kelantan	41,300	(ADB & Norway Grant)
Melaka	0	
Negeri Sembilan	3,900	(ADB)
Pahang	41,000	(IBRD)
Perak	62,200	(ADB)
Perlis	0	
Pulau Pinang	0	
Sabah	0	
Sarawak	0	
Selangor	12,700	(ADB & Norway Grant)
Trengganu	38,700	(IBRD)
Federal Territory	0	
Multi State	0	
Total	235,600	

ELECTRICITY SUPPLY TO FELDA AREAS

A. Background and Objective

Electricity supply to FELDA areas is part of Government's efforts to speed up regional development in the country. Sufficient electricity supply can help the implementation of the community development programmes organised by FELDA in its various development schemes.

2. Electricity supply to FELDA areas is through connection to the distribution network with capacity of 33 KVB and below.

B. Project Description

3. The major components of the project are as follows:
   - Project planning;
   - Purchase of materials;
   - Physical works; and
   - Connection of electricity supply.

These projects are short-term projects which take one to three years to implement. From the technical viewpoint, the time taken to complete the project depends on local conditions and planning required.

4. A large part of the implementation of these FELDA projects will be given to local contractors. The management of these projects will be handled by the staff of the Rural Electricity Supply Department, NEB. This Department will not face any problems in management staff requirements as the Department is experienced in implementing rural electricity supply projects. The staffing requirements will be filled stage by stage basing on the priority of the project and the staff training programme.

5. The cost for implementing the electricity project in the FELDA areas is estimated to be $88.4 million for the Fifth Malaysia Plan period. Please refer to Tables I (A to I) and II. The cost will be financed by grant from the Federal Government.

C. Financial and Manpower Requirements

6. NEB has estimated that it requires $88.4 million to implement the electricity project in the FELDA areas. This cost is 100% local cost and will be financed by grant from the Federal Government. There are no provisions for interest payments as the project is not financed by borrowings.

7. A large part of the project implementation will be given to local contractors. However, planning, design, operation supervision and maintenance will be carried out by NEB staff.

D. Benefits and Justification

8. For the Fifth Plan period, NEB plans to supply electricity to 106 FELDA schemes throughout Peninsular Malaysia providing benefits to 44,618 users. The direct benefit to NEB is the revenue from the sale of electricity but the more important benefit is the surplus benefit to the users in using electricity connected directly to their homes replacing the existing source of energy. Apart from this, the users can also benefit from the use of electrical appliances which can improve their standard of living.

9. The surplus benefit is due to the savings in cost in using electricity compared with the cost of using existing source of energy (kerosene and diesel). The users will also have a more comfortable lifestyle enjoying facilities on a longer time basis compared with the use of kerosene, coal and others. The savings in cost in using electricity for lighting purposes is estimated to be $7.78 per month per user compared with the cost of kerosene.

E. Project Implementation

10. The Rural Electricity Supply Department will be responsible for the monitoring and management of the implementation of the projects. A large part of the construction works will be given to contractors.

TABLE I-A

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post

Department : NEB (Rural Electricity Supply)

Name of Programme/Project : Rural Eletricity Supply —Felda N Perlis

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	240,000	48,000	48,000	48,000	48,000	48,000	240,000	240,000	—
Machinery & Equipment	600,000	120,000	120,000	120,000	120,000	120,000	600,000	600,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	60,000	12,000	12,000	12,000	12,000	12,000	60,000	60,000	—
Others	120,000	24,000	24,000	24,000	24,000	24,000	120,000	120,000	—
TOTAL DEVELOPMENT COSTS	1,020,000	204,000	204,000	204,000	204,000	204,000	1,020,000	1,020,000	—
Operating Expenditure:									
Wages and Salaries	90,000	18,000	18,000	18,000	18,000	18,000	90,000	90,000	—
Travel and Transportation	90,000	18,000	18,000	18,000	18,000	18,000	90,000	90,000	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	180,000	36,000	36,000	36,000	36,000	36,000	180,000	180,000	—

TABLE I-B

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply—Felda Kedah

Type of Expenditure	Total Project Cost	Expected Expenditure					Breakdown of Development Expenditure		
		1986	1987	1988	1989	1990	Total 1986-90	Local Cost	Foreign Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Development Expenditure:									
Construction	250,000	50,000	50,000	50,000	50,000	50,000	250,000	250,000	—
Machinery & Equipment	625,000	125,000	125,000	125,000	125,000	125,000	625,000	625,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	62,500	12,500	12,500	12,500	12,500	12,500	62,500	62,500	—
Others	125,000	25,000	25,000	25,000	25,000	25,000	125,000	125,000	—
TOTAL DEVELOPMENT COSTS	1,062,500	212,500	212,500	212,500	212,500	212,500	1,062,500	1,062,500	—
Operating Expenditure:									
Wages and Salaries	93,750	18,750	18,750	18,750	18,750	18,750	93,750	93,750	—
Travel and Transportation	93,750	18,750	18,750	18,750	18,750	18,750	93,750	93,750	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	187,500	37,500	37,500	37,500	37,500	37,500	187,500	187,500	—

TABLE I-C

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply —Felda Perak

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	2,340,000	468,000	468,000	468,000	468,000	468,000	2,340,000	2,340,000	—
Machinery & Equipment	5,850,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	5,850,000	5,850,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	585,000	117,000	117,000	117,000	117,000	117,000	585,000	585,000	—
Others	1,170,000	234,000	234,000	234,000	234,000	234,000	1,170,000	1,170,000	—
TOTAL DEVELOPMENT COSTS	9,945,000	1,989,000	1,989,000	1,989,000	1,989,000	1,989,000	9,945,000	9,945,000	—
Operating Expenditure:									
Wages and Salaries	877,500	175,500	175,500	175,500	175,500	175,000	877,500	877,500	—
Travel and Transportation	877,500	175,500	175,500	175,500	175,500	175,500	877,500	877,500	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	1,755,000	351,000	351,000	351,000	351,000	351,000	1,755,000	1,755,000	—

TABLE I-D

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply —Felda Selangor

Type of Expenditure	Total Project Cost	Expected Expenditure					Breakdown of Development Expenditure		
		1986	1987	1988	1989	1990	Total 1986-90	Local Cost	Foreign Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Development Expenditure:									
Construction	500,000	100,000	100,000	100,000	100,000	100,000	500,00	500,000	—
Machinery & Equipment	1,250,000	250,000	250,000	250,000	250,000	250,000	1,250,000	1,250,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	125,000	25,000	25,000	25,000	25,000	25,000	125,000	125,000	—
Others	250,000	50,000	50,000	50,000	50,000	50,000	250,000	250,000	—
TOTAL DEVELOPMENT COSTS	2,125,000	425,000	425,000	425,000	425,000	425,000	2,125,000	2,125,000	—
Operating Expenditure:									
Wages and Salaries	187,500	37,500	37,500	37,500	37,500	37,000	187,500	187,500	—
Travels and Transportation	187,500	37,500	37,500	37,500	37,500	37,500	187,500	187,500	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COCTS	375,000	75,000	75,000	75,000	75,000	75,000	375,000	375,000	—

JADUAL I-E

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply —Felda N Sembilan

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	4,300,000	860,000	860,000	860,000	860,000	860,000	4,300,00	4,300,000	—
Machinery & Equipment	10,750,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	10,750,000	10,750,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	1,075,000	215,000	215,000	215,000	215,000	215,000	1,075,000	1,075,000	—
Others	2,150,000	430,000	430,000	430,000	430,000	430,000	2,150,000	2,150,000	—
TOTAL DEVELOPMENT COSTS	18,275,000	3,655,000	3,655,000	3,655,000	3,655,000	3,655,000	18,275,000	18,275,000	—
Operating Expenditure:									
Wages and Salaries	1,612,500	322,500	322,500	322,500	322,500	322,000	1,612,500	1,612,500	—
Travel and Transportation	1,612,500	322,500	322,500	322,500	322,500	322,500	1,612,500	1,612,500	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	3,225,000	645,000	645,000	645,000	645,000	645,000	3,225,000	3,225,000	—

JADUAL I-F

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply —Felda Johor

Type of Expenditure	Total Project Cost	Expected Expenditure					Breakdown of Development Expenditure		
		1986	1987	1988	1989	1990	Total 1986-90	Local Cost	Foreign Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Development Expenditure:									
Construction	4,120,000	824,000	824,000	824,000	824,000	824,000	4,120,000	4,120,000	—
Machinery & Equipment	10,300,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	10,300,000	10,300,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	1,030,000	206,000	206,000	206,000	206,000	206,000	1,030,000	1,030,000	—
Others	2,060,000	412,000	412,000	412,000	412,000	412,000	2,060,000	2,060,000	—
TOTAL DEVELOPMENT COSTS	17,510,000	3,502,000	3,502,000	3,502,000	3,502,000	3,502,000	17,510,000	17,510,000	—
Operating Expenditure:									
Salaries and Wages	1,544,000	309,000	309,000	309,000	309,000	309,000	1,545,000	1,545,000	—
Travels and Transportetion	1,544,000	309,000	309,000	309,000	309,000	309,000	1,545,000	1,545,000	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	3,088,000	618,000	618,000	618,000	618,000	618,000	3,090,000	3,090,000	—

JADUAL I-G

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post

Department : NEB (Rural Electricity Supply)

Name of Programme/Project : Rural Electricity Supply —Felda Pahang

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	5,394,400	1,078,880	1,078,880	1,078,880	1,078,880	1,078,880	5,394,400	5,394,400	—
Machinery & Equipment	13,486,000	2,679,200	2,679,200	2,679,200	2,679,200	2,679,200	13,396,000	13,486,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	1,348,600	269,720	269,720	269,720	269,720	269,720	1,348,600	1,348,600	—
Others	2,697,200	539,440	539,440	539,440	539,440	539,440	2,697,200	2,697,200	—
TOTAL DEVELOPMENT COSTS	22,926,200	4,567,240	4,567,240	4,567,240	4,567,240	4,567,240	22,836,200	22,926,200	—
Operating Expenditure:									
Wages and Salaries	20,022,900	404,580	404,580	404,580	404,580	404,580	2,022,900	20,022,900	—
Travels and Transportation	20,022,900	404,580	404,580	404,580	404,580	404,580	2,022,900	20,022,900	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	40,045,800	809,160	809,160	809,160	809,160	809,160	4,045,800	40,045,800	—

JADUAL I-H

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply — Felda Trengganu

Type of Expenditure	Total Project Cost	Expected Expenditure					Breakdown of Development Expenditure		
		1986	1987	1988	1989	1990	Total 1986-90	Local Cost	Foreign Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Development Expenditure:									
Construction	150,000	30,000	30,000	30,000	30,000	30,000	150,000	150,000	—
Machinery & Equipment	375,000	75,000	75,000	75,000	75,000	75,000	375,000	375,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	37,500	7,500	7,500	7,500	7,500	7,500	37,500	37,500	—
Others	75,000	15,000	15,000	15,000	15,000	15,000	75,000	75,000	—
TOTAL DEVELOPMENT COSTS	637,500	127,500	127,500	127,500	127,500	127,500	637,500	637,500	—
Operating Expenditure:									
Wages and Salaries	56,250	11,250	11,250	11,250	11,250	11,250	56,250	56,250	—
Travel and Transporation	56,250	11,250	11,250	11,250	11,250	11,250	56,250	56,250	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	112,500	22,500	22,500	22,500	22,500	22,500	112,500	112,500	—

JADUAL I-1

DEVELOPMENT AND OPERATING EXPENDITURE
($'000)

Ministry/State : Energy, Telecoms & Post
Department : NEB (Rural Electricity Supply)
Name of Programme/Project : Rural Electricity Supply —Felda Kelantan

Type of Expenditure	*Total Project Cost*	*Expected Expenditure*					*Breakdown of Development Expenditure*		
		1986	*1987*	*1988*	*1989*	*1990*	*Total 1986-90*	*Local Cost*	*Foreign Cost*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Development Expenditure:									
Construction	400,000	80,000	800,000	80,000	80,000	80,000	400,000	400,000	—
Machinery & Equipment	1,000,000	200,000	200,000	200,000	200,000	200,000	1,000,000	1,000,000	—
Investment	—	—	—	—	—	—	—	—	—
Land Acquistion	100,000	20,000	20,000	20,000	20,000	20,000	100,000	100,000	—
Others	200,000	40,000	40,000	40,000	40,000	40,000	200,000	200,000	—
TOTAL DEVELOPMENT COSTS	1,700,000	340,000	340,000	340,000	340,000	340,000	1,700,000	1,700,000	—
Operating Expenditure:									
Wages and Salaries	150,000	30,000	30,000	30,000	30,000	30,000	150,000	150,000	—
Travel and Transportation	150,000	30,000	30,000	30,000	30,000	30,000	150,000	150,000	—
Public Utilities (water, electricity and others)									
Rental									
Supplies and Materials									
Maintenance and Repairs									
Other Economic Services and Entertainment									
Others									
TOTAL OPERATING COSTS	300,000	60,000	60,000	60,000	60,000	60,000	300,000	300,000	—

TABLE II

DEVELOPMENT EXPENDITURE ACCORDING TO STATE
($'000)

Ministry : Energy, Telecoms & Post

Department : National Electricity Board

Name of Program/Project : Electricity Supply to FELDA Areas

State *(1)*	*Total 1986-90* *(2)*
Johor	20,600
Kedah	1,250
Kelantan	2,000
Melaka	—
Negeri Sembilan	21,500
Pahang	26,972
Perak	11,700
Perlis	1,200
Pulau Pinang	—
Sabah	—
Sarawak	—
Selangor	2,500
Terengganu	750
Federal Territory	—
Multi State	—
TOTAL	88,472

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 3 OF 1992

MANUAL ON MICRO ACCOUNTING SYSTEM (SPM)

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 JULY 1992

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. This circular contains guidelines to assist Heads of Departments in implementing the Micro Accounting System (SPM). The objective of SPM is to determine the cost of outputs produced by Government departments.

BACKGROUND

2. The Government has undertaken various measures to improve productivity in the public sector. The outcome of these measures has to be assessed based on various aspects, one of which involves determining the cost of outputs. Ministries/ Departments that are implementing the Modified Budgeting System (MBS) are required to furnish this cost information under the respective programme agreements.

3. In essence, SPM is accounting in detail. The focus of SPM in Government is the costing of outputs at the departmental level. SPM would be useful to management for comparing planned costs with actual costs, and in knowing changes in trends in the cost of outputs. Concomitantly, this system is expected to heighten cost consciousness among public sector managers.

4. SPM is another step towards strengthening management accounting at the departmental level. Its implementation would further improve the strategic planning process and engender the optimal utilisation of resources. In general, the implementation of SPM would further enhance accountability in the Public Service.

THE SPM MANUAL

5. This manual introduces the concept of SPM, basic requirements to implement SPM, the SPM model and the strategies and methods of implementation.

IMPLEMENTATION

6. SPM will be implemented in stages in all Ministries/Departments. The training required for its implementation will be carried out by the National Institute of Public Administration (INTAN) in cooperation with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), the Accountant General's Department and the Financial Management Systems Unit, Federal Treasury.

7. Controlling Officers or other officers who require additional information in the implementation of this circular in their respective agencies should contact the Accountant General's Department.

DATE OF IMPLEMENTATION

8. This manual is to be implemented from the date of issue of this circular.

" SERVICE FOR THE NATION "

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

(Appendix to Development Administration Circular No. 3 of 1992)

MANUAL ON MICRO ACCOUNTING SYSTEM (SPM)

CONTENTS

MANUAL ON
MICRO ACCOUNTING SYSTEM (SPM)

1. OBJECTIVE

The objective of this manual is to provide guidelines for the implemention of the Micro Accounting System (SPM) in Government agencies.

2. THE SPM CONCEPT

2.1 SPM is a part of management accounting at the departmental level. This system which will determine the cost of outputs produced by Government agencies will enable the management in these agencies to know the actual cost of producing a particular output. The cost information generated by SPM will also assist management in the planning, implementation, control and evaluation processes.

2.2 SPM provides a new dimension in the planning and controlling of costs at the departmental level. The Modified Budgeting System (MBS) which was introduced by the Government in the 1990 budget year, requires planning and control of inputs, outputs and impact of all activities. MBS requires measurement and evaluation of Government programme as a means for enhancing quality and productivity in Government agencies. One of the requirements of MBS is to identify the cost of producing outputs under each project, program, activity or sub-activity. It is the aim of SPM to provide this cost information.

2.3 While emphasising the importance of attaining organisational objectives under MBS, SPM focuses on the cost involved in producing outputs, that is by comparing planned and actual costs of outputs. Through this comparison, cost components that exceed or are below the budgeted amount can be identified and corrective measures taken.

2.4 In addition, cost information generated by SPM will also allow management to know the changes in trends of costs for similar outputs. This is important because the cost of outputs normally changes over time. Output cost may increase from year to year due to an increase in the cost of inputs or it may decrease over time due to improvements in the process of producing outputs. This information on changes in output cost should be used by management to improve productivity by taking steps to reduce the cost involved in producing outputs.

2.5 Information on the cost of outputs could also be used by management as a basis for setting a price for charging consumers for a particular good or service. In this respect, the agency concerned could set the price at a level above the cost of producing a particular good/ service or otherwise, depending on the type of output and the purpose for which it is produced.

3. BASIC REQUIREMENTS FOR IMPLEMENTATION OF SPM

In line with the implementation of SPM as an output costing system, certain changes which are considered as basic requirements in the costing process have to be introduced. These basic requirements are as follows:

3.1 Identification of Output

3.1.1 In implementing SPM, from the outset it is important that the outputs that should be costed are identified. An output could be defined as a product or a service that is produced under a project, program, activity or sub-activity by a Government agency. Generally speaking, an output should have certain specific characteristics, such as being clearly definable and measurable.

3.2 Coding System for Output

3.2.1 To facilitate the costing process, codes have to be assigned to outputs. The coding structure that is adopted for identifying outputs should serve the specific needs of the department implementing this system. It could either be numeric for example '102' or alphanumeric, for example A12, and so on.

Example 1: Output of Agency Involved In Training

Code 001 – Training carried out.

Code AO1 – Participants trained.

Example 2: *Output of Agency Involved In Services to the Public*

Code 002 – Driving tests carried out.

Code B02 – Identity Cards processed.

Example 3: *Output of Agency Involved In Projects*

Code 022 – Roads maintained in kilometers.

Code C23 – Drainage channels maintained in kilometers.

3.3 Identification of Activities Involved in Producing Output

The activities or processes that have to be carried out in order to produce a given output should be identified. These activities or processes will form the basis for identifying inputs that are used to produce the output. In addition, the support activities to the main activities such as services, personel and so on should also be identified and coded.

3.4 Identification of Inputs

The inputs for eacn activity or process involved in producing output should be identified. They should then be listed systematically by showing their linkages to the various activities and processes and the output that is

produced. Examples of inputs are materials, labour and others, such as the usage of capital assets.

3.5 Coding of Inputs

The inputs that are identified should be given specific codes. These codes would facilitate the gathering of cost information as they serve as reference numbers for the input elements used in producing the output. In a manual system, other than the input code and the number of units of inputs used, information on the unit cost of inputs should also be recorded to enable the calculation of input costs. In the case of a computerised system, it is sufficient if the input code and the number of units of inputs used are keyed in. The calculation of the input costs in this case would be carried out automatically.

3.6 Record Keeping System for Inputs

Costing of outputs under SPM, will be based on the cost information obtained from the Capital Assets Register, Office Supplies Register, budget records, vote book, personel records and so on. These records should be constantly updated and should contain financial information as well as information on the resources used to carry out activities related to producing an output.

3.7 New Forms

3.7.1 To cost outputs, suitable forms and financial records have to be introduced to capture and record the cost of inputs used in producing outputs.

3.7.2 The type of forms that should be introduced to record the actual cost of labour, materials and other resources used in producing the outputs are as given in this manual. These forms which are designed for the manual system might have to be modified if a computerised system is used.

3.8 Streamlining the Functions of Responsibility Centres/Cost Centres

3.8.1 All costs involved in producing outputs should be traced and recorded at the Responsibility Centres/Cost Centres (RC/CC) which could be divisions or units that carry out the operation of producing outputs. The RC/CC structure has already been developed under the Program and Performance Budgeting System (PPBS) and the respective RC/CC codes were set up under the New Accounting System introduced by the Accountant General's Department. These codes should be updated, if necessary, to identify the organisational unit that is responsible for carrying out activities that produce the output. In cases where the divisions/units have not been assigned RC/CC codes, these codes should be assigned, prior to the implementation of SPM.

3.8.2 The gathering and processing of output cost would involve additional work for existing personel. As far as possible, this additional workload should be carried out by the existing personnel who perform accounting and financial duties. In this regard, Heads of Departments are encouraged to review the division of work among their existing personnel.

3.9 Training

All personnel involved in the implementation of SPM at the various agencies should be given the necessary training. This training should be given to three different categories of personnel as follows:

(a) All personnel involved in planning and implementing SPM;

(b) All personnel who are required to fill in input forms; and

(c) Personnel who are involved in gathering and processing output costs.

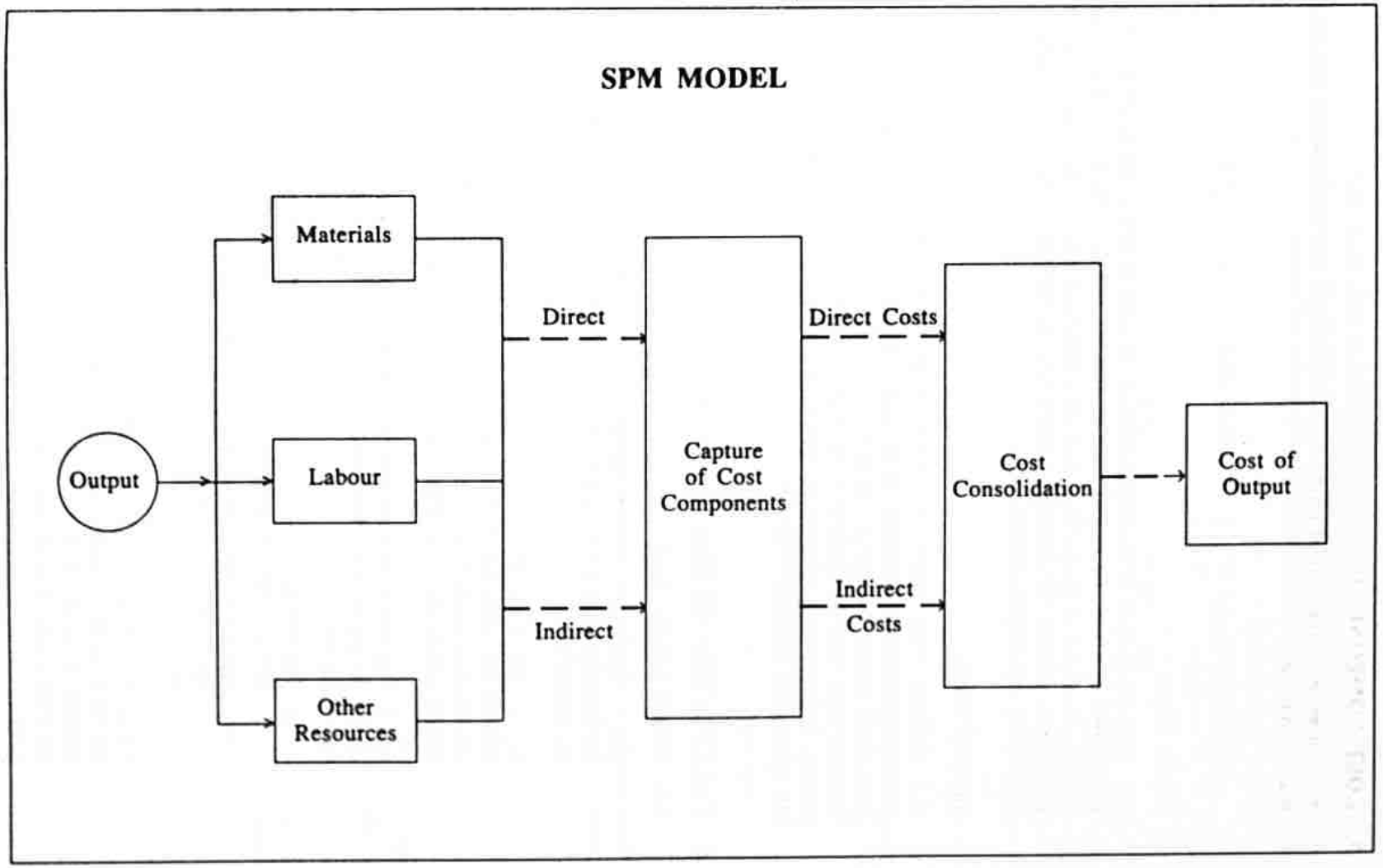
All the three groups mentioned above should be provided with an insight into all matters related to SPM, such as the identification of outputs, coding of outputs and inputs, activities that are involved in producing outputs, the use of new forms as well as other related matters.

3.10 Computer Facilities

The use of computers will facilitate the capture and gathering of information from registers and records mentioned in paragraph 3.6. These registers and record systems should be able to interface with SPM. A computerised system will reduce the need for manpower and the use of forms. It would also speed up analysis and the generation of reports.

4. THE SPM IMPLEMENTATION MODEL

4.1 In order to obtain the total cost of an output, it is necessary to identify all the resources used to produce the particular output, to capture the costs of the resources used and finally to compile and consolidate the cost components. This can be depicted diagrammatically as shown below:


SPM MODEL
Output
Materials
Labour
Other Resources
Direct
Indirect
Capture of Cost Components
Direct Costs
Indirect Costs
Cost Consolidation
Cost of Output

5. COST COMPONENTS

5.1 In general, the cost of production of an output can be classified into two main components:

(a) Direct costs

(b) Indirect costs

Direct Costs

5.2 The direct costs of an output refers to all cost elements which are directly identifiable to a specific output such as salaries and allowances of employees directly involved in production, and also materials directly consumed in the production process. In principle, direct cost components should be charged directly to the output concerned.

Indirect Costs

5.3 Indirect costs refers to costs such as maintenance, telephone, water, electricity and rental that have to be incurred in producing an output although such costs cannot be directly linked to the specific output. Nevertheless this indirect costs must be charged to the output to arrive at the actual cost of the output. Indirect costs have to be apportioned to the various outputs based on an appropriate apportionment basis.

6. CALCULATION OF DIRECT COSTS

6.1 Direct Labour Cost

6.1.1 Employees who are directly involved in producing an output should be identified and their working time recorded using the Time Sheet given in *Appendix 1*.

6.1.2 The Time Sheet will capture information on the time taken by employees who are directly involved in producing the output. This information should be used as a basis for calculating the labour cost - which equals the total time taken multiplied by wage rate per hour.

6.1.3 The information required for filling up the form in Appendix 1 should be supplied by the employees directly involved in producing the output, as follows:

(i) The employee will fill in this form everytime he or she performs duties related to producing a specific output.

(iii) The Time Sheet that has been filled up should be handed over to the clerk who is responsible for calculating the output cost, on a weekly basis.

6.1.4 The clerk should then compile and consolidate all information on the form given in Appendix 1 in preparing the "Time Sheet Summary By Output" form given in *Appendix 2*. Information in Appendix 2 will give the total wages of all employees directly involved in producing a particular output.

6.1.5 The wage rate is obtained by dividing the total salary and other fixed allowances received by each employee by the total annual working hours. An example for calculating the total working hours per year is as follows:

Total weekly working hours		38.5	hrs.*
	x	52	weeks
Total annual working hours		2,002	hrs

Less:

Public holidays:	13 days x 7 hrs. per day	=	91 hrs.
Annual leave:	30 days x 7 hrs. per day	=	210 hrs.
Total annual working hours			1,701 hrs.

Hence, wage rate per hour and labour cost can be calculated as follows:

$$\text{Wage Rate Per Hour} = \frac{\text{Total annual salary}}{1{,}701 \text{ hrs.}}$$

Labour Cost = Total time consumed x wage rate per hour.

6.2 Direct Material Cost

6.2.1 Direct material cost used in producing an output is calculated based on the quantity of material used. The formula to calculate direct material cost is as follows:

Direct Material Cost	=	Quantity of Material x Unit Cost

For materials issued from stores, their costs are to be determined using weighted average cost. This method can be easily implemented using a computer.

6.2.2 To facilitate issuance of stocks from stores and to enable cost of such stocks to be identified to outputs, all requests from stores will have to be done using the 'Stock Requisition Form' as shown in *Appendix 3*.

---

* *Note:*

Monday – Thursday (4 x 7 hrs.) =	28 hrs.
Friday	5 hrs. 45 min.
Saturday	+ 4 hrs. 45 min.
Total	38 hrs. 30 min.

6.2.3 Agencies should make a few minor ammendments to the present stock record by including the purchase cost figures as indicated in *Appendix 4*.

6.2.4 For materials purchased and used directly in producing a given output, the total cost of such purchases should be charged completely to this output. The form given in Appendix 3 should be used for this purpose.

6.3 Other Direct Costs

6.3.1 Other than labour and materials, there are also certain other costs such as 'employee travelling cost' that can be directly linked to a given output. An appropriate method depending on the peculiarity of the type of cost involved should be used to capture these costs.

6.3.2 The 'employee travelling cost', should be given the relevant output code in the monthly travelling claim form as shown in the example below:

Date	*Time*		*Place/ Purpose*	*Output Code*	*Distance (km)*	*Total*
	Departure	*Arrival*				
10.5.91	9.00 a.m.	10.00 a.m.	From office to Shah Alam, Selangor Darul Ehsan	136	60	

6.3.3 From the information contained in the form, the employee is required to prepare his travelling cost summary for the output by using the "Employee Travelling Cost Summary" form shown in *Appendix 5*. This form should be prepared on a monthly basis and it should be handed over to the clerk responsible for compiling the cost of outputs.

6.4 Assets Utilisation Cost

6.4.1 Costs arising from the utilisation of certain assets such as machinery and motor vehicles that are acquired and utilised specifically to produce a specific output should be measured based on the time utilised. Examples of such machinery are the machines used to produce identity cards and driving licences.

6.4.2 The cost of utilising capital assets should be determined by taking into consideration depreciation, maintenance and the cost of operations. Annual depreciation can be determined by various methods such as the straight-line method, decreasing balance, units of output, provision for

maintenance, annuity and others. **(A guideline on the methods of calculating depreciation will be issued separately)**. Departments should select the depreciation method that is most suitable to their respective departments.

6.4.3 Calculation of annual depreciation using the straight-line method is done by dividing the purchase cost of an asset by its estimated life span. **(Basic information such as the purchase cost and date of purchase can be obtained from the Capital Assets Register)**. Maintenance and operational costs for a given machine can be estimated based on the maintenance record and experience in previous years. The total cost as determined above should be divided by the annual total hours of machine utilisation to obtain the machine utilisation cost per hour. The annual total hours of machine utilisation can be estimated from previous years' utilisation record and experience. The following formula should be used to calculate machine utilisation rate:

$$\text{Machine Utilisation Cost Per Hour} = \frac{\text{Depreciation Cost + Maintenance Cost + Operational Cost}}{\text{Annual Total Hours of Machine Utilisation}}$$

The employee operating a given asset should record the information regarding the cost of utilisation of the asset per hour and the total machine hours used to produce the output as shown in *Appendix 6*.

7. CALCULATION OF INDIRECT COSTS

7.1 Supporting Staff Cost

This cost covers emolument of staff at the cost centres (or divisions) that provide support services to the Cost Centre that produces the output. This will include the emolument of The Head of Department and his deputy. Supporting staff cost should be allocated to outputs based on a suitable weightage method.

Example: Assume that the monthly cost of supporting staff for the Administration Division of Agency "A" is $50,000 and this cost can be distributed by employee groups: Group A = $20,000, Group B = $10,000, Group C = $10,000 and Group D = $10,000. The Agency produces 2 outputs, that is Output I and Output II. Total manhours used to produce Output I = 150 hours and Output II = 100 hours.

Alternative I: Prorata Cost Allocation Method

	Output I	*Output II*
Group A	$ 10,000	$ 10,000
Group B	5,000	5,000
Group C	5,000	5,000
Group D	5,000	5,000
	$25,000	$25,000

Alternative II: Weightage Cost Allocation Method

The weightage used in this example is based on the number of manhours of direct labour used in producing the output.

$$\text{Weightage Output I} = \frac{150 \text{ man hours}}{250 \text{ man hours}} = 0.6$$

$$\text{Output II} = \frac{100 \text{ man hours}}{250 \text{ man hours}} = 0.4$$

Supporting Staff Cost		*Output I*		*Output II*	
Group	*Cost*	*Weightage*	*Cost*	*Weightage*	*Cost*
A	$ 20,000	0.6	$ 12,000	0.4	$ 8,000
B	10,000	0.6	6,000	0.4	4,000
C	10,000	0.6	6,000	0.4	4,000
D	10,000	0.6	6,000	0.4	4,000
	$ 50,000		$ 30,000		$ 20,000

7.2 Computer Utilisation Cost

7.2.1 The cost that should be taken into account is all costs involved in operating a computer system such as the hardware, software, licensing rights to use programme products, maintenance and other operating costs. A suitable weightage method should be used to allocate this cost to outputs.

7.2.2 As an example, assume that to operate a computer system in Agency "A", cost information as given in *Appendix 7* is provided. The following cost allocation methods could be used in this case.

Alternative I: Prorata Cost Allocation Method

$$\text{Cost for Output I} = \frac{\text{Total Computer Cost For 1 Year}}{\text{Total Output}}$$

Total Computer Cost For 1 Year = Annual Cost (depreciation for hardware and software + maintenance + licensing rights)

= $900,000

Therefore, computer cost for:

$$\text{Output I} = \frac{\$900{,}000}{2} = \$450{,}000 \text{ per year}$$

Output II = $450,000 per year (same as computer cost for Output I).

Alternative II: Weightage Cost Allocation Method

In this example, the weightage used is based on the number of manhours of direct labour used in producing the outputs.

Weightage for Output I = 150/250 = 0.6

Weightage for Output II = 100/250 = 0.4

Cost for each output is:

Output I : 0.6 x $900,000 = $540,000 per year

$$\text{(or monthly: } 0.6 \times \frac{\$900{,}000}{12 \text{ months}} = \$45{,}000\text{)}$$

and

Output II : 0.4 x $900,000 = $360,000 per year

$$\text{(or monthly: } 0.4 \times \frac{\$900{,}000}{12 \text{ months}} = \$30{,}000\text{)}$$

7.3 Materials and Assets Utilisation Costs

Cost of materials and assets utilisation which are in the form of indirect costs should be aggregated as a "pool cost". These costs should be captured using the form given in *Appendix 8*. This "pool cost" should then be allocated to outputs using any one of the methods explained earlier that is suitable for this purpose.

7.4 Other Costs

Other cost elements include office rental, telephone and electricity bills. Information on these indirect costs should be obtained from the relevant payment vouchers. The clerk who is responsible should summarise each cost element as given in Appendix 8. The costing process in SPM would require these other costs to be allocated to outputs using the methods already explained above.

8. CAPTURING AND CONSOLIDATING COSTS

8.1 The information required for costing purposes should be compiled in two (2) stages as follows:

(a) Capture information on the usage of each type of resource used for producing output; and

(b) Calculate the total cost of each resource used and also allocate the indirect costs to the output.

8.2 The stages involved in compiling the required information are as shown below:

Stage 1	*Stage 2*
Record the usage of each resource:	i. Calculate the cost of resources used.
– Resources that constitute the direct cost elements.	ii. Allocate indirect costs.
– Resources that constitute the indirect cost elements.	iii. Prepare the cost statement for each output

8.3 For *Stage I*, the information that should be compiled and the sources from which it could be obtained are as given below:

Types of Information	*Sources of Information*
i. Utilisation of labour/employee manpower.	∘ Time sheets filled in by employees in an agency.
ii. Materials consumed.	∘ Record of issuance of stores/ inventory which is prepared by the clerk/storekeeper. (For this purpose, each item issued should be linked to the relevant output).
iii. Utilisation of machinery.	∘ Utilisation record for the asset. This record should be updated each time the asset is utilised for a particular output.
iv. Other direct costs.	∘ Summaries prepared by specific clerks, such as the clerk who handles travelling claims.
v. Computer cost.	∘ Acquisition record and record on computer maintenance prepared by the clerk responsible.
vi. Other costs.	∘ Summaries prepared by the clerk responsible.

8.4 The process in *Stage 2* should begin immediately after the information on resources usage is obtained from Stage 1. The process in Stage 2 has to be carried out by a specific unit or an employee specially assigned to this task. The actions that should be taken in Stage 2 are as follows:

(i) Calculate the cost for each resource used in producing the output. The quantity of resources used can be obtained from the input forms and summaries prepared in Stage 1.

(ii) Calculate the direct costs and charge it to specific outputs.

(iii) Calculate the indirect costs and allocate it to outputs by using a suitable method.

(iv) Prepare cost statements for each output. In the statement, details relating to cost elements should be shown.

(v) Submit the cost statement to the officer(s) responsible for the particular output who should then scrutinise it and then forward it to top management.

8.5 The format for cost reports could be in the form shown in *Appendix 9 and 10. Appendix 9* gives an example of a Cost Sheet showing break down of cost components for output by type of costs and cost centres. *Appendix 10* gives an example of a Cost Summary that summarises total cost and unit cost by the types of costs involved.

9. ANALYSIS OF OUTPUT COST

9.1 Although the primary objective of SPM is to cost outputs that are produced by Government agencies, the process should not stop once the cost of the outputs are obtained. Other than to create awareness of output cost, SPM should also be used by management as a tool to control cost by comparing the actual cost with the planned cost.

9.2 Analysis of variance between actual cost and planned cost should be carried out using the following model.

Analysis	*Results*
Comparison between actual cost (AC) and planned cost (PC).	1. Favourable if AC is less than PC, i.e. AC < PC. 2. Unfavourable if AC is more than PC, i.e. AC > PC.

9.3 A favourable variance between the actual cost (AC) and planned cost (PC), means that the agency is able to produce an output at a cost which is lower than the cost planned. On the other hand, if AC is more than PC, the actual cost is more than the planned cost. If this unfavourable variance is significant, the agency concerned should take action to scrutinise each element of actual cost to find out the source of this variance.

9.4 Once the source of the unfavourable variance is identified, action to control cost should be taken immediately. Among the remedial actions that could be taken are:

(a) Job rescheduling;

(b) Improving existing work procedures;

(c) Reducing wastage of resources;

(d) Staff redeployment;

(e) Rearranging the time-table for periodic maintenance of vehicles/ machinery; and

(f) Use of new technology.

9.5 The cost of producing similar output might differ in different regions/ states due to differences in the cost of inputs. Actual cost also might differ from the planned cost due to changes in the planned cost for materials, labour and others with the passage of time. Analysis of output cost would enable management to identify the causes for any changes in cost and take remedial steps, where necessary.

10. IMPLEMENTATION STRATEGY

10.1 The success of SPM as a costing system under the present financial system would require full involvement by all Heads of agencies. A suitable implementation strategy is also necessary to guarantee its success.

10.2 As SPM is a new system, it is neccessary to be prudent when implementing it in Government agencies. The process of costing outputs could be carried out on an incremental basis. For instance, in the early stages, the gathering of cost information could be focused on the direct cost components. After this is carried out successfully, the agency concerned could take further steps to capture the indirect cost components.

10.3 The main factors to be considered in formulating the implementation strategy are as follows:

10.3.1 *Setting Up of a SPM Steering Committee*

The Head of the agency should set up an SPM Steering Committee which will be responsible for taking the neccessary actions to make SPM a success. The membership and responsibilities of this committee are as given in *Appendix 11*. However, if the agency already has other committees such as the Steering Committee on Quality and Productivity, a new committee on SPM need not be formed. The responsibility for ensuring the success of SPM could then be carried out by the existing committee.

10.3.2 *Appointment of the Chief Facilitator*

The success of SPM would to a great extent depend on the ability and initiative shown by the Chief Facilitator. As such, it is neccessary that the Chief Facilitator to be appointed be a senior officer. The person appointed should be at least the Deputy Head of the agency. The functions and responsibilities of the Chief Facilitator are as in *Appendix 12*.

10.3.3 *SPM Working Group*

The Working Group should comprise officers who have the initiative and zeal in making this system a success. Members of the Working Group should be given the neccessary training and guidance to enable them to carry out their duties effectively. The duties and responsibilities of the SPM Working Group are as in *Appendix 13*.

10.4 Stages of Implementation

10.4.1 The implementation of SPM in an agency should be carried out in stages, as follows:

10.4.1.1 *Stage I*

Phase I

During this stage, the Chief Facilitator and the Working Group should be given the neccessary exposure and training in determining the agency's outputs. The Working Group with the guidance of the Head of Agency and the Chief Facilitator should prepare a list of all the outputs of the agency.

Phase II

After the agency has identified all its outputs in Phase I, it should then proceed with the identification of all the relevant Responsibility Centres/Cost Centres (RC/CC); the activities and processes involved in producing outputs and the linkages between inputs and outputs. This phase should be considered as the preparatory phase for ensuring that the costing process is carried out systematically.

Phase III

Implementation of this phase would involve the process of costing outputs that have been identified for costing by the Head of the Agency. During the initial stages of SPM implementation, it is suggested that the agency carries out costing of only its main outputs that contribute towards the achievement of the agency's objectives. Implementation of SPM could be extended to include other outputs later.

10.4.1.2 *Stage II*

This stage would involve the use of computers to facilitate the monitoring and gathering of cost information. Using a computer system would facilitate the capture of direct costs at cost centres while simplifying the calculation and apportionment of indirect costs to the respective outputs.

11. CONCLUSION

This manual provides a general overview of the steps involved in costing outputs. Other issues such as the cost of office buildings which are peculiar to certain Government agencies have not been dealt with in-depth. These issues would be addressed later once the implementation of this system is deemed to be progressing smoothly.

TIME SHEET FOR WEEK: .....

Name:

Division:

Wage Rate Per Hour:

Date	*Job Description*	*Output*	*Output Code*	*Starting Time*	*Ending Time*	*Total Working Time*	
						Hours	*Minutes*
					TOTAL WORKING TIME		

TIME SHEET SUMMARY BY OUTPUT

Output: .....

Output Code: .....

Division: .....

Name	*Wage Rate Per Hour*	*Weeks*								....	*Total Hours*	*Total Wages*	*Notes*
		1	*2*	*3*	*4*	*5*	*6*	*7*	*8*				
										GRAND TOTAL			

.....

(*Signature of Clerk*)

(Name:)

STOCK REQUISITION FORM

Division: .....

Output: .....

Output Code: .....

To Be Filled Up By Person Who Makes Request			*To Be Filled Up By Stores Division*		
No.	*Items*	*Quantity Ordered*	*Quantity Supplied*	*Cost ($)*	
				Per Unit	*Total*

Name: .....

Signature: .....

Date: .....

Name: .....

Signature: .....

Date: .....

OFFICE SUPPLIES STOCK REGISTER

Min./Dept: .....

Division: .....

Type: .....

Unit of Measurement: .....

No.	*Order No.*	*Received From/ Issued To*	*Unit Cost*	*Date*	*Quantity*			*Receiver*	
					Received	*Issued*	*Balance*	*Name*	*Signature*

EMPLOYEE TRAVELLING COST SUMMARY FOR MONTH: .....

Name: .....

Division: .....

Output Code	*Amount ($)*
TOTAL	

ASSET UTILISATION SUMMARY

Output: .....

Output Code: .....

CC Code: .....

No.	*Date*	*Machinery/ Vechicle Code*	*Utilisation Cost Per Hour*	*Total Hours Utilised*	*Total Cost of Utilisation*

INFORMATION ON COMPUTER SYSTEM MAINTENANCE COST AT AGENCY 'A'

Hardware Cost (1)	*Expected Life Span* (2)	*Depreciation* (3)	*Software Cost* (4)	*Average Software Cost* (5)	*Maintenance Expenses* (6)	*Annual Programme Product License* (7)	*Total Annual Cost* (3) + (5) + (6) + (7) (8)
$		$	$	$	$	$	$
2.5 million	5 years	500,000	250,000	50,000	250,000	100,000	900,000

STATEMENT OF INDIRECT COSTS/OTHERS

MONTH: .....

Officer Responsible: .....

Date	*Description*	*Amount*
	SUB-TOTAL	
	TOTAL COST	

ACCOUNTANT GENERAL'S DEPARTMENT
PAHANG BRANCH

Cost Sheet

Output: Vouchers Processed
Output Code: A06

Date Started: 1-5-1991
Date Ended: 31-5-1991
Completed Units: 15,198 vouchers

Cost Centre	*Direct Materials*			*Labour*			*Indirect Costs*			
	Date	*Ref.*	*Amount*	*Date*	*Ref.*	*Amount*	*Date*	*Ref.*	*Type*	*Amount*
Checking Division			0	10-5-91 17-5-91 24-5-91 31-5-91	RMK 20 RMK 21 RMK 22 RMK 23	$2,638.00 $2,500.00 $2,500.00 $2,500.00	31-5-91 31-5-91 31-5-91	PKO 15 PKO 16 PKO 17	Support Services Computer Others	$7,127.00 $5,931.00 $ 77.00
			0			$10,138.00				$13,135.00
Computer Division	1-5-91 1-5-91	BPB 6 BPB 7	$110.00 $ 60.00	10-5-91 17-5-91 24-5-91 31-5-91	RMK 30 RMK 31 RMK 32 RMK 33	$1,986.00 $1,900.00 $1,900.00 $1,900.00				0
			$170.00			$7,686.00				0

ACCOUNTANT GENERAL'S DEPARTMENT
PAHANG BRANCH

Cost Summary

Output: Vouchers Processed

Output Code: A06

Dated Started: 1-5-1991

Date Ended: 31-5-1991

Units Completed: 15,198 vouchers

Cost Centre	*Direct Materials*		*Labour*		*Indirect Costs*		*Total Cost*	
	Total	*Unit*	*Total*	*Unit*	*Total*	*Unit*	*Total*	*Unit*
Checking Division	0	0	$10,138.00	$0.67	$13,135.00	$0.86	$23,273.00	$1.53
Computer Division	$170.00	$0.01	$7,686.00	$0.51	0	0	$7,856.00	$0.52
TOTAL	$170.00	$0.01	$17,824.00	$1.18	$13,135.00	$0.86	$31,129.00	$2.05

SPM STEERING COMMITTEE

I. **Membership**

Chairman	:	Head of the Agency
Co-Chairman	:	Chief Facilitator
Members	:	All relevant Heads of Divisions
Secretariat	:	SPM Working Committee

II. **Responsibilities**

(a) Planning for the successful implementation of SPM.

(b) Supervise and give guidance to the SPM Working Committee.

(c) Monitor and coordinate the implementation of SPM.

RESPONSIBILITIES OF AGENCY'S CHIEF FACILITATOR

1. Responsible for the overall implementation of SPM.
2. Supervise and guide the SPM working committee.
3. Resolve problems arising from the implementation of SPM.
4. Report to the SPM Steering Committee on achievements and problems encountered from time to time.

RESPONSIBILITIES OF THE WORKING COMMITTEE

1. Act as secretariat for the implementation of SPM.
2. Responsible for planning and implementing SPM.
3. Responsible for providing training/guidance to those concerned with the implementation of SPM in the agency.
4. Reporting to the Chief Facilitator on the progress of SPM implentation, from time to time.

GLOSSARY

actual cost	The cost measured based on actual resources utilised
capturing of cost components	The process of recording usage of each type of resource that forms cost elements and calculating the total cost for each of the cost elements.
coding	Use of symbols by specific method to facilitate identification, storage and processing of information.
cost	The amount of resources given up for some product or service.
cost allocation	The process of distributing indirect costs to outputs by suitable methods.
cost components	The basic categories of cost elements, that is direct material, direct labour and indirect costs.
cost consolidation	The process of gathering all cost elements by direct and indirect cost components to obtain the cost of output.
costing	The process of determining cost of products produced and services provided.
cost sheet	A report showing output costs by respective components.
cost summary	A report showing total and unit output costs by respective components.
depreciation	Systematic allocation of capital asset cost throughout its life span.
direct costs	The cost elements that are directly identifiable to an output.
indirect costs	The cost elements that have to be incurred in producing an output but such costs cannot be directly related to an output.
input	Resources utilised in producing output.
Management Accounting System	The process of identifying, measuring, accumulating, analysing, preparing, interpreting and presenting information (financial and operational) that is used by management to plan, evaluate and control in an organisation and to ensure accountability of its resources.

New Accounting System	Accounting systems implemented by Accountant General's Department (AGD) beginning in 1987 covering accounting systems for AGD branch offices at state/regional level, Self-Accounting Departments (SAD) and AGD central systems.
output cost	Total cost of a product or service that is produced.
Modified Budgeting System (MBS)	The Budgeting system implemented by Government agencies in stages beginning in 1990 to improve budgeting process under Program Performance Budgeting Budgeting System (PPBS).
planned cost	The expected cost that may be based on previous years record and experience and other factors.
prorata cost allocation method	A method of allocating indirect costs to outputs by equal distribution based on the number of outputs produced.
selling price	The amount charge by an organisation for some products or services it sells to others.
unit cost	The cost of a unit of output.
weightage	A figure used to assign relative importance to a measurement or an estimation.
weighted cost allocation method	A method of allocating indirect costs to outputs based on suitable weightage.
weighted average method	A stock valuation method whereby value of stock at any particular time is obtained by dividing total cost of stock, including opening stock and purchases, by the number of units of stock available.

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 4 OF 1992

MANAGING PUBLIC COMPLAINTS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 JULY 1992

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. The objective of this circular is to inform all Government agencies and relevant authorities on the new system of managing public complaints and their respective roles in implementing this system. The details of the system are in the appendix attached.

AGENCY RESPONSIBLE

2. The Public Complaints Bureau in the Prime Minister's Department is entrusted with the responsibility of managing the new system of public complaints.

MANAGING PUBLIC COMPLAINTS

3. Under the new system, the role of the Public Complaints Bureau is to receive and investigate public complaints on any Government administrative actions or decisions which are allegedly unfair, against the present laws and regulations inclusive of misconduct, misappropriation, abuse of power, maladministration and the like.

4. The results of investigation will be tabled to the Permanent Committee On Public Complaints for its deliberation and decision. The Committee can direct Secretaries General/Heads of Departments/Heads of Federal Statutory Bodies/Heads of Local Authorities/Heads of the relevant agencies to be present and provide explanations on a particular complaint in its meetings. The decisions of the Committee shall be implemented by the Ministry/Federal Department/Federal Statutory Body/Local Authority/Agency concerned. The Public Complaints Bureau is responsible for monitoring and providing feedback to the Committee on the corrective actions taken or currently being undertaken by the relevant authorities. Henceforth, the Public Complaints Bureau shall become the focal point for the public to forward their complaints and seek redress on any alleged administrative unfairness in their dealings with the Government machinery.

EFFECTIVE DATE OF ENFORCEMENT

5. This circular is effective from the date of its issue. With it, the General Circular No. 1 of 1978 is hereby repealed.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix to Development
Administration Circular
No. 4 of 1992)

MANAGING PUBLIC COMPLAINTS

CONTENTS

I. DEFINITION

1. "Public complaints" are complaints made by the public on the actions of any government administration (including privatised agencies and public utilities of monopolistic nature) which are allegedly unfair, against the existing laws and regulations inclusive of misconduct, misappropriation, abuse of power, maladministration and the like.

2. Public complaints cover all aspects of Government administration but exclude matters relating to established Government policies, and those under the jurisdiction of the Anti-Corruption Agency, Legal Aid Bureau, Special Cabinet Committee on Government Management and Public Accounts Committee.

II. PUBLIC COMPLAINTS BUREAU

3. The Public Complaints Bureau in the Prime Minister's Department is responsible for the implementation and management of public complaints. Its functions and responsibilities are:

(a) to receive public complaints on any Government administrative actions which are alleged to be unfair, against the existing laws and regulations inclusive of misconduct, misappropriation, abuse of power, maladministration and the like;

(b) to investigate public complaints which are deemed to be valid;

(c) to report the outcome of investigations and make recommendations to the Permanent Committee On Public Complaints and the relevant authorities;

(d) to forward the decisions of the Permanent Committee On Public Complaints to Ministries/Federal Departments/Federal Statutory Bodies/ Local Authorities/Agencies concerned for the purpose of corrective actions; and

(e) to monitor the corrective actions taken by Ministries/Federal Departments/ Federal Statutory Bodies/Local Authorities/Agencies concerned, and subsequently submit such feedback to the Permanent Committee On Public Complaints.

III. PERMANENT COMMITTEE ON PUBLIC COMPLAINTS

4. The membership of the Permanent Committee On Public Complaints is as follows:

(a) Chief Secretary to the Government—*(Chairman);*

(b) Director General of Public Service;

(c) Director General of Anti-Corruption Agency;

(d) Senior Deputy Secretary General of Prime Minister's Department; and

(e) Director General of Malaysian Administrative Modernisation and Management Planning Unit.

The terms of reference of the Committee are:

(a) to formulate policies on the system of managing public complaints;

(b) to consider and make decisions on the reports/cases of public complaints submitted by the Public Complaints Bureau;

(c) to direct Secretaries General/Heads of Federal Departments/Heads of Federal Statutory Bodies/ Heads of Local Authorities/Heads of the agencies concerned to attend its meetings and give explanations on a particular complaint/case; and

(d) to direct Ministries/Federal Departments/Federal Statutory Bodies/Local Authorities/Agencies concerned to take corrective actions to solve a particular complaint/case.

5. The Permanent Committee On Public Complaints may, from time to time delegate its power of investigation, by means of administrative directives, to the Public Complaints Bureau to conduct detailed investigations on complaints which involve Ministries/Federal Departments/Federal Statutory Bodies/Local Authorities/ specific agencies. Such power of investigation includes:

(a) requesting and obtaining information;

(b) checking of files, records and other related documents; and

(c) seeking explanations from the officers concerned.

IV. HOW TO FORWARD COMPLAINTS

6. The public can forward their complaints to the Public Complaints Bureau by way of:

(a) sending letters without postage stamp directly addressed to:

Director General,
Public Complaints Bureau Of Malaysia,
P.O. Box 9000,
50505 Kuala Lumpur; and/or

(b) come in person to the Public Complaints Bureau, or to its temporary stations on scheduled dates.

7. The Public Complaints Bureau will set up temporary stations manned by Public Complaints Bureau personnel at various districts to enable the public to foward their complaints.

V. METHOD OF MANAGING PUBLIC COMPLAINTS

8. Upon receiving public complaints, the Public Complaints Bureau will then undertake the following:

(a) issue an acknowledgement letter within two weeks from the date of receipt of a letter of complaint;

(b) undertake preliminary investigation to ascertain the validity of the complaint;

(c) submit comments on the complaint to the Committee for consideration;

(d) carry out detailed investigation after receiving delegation of the power to investigate from the Committee;

(e) table the outcome of investigation to the Committee for its decisions;

(f) forward all correspondence regarding complaints to the relevant Secretary General/Head of Federal Department/Head of Federal Statutory Body/ Head of Local Authority/Head of Agency concerned;

(g) monitor and ensure that Ministries/Federal Departments/Federal Statutory Bodies/Local Authorities/Agencies concerned take corrective actions; and

(h) keep records of all complaints received. The records shall contain basic information such as the dates of receiving complaints, dates of acknowledgement letters, the latest position of the complaints, the decisions of the Committee and the required follow-up actions.

VI. ROLE OF MINISTRY/FEDERAL DEPARTMENT/FEDERAL STATUTORY BODY/LOCAL AUTHORITY/AGENCY

9. All Ministries/Federal Departments/Federal Statutory Bodies/Local Authorities/ Agencies concerned are required to note and take actions on all public complaints as follows:

(a) to issue a letter of acknowledgement within two weeks from the date of receiving a letter of complaint either from the public or referred by the Public Complaints Bureau;

(b) to issue an interim reply stating the causes of delay in providing answers/ explanations within the specified time and to state the time period required for providing such answers/explanations to the complainant;

(c) to give full cooperation to the Public Complaints Bureau during the conduct of investigation into a complaint;

(d) to undertake corrective actions as decided by the Permanent Committee On Public Complaints;

(e) to submit from time to time, progress reports on the corrective actions taken to the Public Complaints Bureau; and

(f) to keep records of all complaints received directly or referred by the Public Complaints Bureau. The records shall contain basic information such as dates of receipt of complaints, dates of issuance of acknowledgement letters, the latest situation regarding complaints, the decisions of the Committee and corrective actions taken or currently on-going.

10. *"Public Complaints"* should be a permanent agenda in the management meetings of every Ministry/Federal Department/Federal Statutory Body/Local Authority/Agency.

11. Secretaries General of Ministries/Heads of Federal Departments/Heads of Federal Statutory Bodies/Heads of Local Authorities/Heads of Agencies should appoint an officer to liaise with the Public Complaints Bureau on public complaints. The Liaison Officer should be from the Management and Professional group in Ministries/Federal Departments/Federal Statutory Bodies/Local Authorities/ Agencies, and possess sufficient expertise and knowledge regarding the tasks of his/ her department. The names and designations as well as the telephone numbers of the Liaison Officers have to be given to the Public Complaints Bureau. Any change in the appointment of the Liaison Officer and such related information should be made known to the Public Complaints Bureau immediately.

VII. ANNUAL REPORT

12. The Public Complaints Bureau shall prepare an Annual Report on public complaints for circulation to the public.

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GHAZALI BIN JANI, J.S.D., K.M.N., A.M.P., P.P.T.,
DIRECTOR GENERAL, MALAYSIA
1992

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 1 OF 1993

GUIDELINES ON MORNING PRAYERS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
2 JANUARY 1993

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities.

OBJECTIVE

1. This Circular contains the guidelines for the implementation of Morning Prayers in Ministries, Federal Departments, State Governments and District Offices.

BACKGROUND

2. The launching of the First Malaya Plan in 1961-1965 when all districts used The Red Book System, saw Morning Prayers being used as the mechanism for the coordination of development projects at the district, state and Ministry level. This represented an effective mechanism to solve various problems encountered at all levels of administration. Since the system of Morning Prayers has proven to be beneficial, it is appropriate that this system be revived and its scope extended to increase the efficiency and effectiveness of the Public Service.

OBJECTIVE OF MORNING PRAYERS

3. The objective of Morning Prayers is to instill an awareness of the predominance of national interest over departmental interests. Its aim is to resolve on the spot any problems encountered during the implementation of development programmes and projects and the issuing of licences and permits. Through this method, obstacles are identified and corrective actions taken immediately. Thus, the process of coordination and monitoring is done continuously to ensure that development projects are implemented according to schedule. Similarly, applications for licences, permits and approvals are given due consideration whereby Morning Prayers represent a one-stop forum between departments that will enable them to make fast decisions and thus prevent the occurence of backlog of work in the departments concerned. This will develop and foster coordination among the departments as they move in tandem towards achieving national development objectives.

MEMBERSHIP

4. The membership of Morning Prayers is as follows:

(a) **Ministry Level**

Chairman	:	Secretary General of the Ministry.
Members	:	Senior officers of the Ministry.
		Heads of Departments and Heads of Statutory Bodies of the Ministry involved in development projects/issuing of licences and permits.
		The actual membership of the meeting is to be determined by the Chairman.
Secretariat	:	A Division to be determined by the Secretary General of the Ministry.

(b) **State Level**

Chairman	:	State Secretary.
Members	:	Senior officers of the State Government.

Heads of Departments and Heads of Statutory Bodies at the state level involved in development projects/issuing of licences and permits.

The actual membership of the meeting is to be determined by the Chairman.

Secretariat : A Division to be determined by the State Secretary.

(c) **District Level**

Chairman : District Officer.

Members : Senior Officers of the District Office.

Heads of Departments and Heads of Statutory Bodies at the district level involved in development projects/issuing of licences and permits.

Heads of Local Authorities involved in development projects/issuing of licences and permits.

The actual membership of the meeting is to be determined by the Chairman.

Secretariat : A Division to be determined by the District Officer.

Note : For the State of Sarawak, Morning Prayers are to be held at the Division level and are to be chaired by the Resident.

FREQUENCY AND DURATION OF MORNING PRAYERS

5. Meetings are encouraged to be held each Monday or Saturday depending on the state. However, the Chairman may choose any day convenient to hold the meeting. As far as possible, the duration of the meeting should not exceed one hour.

AGENDA OF MORNING PRAYERS

6. The agenda of the Morning Prayers is as follows:

(a) Opening address of the Chairman;

(b) Implementation of development programmes/projects;

(c) The issuing of licences and permits; and

(d) Other matters related to the management and administration of the organisation's policies, programmes and activities.

FUNCTIONS OF MORNING PRAYERS

7. Morning Prayers represent a one-stop forum between departments and have the following functions:

(a) To study the implementation status of development programmes/projects and the issuing of licences and permits;

(b) To identify problems encountered;

(c) To take steps to clear the backlog of work; and

(d) To determine corrective actions.

MINUTES OF MORNING PRAYERS

8. The minutes of Morning Prayers should be brief and encompass the following matters:

(a) Status of the implementation of development programmes/projects and the issuing of licences and permits; and

(b) Decisions of the meeting.

9. All departments and agencies must comply with the decisions of the Morning Prayers. The minutes should be in the format as in *Appendix A*.

PROBLEM SOLVING

10. At the district level, problems that cannot be resolved or delays that still persist are to be referred to the State Secretary as Chairman of the State Development Working Committee.

11. At the state level, problems that cannot not be resolved or delays that still persist are to be referred to the Honourable Chief Minister as Chairman of the State Development Council.

12. At the ministry level, should problems arise that cannot be resolved or delays that still persist, corrective actions are to be referred to the parties concerned, including other Ministries, Central Agencies and the Honourable Minister of the Ministry concerned. Problems that still could not be resolved are to be referred to the Working Committee on National Development and if necessary, to the National Development Council.

IMPLEMENTATION OF CIRCULAR

13. This Circular is to be implemented in conjunction with Instruction No.1 of 1991 - Machinery for the Coordination of Implementation of the National Development Policy.

EFFECTIVE DATE

14. This Circular is effective from the date of issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

FORMAT OF MINUTES OF MORNING PRAYERS

MINUTES OF MORNING PRAYER
NO. ..... YEAR.....

(State the serial number of meeting and year)

Date :

Time :

Venue :

ATTENDANCE

(List down the names of members of the meeting in order of seniority beginning with the name of the Chairman).

ATTENDANCE BY INVITATION

(List down in order of seniority, the names of officers who are not members, but have been invited to the meeting).

SECRETARIAT

(List down in order of seniority, the officers in the secretariat attending the meeting).

I. OPENING ADDRESS OF THE CHAIRMAN

1. This section contains the important issues highlighted by the Chairman.

II. CONFIRMATION OF MINUTES OF MEETING

2. Confirm the minutes of the previous meeting either by adopting the minutes with or without ammendments. State the amendments if there are any.

III. DISCUSSION ON THE STATUS OF PROJECTS AND/OR THE ISSUING OF LICENCES/PERMITS

3. Matters to be recorded in this section should be in the format as in *Appendix A1*.

IV. OTHER MATTERS

4. This section records other matters discussed in the meeting not included in the agenda.

V. CONCLUSION

5. This section records the following:

   (a) The time the meeting was adjourned;

   (b) The note of thanks from the Chairman; and

   (c) The date of the next meeting, if decided.

VI. NAME OF DEPARTMENT/DIVISION/UNIT THAT PROVIDED THE SECRETARIAT FUNCTIONS FOR THE MEETING

(The name of the department/division/unit to be stated on the left side of the minutes).

VII. DATE

(State the date when the minutes of the meeting were prepared).

REPORTING FORM

IMPLEMENTATION STATUS OF PROJECTS AND/OR THE ISSUING OF LICENCES/PERMITS

Serial Number of Meeting:

Date of Meeting:

No. (A)	Name of Project/Licence/ Permit (B)	Status (C)	Issues Encountered (D)	Decision of Meeting (E)	Follow-Up Action and Agency Responsible (F)

EXPLANATIONS OF THE REPORTING FORM ON THE IMPLEMENTATION STATUS OF PROJECTS AND/OR THE ISSUING OF LICENCES/PERMITS

(a) **Column A—Serial Number of Project/Licence/Permit**

The number of the project/licence/permit are listed serially in Column A.

(b) **Column B—Name of Project/Licence/Permit**

The name of the project/licence/permit is listed in Column B. For development projects, the name of the project should be as reported in the Integrated Scheduling System (SIAP).

(c) **Column C—Status**

The status of the project/licence/permit is reported in Column C. The information reported should be current. Where actions are still outstanding as they have been referred to other relevant parties, such information should be recorded in Column C.

(d) **Column D—Issues Encountered**

All problems encountered by the project/licence/permit have to be reported briefly in Column D.

(e) **Column E—Decision of the Meeting**

All decisions of the meeting are recorded in Column E. Where there are differences in opinions among the members, such opinions are to be recorded in Column E.

(f) **Column F—Follow-up Action and Agency Responsible**

Follow-up actions and the agency responsible for each of the decisions are to be recorded in Column F. The Secretariat will report on the progress of the follow-up actions at the next meeting.

DICETAK OLEH PERCETAKAN NASIONAL MALAYSIA BERHAD, IBU PEJABAT, KUALA LUMPUR

L—01893

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 2 OF 1993

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
27 JANUARY 1993

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities.

OBJECTIVE

This circular provides guidelines for the award of the Excellent Service Awards in the Public Service. The guidelines are in the Appendix attached to this circular.

BACKGROUND

2. The Government expects public servants to strive continuously to develop a high quality and excellent Public Service. Various measures have been taken to ensure the fulfilment of this aim. Giving recognition and appreciation to excellent services rendered, through the Excellent Service Award as provided for under the General Circular Letter No. 2 of 1983 is one such measure to motivate public servants to give their best at all times.

3. The Government will continue to implement the Excellent Service Awards. This circular on the award of the Excellent Service Awards is to take into account the current developments and changes including the implementation of the New Remuneration System with the aim of ensuring an award system which is orderly and easy to implement. It is hoped that this system will foster healthy competition leading to the improvement of the quality of service rendered by public servants.

REVOCATION

4. With the issue of this Circular, the General Circular Letter No. 2 of 1983 is revoked.

EFFECTIVE DATE

5. These Guidelines are effective from the date of issue of this Circular.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix to
Development
Administration
Circular No. 2
of 1993)

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

CONTENTS

A. OBJECTIVE

This circular aims to establish uniformity in the award of the Excellent Service Awards for public servants to ensure orderly, fair and effective implementation.

B. BACKGROUND

2. The Government gives close attention and high priority to providing due recognition and appreciation to public servants. This appreciation is important to provide motivation and example to public servants to improve their performance, in line with the aim of providing quality services.

3. Various measures have been implemented in this area, among which is the Excellent Service Award as provided for by the General Circular Letter No. 2 of 1983.

4. The Government will continue the Excellent Service Awards. However, in line with current developments and changes including the implementation of the New Remuneration System (NRS), various modifications are required in the implementation of this Awards system.

C. Definition of Excellent Service

5. In the Public Service, service rendered by a public servant which exceeds expectations and the normal responsibilities of the job is considered to be excellent service. Such service can set an example to be followed and act as a catalyst to diligence and creativity among other public servants.

D. SYSTEM FOR THE SELECTION OF RECIPIENTS FOR THE EXCELLENT SERVICE AWARDS

6. The General Circular Letter No. 2 of 1983 requires that a Selection Panel be established by a Head of Department to select the recipients of the Excellent Service Awards within that department. The evaluation is carried out based on the Form For the Selection of Candidates specified by the General Circular Letter.

7. Henceforth, the system for the selection of recipients of the Excellent Service Awards will use the annual performance appraisal system under the New Remuneration System (NRS).

8. The selection of recipients for the Excellent Service Awards will be carried out every year based on the work performance evaluation report. Only those public servants who have achieved the level of excellent work performance and received a diagonal salary movement will receive the Excellent Service Award.

9. The selection of public servants to receive the Excellent Service Award shall be carried out by the Panel For the Coordination of Performance Evaluation and Salary Movements under the NRS.

10. Government Ministries/Departments/Agencies may organise ceremonies for the presentation of the Excellent Service Awards. Smaller Departments/Agencies may have joint functions with their respective Ministries.

11. The award presentation ceremony for a particular year should be held as soon as possible and not later than the month of April.

12. All public servants are eligible to be considered for the Excellent Service Awards except for officers holding Premier and Special Grade Posts (JUSA).

E. TYPES OF GIFTS AND INCENTIVES

13. The public servant who has been selected as the winner of the Excellent Service Award will receive the following gifts and incentives:

(i) Certificate of Excellent Service	An example is in Appendix 'A'. State Governments/ Local Government Authorities/State Statutory Bodies may replace the Federal Government crest in the Certificate with their respective State Government crests.
(ii) An appropriate souvenir	the value of the souvenir should not exceed RM300.00.
(iii) Bonus equivalent to one month's salary	The mode of calculation of the bonus amount will be specified by the Public Services Department.
(iv) Seven Days Full Pay Unrecorded Leave	This leave is in addition to the annual vacation leave and must be used within the same year in which the Award is given, except where the leave cannot be taken due to exigency of service. This leave cannot be compensated with cash.
(v) The name and photograph of the winner shall be displayed in the office at a strategic location or an area frequented by the public or visitors.	

14. Heads of Departments are encouraged to provide opportunities as well as give priority to Excellent Service Award winners to further their careers such as through attending training courses, seminars and conferences which can contribute to improving their work performances.

15. It is hoped that this reward system will mutually reinforce other existing reward systems such as promotions, Federal and State Awards, and scholarship awards while, at the same time, promoting excellence among the ranks of public servants in the interests of the Public Service and the nation.

Appreciation For Excellent Service

CERTIFICATE OF EXCELLENT SERVICE

It is with pleasure that

awards
this Certificate of Excellent Service
to

for the excellent performance
shown in the year

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR NO. 3 OF 1993

GUIDELINES ON CLIENT'S CHARTER

PRIME MINISTER'S DEPARTMENT
MALAYSIA
2 June 1993

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities.

OBJECTIVE

The Circular aims at assisting Heads of Government Departments in the preparation of a Client's Charter to ensure the provision of an effective and efficient service to the clients. The Guidelines on the Client's Charter are attached as an Appendix to this Circular.

BACKGROUND

2. To date, the Government has undertaken various efforts to upgrade the Public Service. All these efforts are aimed at improving the levels of services, productivity and quality of public servants. Meanwhile, numerous departments have continuously been improving and upgrading their administrative systems, especially through the provision of quality services in conformance with customers' requirements. In response, some departments/agencies have established work norms and quality standards for their outputs or services.

3. However, such quality standards and norms are confined to departmental use only. These work norms and quality standards have not been transformed into a written commitment and displayed for public knowledge. Apparently, consolidating the norms and quality standards into a Client's Charter requires commitment from all quarters in the department/agency.

4. All the efforts so far have been reinforced with the launching of the Development Administration Circulars on quality and productivity. The enunciation of the Client's Charter is the highlight of all the concerted efforts of the Government in the upholding and upgrading of quality standards of outputs or services. The Government departments/agencies which have practised quality and productivity management in the past, have already established a strong foundation to produce effective Charters.

RATIONALE AND BENEFITS OF THE CLIENT'S CHARTER

5. It is envisaged that the Client's Charter will bring about numerous improvements to the Public Service. In fact, the assurances contained in the Charter will ensure the generation of more disciplined, prepared and responsible public servants. Customers will get their value for money either from the charges they pay or from the taxes.

6. Various benefits will be obtained from the establishment of the Client's Charter. It will benefit the public at large and also the departments/agencies concerned.

(a) Benefits To The Public

(i) It enables the public to know specifically the quality of service to expect from the department/agency;

(ii) It enables the public to evaluate the performance of the services rendered;

(iii) It reduces uncertainties over the delivery of services;

(iv) It facilitates comparisons between agencies which offer similar services; and

(v) The public will be aware of the quality standards of each department/ agency.

(b) **Benefits To The Government Departments/Agencies**

(i) The Charter will act as a performance indicator and will enable the department/agency to make evaluation; and

(ii) Discipline, responsibility and accountability in the Public Service will be upgraded which in turn will contribute to a more transparent Public Service.

THE CLIENT'S CHARTER

7. This Circular will enable Government agencies to translate quality standards of outputs and services into a Client's Charter after taking into account the relevant processes involved, existing resources and technology available to the agencies. The Client's Charter is a written commitment by the Government agencies towards the provision of services to their clients.

8. The Charter must be displayed in prominent places within the premises of the office. The information on the Charter has to be disseminated to ensure that the public are aware of their rights to the services. Consequently, public servants will have to be more sensitive, prepared and accountable in providing quality services. Ultimately, the implementation of the Client's Charter will not be confined to improving quality and productivity but will also contribute to changing the attitudes of public servants in becoming more disciplined, responsible and sensitive to customers' requirements.

GUIDELINES ON CLIENT'S CHARTER

9. Guidelines on Client's Charter for the Public Service will outline the main features of the Client's Charter. These features include the following:

(a) The Concept of Client's Charter; and

(b) The Implementation of the Client's Charter.

EFFECTIVE DATE

10. This Circular comes into effect from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix to Development Administration Circular No. 3 of 1993)

GUIDELINES ON CLIENT'S CHARTER

I. OBJECTIVE

1. The objective of these Guidelines is to assist Heads of Government departments/ agencies in the institution of the Client's Charter as a written commitment in the provision of outputs or services which are of quality, fast, efficient and tailored to meet the requirements of customers.

II. THE CONCEPT OF CLIENT'S CHARTER

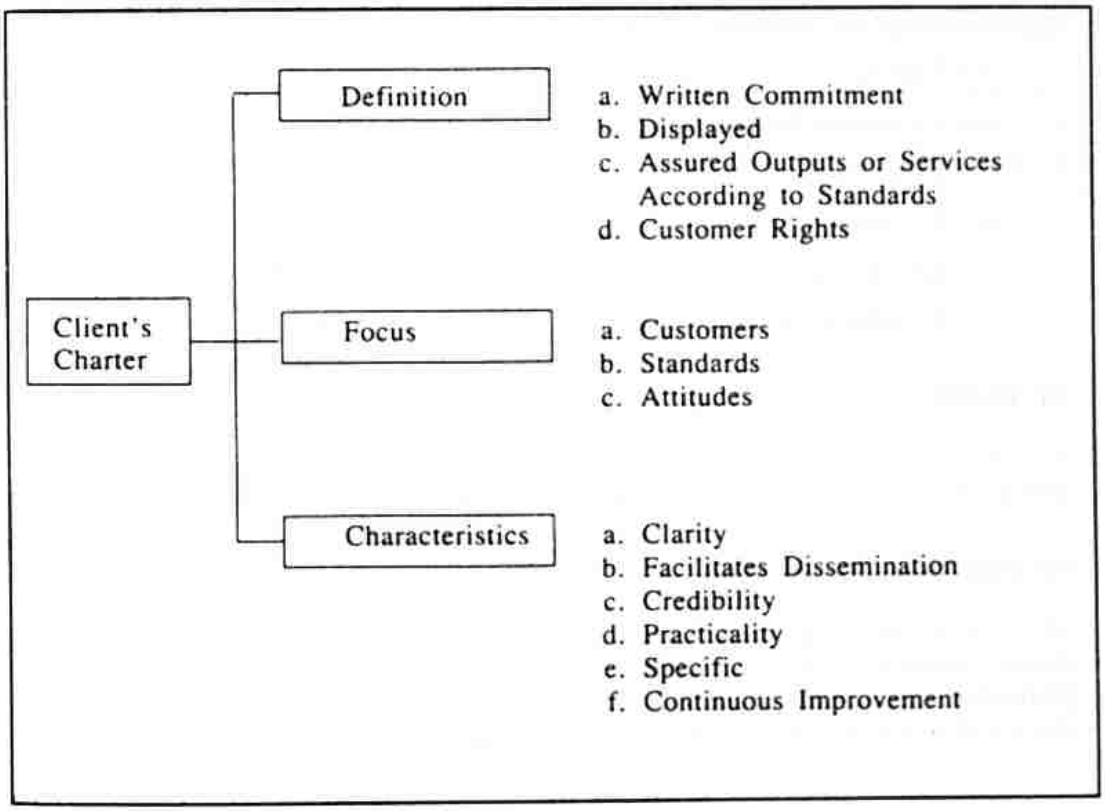
(a) Definition

2. A Client's Charter is a *written commitment* made by a Government department/ agency in the deliverance of its outputs or services to its customers (inclusive of stakeholders). It is an *assurance* by the Government department/agency that outputs or services rendered will comply to the standards declared as quality standards. Generally, quality standards of outputs or services are standards that will fulfil customer needs and tastes.

3. The overall concept of a Client's Charter is made up of three main aspects as depicted in *Figure 1*. These include the definition of a Client's Charter, focus and characteristics necessary for the institution of the Charter.

FIGURE 1

THREE MAIN ASPECTS OF A CLIENT'S CHARTER



(b) Focus

4. The Client's Charter focuses on customers as they are the recipients of the outputs or services provided by a department/agency. They should be assured of quality outputs or services in line with their rights as citizens and tax payers. Meanwhile, departments/agencies are responsible for the provision of services that have the following characteristics such as efficiency, safety, accuracy of facts, timeliness, trustworthy, accessibility, friendliness and sensitivity as required by the clients.

5. The Client's Charter of a particular department explains to the customers on the types and levels of services that they can expect. It is a written commitment that informs them on their rights to such services. In view of that, the Public Service has to be responsive and sensitive towards such needs and requirements.

6. The quality standards of outputs and services are based on the customers' needs and requirements. The standards set are in accordance with the department's/ agency's capabilities. Thus, the Client's Charter is not a static statement but one which could be improved from time to time.

7. The implementation of the Client's Charter does not only emphasize on quality and productivity but is also geared towards changing the attitudes of public servants. It will ensure more disciplined, ethical, accountable and sensitive public servants. Focus on these three factors will improve public trust and confidence in the outputs and services given by the Government departments/agencies.

(c) Characteristics of A Client's Charter

8. The formulation of a Client's Charter by any department/agency amongst others should include the following characteristics:

(i) Clarity;

(ii) Facilitates Dissemination;

(iii) Credibility;

(iv) Practicality;

(v) Specific; and

(vi) Continuous Improvement.

(i) *Clarity*

9. The Client's Charter must be clear, concise and easy to understand. The Charter should include only essential and accurate information.

(ii) *Facilitates Dissemination*

10. The Client's Charter of every department/agency should lend itself to easy dissemination for public knowledge. The dissemination can be made through the production of brochures, handbills or posters which must be displayed at prominent areas within the premises of the department/agency or in public places.

(iii) ***Credibility***

11. To ensure the credibility of a Charter, the department/agency concerned has to match the pledges it makes with its capability. The capability of each department/ agency will depend on available resources such as manpower, technology, finance, systems and procedures. This will ensure that the stated declarations will be fulfilled at all times. Thus, this will improve the confidence of customers in the quality of the outputs or services given.

(iv) ***Practicality***

12. A practical Charter requires planning, research and detailed testing to determine that an output or a service can be given as per the standards declared. For example, an impractical guarantee would be **"building plans will be approved by the Local Authority within two days"**. Studies have shown that it is impractical for a building plan to be approved in less than a week.

(v) ***Specific***

13. A specific assurance would be an undertaking that specifies time, number, venue, or cost of an output or service given. For example, a new identity card will be ready within three months from the date of receipt of the application.

(vi) ***Continuous Improvement***

14. A particular standard of an output or service is not static. It can be improved in tandem with technological developments, advancement in office automation, increased efficiency of manpower, financial resources, shortened work procedures and other factors. For example, a particular District Council initially provides services for garbage collection only twice a week. When it obtains extra lorries and manpower it is able to increase the frequency of collection from twice to thrice a week.

III. THE IMPLEMENTATION OF THE CLIENT'S CHARTER

15. In the implementation of the Client's Charter, every department/agency has to undergo five principal stages. These stages are shown below and are depicted in *Figure 2*.

A. Formulation of the Client's Charter;

B. Promotion of the Client's Charter;

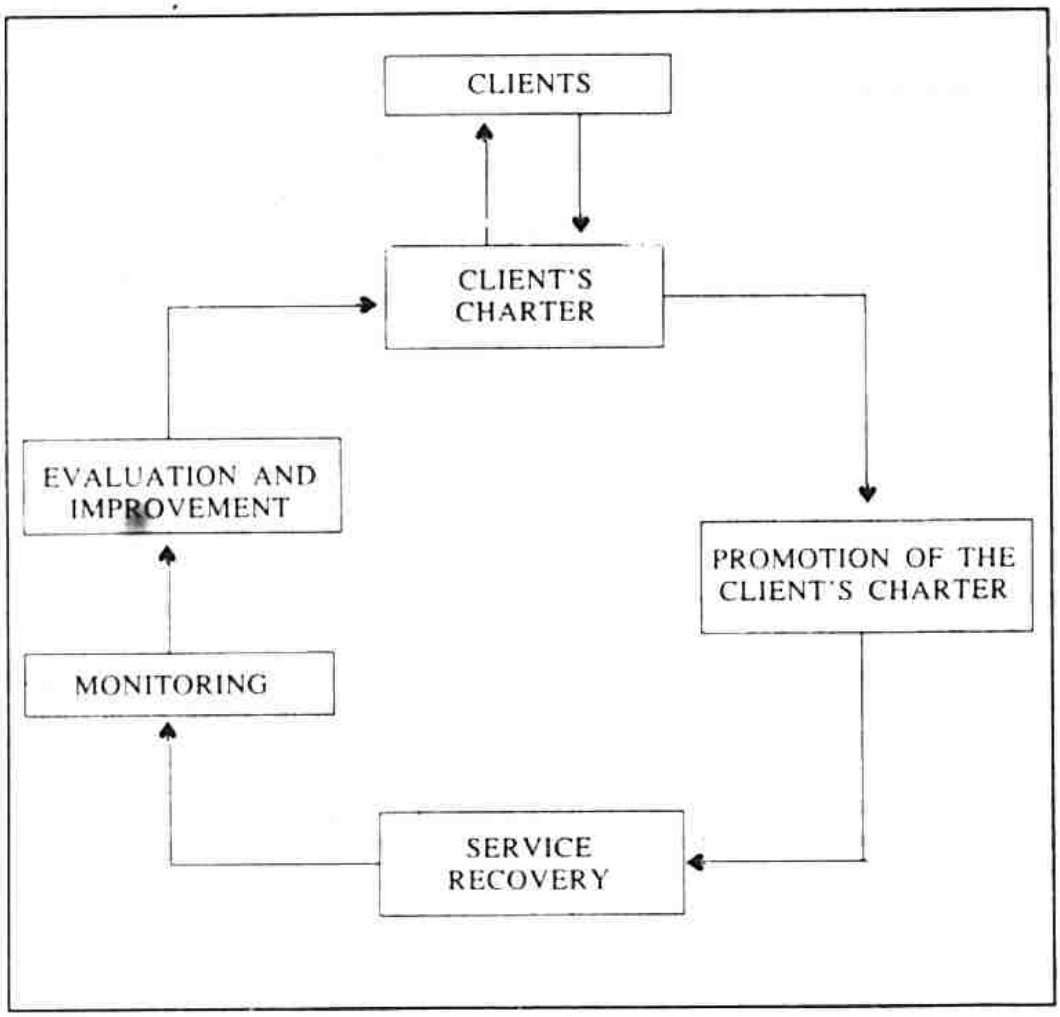
C. Service Recovery;

D. Monitoring; and

E. Evaluation and Improvement.

FIGURE 2

PRINCIPAL STAGES IN THE
IMPLEMENTATION OF THE CLIENT'S CHARTER



A. *FORMULATION OF THE CITIZEN'S CHARTER*

16. In the institution of the Client's Charter, the formulation process is the first stage towards its implementation. The formulation process will involve various steps as follows :

Step One	**Identification of customers and their requirements**
Step Two	**Gauging the major products or services of department/agency**
Step Three	**Determining the standards of the products or the services**
Step Four	**Preparing the Client's Charter**

Step One: Identification of Customers and Their Requirements

17. The customers are the party to benefit from the products or services provided by the department/agency. Hence, it is of utmost importance for every department/agency to identify their major customers. These clients can either be external or internal customers. Internal customers are clients from a division/unit/section of the same department/agency. Counterparts may also be one of them. External customers may comprise the general public, other departments or agencies, the private sector, voluntary organisations and others.

18. The needs and requirements of customers are varied. Generally, customers will appreciate quality outputs or services. Amongst the examples of characteristics of quality outputs or services widely appreciated by customers are as in *Table 1*.

TABLE I

EXAMPLES OF CHARACTERISTICS OF QUALITY OUTPUTS OR SERVICES WIDELY APPRECIATED BY CUSTOMERS

(1) Credibility;

(2) Durability;

(3) Safety;

(4) Functionality;

(5) Timeliness;

(6) Accuracy of Facts;

(7) Consistency;

(8) Availability;

(9) Friendly, caring and considerate;

(10) Innovativeness;

(11) Efficiency;

(12) Integrity;

(13) Reasonable Cost;

(14) Practicality;

(15) Flexibility;

(16) Simple to understand; and other characteristics.

19. The department/agency needs to gauge the exact needs of the clients to ensure that the products or services rendered will satisfy them. Amongst the methods that can be used to gauge clientele needs are questionnaires, feedback, dialogue sessions and interviews with clients.

Step Two: Gauging The Major Products or Services of Department/Agency

20. The department/agency should next gauge the major outputs or services that it provides. This can be carried out through a reevaluation of programmes to ensure that they are in line with the objectives of the department/agency. For example, The Immigration Department has begun a programme on the registration and collection of a levy on foreign workers as a means to control the influx of illegal workers into Malaysia.

21. This action necessitates the department/agency to reallocate all its resources such as manpower, finance and equipment in the production of outputs or services according to its priority.

Step Three: Determining The Standards Of The Products or The Services

22. The identified needs of customers have to be translated to standard output quality. The established standards for the outputs or services have to be realistic. This is to ensure that pledges made are achievable. The department/agency has to take stock of its existing resources encompassing manpower, technology, equipment, finance, systems and procedures in the production of the outputs or services. Standards must be clear to ensure that they are easily understood by the provider and recipients of these outputs or services. As far as possible these standards should be:

(a) *Measurable* in terms of timeliness or numbers of outputs produced within a stipulated time. Examples of such standards are as follows:

The National Registration Department

New identity cards will be ready within 3 months from the date of receipt of the application.

The Inland Revenue Department

1. Tax assessment forms will be distributed to all tax payers by the end of February each year.
2. Every assessment clerk is required to process 20 tax cases daily.

(b) To ensure that the provision of outputs or services are always *consistent*. Examples of such standards are as follows:

The National Library

A mobile library will be in Kampung A on every Monday and Thursday between 9.00 am to 12.00 pm.

The District and Land Office

A mobile revenue collection unit will be in District B on the 1st day of February, March and April. Should the stipulated dates fall on a public holiday, then the collection will be done on the following day.

23. Apart from the standards characterized by time factor or numbers of outputs as measures, other less quantifiable characteristics can still be used such as descriptions like, a friendly service, considerate, easy to understand and safe. Examples of such standards are as follows:

The Immigration Department

1. To provide pleasant and clean waiting areas
2. Ensure that all documents are safe during our custody.

The Inland Revenue Department

1. Entertain and settle all assessment problems courteously.
2. Ensure that all important information of tax payers will be treated with the strictest confidence.

24. To attain standards for the products or services, departments/agencies may use any of the following techniques.

(i) Time series studies;

(ii) Discussions between supervisors and workers;

(iii) Conformance with service standards of other departments/agencies giving similar services; and

(iv) Conformance with standards that are considered as the industry standards.

25. These service standards are important as they will become bench marks for performance measurement of the department/agency within a specified time period.

Step Four: Preparing the Client's Charter

26. The department/agency has to establish its Client's Charter based on the standards of the outputs or services. As a guide, the Charter can be developed based on the following examples :

EXAMPLE OF A CHARTER FOR THE DEPARTMENT OF INLAND REVENUE

We are committed to send all assessment forms by the end of February each year to the correct addresses within a week. All tax payers have the right to the following privileges :

"An assurance that all tax assessments will be fair, impartial and without any prejudice".

"Tax payers will be given the opportunity to forward their grievances and appeals".

"To reduce the burden of tax payments through instalments".

"To return over charged tax collections within three months".

"Tax notification will be sent within a month from the date of receipt of the application".

EXAMPLE OF A CHARTER FOR THE LOCAL AUTHORITY

"We assure a friendly service and will always be ready to assist you when you are unhappy with our service".

"We will approve applications for the building of private houses within a month with a proviso that applications are furnished with all the necessary documents".

"Garbage collection will be efficiently carried out three times weekly on the same days and times".

"We assure the provision of utilities and services to all areas under the jurisdiction of the Local Authority".

EXAMPLE OF A CHARTER FOR THE PUBLIC WORKS DEPARTMENT OF SELANGOR/FEDERAL TERRITORY

"A five day notice will be given before any water rationing is effected".

"All billing enquiries will be settled within an hour".

"Any household complaint will be looked into within two weeks".

"An assurance that water supply is clean and safe for consumption at a reasonable cost".

"To give a just and fair service in distributing water supply to all customers".

EXAMPLE OF A CHARTER FOR THE IMMIGRATION DEPARTMENT

"We are committed to give an efficient, accurate and friendly service".

"To provide information on the types of travel passes available and the cost for every pass".

"To ensure that all travel passes are safe in our custody".

"The Malaysian International Passport will be ready for collection within a week from the date of application from all Immigration Head Offices. Applications made at all Immigration Branch Offices will take a month"

"All domestic travel passes to Sabah and Sarawak will be produced immediately as and when requested at the Immigration counters either at the Subang International Airport, Senai or Penang".

EXAMPLE OF A CHARTER FOR THE REGISTRATION DEPARTMENT

"Renewal of Identity Cards will be ready within three months from the date of receipt of the application".

"Replacement of Identity Cards will be ready within six months from the date of receipt of the application".

"To provide a comfortable and clean waiting area".

"To ensure that every document is accurate and safe".

"The customers have the right to reject the documents if errors or defects are detected".

27. The department/agency has to ensure that every staff understands and upholds the Client's Charter. This will induce further commitment from the staff in the provision of excellent services in their quest to achieve the standards stipulated in the Charter.

B. *PROMOTION OF THE CLIENT'S CHARTER*

28. The department/agency has to ensure that information on the Client's Charter is disseminated to the public. The dissemination can be through the production of brochures or handbills. Information contained in the brochure must be concise, clear, simple and easy to understand. In addition, the department/agency has to display posters of the Charter at prominent places within the premises of the office to ensure that they are visible to the customers.

C. *SERVICE RECOVERY*

29. There may be instances when a department/agency may not be able to fulfil the pledges contained in their respective Charters. Should this happen it will adversely affect the image and credibility of the department/agency concerned. As such, the department/agency has to ensure that appropriate actions are taken to restore the faith of the customers in the capability of the department/agency in the production of outputs/services as assured in the Charter.

30. Service recovery can be carried out in two ways:

i. Reactive Service Recovery; and

ii. Proactive Service Recovery

(i) ***Reactive Service Recovery***

31. A reactive service recovery means that a department/agency will take immediate remedial action when a complaint is lodged by a customer on the dissatisfaction over an output or service.

(ii) ***Proactive Service Recovery***

32. In a proactive service recovery, a department/agency will contact the client to inform of its inability to comply to the stated standards in the Charter even before the client lodges complaints. For example, the National Registration Department has assured that it will produce a new identity card within 3 months from the date of receipt of the application. When the Department realises that it cannot fulfil its promise, then the onus lies on the Department to inform the customer on the status of the matter.

33. The following steps can be taken by a department/agency to ease the situation and restore the trust of clients:

(a) To apologise to the client involved either verbally or in writing;

(b) Explanation on the reasons why an output or service cannot be delivered as stated in the Charter;

(c) To inform the client on the status of the follow-up actions being taken to overcome the problem.

D. *MONITORING*

34. Monitoring is to be carried out continuously by every department/agency. This is inherent in gauging how far a department/agency is able to adhere to the pledges made in their respective Charters. The monitoring activities can be carried out as follows:

(i) Using existing internal mechanisms in the department; and

(ii) By establishing an effective feedback and response system.

(i) *Using Existing Internal Mechanisms in The Department*

35. Existing mechanisms such as the Steering Committee on Productivity and Quality and Work Teams can be used to gauge the performance of outputs or services. This can be carried out by studying the weekly/monthly/quarterly/annual performance reports prepared by each division/unit/section.

(ii) *Establishing An Effective Feedback and Response System*

36. Tastes and customers' expectations change from time to time. Arising from that, a department/agency has to establish a channel to facilitate customers to express their opinions on the levels of outputs or services rendered. This feedback system will ensure the availability of important inputs for the evaluation of standards of outputs or services. Amongst the approaches to use in obtaining feedback are as follows:

(a) Client's feedback form;

(b) Suggestion box;

(c) News monitoring;

(d) Consultancy studies;

(e) Hot line services; and

(f) Client survey.

37. To manage the feedback, an effective response system can be created by:

(a) Setting up of counters to facilitate the public to lodge complaints. These counters are to be prominently located to ensure that they are clearly visible to the public. Appropriate and adequate facilities such as complaint forms and a list of officers/divisions for referral are to be provided.

(b) Training of staff on the techniques of handling and resolving problems faced by dissatisfied clients based on the existing complaint resolution procedures; and

(c) Agencies which handle numerous public complaints have to take necessary measures to equip their response system with appropriate facilities such as direct or hot line telephone services.

38. Department/agency must ensure that immediate action is taken on every complaint received as follows:

(a) Creation of a system which records all feedback received and to issue acknowledgement slips;

(b) Negative feedback should be extended to the respective division/unit/ officers for immediate remedial action. To counteract any unintended effects from the negative feedback, at other times care must be taken to ensure that positive feedback is also conveyed to all the staff through the publication of news letters or reports. This will ensure that the motivation level for the staff is not adversely affected; and

(c) To inform the complainant on the status of remedial action taken.

E. *EVALUATION AND IMPROVEMENT*

39. Department/agency shall use existing mechanisms to evaluate feedback. These mechanisms are:

(i) The Steering Committee on Quality and Productivity;

(ii) The Quality Task Force; and

(iii) The Quality Improvement Teams.

40. The creation of a departmental Steering Committee and Task Force will ensure that the resolution process will be handled systematically. This will enable supervisors to monitor their subordinates closely. Concurrently, the Quality Improvement Teams will be committed to work towards the improvement of quality.

41. Involvement and commitment from all quarters is necessary to mobilise these mechanisms. The top management should lead and determine the direction of the organisation or create policies which can clearly and precisely define the emphasis on quality improvement efforts. Therefore, the functions of the Steering Committee on Quality and Productivity, whose members comprise the head of department/ agency and senior officers, are to plan, determine policy and implementation strategies, coordinate, monitor, evaluate and determine further improvement efforts

to undertake in order to enhance the quality of outputs or services at the departmental level. Involvement of the top management and leadership will be a strong motivating factor which will compel every staff to work as a team in achieving the organisational vision and goals.

42. Besides that, it is the responsibility of the Head of Department together with the Steering Committee on Quality and Productivity to:

(a) Identify outputs or services which have not achieved the pre-determined standards and their related problems;

(b) Redefine standards for outputs or services to ensure that they are more realistic and achievable;

(c) Identify types of outputs or services that can be expanded, curtailed or deleted without affecting the achievement of organisational objectives; and

(d) Identify methods that could be used to further enhance the existing standards of outputs or services.

CONCLUSION

43. This Circular will assist every department/agency in the implementation of its Client's Charter. The Client's Charter is a dynamic concept. Arising from that, the implementation of the Charter necessitates a need for continuous study, analysis and planning.

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L—01863

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 1 OF 1995

USE OF INFORMATION IN APPLICATION FORMS AND SPECIFIC CRITERIA IN DECISION MAKING

PRIME MINISTER'S DEPARTMENT
MALAYSIA
21 March 1995

Circulated To:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. The purpose of this circular is to draw the attention of all Government agencies to review application forms currently in use and ensure information sought in application forms is relevant and necessary for decision making. Agencies are requested to prepare a set of written criteria and a list of essential supporting information as the basis for approving or rejecting applications.

BACKGROUND

2. Provision of certain services by Government agencies is regulated by specific legislation. In order to enable departments implement provisions of the legislation with greater clarity, it is essential to formulate departmental policy statements which will indicate departmental objectives.

3. Many personnel in an agency or department are involved in the process of decision making pertaining to various matters such as issuance of licences, permits, travel documents and etc. Written criteria are important to promote transparency in the decision making system. Formulation of criteria will reflect the rationality, fairness, coordination and consistency in decisions made. Written criteria will therefore reduce the use of discretion in making a decision.

4. Majority of the services provided by Government agencies necessitate the use of application forms. A well designed form will contain information which are is relevant and facilitates accurate and timely decision on the application. Forms containing too much information that is not relevant for decision making will only burden the applicant and the agency. However, information which is requested for other purposes must be separated from the application form. Decision on the application must be given priority to avoid delays in the processing of the application.

5. Besides the preparation of written criteria, a check list must be prepared to ensure applications are completed accurately to facilitate the decision making process. The use of checklists in the processing of application and decision making is important to ensure that consistent action is taken on every application. Besides, it will eliminate the used for requesting additional information from the applicants and the need to check such information.

USE OF WRITTEN CRITERIA AND RELEVANT INFORMATION AS THE BASIS TO APPROVE/REJECT APPLICATIONS

6. The Government has made the decision that every agency must ensure that the processing of applications must be based on written criteria which are supported by relevant information in the application forms.

7. Therefore, Government agencies are required to undertake appropriate action in accordance with the following guidelines:

(i) **Formulate written departmental policy statements for each application activity. The policy statements must be based on stipulated legislation. Policy statements must reflect the direction agencies take which will lead to more accurate decisions;**

(ii) **Prepare written criteria for each application activity, accompanied by the list of supporting information required. Such criteria will be used as the basis to approve or reject an application. (A sample of the criteria and the supporting information is as in Appendix A);**

(iii) **Review criteria which are too general in order to formulate more specific criteria;**

(iv) **Review information sought in application forms to ensure form contain only information which is relevant and necessary for decision making. Steps must be taken to review forms currently in use;**

(v) **Ensure each application form is used to process only the relevant application;**

(vi) **Examine the possibility of merging many application forms used into one composite application form;**

(vii) **Prepare separate checklists for counter clerks who accept applications at the counter, for officers who prepare recommendations to the application and for officers who give the approval. The checklists will standardise steps in the process of checking and considering applications based on standard criteria. (A sample of the checklist is as in Appendix B);**

(viii) **Conditions on the eligibility to apply for each application must be documented by the agency and disseminated as a guide for public knowledge; and**

(ix) **Reasons for rejecting applications must be made known except in cases involving national security, public interest and the interests of the agency itself.**

ENFORCEMENT DATE

8. The circular will come into force on the date of its issuance.

(TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID)
Chief Secretary to the Government

Sample Of Criteria And Its Supporting Information

Activity	Criteria	Supporting Information
1. Issuance of Passport	i. Malaysian Citizen	i. Serial number for birth certificate or citizenship certificate. ii. Identity Card Number.
	ii. Clearance from the Black List	i. Name. ii. Identity Card Number. iii. Immigration Department Record.
2. Registration of Child Adoption	i. Children:	
	(a) Not Married Before	i. Marital Status.
	(b) Less Than 18 Years Old	i. Date of Birth.
	(c) Permanent Resident Status	i. Citizenship. ii. Place of Birth.

Sample Of Checklist For Immigration Officer At The Receiving Counter

No.	ACTIVITY	ACTION
1.	Ensure forms submitted are completed fully and signed.	
2.	Ensure the following documents are submitted together with the application form. (a) Original Identity Card and a duplicate; (b) Original Birth Certificate and a duplicate; (c) Original Citizenship Certificate (if available) and a duplicate; (d) Previous passport (if available); and (e) Two copies of a photograph measuring 3.5 cm x 5.0 cm.	
3.	Ensure applicant is present to submit application and compare the applicant's photograph with the applicant present.	
4.	Ensure the signature of the father/guardian is made on Application Form PMA for applicants below 18 years and children to be included in the passport.	
5.	Check details in application forms are similar to details in documents as stated in (2).	
6.	Place the thumbprint of the applicant onto the application form.	
7.	Ensure photograph is placed in the space allocated in the application form.	
8.	Ensure signature is made in the application form.	
9.	Check the black list and information in the previous passport (if available) and sign the application form.	
10.	Submit the application form and the documents mentioned in (2) to the Senior Immigration Officer.	

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 1 OF 1996

IMPLEMENTATION OF A STANDARD COMPUTERISED ACCOUNTING SYSTEM IN THE FEDERAL STATUTORY BODIES

"STANDARD ACCOUNTING SYSTEM FOR GOVERNMENT AGENCIES" (SAGA)

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 February 1996

Circulated to:

Secretaries General of Ministries
Heads of Federal Statutory Bodies

OBJECTIVE

1. The objective of this circular is to provide guidelines to assist Chief Executives of Federal Statutory Bodies in implementing the standard computerised accounting system using the ***Standard Accounting system for Government Agencies (SAGA)*** package which has been approved by the Government. Guidelines for its implementation is as in the Appendix to this circular.

BACKGROUND

2. The Government through several of its circulars has fixed the procedures for the preparation of Financial Statements and Reports of statutory bodies. These procedures are meant to ensure that each statutory body adheres to the principles of accountability and furnish information related to its financial performance in detail and on a timely basis. The Government has decided that a standard computerised accounting system be made available to enable statutory bodies to efficiently prepare financial statements promptly and on a daily basis.

3. The Government agreed that an accounting package available in the market be modified and customised as a standardised accounting system for usage by statutory bodies. With the cooperation of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), the Accountant General's Department, the Auditor General's Department and the consultant appointed by the Government, a standardised accounting system package was developed. The package was named *Standard Accounting system for Government Agencies* or in short *SAGA*.

GUIDELINES ON THE IMPLEMENTATION OF THE STANDARD COMPUTERISED ACCOUNTING SYSTEM – *"STANDARD ACCOUNTING SYSTEM FOR GOVERNMENT AGENCIES" (SAGA)*

4. This circular contains guidelines explaining the standardised accounting system that is to be implemented through the usage of the *SAGA* software package, its approach with regard to implementation, monitoring and application.

IMPLEMENTATION

5. *SAGA* will be implemented in stages in all statutory bodies according to the guidelines detailed in this circular. Chief Executives are requested to ensure that this accounting package is implemented successfully in their respective organisation. Statutory bodies that require further information on the implementation of this circular can refer to the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) or the Accountant General's Department.

EFFECTIVE DATE

6. This Circular is effective commencing from date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID,
Chief Secretary to the Government

(Appendix To Development Administration Circular No. 1 of 1996)

GUIDELINES ON THE IMPLEMENTATION OF THE STANDARD COMPUTERISED ACCOUNTING SYSTEM IN THE FEDERAL STATUTORY BODIES

"STANDARD ACCOUNTING SYSTEM FOR GOVERNMENT AGENCIES" (SAGA)

CONTENTS

A. PURPOSE

1. This guidelines is aimed in assisting Federal Statutory Bodies implement computerisation of the accounting system by using the *Standard Accounting system for Government Agencies* package or more conveniently referred to as *SAGA*. The *SAGA* package has been designed to fulfill all the standard accounting and auditing requirements that has been specified for financial reports to be tabled in the Cabinet Meeting and the Parliament.

B. BACKGROUND

2. The Government decided that every statutory body should take the necessary steps required to implement a standard accounting package. The accounting package that has been selected for this purpose is known as *Standard Accounting system for Government Agencies* or *SAGA* in short. The package was developed as a joint cooperation between the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), the Accountant General's Department, the Auditor General's Department and the consultant appointed by the Government.

3. The Government agreed to use one of the standard accounting packages available in the market which will then be modified to fulfill the needs of the statutory bodies. With the availability of this accounting package, financial transactions can be recorded immediately and closing of accounts done daily. This is to ensure that accounts of the statutory bodies are always up-to-date and financial reports can be produced as and when required.

C. STANDARD ACCOUNTING SYSTEM

4. The standard accounting system introduced by the Government is a system which can fulfill the following four objectives:

(a) to provide for the maintenance of a complete and up-to-date set of accounts;

(b) to enable daily closing of accounts;

(c) to provide an improved financial management accounting; and

(d) to provide for the timely submission of Pre-audit Financial Reports.

5. The standardised accounting system will use the standard accounting report formats specified by the Government through the various relevant circulars which are currently enforced. Matters pertaining to the preparation and tabling of Financial Statements and Financial Reports of Statutory Bodies is in accordance with the Treasury Circular No. 15 of 1994 entitled "Garis Panduan Untuk Penyediaan dan Pembentangan Laporan Tahunan dan Penyata Kewangan Badan-badan Berkanun Persekutuan" and the General Circular Letter No. 1 of 1995 entitled "Penyediaan Laporan Ringkasan Kedudukan Kewangan Dan Prestasi Badan-badan Berkanun Persekutuan".

6. The Treasury Circular No. 15 of 1994 amongst others stipulated the necessary documents needed to be prepared and tabled to the Government and the Parliament within a period of one year after the end of its financial year. Further, the General Circular Letter No. 1 of 1995 requires that a Summary Report on the Financial Position

and Performance be prepared by statutory bodies to be tabled to the Government within a period of one month after the end of its financial year. Preparation and tabling of this summary report will ensure that each statutory body complies with the principles of accountability and submit information related to its financial performance promptly and on time.

7. The formats that have been standardised in the standard accounting system are as follows:

(a) Chart of Accounts as in ***Appendix A***; and

(b) Reports on financial performance conforming to the formats as in ***Appendices B1-B6*** and ***Appendices C1-C6***. Appendices B1-B6 shows the reporting formats for daily closing and annual accounts for statutory bodies that have subsidiary companies. Appendices C1-C6 shows the reporting formats for daily closing and annual accounts for statutory bodies without subsidiary companies. The details disclosed in the attached formats are subject to modification according to the nature of business of the statutory body concerned with the approval of the Accountant General's Department.

D. *SAGA* SOFTWARE PACKAGE

8. *SAGA* was developed to automate the process of producing financial reports that can fulfill the specified auditing and accounting requisites. For this purpose *SAGA* was designed to meet the objectives of the standardised accounting system. Hence, *SAGA* is able to produce the required accounting reports at any time.

9. The *SAGA* package has two main components, namely the *Operational Accounting System* (OAS) and the *Accounting Information System* (AIS). Through the OAS component, *SAGA* has all the standard accounting modules necessary for maintaining the accounts of statutory bodies. Amongst them are the General Ledger, Accounts Payable, Accounts Receivable, Asset Management, Investment, Inventory, Order Entry, Purchase Order, Loans, Payroll and Bank Reconciliation modules. Through its AIS component, *SAGA* provides modules to facilitate production of the required financial management reports and the process of preparation of the annual financial statements.

10. If a unique requirement arise in a particular statutory body, *SAGA* will be modified to fulfill this requirement but such modifications should not be done at the expense of the standards that has been set.

E. *SAGA* IMPLEMENTATION APPROACH

11. The implementation of *SAGA* at statutory bodies will follow the approach as stated below:

(a) For those statutory bodies which do not have a computerised accounting system, the process of computerisation of the accounting system of that statutory body should then use *SAGA*;

(b) For those statutory bodies which have already computerised their accounting system but is unable to modify the system to meet the requirements of the standardised accounting system, that system should be changed to *SAGA*; and

(c) For those statutory bodies which have already computerised their accounting system and is able to modify the system to meet the requirements of the standardised accounting system, then these statutory bodies do not have to switch over to *SAGA* immediately. However, they would have to modify their accounting system to meet the objectives of the standardised accounting system. Subsequently, they must plan the change over to *SAGA* within the next five years. This approach will allow some savings in the cost of computerisation of the accounting system for the particular statutory body and thus ensuring that the existing investment in hardware and software can be maintained at least for the next five years.

12. The work flow chart on the acquisition and implementation process of *SAGA* is as described in ***Appendix D***.

F. PROCEDURES FOR USAGE OF *SAGA*

13. To facilitate the implementation of *SAGA*, a Manual of Operating Procedures is supplied together with the package. The Manual depicts the procedures of how an accounting transaction is done in the standardised accounting system. The Manual together with other technical documents pertaining to *SAGA* will be supplied to the statutory bodies when the *SAGA* package is implemented at that statutory body.

G. MONITORING

14. The process of monitoring the implementation of *SAGA* at the statutory body is vital to ensure its effectiveness. Hence, it is the responsibility of every Chief Executive to monitor the implementation of their accounting system closely and continuously. This is important to ensure that their accounts are always updated and daily closing of accounts will actually become a culture in their organisation. This monitoring can be done through the existing internal mechanism of the statutory body.

15. Any enquiries pertaining to *SAGA* can be referred to either MAMPU or the Accountant General's Department. MAMPU is responsible for coordinating the application, acquisition and implementation of computer technology in the public sector. The Accountant General's Department has been designated as the lead agency responsible for managing and monitoring the implementation of the standardised accounting system, *SAGA*.

H. CONCLUSION

16. The implementation of *SAGA* is a vital step by the Government to increase the efficiency of financial management and accounting in statutory bodies. The *SAGA* package has been designed to fulfill all the requirements of accounting and auditing as determined by the Government. The successful implementation of the package is very much dependent on the concern of the Chief Executive of the statutory bodies in tracking and monitoring the progress of its application.

SAGA STANDARD CHART OF ACCOUNTS

[BALANCE SHEET]

GEN. OBJ CODES	*STD. OBJ. CODES*	*DETAILED OBJECT CODES*	
A10999		**CURRENT ASSETS**	
	A11999	CASH AND BANK BALANCES	
	A12999	SHORT TERM INVESTMENTS	
	A13999	FIXED DEPOSITS	
	A14999	DEPOSITS AND PREPAYMENTS	
	A15999	OTHER DEBTORS	(LESS PROV. FOR DOUBTFUL DEBTS)
	A16999	TRADE DEBTORS	(LESS PROV. FOR DOUBTFUL DEBTS)
	A17999	STOCKS/INVENTORIES	
	A18999	OTHER CURRENT ASSETS	
A20999		**DEFERRED EXPENDITURE**	
	A21999	PATENT TRADEMARK	
	A22999	RESEARCH AND DEVELOPMENT	
A30999		**FIXED ASSETS**	
	A31999	LAND	(COST/ACCUM. AMORT.)
	A32999	BUILDING	(COST/ACCUM. DEPN.)
	A33999	PLANT & MACHINERY	(COST/ACCUM. DEPN.)
	A34999	OFFICE EQUIPMENT	(COST/ACCUM. DEPN.)
	A35999	FURNITURE & FITTINGS	(COST/ACCUM. DEPN.)
	A36999	MOTOR VEHICLES	(COST/ACCUM. DEPN.)
	A37999	FACILITIES	(COST/ACCUM. DEPN.)
	A38999	OTHER FIXED ASSETS	(COST/ACCUM. DEPN.)
A40999		**SUBSIDIARY COMPANIES**	
	A41999	COST OF INVESTMENTS	
	A42999	ADVANCES TO SUBSIDIARIES	
A50999		**ASSOCIATED COMPANIES**	
	A51999	COST OF INVESTMENTS	
	A52999	SHARE OF ACCUM. PROFITS/LOSS	
A60999		**INVESTMENTS**	
	A61999	MALAYSIAN GOVERNMENT SECURITIES	
	A62999	QUOTED SECURITIES	
	A63999	UNQUOTED SECURITIES	
A70999		**LOAN ADVANCES**	
	A71999	CONVEYANCE LOANS	
	A72999	COMPUTER LOANS	
	A73999	HOUSING LOANS	
	A74999	OTHER LOANS	

GEN. OBJ CODES	STD. OBJ. CODES	DETAILED OBJECT CODES
A80999		**GOODWILL ON CONSOLIDATION**
A90999		**OTHER ASSETS**
	A91999	WORK IN PROGRESS
L10999		**CURRENT LIABILITIES**
	L11999	SHORT TERM LOANS
	L12999	TRADE CREDITORS
	L13999	OTHER CREDITORS
	L14999	ACCRUALS
	L15999	FINANCE CREDITORS
	L16999	TAXATION
	L17999	PROPOSED DIVIDEND
	L18999	OTHER CURRENT LIABILITIES
	L19999	OVERDRAFTS
L20999		**LONG TERM LIABILITIES**
	L21999	LOANS
	L22999	OTHER LONG TERM LIABILITIES
	L23999	DEPOSITS
L30999		**DEFERRED TAXATION**
L40999		**MINORITY INTEREST**
E10999		**EQUITY**
	E11999	GRANTS
	E12999	RESERVES
	E13999	RETAINED EARNINGS
	E14999	OTHER FUNDS
	E15999	TRUST ACCOUNTS
	E16999	SHARE CAPITAL
[INCOME AND EXPENDITURE]		
10999		**EMOLUMENTS**
	11999	SALARIES
	12999	FIXED ALLOWANCES
	13999	CONTRIBUTIONS FOR EMPLOYEES
	14999	OVERTIME ALLOWANCES
	15999	OTHER FINANCIAL BENEFITS
20999		**SERVICES AND SUPPLIES**
	21999	TRAVELLING AND SUBSISTENCE
	22999	TRANSPORTATION OF GOODS
	23999	COMMUNICATION AND UTILITIES
	24999	RENTALS
	25999	RATIONS
	26999	SUPPLIES AND MATERIALS FOR MAINTENANCE AND REPAIRS
	27999	OTHER SUPPLIES AND MATERIALS
	28999	MINOR MAINTENANCE AND REPAIRS
	29999	SERVICES PURCHASED AND HOSPITALITY
30999		—

GEN. OBJ CODES	*STD. OBJ. CODES*	*DETAILED OBJECT CODES*
40999		**CONTRIBUTION AND FIXED PAYABLES**
	41999	SCHOLARSHIPS AND EDUCATION GRANTS
	42999	LOCAL CONTRIBUTIONS
	43999	FOREIGN CONTRIBUTIONS
	44999	INSURANCE CLAIMS AND COMPENSATIONS
	45999	INTEREST ON BORROWINGS
	46999	PENSIONS
	47999	BENEFITS
50999		**MISCELLANEOUS EXPENDITURE**
	51999	REFUNDS, WRITE-OFFS AND PROVISIONS
	52999	OTHER EXPENDITURES
	53999	DEPRECIATION/AMORTISATION
	54999	DOUBTFUL DEBTS
	55999	COST OF SALES
	56999	COST OF PRODUCTION (DIRECT OPERATING EXPENDITURE)
	57999	NON CAPITALISED ASSETS
60999		**DEVELOPMENT EXPENDITURE**
	61999	TRAINING
	69999	OTHER DEVELOPMENT EXPENDITURE
70999		**INCOME**
	71999	LICENSES AND PERMITS
	72999	INCOME FROM SERVICES RENDERED
	73999	SALES
	74999	RENTALS
	75999	INTEREST AND DIVIDENDS
	76999	COMPOUNDS AND FINES
	77999	CONTRIBUTIONS RECEIVED
	79999	OTHER INCOME
80999		**NON REVENUE INCOME**
	81999	REFUNDS ON EXPENDITURE
	82999	GRANTS
	83999	OTHER NON REVENUE INCOME
90999		**SUBSIDIARY COMPANIES' OPERATING ACTIVITIES**
	91999	COST OF SALES
	92999	COST OF PRODUCTION (DIRECT OPERATING EXPENSES)
	93999	OTHER EXPENDITURES
	94999	TURNOVER

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
BALANCE SHEET AS AT 09 SEPTEMBER 1995

	GROUP		COMPANY	
	09/09/1995 RM	08/09/1995 RM	09/09/1995 RM	08/09/1995 RM
CURRENT ASSETS				
CASH AND BANK BALANCES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SHORT TERM INVESTMENTS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FIXED DEPOSITS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
DEPOSITS AND PREPAYMENTS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER DEBTORS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TRADE DEBTORS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
STOCKS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CURRENT ASSETS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL CURRENT ASSETS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LESS: CURRENT LIABILITIES				
SHORT TERM LOANS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TRADE CREDITORS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CREDITORS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCRUALS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FINANCE CREDITORS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TAXATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CURRENT LIABILITIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OVERDRAFTS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL CURRENT LIABILITIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
NET CURRENT ASSETS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FIXED ASSETS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SUBSIDIARY COMPANIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ASSOCIATED COMPANIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
INVESTMENTS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LOAN ADVANCES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
GOODWILL ON CONSOLIDATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER ASSETS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FINANCED BY:				
GRANTS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
RESERVES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER FUNDS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
RETAINED EARNINGS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
MINORITY INTEREST	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LONG TERM LIABILITIES				
LOANS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER LONG TERM LIABILITIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
INCOME AND EXPENDITURE STATEMENT
AS AT 09 SEPTEMBER 1995

	GROUP		*COMPANY*	
	09/09/1995 RM	*08/09/1995* RM	*09/09/1995* RM	*08/09/1995* RM
TOTAL INCOME	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL EXPENDITURE	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE BEFORE TAXATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TAXATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR AFTER TAXATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
MINORITY INTEREST	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME AFTER TAXATION AND MINORITY INTEREST	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
EXTRAORDINARY ITEMS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME AFTER TAXATION AND EXTRAORDINARY ITEMS	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME OVER EXPENDITURE BROUGHT FORWARD	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME BEFORE APPROPRIATION	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME OVER EXPENDITURE CARRIED FORWARD	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
CONSOLIDATED CASH FLOW STATEMENT
AS AT 09 SEPTEMBER 1995

	09/09/1995 RM	*08/09/1995* RM
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIPTS FROM CUSTOMERS	xxxxxxxx	xxxxxxxx
CASH PAID TO SUPPLIERS AND EMPLOYEES	xxxxxxxx	xxxxxxxx
CASH GENERATED FROM OPERATIONS	xxxxxxxx	xxxxxxxx
INTEREST PAID	(xxxxxxxx)	(xxxxxxxx)
INCOME TAXES PAID	(xxxxxxxx)	(xxxxxxxx)
CASH FLOW BEFORE EXTRAORDINARY ITEM	xxxxxxxx	xxxxxxxx
SURPLUS/(LOSSES) FROM EXTRAORDINARY ITEMS	xxxxxxxx	xxxxxxxx
NET CASH FROM OPERATING ACTIVITIES	**xxxxxxxx**	**xxxxxxxx**
CASH FLOWS FROM INVESTING ACTIVITIES		
ACQUISITION OF SUBSIDIARY, NET CASH ACQUIRED	(xxxxxxxx)	(xxxxxxxx)
PURCHASE OF ASSETS	(xxxxxxxx)	(xxxxxxxx)
PROCEEDS FROM SALE OF ASSETS	xxxxxxxx	xxxxxxxx
INTEREST RECEIVED	xxxxxxxx	xxxxxxxx
DIVIDENDS RECEIVED	xxxxxxxx	xxxxxxxx
NET CASH USED IN INVESTING ACTIVITIES	**(xxxxxxxx)**	**(xxxxxxxx)**
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUANCE OF SHARE CAPITAL	xxxxxxxx	xxxxxxxx
PROCEEDS FROM LONG-TERM BORROWINGS	xxxxxxxx	xxxxxxxx
PAYMENT OF FINANCE LEASE LIABILITIES	(xxxxxxxx)	(xxxxxxxx)
DIVIDENDS PAID	(xxxxxxxx)	(xxxxxxxx)
NET CASH USED IN FINANCING ACTIVITIES	**(xxxxxxxx)**	**(xxxxxxxx)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**xxxxxxxx**	**xxxxxxxx**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**xxxxxxxx**	**xxxxxxxx**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**xxxxxxxx**	**xxxxxxxx**

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
BALANCE SHEET AS AT 31 DECEMBER 19X1

	NOTES	*GROUP*		*COMPANY*	
		19X1 RM	*19X0* RM	*19X1* RM	*19X0* RM
CURRENT ASSETS					
CASH AND BANK BALANCES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SHORT TERM INVESTMENTS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FIXED DEPOSITS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
DEPOSITS AND PREPAYMENTS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER DEBTORS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TRADE DEBTORS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
STOCKS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CURRENT ASSETS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL CURRENT ASSETS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LESS: CURRENT LIABILITIES					
SHORT TERM LOANS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TRADE CREDITORS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CREDITORS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCRUALS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FINANCE CREDITORS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TAXATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER CURRENT LIABILITIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OVERDRAFTS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL CURRENT LIABILITIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
NET CURRENT ASSETS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FIXED ASSETS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SUBSIDIARY COMPANIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ASSOCIATED COMPANIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
INVESTMENTS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LOAN ADVANCES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
GOODWILL ON CONSOLIDATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER ASSETS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
FINANCED BY:					
GRANTS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
RESERVES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER FUNDS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
RETAINED EARNINGS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
MINORITY INTEREST		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
LONG TERM LIABILITIES					
LOANS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
OTHER LONG TERM LIABILITIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
INCOME AND EXPENDITURE STATEMENT
AS AT 31 DECEMBER 19X1

	NOTES	*GROUP*		*COMPANY*	
		19X1 RM	*19X0* RM	*19X1* RM	*19X0* RM
TOTAL INCOME		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TOTAL EXPENDITURE		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE BEFORE TAXATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
TAXATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR AFTER TAXATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
MINORITY INTEREST		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME AFTER TAXATION AND MINORITY INTEREST		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
EXTRAORDINARY ITEMS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME AFTER TAXATION AND EXTRAORDINARY ITEMS		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME OVER EXPENDITURE BROUGHT FORWARD		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME BEFORE APPROPRIATION		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME OVEREXPENDITURE CARRIED FORWARD		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
CONSOLIDATED CASH FLOW STATEMENT
AS AT 31 DECEMBER 19X1

	NOTES	*19X1* RM	*19X0* RM
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIPTS FROM CUSTOMERS		xxxxxxxx	xxxxxxxx
CASH PAID TO SUPPLIERS AND EMPLOYEES		xxxxxxxx	xxxxxxxx
CASH GENERATED FROM OPERATIONS		xxxxxxxx	xxxxxxxx
INTEREST PAID		(xxxxxxxx)	(xxxxxxxx)
INCOME TAXES PAID		(xxxxxxxx)	(xxxxxxxx)
CASH FLOW BEFORE EXTRAORDINARY ITEM		xxxxxxxx	xxxxxxxx
SURPLUS/(LOSSES) FROM EXTRAORDINARY ITEMS		xxxxxxxx	xxxxxxxx
NET CASH FROM OPERATING ACTIVITIES		xxxxxxxx	xxxxxxxx
CASH FLOWS FROM INVESTING ACTIVITIES			
ACQUISITION OF SUBSIDIARY, NET CASH ACQUIRED		(xxxxxxxx)	(xxxxxxxx)
PURCHASE OF ASSETS		(xxxxxxxx)	(xxxxxxxx)
PROCEEDS FROM SALE OF ASSETS		xxxxxxxx	xxxxxxxx
INTEREST RECEIVED		xxxxxxxx	xxxxxxxx
DIVIDENDS RECEIVED		xxxxxxxx	xxxxxxxx
NET CASH USED IN INVESTING ACTIVITIES		(xxxxxxxx)	(xxxxxxxx)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUANCE OF SHARE CAPITAL		xxxxxxxx	xxxxxxxx
PROCEEDS FROM LONG-TERM BORROWINGS		xxxxxxxx	xxxxxxxx
PAYMENT OF FINANCE LEASE LIABILITIES		(xxxxxxxx)	(xxxxxxxx)
DIVIDENDS PAID		(xxxxxxxx)	(xxxxxxxx)
NET CASH USED IN FINANCING ACTIVITIES		(xxxxxxxx)	(xxxxxxxx)
NET INCREASE IN CASH AND CASH EQUIVALENTS		xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT END OF PERIOD		xxxxxxxx	xxxxxxxx

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
BALANCE SHEET AS AT 09 SEPTEMBER 1995

	09/09/1995 RM	*08/09/1995* RM
CURRENT ASSETS		
CASH AND BANK BALANCES	xxxxxxxx	xxxxxxxx
SHORT TERM INVESTMENTS	xxxxxxxx	xxxxxxxx
FIXED DEPOSITS	xxxxxxxx	xxxxxxxx
DEPOSITS AND PREPAYMENTS	xxxxxxxx	xxxxxxxx
OTHER DEBTORS	xxxxxxxx	xxxxxxxx
TRADE DEBTORS	xxxxxxxx	xxxxxxxx
STOCKS	xxxxxxxx	xxxxxxxx
OTHER CURRENT ASSETS	xxxxxxxx	xxxxxxxx
TOTAL CURRENT ASSETS	xxxxxxxx	xxxxxxxx
LESS: CURRENT LIABILITIES		
SHORT TERM LOANS	xxxxxxxx	xxxxxxxx
TRADE CREDITORS	xxxxxxxx	xxxxxxxx
OTHER CREDITORS	xxxxxxxx	xxxxxxxx
ACCRUALS	xxxxxxxx	xxxxxxxx
FINANCE CREDITORS	xxxxxxxx	xxxxxxxx
TAXATION	xxxxxxxx	xxxxxxxx
OTHER CURRENT LIABILITIES	xxxxxxxx	xxxxxxxx
OVERDRAFTS	xxxxxxxx	xxxxxxxx
TOTAL CURRENT LIABILITIES	xxxxxxxx	xxxxxxxx
NET CURRENT ASSETS	xxxxxxxx	xxxxxxxx
FIXED ASSETS	xxxxxxxx	xxxxxxxx
INVESTMENTS	xxxxxxxx	xxxxxxxx
LOAN ADVANCES	xxxxxxxx	xxxxxxxx
OTHER ASSETS	xxxxxxxx	xxxxxxxx
	xxxxxxxx	xxxxxxxx
FINANCED BY:		
GRANTS	xxxxxxxx	xxxxxxxx
RESERVES	xxxxxxxx	xxxxxxxx
OTHER FUNDS	xxxxxxxx	xxxxxxxx
RETAINED EARNINGS	xxxxxxxx	xxxxxxxx
LONG TERM LIABILITIES		
LOANS	xxxxxxxx	xxxxxxxx
OTHER LONG TERM LIABILITIES	xxxxxxxx	xxxxxxxx
	xxxxxxxx	xxxxxxxx

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
INCOME AND EXPENDITURE STATEMENT
AS AT 09 SEPTEMBER 1995

	09/09/1995 RM	*08/09/1995* RM
LICENSE AND PERMITS	xxxxxxxx	xxxxxxxx
INCOME FROM SERVICES RENDERED	xxxxxxxx	xxxxxxxx
RENTALS	xxxxxxxx	xxxxxxxx
INTERESTS AND DIVIDENDS	xxxxxxxx	xxxxxxxx
COMPOUNDS AND FINES	xxxxxxxx	xxxxxxxx
CONTRIBUTIONS RECEIVED	xxxxxxxx	xxxxxxxx
GRANTS	xxxxxxxx	xxxxxxxx
OTHER INCOME	xxxxxxxx	xxxxxxxx
PROFITS/(LOSSES) FROM PROJECTS, ETC.	xxxxxxxx	xxxxxxxx
TOTAL INCOME	xxxxxxxx	xxxxxxxx
LESS:		
EMOLUMENTS	xxxxxxxx	xxxxxxxx
SERVICES AND SUPPLIES	xxxxxxxx	xxxxxxxx
CONTRIBUTIONS AND FIXED PAYABLES	xxxxxxxx	xxxxxxxx
REFUNDS, WRITE-OFFS AND PROVISIONS	xxxxxxxx	xxxxxxxx
DEPRECIATION/AMORTISATION	xxxxxxxx	xxxxxxxx
DOUBTFUL DEBTS	xxxxxxxx	xxxxxxxx
MISCELLANEOUS EXPENDITURES	xxxxxxxx	xxxxxxxx
TOTAL EXPENDITURE	xxxxxxxx	xxxxxxxx
SURPLUS/(DEFICIT) OF INCOME	xxxxxxxx	xxxxxxxx
RETAINED EARNINGS BROUGHT FORWARD	xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME BEFORE APPROPRIATION	xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND	xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME CARRIED FORWARD	xxxxxxxx	xxxxxxxx

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR DAILY CLOSING

NAME OF STATUTORY BODY
CASH FLOW STATEMENT
AS AT 09 SEPTEMBER 1995

	09/09/1995 RM	*08/09/1995* RM
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIPTS FROM CUSTOMERS	xxxxxxxx	xxxxxxxx
CASH PAID TO SUPPLIERS AND EMPLOYEES	xxxxxxxx	xxxxxxxx
CASH GENERATED FROM OPERATIONS	xxxxxxxx	xxxxxxxx
INTEREST PAID	(xxxxxxxx)	(xxxxxxxx)
INCOME TAXES PAID	(xxxxxxxx)	(xxxxxxxx)
CASH FLOW BEFORE EXTRAORDINARY ITEM	xxxxxxxx	xxxxxxxx
SURPLUS/(LOSSES) FROM EXTRAORDINARY ITEMS	xxxxxxxx	xxxxxxxx
NET CASH FROM OPERATING ACTIVITIES	xxxxxxxx	xxxxxxxx
CASH FLOWS FROM INVESTING ACTIVITIES		
ACQUISITION OF SUBSIDIARY, NET CASH ACQUIRED	(xxxxxxxx)	(xxxxxxxx)
PURCHASE OF ASSETS	(xxxxxxxx)	(xxxxxxxx)
PROCEEDS FROM SALE OF ASSETS	xxxxxxxx	xxxxxxxx
INTEREST RECEIVED	xxxxxxxx	xxxxxxxx
DIVIDENDS RECEIVED	xxxxxxxx	xxxxxxxx
NET CASH USED IN INVESTING ACTIVITIES	(xxxxxxxx)	(xxxxxxxx)
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUANCE OF SHARE CAPITAL	xxxxxxxx	xxxxxxxx
PROCEEDS FROM LONG-TERM BORROWINGS	xxxxxxxx	xxxxxxxx
PAYMENT OF FINANCE LEASE LIABILITIES	(xxxxxxxx)	(xxxxxxxx)
DIVIDENDS PAID	(xxxxxxxx)	(xxxxxxxx)
NET CASH USED IN FINANCING ACTIVITIES	(xxxxxxxx)	(xxxxxxxx)
NET INCREASE IN CASH AND CASH EQUIVALENTS	xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT END OF PERIOD	xxxxxxxx	xxxxxxxx

NOTE : THIS STATEMENT IS CONFIDENTIAL AND UNAUDITED

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
BALANCE SHEET AS AT 31 DECEMBER 19X1

	NOTES	*19X1* RM	*19X0* RM
CURRENT ASSETS			
CASH AND BANK BALANCES		xxxxxxxx	xxxxxxxx
SHORT TERM INVESTMENTS		xxxxxxxx	xxxxxxxx
FIXED DEPOSITS		xxxxxxxx	xxxxxxxx
DEPOSITS AND PREPAYMENTS		xxxxxxxx	xxxxxxxx
OTHER DEBTORS		xxxxxxxx	xxxxxxxx
TRADE DEBTORS		xxxxxxxx	xxxxxxxx
STOCKS		xxxxxxxx	xxxxxxxx
OTHER CURRENT ASSETS		xxxxxxxx	xxxxxxxx
TOTAL CURRENT ASSETS		xxxxxxxx	xxxxxxxx
LESS: CURRENT LIABILITIES			
SHORT TERM LOANS		xxxxxxxx	xxxxxxxx
TRADE CREDITORS		xxxxxxxx	xxxxxxxx
OTHER CREDITORS		xxxxxxxx	xxxxxxxx
ACCRUALS		xxxxxxxx	xxxxxxxx
FINANCE CREDITORS		xxxxxxxx	xxxxxxxx
TAXATION		xxxxxxxx	xxxxxxxx
OTHER CURRENT LIABILITIES		xxxxxxxx	xxxxxxxx
OVERDRAFTS		xxxxxxxx	xxxxxxxx
TOTAL CURRENT LIABILITIES		xxxxxxxx	xxxxxxxx
NET CURRENT ASSETS		xxxxxxxx	xxxxxxxx
FIXED ASSETS		xxxxxxxx	xxxxxxxx
INVESTMENTS		xxxxxxxx	xxxxxxxx
LOAN ADVANCES		xxxxxxxx	xxxxxxxx
OTHER ASSETS		xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx
FINANCED BY:			
GRANTS		xxxxxxxx	xxxxxxxx
RESERVES		xxxxxxxx	xxxxxxxx
OTHER FUNDS		xxxxxxxx	xxxxxxxx
RETAINED EARNINGS		xxxxxxxx	xxxxxxxx
LONG TERM LIABILITIES			
LOANS		xxxxxxxx	xxxxxxxx
OTHER LONG TERM LIABILITIES		xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
INCOME AND EXPENDITURE STATEMENT
AS AT 31 DECEMBER 19X1

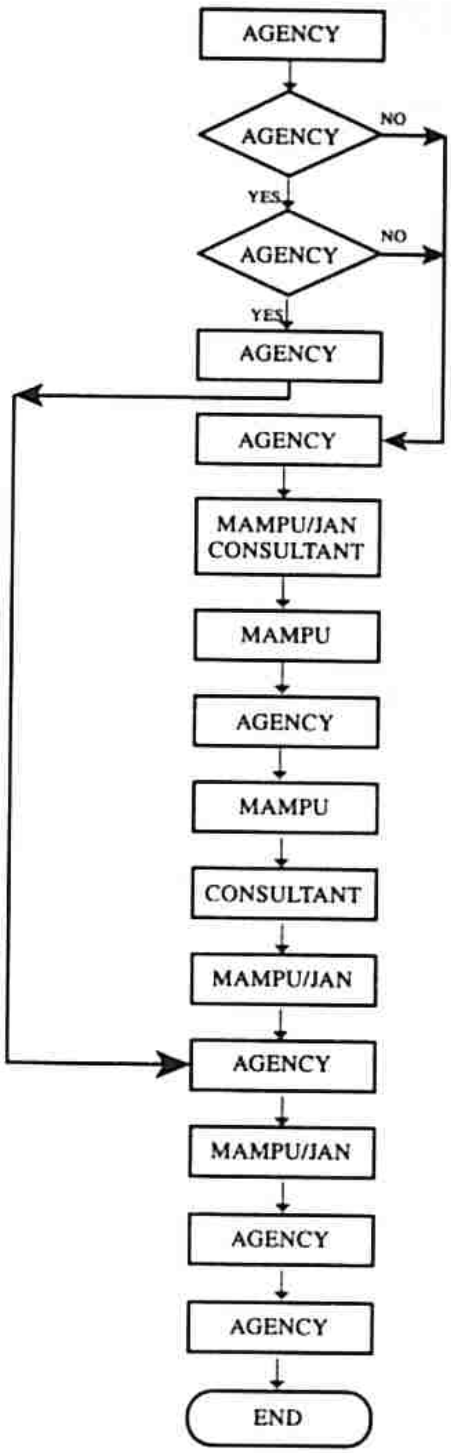
	NOTES	*19X1* RM	*19X0* RM
LICENSE AND PERMITS		xxxxxxxx	xxxxxxxx
INCOME FROM SERVICES RENDERED		xxxxxxxx	xxxxxxxx
RENTALS		xxxxxxxx	xxxxxxxx
INTERESTS AND DIVIDENDS		xxxxxxxx	xxxxxxxx
COMPOUNDS AND FINES		xxxxxxxx	xxxxxxxx
CONTRIBUTIONS RECEIVED		xxxxxxxx	xxxxxxxx
GRANTS		xxxxxxxx	xxxxxxxx
OTHER INCOME		xxxxxxxx	xxxxxxxx
PROFITS/(LOSSES) FROM PROJECTS, ETC.		xxxxxxxx	xxxxxxxx
TOTAL INCOME		xxxxxxxx	xxxxxxxx
LESS:			
EMOLUMENTS		xxxxxxxx	xxxxxxxx
SERVICES AND SUPPLIES		xxxxxxxx	xxxxxxxx
CONTRIBUTIONS AND FIXED PAYABLES		xxxxxxxx	xxxxxxxx
REFUNDS, WRITE-OFFS AND PROVISIONS		xxxxxxxx	xxxxxxxx
DEPRECIATION/AMORTISATION		xxxxxxxx	xxxxxxxx
DOUBTFUL DEBTS		xxxxxxxx	xxxxxxxx
MISCELLANEOUS EXPENDITURES		xxxxxxxx	xxxxxxxx
TOTAL EXPENDITURE		xxxxxxxx	xxxxxxxx
SURPLUS/(DEFICIT) OF INCOME		xxxxxxxx	xxxxxxxx
RETAINED EARNINGS BROUGHT FORWARD		xxxxxxxx	xxxxxxxx
SURPLUS OF INCOME BEFORE APPROPRIATION		xxxxxxxx	xxxxxxxx
PROPOSED DIVIDEND		xxxxxxxx	xxxxxxxx
ACCUMULATED SURPLUS OF INCOME CARRIED FORWARD		xxxxxxxx	xxxxxxxx

FORMAT FOR ANNUAL ACCOUNTS

NAME OF STATUTORY BODY
CASH FLOW STATEMENT
AS AT 31 DECEMBER 19X1

	NOTES	*19X1* RM	*19X0* RM
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIPTS FROM CUSTOMERS		xxxxxxxx	xxxxxxxx
CASH PAID TO SUPPLIERS AND EMPLOYEES		xxxxxxxx	xxxxxxxx
CASH GENERATED FROM OPERATIONS		xxxxxxxx	xxxxxxxx
INTEREST PAID		(xxxxxxxx)	(xxxxxxxx)
INCOME TAXES PAID		(xxxxxxxx)	(xxxxxxxx)
CASH FLOW BEFORE EXTRAORDINARY ITEM		xxxxxxxx	xxxxxxxx
SURPLUS/(LOSSES) FROM EXTRAORDINARY ITEMS		xxxxxxxx	xxxxxxxx
NET CASH FROM OPERATING ACTIVITIES		xxxxxxxx	xxxxxxxx
CASH FLOWS FROM INVESTING ACTIVITIES			
ACQUISITION OF SUBSIDIARY, NET CASH ACQUIRED		(xxxxxxxx)	(xxxxxxxx)
PURCHASE OF ASSETS		(xxxxxxxx)	(xxxxxxxx)
PROCEEDS FROM SALE OF ASSETS		xxxxxxxx	xxxxxxxx
INTEREST RECEIVED		xxxxxxxx	xxxxxxxx
DIVIDENDS RECEIVED		xxxxxxxx	xxxxxxxx
NET CASH USED IN INVESTING ACTIVITIES		(xxxxxxxx)	(xxxxxxxx)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUANCE OF SHARE CAPITAL		xxxxxxxx	xxxxxxxx
PROCEEDS FROM LONG-TERM BORROWINGS		xxxxxxxx	xxxxxxxx
PAYMENT OF FINANCE LEASE LIABILITIES		(xxxxxxxx)	(xxxxxxxx)
DIVIDENDS PAID		(xxxxxxxx)	(xxxxxxxx)
NET CASH USED IN FINANCING ACTIVITIES		(xxxxxxxx)	(xxxxxxxx)
NET INCREASE IN CASH AND CASH EQUIVALENTS		xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		xxxxxxxx	xxxxxxxx
CASH AND CASH EQUIVALENTS AT END OF PERIOD		xxxxxxxx	xxxxxxxx

GUIDELINES FOR THE ACQUISITION AND IMPLEMENTATION OF *SAGA*



The Management of the organisation gives instruction to implement *SAGA*

Has the accounting system in the agency been computerised?

Can the existing system be modified to meet the requirements of the standard accounting system?

Agency takes necessary steps to modify system accordingly

Agency informs MAMPU on the need to migrate/ acquire *SAGA*

MAMPU/JAN/CONSULTANT conduct study to assess agency's situation and estimate the cost of implementing *SAGA*

MAMPU forwards report to Agency

Agency acquires the essential funding needed

MAMPU appoints consultant to implement *SAGA*

Consultant performs updating of agency's accounts, modifies *SAGA* fo use in agency, updates data of accounts to *SAGA*

MAMPU/JAN monitors implementation progress in agency

Agency conducts parallel run of system for at least 1-3 months

MAMPU/JAN to monitor implementation progress before advising agency to use the system on a live basis

Agency implements daily closing of accounts

Agency performs closing and preparation of annual statement of accounts in accordance to existing rules and regulations

DICETAK OLEH
PERCETAKAN NASIONAL MALAYSIA BERHAD,
IBU PEJABAT, KUALA LUMPUR
1996

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 2 OF 1996

GUIDELINES FOR IMPLEMENTING MS ISO 9000 IN THE CIVIL SERVICE

PRIME MINISTER'S DEPARTMENT
MALAYSIA
11 July 1996

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. The objective of this circular is to explain and provide guidance on the implementation of the MS ISO 9000 Standard in the Civil Service. Along with this circular is attached the "Guidelines for Implementing MS ISO 9000 in the Civil Service".

BACKGROUND

2. The Government has introduced various quality improvement programmes in the Civil Service. The objective of these programmes has been to enhance the quality of service delivery to customers. Among the programmes that have been introduced to achieve this objective are the Manual of Office Procedures and Desk File, Improvement in the Quality of Counter Services, Quality Control Circles (QCC), Micro Accounting System, Total Quality Management (TQM) and Clients' Charter. These programmes have been successful in improving the capability of Government agencies in providing quality services to their customers. In addition the implementation of these programmes has also laid a strong foundation for developing a quality management system in the Civil Service.

3. Notwithstanding the encouraging performance of Civil Service agencies, it is felt that much more can be achieved in improving the quality of their service delivery. In this direction the Government has decided that the time is right for agencies to implement a quality management system that is universal and based on a standard that is internationally recognised. For this to be attained the Government has agreed that steps must be taken for the Malaysian Civil Service to conform to the MS ISO 9000 standard. The adoption of this standard will further strengthen the quality management system that already exists in Government agencies.

4. The MS ISO 9000 is a written standard that specifies the basic elements of a quality system for an organisation so as to enable it to provide services that will meet customer needs. MS ISO 9000 requires organisations to identify their customer needs and plan and control the processes that have to be implemented to fulfil those needs. In addition, the necessary and adequate training must also be provided to all the staff involved in the delivery of services. Finally, periodic audits must be carried out to ensure the effectiveness of the processes in meeting the stated objectives.

RATIONALE FOR IMPLEMENTING MS ISO 9000 IN THE CIVIL SERVICE

5. Generally an organisation implements MS ISO 9000 to achieve the following objectives:

- to satisfy customers who mandate a demonstrated quality system based on MS ISO 9000 as a pre-condition before they are prepared to purchase products/ services from the organisation; and

- to utilise MS ISO 9000 as a blueprint for efforts to improve the quality system of the organisation so as to enable it to achieve greater effectiveness and efficiency.

6. The first objective is the main impetus for the majority of Malaysian companies to adopt the MS ISO 9000 standard. These companies are aware that for their products and services to achieve competitiveness in both the local and overseas markets, they must be certified to the MS ISO 9000 standard.

7. In the context of the Civil Service, the objective of achieving greater effectiveness and efficiency in the existing quality system should be the principal driving force spurring Government agencies to implement the MS ISO 9000 standard. The implementation of this standard will enable Government agencies to develop a quality management system with the following principles and features:

- a philosophy of prevention rather than detection;
- continuous review of critical process points, corrective actions and outcomes;
- the development of work methods that are consistent based on the principle of right first time and every time;
- all work is based on policies and procedures that are documented; and
- emphasis on the maintenance of quality records as evidence that the necessary actions have been implemented.

8. The quality system that is developed based on the above principles and features will inevitably lead to competent management decision making, control of process input, control of quality costs, reduction in waste and an increase in productivity.

GUIDELINES FOR IMPLEMENTING MS ISO 9000 IN THE CIVIL SERVICE

9. This guideline provides explanation on four key aspects related to the implementation of MS ISO 9000. Firstly, it explains the relationship between MS ISO 9000 and quality. Secondly, it clarifies the requirements under each element that have to be adhered to by the implementing agency. Thirdly, detailed instructions are provided on the documentation requirements under this standard. Finally, the guideline briefly explains the steps for the implementation of MS ISO 9000.

10. It must be emphasised that in implementing the MS ISO 9000 standard, besides this guideline, Heads of Departments are also required to make reference to the MS ISO 9000 series of standards issued by SIRIM. An explanation of this series is provided in the guidelines that have been prepared. Heads of Departments are also encouraged to make additional reference to books and literature connected with the MS ISO 9000 standard. Where it is found very necessary, Heads of Departments may also avail of the services of management consultants to advise and assist them in the implementation of the standard in their agencies.

REQUIREMENTS FOR AUDITING

11. To ensure that Government agencies are fully committed to the implementation of MS ISO 9000, the Government has decided that quality auditing must be carried out on the agencies. Quality auditing on Government agencies will be carried out through three methods. Internal quality audits or first party audits will be carried out by the Ministry to which the particular agency reports. The second type of quality audit called the second party audit will be done by MAMPU. This will be a compliance audit and agencies which are found to have complied with all the requirements of MS ISO 9000 will be issued with a "Malaysian Civil Service ISO 9000 Certificate" based on the standard. In addition, the audit report by MAMPU will form an important criterion for evaluating the overall performance of the agency.

12. Apart from the two types of quality audits, which all agencies will be subjected to, some Government agencies may apply for third party auditing. Third party auditing is for the purpose of registration. The third party quality audit on Government agencies can be carried out through one of three methods. The first is for MAMPU to carry out the audit in collaboration with SIRIM or other accredited ISO 9000 auditors. The second is for SIRIM to carry out the audit and the last is for the audit to be carried out by accredited ISO 9000 auditors.

IMPLEMENTATION SCHEDULE

13. The Government has decided that all Government agencies should implement MS ISO 9000 by the end of the year 2000. To achieve this target Heads of agencies are required to develop an implementation schedule that indicates the phases of implementation.

IMPLEMENTATION DATE

14. This circular is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ADBUL HAMID
Chief Secretary To The Government

(Appendix to Development Administration Circular No. 2 of 1996)

GUIDELINES FOR IMPLEMENTING MS ISO 9000 IN THE CIVIL SERVICE

Main Parts of The Guidelines These guidelines contain five main parts as below:

Part I

INTRODUCTION

GUIDELINES FOR IMPLEMENTING MS ISO 9000 IN THE CIVIL SERVICE

PART I
INTRODUCTION

Contents Of Part I

This part contains the following topics:

Objective

These guidelines seek to give an explanation of MS ISO 9000 and the way to implement it in the Civil Service. In preparing these guidelines, reference has been made to the Malaysian Standard (MS) series issued by the Standards and Industrial Research Institute of Malaysia (SIRIM), namely MS ISO 8402:1991, MS ISO 9000:1991, MS ISO 9001:1994, MS ISO 9002:1994, MS ISO 9003:1994, MS ISO 9004:1991 and MS ISO 9004:Part 2:1994. The elements contained in this MS series are the same as the elements contained in the internationally accepted ISO 9000.

The aim of these guidelines is not to replace the MS ISO 9000 series. It only serves to complement it by giving a more detailed explanation of the elements contained in the MS ISO 9000 series. In addition to providing a more in-depth explanation on the elements, these guidelines also give examples of how each element can be implemented in the Civil Service. Consequently, government agencies when implementing the standard must **make reference to the MS ISO 9000 series**, in addition to making use of these guidelines. Implementing agencies are also encouraged to refer to books and related literature on ISO 9000. In cases where there is an urgent need, agencies can also avail of the services of consultants involved in the field of ISO 9000 implementation.

In the context of these guidelines, the term ISO 9000 refers to MS ISO 9000.

Note: The MS ISO 9000 series can be obtained from SIRIM which is responsible for issuing the series.

ISO 9000 Terminology

ISO 9000 has given definitions to key terms used in the series. These definitions are provided for in 'MS ISO 8402: 1991 – Quality Vocabulary', 'MS ISO 9001: 1994 – Quality Systems – Model For Quality Assurance In Design, Development, Production, Installation And Servicing' and 'MS ISO 9004: Part 2: 1994 – Quality Management And Quality System Elements: Part 2 Guidelines For Services'. In these guidelines, definitions of key terms based on these three references are as below:

Quality: The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

Among the product quality characteristics are availability, durability, cleanliness, safety, testability, traceability and transportability.

Among the service quality characteristics are accuracy, comfort, courtesy, efficiency, effectiveness, reliability, honesty, promptness, responsiveness and security.

Quality Policy: The overall quality intentions and direction of an organisation as regards quality, as formally expressed by top management.

Quality Management: That aspect of the overall management function that determines and implements the quality policy.

Quality System: The organisational structure, responsibilities, procedures, processes and resources for implementing quality management.

Quality Control: The operational techniques and activities that are used to fulfil requirements for quality.

Quality Assurance: All those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality.

Supplier: An organisation that provides a product or a service to a customer.

In the context of the Civil Service, the supplier refers to government agencies.

Product: Result of activities or processes.

Note: A product may include service, hardware, processed materials, software or a combination thereof.

Subcontractor: A supplier to the service organisation in a contractual situation.

Customer: The recipient of a product or a service.

Service: The results generated, by activities at the interface between the supplier and the customer and by supplier internal activities, to meet customer needs.

Service Delivery: Those supplier activities necessary to provide the service.

Part II

ISO 9000 AND QUALITY

PART II
ISO 9000
AND QUALITY

Contents Of Part II

This part contains the following topics:

Understanding ISO And ISO 9000

ISO is a nickname - not an acronym - for the **International Organisation for Standardisation** which facilitates the creation and voluntary adoption of world wide industrial and manufacturing standards. This international body developed the ISO 9000 Standards to ensure that products and services of member countries secure global acceptance.

ISO 9000 is a written set of standards which describe and define the basic elements of the quality system needed to ensure that an organisation's products and/or services meet or exceed customer needs and expectations. The implementation of the standards will help ensure that products and services that are produced meet the required specifications on a continuous basis.

Relationship Between ISO 9000 And Quality

According to the ISO 9000 Standard, quality is defined as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. The features and characteristics are identified based on the needs of the customer. It is the customer who evaluates whether the product meets the specifications that have been determined. Thus, quality really means meeting the needs of the customer. In the Civil Service, quality service that is capable of meeting the needs of the customer would among others include features such as timeliness, accuracy, politeness, reliability, informativeness and availability.

There are two principal approaches which can be adopted to ensure that products and services meet the needs of the customer. One is by means of **quality control** and the other is through **quality assurance**. Quality control refers to techniques which are used to identify products that do not meet the required specifications. The underlying philosophy behind these techniques is to carry out inspections after the product has been produced.

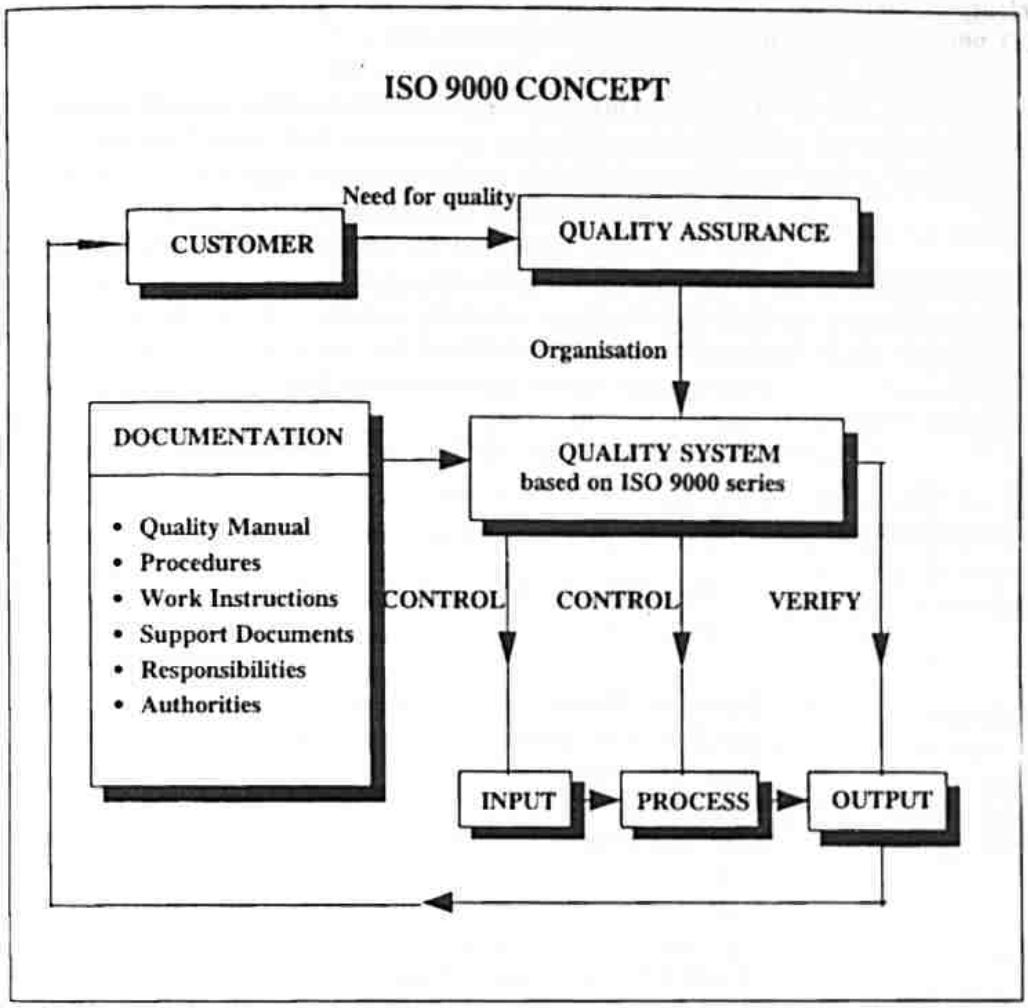
Consequently, the quality control approach to quality can result in very high costs as a lot of resources would have already been utilised to bring out the products that do not meet the required specifications.

The very high costs above can be avoided in the second approach to quality, namely quality assurance. In quality assurance the focus is on the process that results in the product and not on the product itself. By focussing on the process to ensure that only products and services that meet customer needs will be produced, the approach seeks to eliminate the underlying weaknesses in the process that may give rise to defective products and services. In short, **the fundamental principle in quality assurance is prevention and not remedial action after the defects have occurred.** It is this quality assurance that is the principal goal of the ISO 9000 Standard.

For an organisation to achieve quality assurance it must have an efficient process governed by a well-planned, well-documented, and well executed quality management system or 'quality system' in short. The ISO 9000 standard helps an organisation to achieve quality assurance by creating such a quality system. The way in which the ISO 9000 standard achieves this is briefly summarised in the diagram on the following page.

ISO 9000 Concept

As shown in the diagram, to achieve the goal of quality assurance, the needs of the customer must be understood and a quality system created based on the ISO 9000 standard. The comprehensive coverage and the detailed documentation requirements of the standard will help ensure that the input and the process for producing the output will be controlled and the output verified so as to ascertain that it meets customer needs. In this way the ISO 9000 standard will achieve a quality system that ensures that the products and services of an organisation are of consistent quality.



Relationship Between ISO 9000 And TQM

ISO 9000 will help to build a strong foundation for the implementation of Total Quality Management (TQM). TQM is a quality management process that is based on the quality philosophy of customer orientation, continuous improvement, involvement of all aspects of the organisation and an emphasis on teamwork. Among key organisational areas emphasised by TQM are management support, strategic quality planning and process management. ISO 9000 also covers these areas with a particular emphasis on process management.

The quality system developed by ISO 9000 will enhance the effectiveness and efficiency of process management, thereby considerably assisting in the implementation of TQM.

Principles Of ISO 9000

ISO 9000 embodies a few key principles which are explained below:

- **Principle One:** ISO 9000 **is a standard for a quality system.** It is not a product or service standard which describes the specifications that the product or service must have. An example will best illustrate the difference. SMR is a standard for a type of rubber produced by Malaysia. This standard lays down the specifications that this type of rubber must have in terms of colour, elasticity and the type of chemicals that it will contain. ISO 9000 on the other hand, only lays down the standard for the quality system that produces this rubber.

- **Principle Two:** ISO 9000 is based on documentation and is premised on the following:
  - Document what you do;
  - Do what you document; and
  - Prove it.

- **Principle Three:** ISO 9000 emphasises prevention. The objective is to prevent defects in quality and not attend to them after they have occurred.

- **Principle Four:** ISO 9000 is a universal standard. It is able to achieve this universality because it only spells out broad requirements and leaves the manner of fulfilling the requirements to the organisation. In other words, the focus of ISO 9000 is on **what needs to be done and not on how it is to be carried out.** For example, the standard mandates corrective action to be carried out but does not delineate the nature or details of the corrective action itself. Being a universal standard ISO 9000 can be implemented in both product based and service based organisations, including the Civil Service.

Benefits Of ISO 9000

The implementation of ISO 9000 will bring about various benefits which among others include:

- reduces firefighting and frees managers from constant intervention in the operation of the business. This is achieved as the staff will be given the means to control their own operations;

- provides the means for enabling the right tasks to be identified and specified in a way that will yield the right results. The standard requires planning in advance of the work and putting in place procedures, standards and guidelines which help people choose the right things to do;

- provides a means of documenting the organisation's experience in a structured manner that will provide a basis for education and training of staff and the systematic improvement of performance. This is taken care of by the documentation requirements under the standard which not only call for the quality system to be documented but also to be continually reviewed and maintained;

- provides a means for identifying and resolving problems and preventing their recurrence. The standard calls for the installing of measures for detecting deviations from practices and specifications, for discovering the cause of the deviations and for planning and implementing corrective actions;

- provides the means for enabling people to perform tasks right the first time. This is achieved through the provision of work instructions, effective controls, appropriate and adequate resources, training, motivation and a conducive environment;

- provides objective evidence that can be used to demonstrate the quality of the organisation's products and services and to demonstrate to any external evaluators that the various operations are under control. The standard enables this by identifying, producing and maintaining records of key operations; and

- provides data that can be used to determine the performance of operating processes, products and services and for improving organisational performance and customer satisfaction. This is made possible through the collection, analysis and review of the records generated by the quality system.

Part III

THE ISO 9000 SERIES AND ELEMENTS

PART III
THE ISO 9000 SERIES AND ELEMENTS

Contents Of Part III

This part contains the following topics:

The ISO 9000 Series

The ISO 9000 series is a set of five individual, but related international standards on quality management and quality assurance. The five are ISO 9000, ISO 9001, ISO 9002, ISO 9003 and ISO 9004. Two of the standards, namely ISO 9000 *(Quality Management and Quality Assurance Standards - Guidelines for Selection and Use)* and ISO 9004 *(Quality Management and Quality System Elements - Guidelines)* are guidelines for understanding and selecting the elements for the quality management system that is to be established. The three remaining standards, namely ISO 9001 *(Quality System -Model for Quality Assurance in Design, Development, Production, Installation and Servicing)*, ISO 9002 *(Quality Systems - Model for Quality Assurance in Production, Installation and Servicing)* and ISO 9003 *(Quality Systems - Model for Quality Assurance in Final Inspection and Test)* are quality system models for quality assurance.

A brief description of each of the five standards in the ISO 9000 series is provided in the table below:

Type	Name of Standard	Description
Guide	ISO 9000	Guidelines for selection and use of suitable models.
	ISO 9004	Guidelines for quality management and quality system elements.
Quality Assurance Models	ISO 9001	Quality assurance in: – design – production of products or services – installation and servicing
	ISO 9002	Quality assurance in: – production of products or services – installation and servicing
	ISO 9003	Quality assurance in: – final inspection – test

Explanation on the series of standards is as follows:

- **ISO 9000 Standard**

  ISO 9000 Quality Management and Quality Assurance Standards - Guidelines for Selection and Use.

  The ISO 9000 Standard gives an explanation of quality and its importance. This standard can assist organisations in selecting suitable standards on quality assurance models for implementation. The ISO 9000 standard comprises of four parts as follows:

  - ISO 9000 – 1:1994 Guidelines for Selection and Use (revision to ISO 9000:1987);
  - ISO 9000 – 2:1993 Guidance on Implementing ISO 9001/2/3;

- ISO 9000 – 3:1991 Guidelines for the Application of ISO 9001 to the Development, Supply and Maintenance of Software; and

- ISO 9000 – 4:1993 Guide to Dependability Programme

- **ISO 9001, ISO 9002 and ISO 9003 Standards**

  - ISO 9001:1994 Quality Systems - Model for Quality Assurance in Design, Development, Production and Installation, and Servicing;

  - ISO 9002:1994 Quality Systems - Model for Quality Assurance in Production, Installation and Servicing; and

  - ISO 9003:1994 Quality Systems - Model for Quality Assurance in Final Inspection and Test.

ISO 9001, ISO 9002 and ISO 9003 are quality assurance models that can be used to develop a quality system and evaluate as well as upgrade its effectiveness. Agencies can choose one of these models based on their activities and duties. ISO 9001 is suitable for implementation by agencies that carry out activities beginning with the design of a product or service until its maintenance. Agencies in this category will usually prepare design according to the requirements of each of its customers and these designs cannot be standardised. On the other hand ISO 9002 is suitable for implementation by agencies producing products or service based on generic specifications and uniform requirements by all customers. These agencies are not required to prepare their own design for their products or services. ISO 9003 is not involved in design, production, installation and servicing. It is only suitable for organisations that are involved in carrying out inspection and final testing.

- **ISO 9004 Standard**

This standard explains the basic requirements for developing, implementing and maintaining a quality system that is systematic and effective. These requirements can form the basis for implementing TQM. The ISO 9004 Standard consists of eleven sections as follows:

- ISO 9004 – 1:1994 General Guidelines;

- ISO 9004 – 2:1994 Guidelines for Services;
- ISO 9004 – 3:1993 Guidelines for Processed Materials;
- ISO 9004 – 4:1993 Guidelines for Quality Improvement;
- ISO/DIS 9004 – 5 Guidelines for Quality Plans (draft);
- ISO/DIS 9004 – 6 Guidelines for Quality Assurance and Project Management (draft);
- ISO/DIS 9004 – 7 Guidelines for Configuration Management (draft); and
- ISO/DIS 9004 – 8 Guidelines for Quality Principles (draft).

- **ISO 8402 Standard**

Apart from the above mentioned series of standards, another important standard in the implementation of ISO 9000 is ISO 8402:1994 Quality Management and Quality Assurance - Vocabulary. This standard provides the vocabulary on concepts and basic terminology used in quality management that have been internationally accepted.

Elements Of ISO 9001

In these guidelines, explanation of the elements is in accordance with the ISO 9001 Standard. The ISO 9001 Standard specifies 20 elements which are required for a quality management system. These elements are listed in the following table:

No.	ISO 9001 ELEMENTS
1.	Management Responsibility
2.	Quality System
3.	Contract Review
4.	Design Control
5.	Document and Data Control
6.	Purchasing
7.	Control of Customer–Supplied Product
8.	Product Identification and Traceability
9.	Process Control
10.	Inspection and Testing
11.	Control of Inspection, Measuring and Test Equipment
12.	Inspection and Test Status
13.	Control of Nonconforming Product
14.	Corrective and Preventive Action
15.	Handling, Storage, Packaging, Preservation and Delivery
16.	Control of Quality Records
17.	Internal Quality Audits
18.	Training
19.	Servicing
20.	Statistical Techniques

The relevant clauses and elaboration of each element appear below. In the MS ISO 9001 Standard, these elements have been numbered from 4.1 to 4.20. The term 'clause' has been used to refer to the divisions of the elements.

ELEMENT 4.1 MANAGEMENT RESPONSIBILITY

Standard

4.1.1 Quality Policy

The supplier's management with executive responsibility shall define and document its policy for quality, including objectives for quality and its commitment to quality. The quality policy shall be relevant to the supplier's organisational goals and the expectations and needs of its customers. The supplier shall ensure that this policy is understood, implemented and maintained at all levels of the organisation.

Meaning

The term **supplier** as referred in MS ISO 9001 means an organisation that provides a product or a service to a customer. In the context of the Civil Service, it would refer to government agencies.

Management with executive responsibility refer to top management who make policy decisions affecting the whole organisation.

Quality policy refers to the overall quality intentions and direction of an organisation as regards quality which is formally expressed by top management. In order to understand quality policy, it is important to understand the meaning of corporate policy. Corporate policy normally is a general statement that specifies the broad parameters within which the organisation should operate in pursuit of organisational goals. Quality policy, on the other hand is top management's formal statement of its commitment to quality when trying to attain these organisational goals. As such, quality policy is an important component of the corporate policy.

Purpose

The purpose of this clause is to ensure that top management state in writing their intentions on quality, provides direction and leadership and also is fully committed to the achievement of these intentions.

Elaboration

This clause delineates the role that is expected to be played by top management. Top management are required to direct and guide the organisation towards the achievement of the desired quality as stated in the quality policy. The clause specifies that the quality policy must be documented.

An example of a **quality policy** is as shown below:

"We believe that our total commitment to continuous improvement will guarantee the future of this organisation by fulfilling the needs and expectations of our customers and employees in a responsible and professional way."

This clause also states that top management have to formulate quality objectives that will support the achievement of quality policy. Quality policy needs to be translated into quality objectives and activities for its realisation. Quality objectives enable organisations to plan what they want to achieve, identify the status of achievement and what needs to be improved.

An example of quality objectives is as shown below:

- to implement quality improvement throughout the organisation;
- to meet customer needs and expectations;
- to achieve total commitment of all employees;
- to improve the skills and capabilities of all personnel particularly in their respective areas of work;
- to inculcate positive values and work ethics; and
- to create a conducive working environment.

Top management have to make sure that the policy and the relevant objectives are understood by everyone in the organisation.

Therefore, the main responsibility of top management regarding quality policy and objectives are to ensure that both are:

- defined;
- documented; and
- understood by all personnel.

Clause 4.1.1 in the MS ISO 9001 standard is generic and is suitable for all kinds of organisations, whether they are involved in producing products such as in the manufacturing sector or organisations that are involved in providing services such as those in the Civil Service.

The MS ISO 9004-2 Guidelines (Quality Management and Quality System Elements: Part 2: Guidelines for Services) specifically elaborates that the quality policy formulated should explain the following:

- the level of service provided;

- the organisation's image and reputation in relation to quality;
- the objectives of quality service;
- the approaches to be adopted to achieve quality objectives; and
- the personnel responsible for implementing the quality policy.

Standard

4.1.2 Organisation

4.1.2.1 Responsibility And Authority

The responsibility, authority and the interrelation of personnel who manage, perform and verify work affecting quality shall be defined and documented, particularly for personnel who need the organisational freedom and authority to:

a. initiate action to prevent the occurrence of any nonconformities relating to the product, process and quality system;

b. identify and record any problems relating to the product, process and quality system;

c. initiate, recommend or provide solutions through designated channels;

d. verify the implementation of solutions;

e. control further processing, delivery or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.

Meaning

Responsibility refers to what personnel in the organisation are expected to do and **authority** refers to what they are allowed to do.

Purpose

The purpose of this clause is to ensure that top management use and follow a systematic approach in the implementation of the quality system. This clause also intends to ensure that top management delegate authority together with responsibility to personnel who are involved in activities affecting quality.

Elaboration

The lines of responsibility need to be drawn, and every person who is directly or indirectly involved with quality needs to be informed on his areas of duty and responsibility in writing. Every person has to be informed on what he is expected to do (duty list and responsibilities) and allowed to do (authority). Among ways to identify and record responsibilities and authority are through the use of duty lists and organisation charts.

An example of a duty list is as shown below:

DUTY LIST AND RESPONSIBILITIES OF PERSONAL ASSISTANT TO THE DIRECTOR

1. Taking shorthand notes.
2. Typing work for the Director.
3. Managing files, letters and other documents for the Director.
4. Making and receiving phone calls for the Director.
5. Arranging and recording in the Director's diary meeting dates and preparing files for the meetings.
6. Arranging of appointments for the Director.
7. Arranging air tickets and booking of office car for the Director.
8. Collecting the daily duty lists of all officers in the Division every month.

Standard

4.1.2.2 Resources

The supplier shall identify resource requirements and provide adequate resources, including the assignment of trained personnel (see 4.18), for management, performance of work and verification activities including internal quality audits.

Meaning

Resources refer to all inputs needed to implement the quality system. This will include among others human resources, skills, finance, materials, methods, machines and technology.

Purpose

The purpose of this clause is to ensure that top management provide adequate resources that are needed to implement the quality system. This is to ensure that the quality system can be implemented efficiently so as to achieve the stated quality policy.

Elaboration

MS ISO 9004-2, emphasises more on the provision of suitable human resources. This is due to the fact that in service organisations, the behaviour and performance of every individual directly impacts on the quality of services provided. MS ISO 9004-2 emphasises aspects that relate to motivation such as attitudes, capable personnel, work environment that fosters excellence, career planning and development of personnel.

Standard

4.1.2.3 Management Representative

The supplier's management with executive responsibility shall appoint a member of the supplier's own management who, irrespective of other responsibilities, shall have defined authority for:

a. ensuring that a quality system is established, implemented and maintained in accordance with this International Standard, and

b. reporting on the performance of the quality system to the supplier's management for review and as a basis for improvement of the quality system.

NOTE 5. The responsibility of a management representative may also include liaison with external parties on matters relating to the supplier's quality system.

Meaning

Management representative refers to a senior officer specially appointed by top management with responsibility for ensuring quality.

Purpose

The purpose of this clause is to ensure that top management appoint a senior officer with authority and accountable to top management to coordinate and administer the quality system effectively.

Elaboration

In the context of the Civil Service, the management representative can be the Quality Coordinator appointed by the Head of Department under the requirements of Development Administration Circular No. 1 of 1992: Guide on Total Quality Management In The Civil Service.

Standard

4.1.3 Management Review

The supplier's management with executive responsibility shall review the quality system at defined intervals sufficient to ensure its continuing suitability and effectiveness in satisfying the requirements of this International Standard and the supplier's stated quality policy and objectives (see 4.1.1). Records of such reviews shall be maintained (see 4.16).

Meaning

Management review refers to a review undertaken by top management of the organisation of its quality system. It is also known as quality system evaluation. Although termed as management review, its scope does not cover all aspects of management but it is only confined to the elements of the quality system.

Purpose

The purpose of this clause is to ensure that top management continually review programmes under the quality system so as to ensure that these programmes are implemented effectively as well as to achieve the quality policy and objectives.

Elaboration

To ensure that the quality system is still effective and appropriate in meeting the quality policy and objectives, a review needs to be undertaken covering the following:

- problems affecting quality and actions to be taken;
- customer's complaints;
- operation of the quality system;
- quality audit report;
- areas/aspects for improvement; and
- whether the quality policy and objectives are appropriate to the current situation and needs.

This review will enable top management to plan and formulate future strategic action plans.

ELEMENT 4.2 QUALITY SYSTEM

Standard

4.2.1 General

The supplier shall establish, document and maintain a quality system as a means of ensuring that product conforms to specified requirements. The supplier shall prepare a quality manual covering the requirements of this International Standard. The quality manual shall include or make reference to the quality system procedures and outline the structure of the documentation used in the quality system.

NOTE 6: Guidance on quality manuals is given in ISO 10013.

Meaning

The **quality system** of an organisation is the network of processes that leads to the transformation of inputs (information, materials, energy, etc.) into products or services. In addition to the processes, a structure is required to manage these processes; procedures to guide these processes; and resources required to implement them. The collection of these items is known as the quality system of the organisation. The ISO 9000 Standard provides the basis for the quality system operated by the organisation.

Purpose

The purpose of a quality system is to ensure that products and services produced by an organisation meet customer requirements and are of consistent quality. A quality system ensures that this objective is achieved through the implementation of the elements of the MS ISO 9000 quality system. This element requires the organisation to identify its customers' requirements and to plan and control the processes involved. This element also requires the organisation to provide adequate and appropriate training to personnel who are responsible in implementing these processes. In addition, each activity/action involved in the quality system must be documented as a policy or procedure. All activities that are carried out follow the policy and the procedures that have been documented.

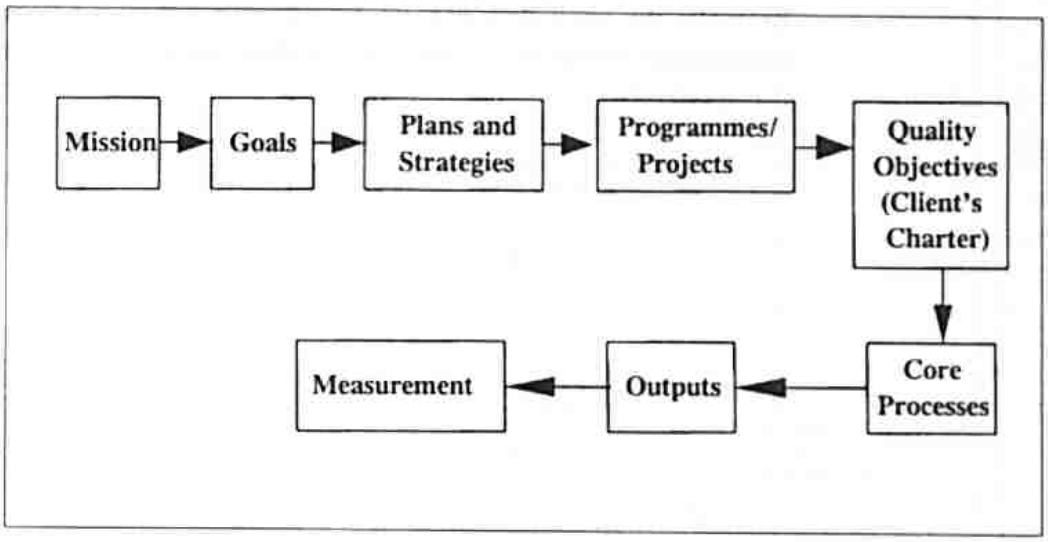
Elaboration

To develop a quality system, organisations need to determine the necessary processes that will produce products and services to meet customer requirements, an appropriate organisation structure and adequate resources which will efficiently manage these processes. For determining the necessary processes for the quality system, the steps below can be followed:

Step 1: Identification of core processes

The methodology for identifying core processes are illustrated in the diagram below which is an overview of the sequence to be followed for identifying core processes.

Methodology for Developing Core Processes



It can be seen from the diagram that to develop core processes an organisation must first formulate its mission statement and translate this mission into goals based on a careful analysis of customer requirements. For attaining these goals, the necessary plans and strategies have to be developed.

The next step is to break down into specific programmes and projects. For each programme/project, the quality objectives need to be defined. These quality objectives must be in accordance with the quality policy formulated by management. The Client's Charter is a good example of organisational quality objectives.

Based on the quality objectives the core processes are developed to produce the necessary outputs. An effective performance measurement system must also be instituted to ensure that the outputs satisfy customer requirements.

Given below are examples of core processes from a training institution:

- the process for carrying out training; and
- the process for carrying out management consultancy studies.

Step 2: Outlining the work flow process

For each core process, list down the steps or sequential activities involved (work flow process) in carrying out that process.

Example: the work flow process for carrying out training and management consultancy studies are as in **Diagram 1** and **Diagram 2** respectively.

DIAGRAM 1 : BUSINESS PROCESS FOR CARRYING OUT TRAINING

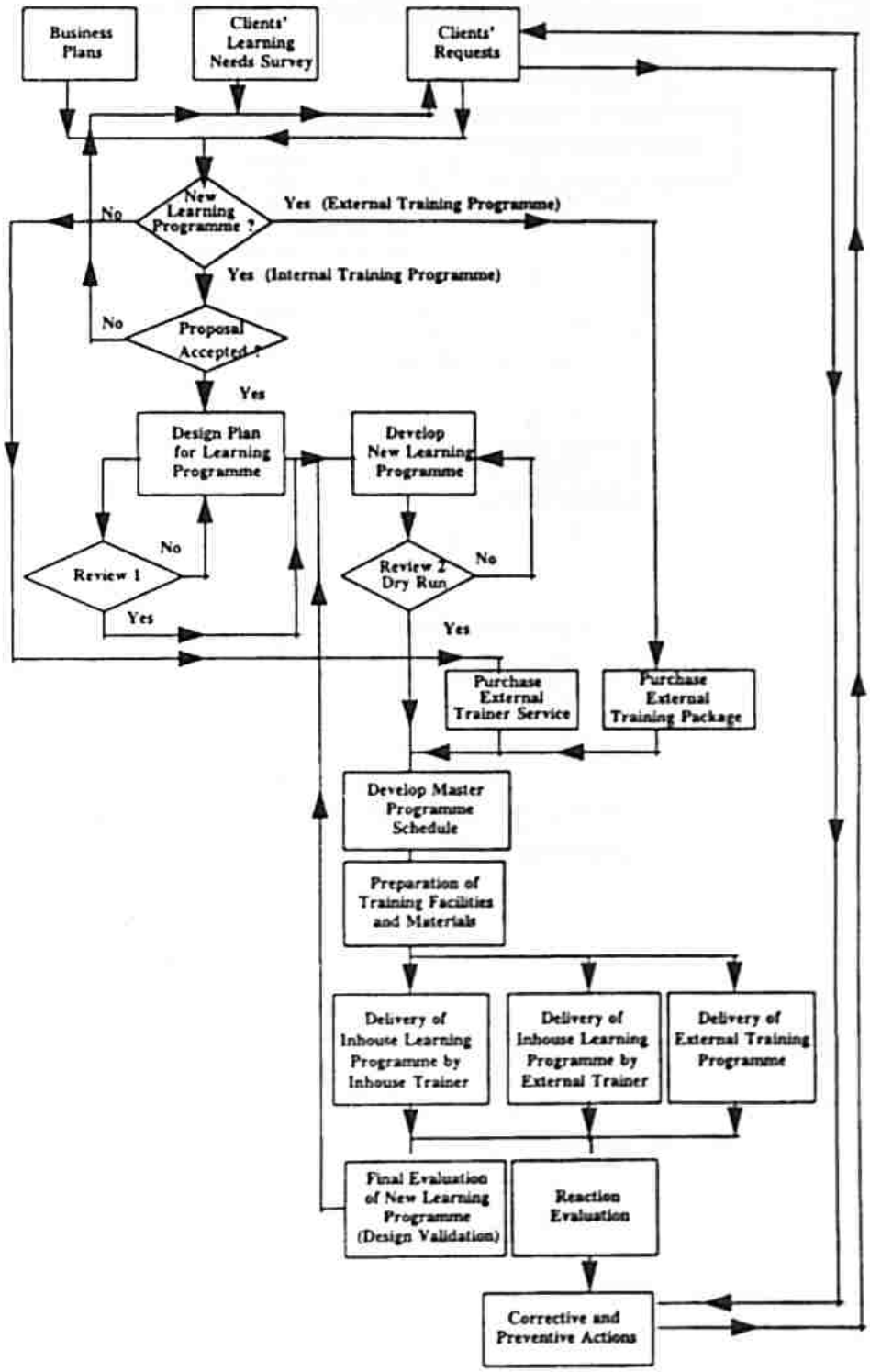
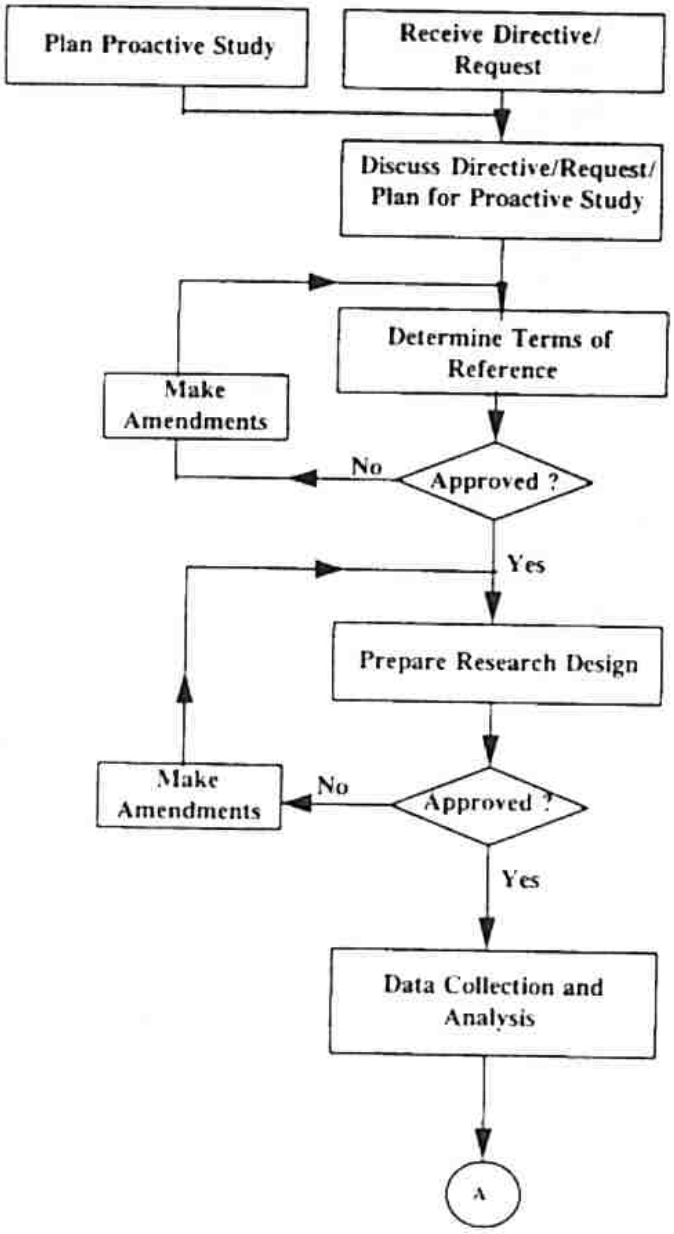
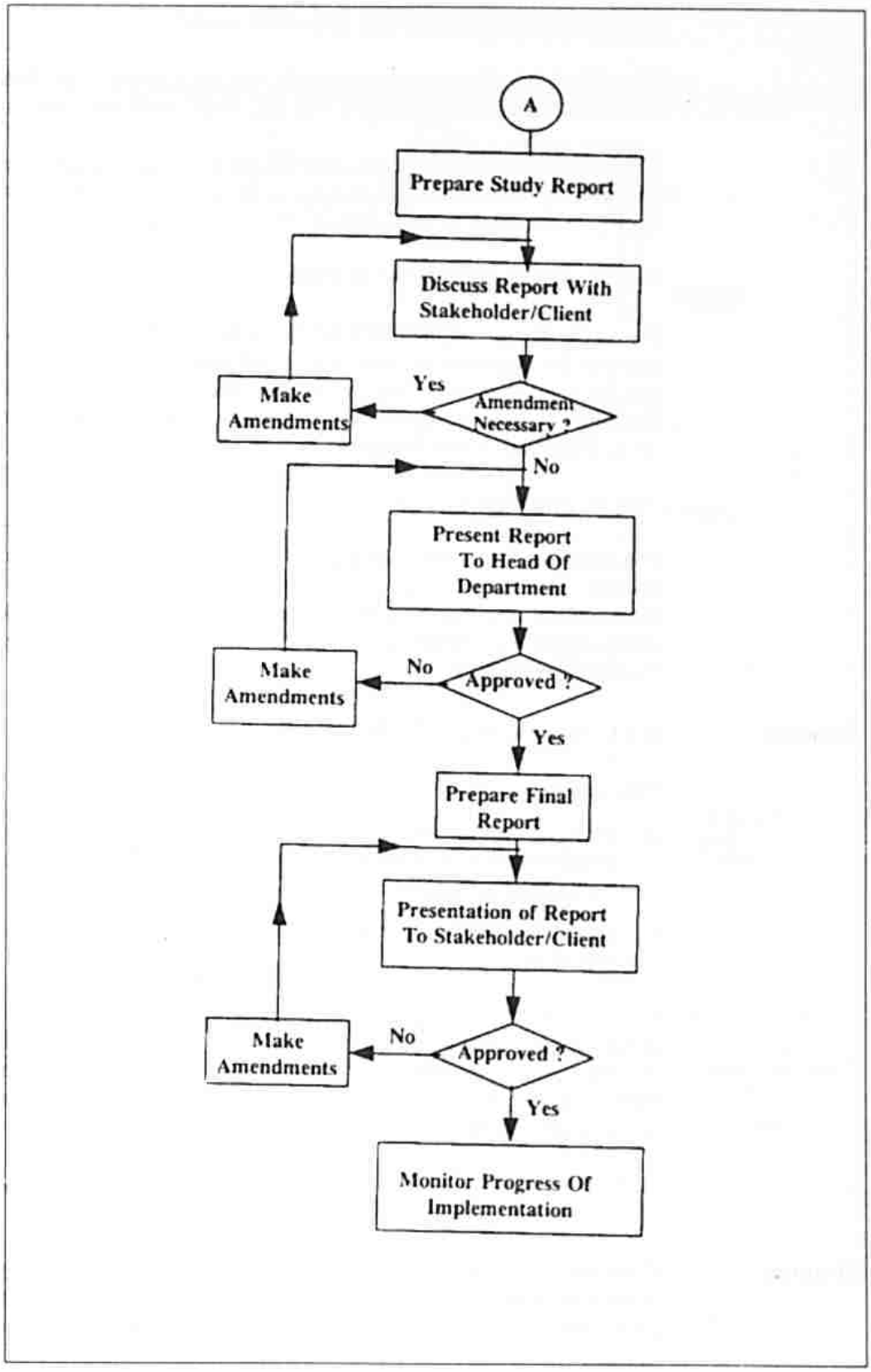


DIAGRAM 2: PROCESS FOR CONDUCTING MANAGEMENT CONSULTANCY STUDIES




A
Prepare Study Report
Discuss Report With Stakeholder/Client
Yes
Make Amendments
Amendment Necessary ?
No
Present Report To Head Of Department
Make Amendments
No
Approved ?
Yes
Prepare Final Report
Presentation of Report To Stakeholder/Client
Make Amendments
No
Approved ?
Yes
Monitor Progress Of Implementation

Step 3: Selection of the MS ISO 9000 model

For each work flow process identify the most appropriate MS ISO 9000 model (MS ISO 9001, MS ISO 9002 or MS ISO 9003).

Example: the processes of carrying out training and management consultancy studies involve design, so MS ISO 9001 is the most appropriate model to be selected.

Step 4: Application of the elements

For each step or sequential activity in the work flow process, identify the appropriate elements of the model selected which can be applied in that step or activity and apply the standard. Examples for the identification of elements in MS ISO 9001 are as in **Diagram 3** and **Diagram 4**.

Step 5: Preparation of procedures

For each step or sequential activity in the work flow process, prepare procedure(s) and work instructions (where necessary) for implementing that step or activity if the procedures and work instructions have not been prepared (See the following for Quality System Procedures).

Standard

4.2.2 Quality System Procedures

The supplier shall:

a. prepare documented procedures consistent with the requirements of this International Standard and the supplier's stated quality policy; and

b. effectively implement the quality system and its documented procedures.

For the purposes of this International Standard, the range and detail of the procedures that form part of the quality system shall be dependent upon the complexity of the work, the methods used, and the skills and training needed by personnel involved in carrying out the activity.

NOTE 7: Documented procedures may make reference to work instructions that define how an activity is performed.

Meaning

Procedure is a sequence of steps to execute a routine task. **Quality system procedures** refer to the second level documentation in ISO 9000 which document procedures to carry out the quality system.

DIAGRAM 3 : BUSINESS PROCESS FOR CARRYING OUT TRAINING

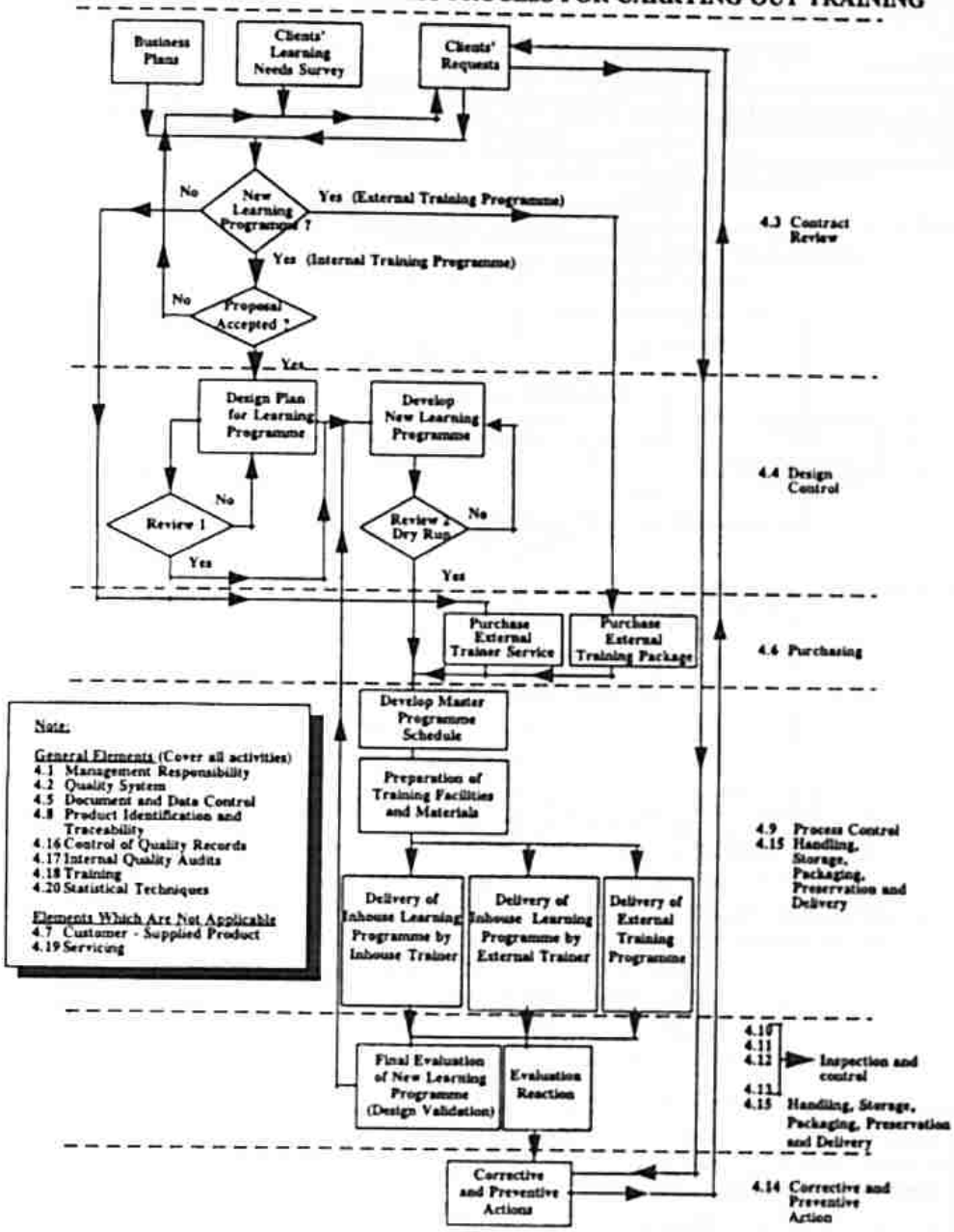
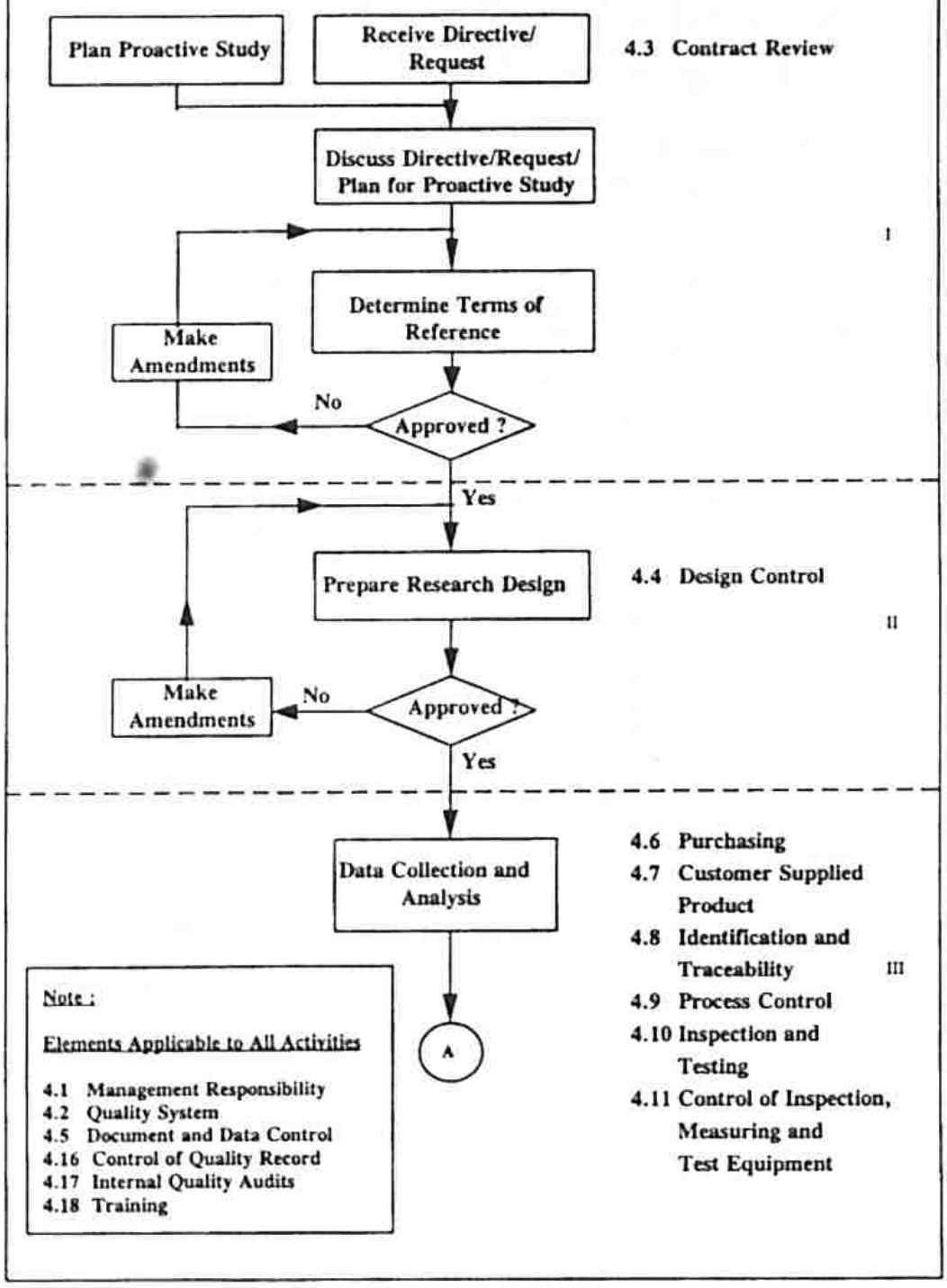
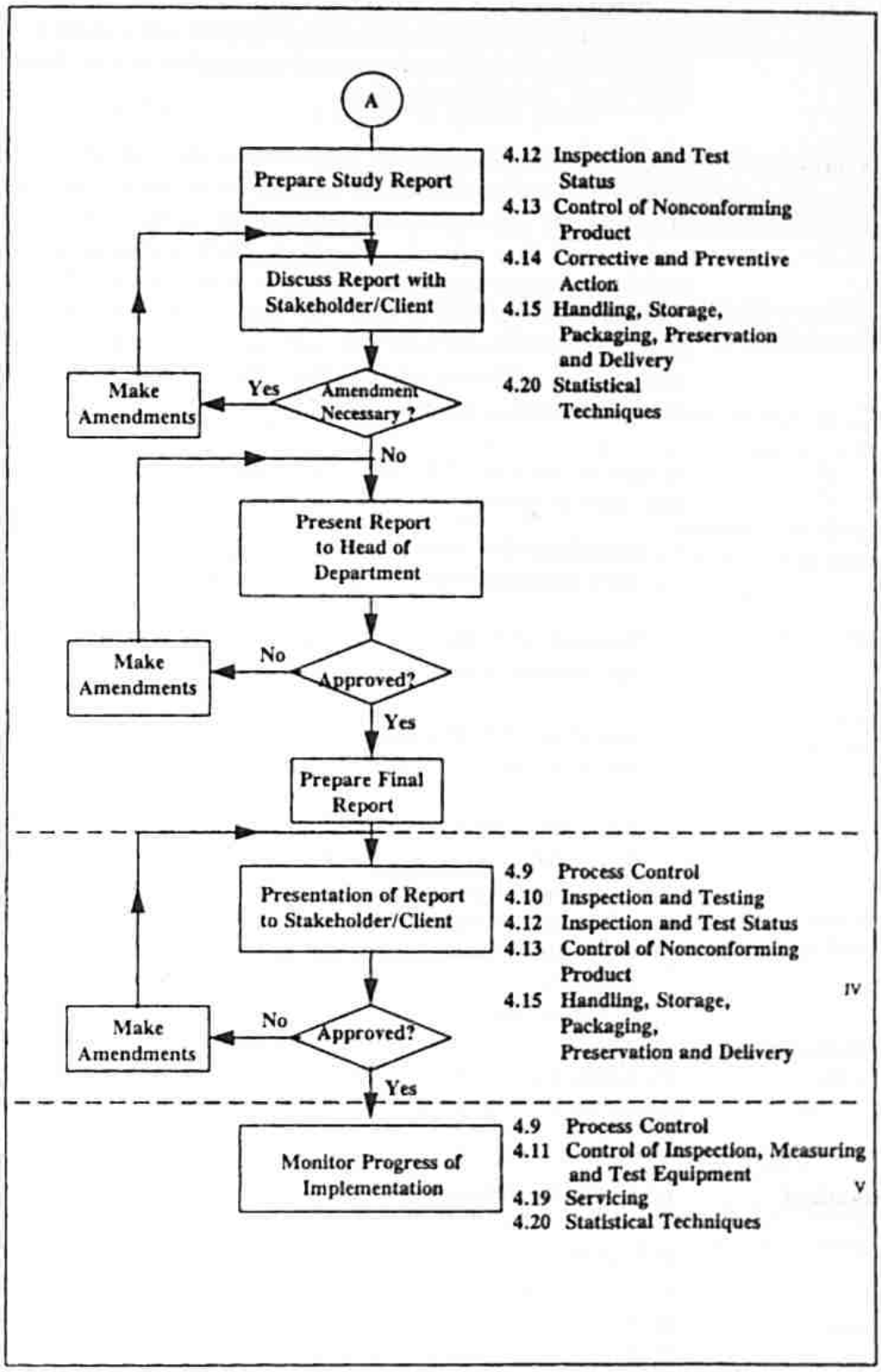


DIAGRAM 4: PROCESS FOR CONDUCTING MANAGEMENT CONSULTANCY STUDIES




A
Prepare Study Report
4.12 Inspection and Test Status
4.13 Control of Nonconforming Product
4.14 Corrective and Preventive Action
4.15 Handling, Storage, Packaging, Preservation and Delivery
4.20 Statistical Techniques
Discuss Report with Stakeholder/Client
Make Amendments
Yes
Amendment Necessary ?
No
Present Report to Head of Department
Make Amendments
No
Approved?
Yes
Prepare Final Report
Presentation of Report to Stakeholder/Client
4.9 Process Control
4.10 Inspection and Testing
4.12 Inspection and Test Status
4.13 Control of Nonconforming Product
4.15 Handling, Storage, Packaging, Preservation and Delivery
IV
Make Amendments
No
Approved?
Yes
Monitor Progress of Implementation
4.9 Process Control
4.11 Control of Inspection, Measuring and Test Equipment
4.19 Servicing
4.20 Statistical Techniques
V

Purpose

Procedures are the main documents that control the operations of a quality system. They give clear guidelines and direction on the nature of the activity which is to be controlled by specifying, how, when, where and by whom.

Elaboration

Procedures describe how an organisation manages its daily operations. Procedures describe what should be happening, what are the inputs and outputs, and what are the intended results of any activity. They also describe the methods and sequence of activities, provide useful information on who is responsible for that activity, what tools to use, what needs to be kept and what performance standards need to be adhered to. Procedures should indicate who does what, where, when, why and how. Procedures are documented in the Procedure Document.

In order to conform to MS ISO 9000 requirements, an organisation may need to prepare two types of procedures as follows:

- procedures for implementing the requirements of MS ISO 9000 elements (based on ISO 9000 clauses).

  Example: procedure to carry out contract review, training and internal quality audits;

- procedures for implementing the core process activities of the organisation (departmental activity based procedures).

  Example: procedure for carrying out training and procedure for carrying out management consultancy studies. For this second type of procedures, the relevant MS ISO 9000 elements will have to be built in. For example, the element of inspection and testing (Element 4.10) will be applied to the activity of receipt of forms, where all forms received have to be checked to ensure that they are complete.

The manner in which procedures are structured and written will depend on the type of activity and the complexity of operation.

Standard

4.2.3 Quality Planning

The supplier shall define and document how the requirements for quality will be met. Quality planning shall be consistent with all other requirements of a supplier's quality system and shall be documented in a format to suit the supplier's method of operation.

The supplier shall give consideration to the following activities, as appropriate, in meeting the specified requirements for products, projects or contracts:

a. the preparation of quality plans;

b. the identification and acquisition of any controls, processes, equipment (including inspection and test equipment), fixtures, resources and skills that may be needed to achieve the required quality;

c. ensuring the compatibility of the design, the production process, installation, servicing, inspection and test procedures and the applicable documentation;

d. the updating, as necessary, of quality control, inspection and testing techniques, including the development of new instrumentation;

e. the identification of any measurement requirement involving capability that exceeds the known state of the art, in sufficient time for the needed capability to be developed;

f. the identification of suitable verification at appropriate stages in the realisation of product;

g. the clarification of standards of acceptability for all features and requirements, including those which contain a subjective element;

h. the identification and preparation of quality records (see 4.16).

NOTE 8: The quality plans referred to [see 4.2.3(a)] may be in the form of a reference to the appropriate documented procedures that form an integral part of the supplier's quality system.

Meaning

Quality plan is a document setting out specific quality practices, resources and sequence of activities relevant to a particular product, service, contract or project. The quality plan will include:

- a statement explaining how quality will be managed;
- an explanation of how the quality strategy of the Quality Manual is incorporated in the operating procedures outlined in the quality plan; and
- the method of verifying that planned controls and procedures are completed, listing the objective evidence, results and records that will be sought.

Purpose

The purpose of this clause is to ensure that the organisation incorporates planning and prepares plans for the achievement of quality. Quality plans may be developed to define how quality is assured for specific projects, products or contracts. A quality plan will be based upon the corporate quality procedures and designed to cater for specific application.

Elaboration

The quality plan is normally prepared for new processes/activities or non-routine processes and customised products. For processes which are routine or have been operating for a long time, the Quality Manual with associated documented procedures are adequate to guide the organisation in achieving quality. In the Civil Service, among the examples of quality plan include proposal papers and action plan.

ELEMENT 4.3 CONTRACT REVIEW

Standard

4.3.1 General

The supplier shall establish and maintain documented procedures for contract review and for the coordination of these activities.

4.3.2 Review

Before submission of a tender, or the acceptance of a contract or order (statement of requirement), the tender, contract or order shall be reviewed by the supplier to ensure that:

a. the requirements are adequately defined and documented; where no written statement of requirement is available for an order received by verbal means, the supplier shall ensure that the order requirements are agreed before their acceptance;

b. any differences between the contract or order requirements and those in the tender are resolved;

c. the supplier has the capability to meet the contract or order requirements.

4.3.3 Amendment To A Contract

The supplier shall identify how an amendment to a contract is made and correctly transferred to the functions concerned within the supplier's organisation.

4.3.4 Records

Records of contract reviews shall be maintained (see 4.16).

NOTE 9: Channels for communication and interfaces with the customer's organisation in these contract matters should be established.

Meaning

A **contract,** whether written or verbal, is an undertaking given by an organisation to its customers for the provision of a product or service based upon customer requirements. A contract does not have to be formally written to be binding.

Contract review is the process whereby organisations review the requirements of their customers and resolve any differences that may exist before entering into a contract with them, whether written or verbal.

Purpose

The purpose of carrying out a contract review is to ensure that the organisation has accurately established the requirements of its customers, before entering into a contract with them.

Elaboration

This element requires an organisation to establish a system whereby customer requirements for a product or service are adequately defined and documented. These requirements must be reviewed to ensure that any differences in requirements are taken into account before entering into a contract to produce a product or provide a service. According to the MS ISO 9004-2 Guidelines, among the approaches that can be used to review and establish customer requirements are surveys and interviews with customers (MS ISO 9004-2, clause 6.1.1). The organisation should also establish effective interaction with its customers as this is crucial to establish what is service quality as perceived by the customers (MS ISO 9004-2, clause 5.5.1). Through these review methods customer requirements in terms of the characteristics and specifications of a service as well as its service delivery characteristics can be established (MS ISO 9004-2, clause 4.1). In addition to customer requirements, the organisation must take into account regulatory and legal requirements that are related to a service (MS ISO 9004-2, clause 6.1.2) as well as the organisation's capability to meet these requirements. Once the customer and the organisation have a common understanding of the product or service to be produced, a contract can be entered into. Any changes to the contract should be checked to ensure that both parties have a common understanding of the changes. Records of contract review shall be maintained for reference purposes.

Example

INTAN before determining the courses to be conducted for a particular time period, such as one year, will obtain feedback from government agencies on the types of courses required for that time period. The requirements specified by these agencies will include among others, the subject matter, duration of the course, date of commencement and the number of participants. By doing this, INTAN can accurately establish the requirements of its customers. Taking into account, these requirements as well as its own capability, INTAN will determine the courses to be conducted during that one year. Any differences between the initial request by these agencies and the proposed course programmes will be discussed and resolved. This whole process is the process of contract review. Having resolved all the differences, INTAN can now enter into a contract with the agencies concerned to provide the necessary training.

ELEMENT 4.4 DESIGN CONTROL

Standard

4.4.1 General

The supplier shall establish and maintain documented procedures to control and verify the design of the product in order to ensure that the specified requirements are met.

Meaning

Design is a creative process that creates something tangible out of an idea or a requirement. In order to successfully create a design, the process of converting an idea or requirement into a design which can be put into production or service has to be controlled.

Design control is a method of keeping a control on the design process to ensure that the design created is able to meet its specified requirements.

Purpose

The purpose of carrying out controls over the entire process of designing a product or service is to ensure that the final design produced conforms to the specifications for that product or service.

Elaboration

Design control and the corresponding procedures generally cover the following:

- establishing the design aims, planning how the design is to proceed, and who is to carry out the design (clause 4.4.2 and 4.4.3);
- establishing what is needed to be known for the design to proceed (clause 4.4.4);
- establishing the form of the output from the design (clause 4.4.5);
- reviewing on completion of the design, whether it has achieved what was wanted (clause 4.4.6, 4.4.7 and 4.4.8); and
- modifying the design to include changes, which may occur at any stage of the process and for any reasons (clause 4.4.9).

Standard

4.4.2 Design And Development Planning

The supplier shall prepare plans for each design and development activity. The plans shall describe or reference these activities, and define responsibility for their implementation. The design and development activities shall be assigned to qualified personnel equipped with adequate resources. The plans shall be updated as the design evolves.

Meaning

Design planning is the planning stage in the design process. At this stage what is to be done and who is going to do it is determined.

Purpose

The purpose of this clause is to ensure that all tasks that need to be carried out are identified and only qualified personnel equipped with adequate resources are assigned these tasks.

Elaboration

When designing a product or service, an organisation must plan for each stage of the design activity, what is to be done and who is going to do it. Design plans can be in the form of a simple flowchart showing the steps to be taken and who is to do them.

Standard

4.4.3 Organisational And Technical Interfaces

Organisational and technical interfaces between different groups which input into the design process shall be defined and the necessary information documented, transmitted and regularly reviewed.

Meaning

Organisational interface is the relationship and communication among different divisions in an organisation or among organisations. **Technical interface** is the relationship and communication among groups with different technical expertise within an organisation or among organisations.

Purpose

The purpose of this clause is to control the relationships and communication among different groups that are involved in the design of a product or service. By doing so the organisation can ensure that there is effective transmission of information among them. This information can then be reviewed and acted upon by the different groups.

Elaboration

In large organisations there are usually many people and departments involved in the design process. These may include customers, regulatory bodies and suppliers. It is therefore important to control the organisational and technical relationships and communication between them. The organisation should therefore establish which of these relationships are critical to the current design and decide how to establish good communication with the parties involved. It is important that the design records show what information has passed between groups or divisions within an organisation as well as between organisations and that this information has been reviewed and acted upon.

Standard

4.4.4 Design Input

Design input requirements relating to the product, including applicable statutory and regulatory requirements, shall be identified, documented and their selection reviewed by the supplier for adequacy. Incomplete, ambiguous or conflicting requirements shall be resolved with those who are responsible for imposing these requirements.

Design input shall take into consideration the results of any contract review activities.

Meaning

Design input is the input or requirement which must be taken into account when determining the specifications for a product or service upon which a design will be produced. In the context of the Civil Service, when designing a new service, inputs will include among others, the government's rules and regulations pertaining to that service as well as the needs of stakeholders and customers.

Purpose

The purpose of this clause is to ensure that the specifications of a product or service are clearly and accurately identified.

Elaboration

All the factors to be taken into account, when producing the design for a product or service should be carefully considered and written down. Factors which have to be considered include among others customer needs, statutory and regulatory requirements, legal requirements, market surveys, past experiences and contract review activities. The organisation must also check to ensure that none of these requirements are incomplete, ambiguous or conflicting and if they do, it should be resolved.

Standard

4.4.5 Design Output

Design output shall be documented and expressed in terms that can be verified and validated against design input requirements.

Design output shall:

a. meet the design input requirements;

b. contain or make reference to acceptance criteria;

c. identify those characteristics of the design that are crucial to the safe and proper functioning of the product (e.g. operating, storage, handling, maintenance and disposal requirements).

Design output documents shall be reviewed before release.

Meaning

Design output is the tangible output resulting from the process of converting an idea or requirement. In the context of the Civil Service, the design output for a service to be provided by a public sector agency can be in the form of a design document. The design document will outline the characteristics of the service such as the procedures for service delivery, forms to be used, number and skills of staff required and the locations from which the services can be obtained.

Purpose

The purpose of this clause is to give the organisation a tangible output that can be reviewed to determine whether or not it meets its specified requirements.

Elaboration

Design output takes many forms. Besides design documents, it can also be engineering designs in the form of drawings or a product design in the form of a simulation or a prototype.

Standard

4.4.6 Design Review

At appropriate stages of design, formal documented reviews of the design results shall be planned and conducted. Participants at each design review shall include representatives of all functions concerned with the design stage being reviewed, as well as other specialist personnel, as required. Records of such reviews shall be maintained (see 4.16).

Meaning

Design review is the review of design results which is carried out at appropriate stages of the design process to determine whether an organisation is able to meet customer needs and other design inputs.

Purpose

The purpose of this clause is to enable the organisation to identify problems and to develop solutions throughout the design process.

Elaboration

In carrying out design reviews relevant personnel should be involved. They should include not only the people within the organisation, but where relevant, those outside of the organisation. In the context of the Civil Service, organisations outside the agency which have to be consulted may include the Treasury on matters pertaining to finance, the Public Services Department on matters pertaining to personnel and other technical departments as required.

Standard

4.4.7 Design Verification

At appropriate stages of design, design verification shall be performed to ensure that the design stage output meets the design stage input requirements. The design verification measures shall be recorded (see 4.16).

NOTE 10: In addition to conducting design reviews (see 4.4.6), design verification may include activities such as:

- performing alternative calculations;
- comparing the new design with a similar proven design, if available;
- undertaking tests and demonstrations; and
- reviewing the design stage documents before release.

Meaning

Design verification is the process of confirming, at appropriate stages in the design process, whether the design results meet design requirements. It will determine whether or not the organisation has got the right design.

Purpose

The purpose of this clause is to enable the organisation to identify design results that do not conform to specified requirements. This identification will enable the organisation to make the necessary changes to a design.

Elaboration

The design plan should indicate the verification method to be used, including who is to carry it out, how it is to be performed and what records are to be kept.

Standard

4.4.8 Design Validation

Design validation shall be performed to ensure that product conforms to defined user needs and/or requirements.

NOTES: 11. Design validation follows successful design verification (see 4.4.7).

12. Validation is normally performed under defined operating conditions.

13. Validation is normally performed on the final product, but may be necessary in earlier stages prior to product completion.

14. Multiple validations may be performed if there are different intended uses.

Meaning

Design validation is the actual testing of a product or service to see if it works. In the context of the Civil Service, it may be in the form of a pilot run for a new service introduced to assess its capability to satisfy customers.

Purpose The purpose of this clause is to determine whether a product or service really works and if it is acceptable to the customer.

Elaboration Design validation is the process of ensuring that the final product or service will meet customers' needs. It is the final stage in the design process and is important for preventing serious deficiencies in a product or service. The results of the validation process can be fed back into the design process, leading to modifications and improvements to the product or service.

Standard **4.4.9 Design Changes**

All design changes and modifications shall be identified, documented, reviewed and approved by authorised personnel before their implementation.

Meaning **Design changes** is the process of making changes and modifications to the design of a product or service.

Purpose The purpose of this clause is to control all changes that are made to the design of a product or service.

Elaboration Design changes arising from the customer, market, design review, design verification and design validation must be recorded, reviewed and approved by authorised personnel before the changes can be initiated. These changes must be formally documented.

Example The government in its efforts to upgrade the quality of services provided to the public came up with the idea of introducing a service that will enable the public to pay their water, electricity and telephone bills at one centre without having to go to the counters at the respective agencies to make payment. This idea had to be translated into a design before the service could be provided. In developing the design for this service, the government had to first determine what had to be done and to assign responsibility for carrying out these activities. Among the activities identified were, to study the feasibility of such a system, designing the system, considering the financial implications and determining whether the agencies involved had the capacity to implement the system. The agency assigned with the responsibility for designing the system was INTAN. INTAN in carrying out this responsibility had extensive discussions with MAMPU, Pos Malaysia (the former Postal Department), the Water Works Department, Tenaga Nasional Berhad (the former National Electricity Board) and Syarikat Telekom Malaysia Berhad (the former Telecoms Department). Interfaces among these departments were established in the form of meetings.

When designing the system, design input requirements were identified. Among these were the need to be able to pay utility bills at one centre, the need to transfer funds between the agencies for reconciliation of accounts and the need to update customer accounts.

These design inputs were taken into account in the design for the service which was known as the One Stop Bill Payment System. The design was reviewed and verified at various stages during the design process. Finally, the service was validated by having a pilot run at a few selected branches of the relevant agencies before final modifications were made to the design. This system was launched nationwide based on the final design.

ELEMENT 4.5 DOCUMENT AND DATA CONTROL

Standard

4.5.1 General

The supplier shall establish and maintain documented procedures to control all documents and data that relate to the requirements of this International Standard including, to the extent applicable, documents of external origin such as standards and customer drawings.

NOTE 15 Documents and data can be in the form of any type of media, such as hard copy or electronic media.

4.5.2 Document And Data Approval And Issue

The documents and data shall be reviewed and approved for adequacy by authorised personnel prior to issue. A master list or equivalent document control procedure identifying the current revision status of documents shall be established and be readily available to preclude the use of invalid and/or obsolete documents.

This control shall ensure that:

a. the pertinent issues of appropriate documents are available at all locations where operations essential to the effective functioning of the quality system are performed;

b. invalid and/or obsolete documents are promptly removed from all points of issue or use, or otherwise assured against unintended use;

c. any obsolete documents retained for legal and/or knowledge-preservation purposes are suitably identified.

4.5.3 Document And Data Changes

Changes to documents and data shall be reviewed and approved by the same functions/organisations that performed the original review and approval, unless specifically designated otherwise. The designated functions/organisations shall have access to pertinent background information upon which to base their review and approval.

Where practicable, the nature of the change shall be identified in the document or the appropriate attachments.

Meaning

Control of the documents and data means control for the approval, distribution, amendment and disposing of these by an officer appointed by management. These documents and data include Quality Manuals, Procedures, Work Instructions, Drawings, Statutory Requirements and Specifications that are in the organisation.

Purpose

The intent of this element is to provide pertinent information to all personnel in the organisation whose work relate to the quality system.

Elaboration

According to the MS ISO 9001 Standard, organisations are required to establish procedures for controlling all documents and data that are involved in the quality system. This control procedure shall cover the methods for preparing, checking, approving, amending, distributing and indexing all documents and data in the organisation. Obsolete documents have to be removed and disposed. This is to ensure that:

- developing and amending documents should be approved by the authorised personnel;
- all changes in documents should be planned;
- documents should be distributed to only those requiring it;
- only current documents are distributed for use;
- all documents received should be understood by personnel; and
- all obsolete documents removed.

Document and data can be in the following media:

- written documents;
- documents held in the computer;
- documents in floppy disk or compact discs;
- video and audio tapes; and
- graphic posters.

When any changes to documents and data occur, the organisation should make the necessary changes on the media where the documents are stored.

Example

An example of this element is the procedure for developing, distributing and maintaining the Quality Manual. This procedure will have to define the authority and responsibility for developing and maintaining the Quality Manual and the detailed steps that have to be followed when amending or changing it. This procedure will state where the Quality Manual can be obtained.

Those distributing as well as those receiving the Quality Manual should put their signatures and the respective dates of distribution and receipt of the manual.

ELEMENT 4.6 PURCHASING

Standard

4.6.1 General

The supplier shall establish and maintain documented procedures to ensure that purchased product (see 3.1) conforms to specified requirements.

4.6.2 Evaluation Of Subcontractors

The supplier shall:

a. evaluate and select subcontractors on the basis of their ability to meet subcontract requirements including the quality system and any specific quality assurance requirements;

b. define the type and extent of control exercised by the supplier over subcontractors. This shall be dependent upon the type of product, the impact of subcontracted product on the quality of final product and, where applicable, on the quality audit reports and/or quality records of the previously demonstrated capability and performance of subcontractors;

c. establish and maintain quality records of acceptable subcontractors (see 4.16).

4.6.3 Purchasing Data

Purchasing documents shall contain data clearly describing the product ordered, including where applicable:

a. the type, class, grade or other precise identification;

b. the title or other positive identification, and applicable issues of specifications, drawings, process requirements, inspection instructions and other relevant technical data, including requirements for approval or qualification of product, procedures, process equipment and personnel;

c. the title, number and issue of the quality system standard to be applied.

The supplier shall review and approve purchasing documents for adequacy of the specified requirements prior to release.

4.6.4 Verification Of Purchased Product

4.6.4.1 Supplier Verification At Subcontractor's Premise

Where the supplier proposes to verify purchased product at the subcontractor's premises, the supplier shall specify verification arrangements and the method of product release in the purchasing documents.

4.6.4.2 Customer Verification Of Subcontracted Product

Where specified in the contract, the supplier's customer or the customer's representative shall be afforded the right to verify at the subcontractor's premises and the supplier's premises that subcontracted product conforms to specified requirements. Such verification shall not be used by the supplier as evidence of effective control of quality by the subcontractor.

Verification by the customer shall not absolve the supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

Meaning

Purchasing here means the method of procuring products or services that are required by the organisation.

Purpose

The purpose of this element is to ensure that products or services supplied by the subcontractors conform to specified requirements. In order to achieve this, it is important to evaluate and select the subcontractors based on their capability and past performance to supply products or services.

Elaboration

This element requires organisations to develop and maintain documented procedures for ensuring that products or services supplied are according to specifications. These specifications should be clearly stated. Organisations shall evaluate the subcontractors based on their past performance and capability in meeting specifications. Organisations shall determine as to whether they need to inspect the quality systems of its subcontractor or inspect the premises of the subcontractor. Purchasing records should contain data which is clear such as type, class, grade and title or other identification of the product and shall be maintained.

According to the MS ISO 9004-2 Guidelines, service organisations should develop a working relationship with the subcontractor, including a feedback mechanism. In this way, a programme of continuing quality improvements can be supported and quality disputes avoided or settled quickly. Organisations shall maintain

a list of approved subcontractors who can supply products and services that are required. The performance of these subcontractors should be regularly monitored to ensure their continuing capability.

Example

For example, in the process of awarding the contract to a subcontractor for maintaining naval ships, the Ministry of Defence requires the subcontractor to provide information on their past performances. This will enable the Ministry to evaluate the capability of the subcontractor prior to awarding the contract. The Ministry can also specify in the contract documents that it reserves the right to visit and inspect maintenance operations at the subcontractor's premises to verify the latter's performance.

Another example is the purchase of pharmaceutical products by the Ministry of Health. The Ministry should select subcontractors (manufacturers of pharmaceutical products) based on the latter's past performance. It should also clearly state its requirements in the contract documents. If the Ministry of Health further wants to ensure the quality of the pharmaceutical supplies, it may also specify in the contract documents that it has the right to make visits to the manufacturer's premises to inspect the manufacturing process.

ELEMENT 4.7 CONTROL OF CUSTOMER-SUPPLIED PRODUCT

Standard

The supplier shall establish and maintain documented procedures for the control of verification, storage and maintenance of customer-supplied product provided for incorporation into the supplies or for related activities. Any such product that is lost, damaged or is otherwise unsuitable for use shall be recorded and reported to the customer (see 4.16).

Verification by the supplier does not absolve the customer of the responsibility to provide acceptable product.

Meaning

Customer-supplied product refers to the material supplied by the customer to the organisation which uses the material as input in producing the product or service required by the customer. The material supplied by the customer could be tangible or intangible. For example in the Civil Service information provided by applicants when applying for a licence or permit such as name and identity card number is customer-supplied product. **Control of customer-supplied product** refers to how the customer-supplied product is taken care of by the organisation.

Purpose

The purpose of this element is for an organisation to ensure that the customer-supplied material or product is well-taken care of. This requires an organisation to define how customer-supplied product should be handled when it is received, as well as how it will address lost, damaged, or nonconforming product.

Elaboration

According to MS ISO 9004-2, effective controls in terms of procedures should be established and maintained in organisations for the handling, storage, packaging, delivery, and protection of the customer-supplied material or product. In its service delivery to the customer, the Civil Service should exercise properly its responsibility towards the control of the customer-supplied material or product which belongs to the customer. This is to ensure that there is no compromise in the quality of the customer-supplied material or product. If the product is lost, damaged or unsuitable for its intended purpose, this condition must be recorded and reported to the customer.

Example

The Inland Revenue Department requires information such as personal particulars and details of income from tax payers before it can come up with assessment of taxes to be paid. This information is an example of an intangible customer-supplied product. The department has to verify that the information supplied is right and accurate. This information has to be properly kept and controlled. For example updating of information can only be

carried out according to established regulations and procedures. Another example is in the case of the Road Transport Department requiring photographs from its customers before it can issue Driving Licences to them. These photographs constitute tangible customer-supplied products. The Road Transport Department has to ensure that the photographs meet its specifications and are also handled and stored properly.

ELEMENT 4.8 PRODUCT IDENTIFICATION AND TRACEABILITY

Standard

Where appropriate, the supplier shall establish and maintain documented procedures for identifying the product by suitable means from receipt and during all stages of production, delivery and installation.

Where and to the extent that traceability is a specified requirement, the supplier shall establish and maintain documented procedures for unique identification of individual product or batches. This identification shall be recorded (see 4.16).

Meaning

Product identification and traceability is about knowing what the product is, where it is, or perhaps both. Examples are the recording of code numbers, control numbers, bar codes and colour codes. Product identification refers to the ability to separate two or more materials or products. For example, files in a government agency dealing with one subject can be distinguished from another by the use of different colour codes. Traceability, on the other hand, is about tracking a product as it goes through the various stages of processing. For example, in a government agency, an application for a permit might be assigned an application reference number. This application reference number helps to keep track of the application as it goes through the various stages of processing.

Purpose

The purpose of this element is to provide identification of products so as to facilitate traceability when there is a product recall arising from the nonconformity of product or customer complaints.

Elaboration

This element requires an organisation to establish and document procedures for identification and traceability of incoming materials, in process products and finished products. This element also requires an organisation to determine if and where traceability is applicable. An effective identification and traceability system will enable products to be identified and traced easily.

Product identification is to enable products and services with one set of characteristics to be distinguished from products or services with another set of characteristics. Among the methods of identification include the usage of code numbers, control numbers, names, labels, serial numbers, bar codes and colour schemes. Traceability, on the other hand, refers to the ability to separate a material or product by individual batch, lot or unit.

Compared to identification, traceability is only required if it is a specified requirement. Here are some examples of when traceability may be needed:

- separation of product where shelf life may be important;
- control of incoming material;
- subcontractor requests it;
- segregation of nonconforming product;
- test status determination;
- release of finished products;
- customer requires it;
- required by regulatory requirements; and
- aid for material resource management.

In service organisations, MS ISO 9004-2 Guidelines recommend that such organisations should identify and record the source of any product or service that forms part of the service provided, including personal responsibility for verification of products and services to ensure traceability in cases of nonconformity and customer complaints (MS ISO 9004-2, clause 6.2.4.5).

Example

At a hospital, all services provided to a patient are identified through a medical registration number. This number is given when the patient gets his first treatment at the hospital. This number shall be documented in all records pertaining to the patient. Hence, all patients will be identified by their registration numbers so that appropriate medical treatment can be given to the patient without any possibility of error. At the same time, the same registration number will also help hospital authorities to trace and retrieve the patient's medical records.

ELEMENT 4.9 PROCESS CONTROL

Standard

The supplier shall identify and plan the production, installation and servicing processes which directly affect quality and shall ensure that these processes are carried out under controlled conditions. Controlled conditions shall include the following:

a. documented procedures defining the manner of production, installation and servicing, where the absence of such procedures could adversely affect quality;

b. use of suitable production, installation and servicing equipment, and a suitable working environment;

c. compliance with reference standards/codes, quality plans and/or documented procedures;

d. monitoring and control of suitable process parameters and product characteristics;

e. the approval of processes and equipment, as appropriate;

f. criteria for workmanship, which shall be stipulated in the clearest practical manner (e.g. written standards, representative samples or illustrations); and

g. suitable maintenance of equipment to ensure continuing process capability.

Where the results of processes cannot be fully verified by subsequent inspection and testing of the product and where, for example, processing deficiencies may become apparent only after the product is in use, the processes shall be carried out by qualified operators and/or shall require continuous monitoring and control of process parameters to ensure that the specified requirements are met.

The requirements for any qualification of process operations, including associated equipment and personnel (see 4.18), shall be specified.

NOTE 16: Such processes requiring prequalification of their process capability are frequently referred to as special processes.

Records shall be maintained for qualified processes, equipment and personnel, as appropriate (see 4.16).

Meaning

A process is a sequence of operations used to generate and deliver a product or service. When this process is controlled, a consistent product or service of acceptable quality is produced. **Process control**, therefore, means identifying the processes for which instructions are necessary and then documenting them. In the context of the Civil Service, examples of process control would include work instructions that detail the proper way to address a customer at the counter and the manner in which a complaint is to be addressed.

Purpose

The purpose of process control is to ensure that all processes which directly affect quality are identified, planned and carried out under controlled conditions. When the process by which a product or service is produced is effectively planned and controlled, it will help to ensure consistency in the quality of products or services.

Elaboration

This element requires organisations to identify and plan all processes which directly affect quality and to ensure that these processes are carried out under controlled conditions. Thus, organisations have to identify important processes which need to be documented. Such documents may be in the form of procedures, instructions, work flow charts, checklists or work practices. Procedures and work instructions are only required where the absence of such documents will adversely affect the quality of service. However, all procedures need not be documented in great detail because a competent worker would be expected to know how to carry out his work. For example, a surgeon should know how to do an operation without referring to written procedures or work instructions while operating on a patient.

Other requirements to ensure processes are carried out under controlled conditions are the installation and use of suitable equipment and maintenance of a suitable work environment. Clear criteria in the form of representative samples, written standards or other kinds of illustrations supplied to personnel performing the work also help in controlling processes. This element also states the importance of having a suitable maintenance programme for equipment to ensure continuing process capability.

MS ISO 9004-2 Guidelines specifically mentions that process control in the service sector is needed to ensure that services provided to customers adhere to the prescribed service delivery specifications. The organisation should monitor that the service specification is always met. When deviations occur from the original

specifications, the organisation should adjust the service delivery process in order to meet customer specifications. In order to ensure that services provided meet specifications, management should assign specific responsibilities to all personnel implementing the service delivery process, that is, from the initial stage of providing information to customers till the customer receives the service (MS ISO 9004-2, clause 6.3).

There are also processes referred to as **special processes**, where the results cannot be fully verified by subsequent inspection and testing because deficiencies may become apparent only after the product is in use. According to MS ISO 9001, such processes require that operators have extra training and be specially qualified to carry out the processes. An example where qualifications are important is welding, where test technique for weld strength is difficult unless through destructive means. Thus, the welder is required to be trained to be qualified to perform the weld according to a weld procedure. This will provide the assurance of weld strength. Where a process capability relies less on the qualifications of personnel, but more on the consistency of materials, environment and processing equipment, the process shall be monitored continuously by using techniques such as inspection and observation.

In the service sector, the service provided is instantaneous, which does not readily allow inspection before delivery of that service. This situation exists whenever customer orders and service delivery are simultaneous. An example is an enquiry counter at a Government agency providing information and advice on matters pertaining to various tourist destinations. Failures by the staff in providing information and advice correctly are likely to be discovered by the customer after having attempted to travel to the said destination. And it is too late to rectify the situation. In such circumstances, the extra training for the individual concerned, the availability of up-to-date data bases and following systematic procedures are critical to ensure the quality of service provided consistently meets the needs of the customer.

Example

Process control can be illustrated with the example of the process to dispense medicine in a typical Outpatient Department of a Government Hospital. This process commences when the patient, after seeing the doctor hands over the prescription to the pharmacist at the dispensary and is completed when he receives the drugs. In order to ensure that the patient receives the correct medicine as written in the prescription, the process for dispensing of the medicine should be controlled to eliminate any occurrence of error in dispensing it. Errors which can occur are: dispensing the

wrong medicine, quantity not in accordance with prescription or wrong labelling of the medicine. Among the methods to control this process are to equip the pharmacist with:

- procedures on how to dispense medicine;
- checklists on matters that need to be followed or avoided, in order to ensure that the above mentioned problems do not occur. For example, drugs can only be dispensed if there is a prescription from a doctor; and
- only pharmacists with more than five years of experience can work on their own, whereas pharmacists with less than five years of work experience should work under supervision.

ELEMENT 4.10 INSPECTION AND TESTING

Standard

4.10.1 General

The supplier shall establish and maintain documented procedures for inspection and testing activities in order to verify that the specified requirements for the product are met. The required inspection and testing, and the records to be established, shall be detailed in the quality plan or documented procedures.

4.10.2 Receiving Inspection And Testing

4.10.2.1 The supplier shall ensure that incoming product is not used or processed (except in the circumstances described in 4.10.2.3) until it has been inspected or otherwise verified as conforming to specified requirements. Verification of conformance to the specified requirements shall be in accordance with the quality plan and/or documented procedures.

4.10.2.2 In determining the amount and nature of receiving inspection, consideration shall be given to the amount of control exercised at the subcontractor's premises and the recorded evidence of conformance provided.

4.10.2.3 Where incoming product is released for urgent production purposes prior to verification, it shall be positively identified and recorded (see 4.16) in order to permit immediate recall and replacement in the event of nonconformity to specified requirements.

4.10.3 In-process Inspection And Testing

The supplier shall:

a. inspect and test the product as required by the quality plan and/or documented procedures;

b. hold product until the required inspection and tests have been completed or necessary reports have been received and verified, except when product is released under positive-recall procedures (see 4.10.2.3). Release under positive-recall procedures shall not preclude the activities outlined in 4.10.3a.

4.10.4 Final Inspection And Testing

The supplier shall carry out all final inspection and testing in accordance with the quality plan and/or documented procedures to complete the evidence of conformance of the finished product to the specified requirements.

The quality plan and/or documented procedures for final inspection and testing shall require that all specified inspection and tests, including those specified either on receipt of product or in-process, have been carried out and that the results meet specified requirements.

No product shall be dispatched until all the activities specified in the quality plan and/or documented procedures have been satisfactorily completed and the associated data and documentation are available and authorised.

4.10.5 Inspection And Test Records

The supplier shall establish and maintain records which provide evidence that the product has been inspected and/or tested. These records shall show clearly whether the product has passed or failed the inspections and/or tests according to defined acceptance criteria. Where the product fails to pass any inspection and/or test, the procedures for control of non-conforming product shall apply (see 4.13).

Records shall identify the inspection authority responsible for the release of product (see 4.16).

Meaning

Inspection and testing are terms used to refer to operations carried out on the product or service to determine whether it is acceptable or not. Examples are proof-reading of publications.

Purpose

This element requires inspection and testing to be carried out at three stages during the production process, which are receiving, in process and final inspection and testing. This is aimed at ensuring that the product used in the production process and the output of the final product has been verified as conforming to specified requirements.

Elaboration

This element requires the organisation to develop and document procedures for inspection and testing so as to ensure that the incoming inputs fulfil the standards that have been specified before they can be used or processed. Verification can start with inspection at the stage of receipt until the final output is ready for delivery to the customer. Usually, inspection and testing can be carried out at three stages as below:

- inspection and testing at the stage of receipt.

  This Standard requires that inputs received are not used or processed until they have been checked and verified that

they conform to the stated requirements. Inspection at this stage is to ensure that the subcontractor has fulfilled his responsibility in supplying inputs according to the requirements of the organisation. For example, application forms that have been received for registration of building contractors with the Contractor's Service Centre will only be verified if they conform to the stated requirements. This is done by checking whether the application forms are completed and copies of the required documents are submitted.

- inspection and testing at the stage of processing.

  Inspection at this stage is carried out on steps that are involved in the production of output. It is aimed at preventing the production of defective output. For example, after application forms received from applicants are verified, information in the application forms is checked based on certain criteria for determining whether the applications can be approved or not.

- inspection and final testing.

  This Standard requires organisations to conduct inspection and testing on output that has been produced. This is to prevent output which does not meet the quality specifications from reaching customers. For example, registration certificates for contractors will only be issued to applicants who conform to specific criteria. These certificates should include particulars that have been approved and signed by the authority concerned.

Example

When a patient is scheduled for an operation in any government hospital, he is first inspected. Various readings such as blood pressure, heart rate, pulse rate and others are taken before the decision is taken for the operation to be conducted. These preliminary tests constitute receiving inspection and testing under this element. In most cases, the surgeon has secured a second opinion (that is, performed a test) before deciding to perform the operation. This is equivalent to in-process inspection and testing under this element. After the operation, the surgeon schedules a series of follow up visits to monitor the progress of the operation against expected results. Before closing the case, the patient is also required to come for a final visit. These concluding examinations constitute final inspection and testing under this element.

ELEMENT 4.11 CONTROL OF INSPECTION, MEASURING AND TEST EQUIPMENT

Standard

4.11.1 General

The supplier shall establish and maintain documented procedures to control, calibrate and maintain inspection, measuring and test equipment (including test software) used by the supplier to demonstrate the conformance of product to the specified requirements. Inspection, measuring and test equipment shall be controlled in a manner which ensures that the measurement uncertainty is known and is consistent with the required measurement capability.

Where test software or comparative references such as test hardware are used as suitable forms of inspection, they shall be checked to prove that they are capable of verifying the acceptability of product, prior to release for use during production, installation or servicing, and shall be rechecked at prescribed intervals. The supplier shall establish the extent and frequency of such checks and shall maintain records as evidence of control (see 4.16).

Where the availability of technical data pertaining to the inspection, measuring and test equipment is a specified requirement, such data shall be made available, when required by the customer or customer's representative, for verification that the inspection, measuring and test equipment is functionally adequate.

NOTE 17: For the purposes of this international Standard, the term "measuring equipment" includes measurement devices.

4.11.2 Control Procedure

The supplier shall:

a. determine the measurements to be made and the accuracy required, and select the appropriate inspection, measuring and test equipment that is capable of the necessary accuracy and precision;

b. identify all inspection, measuring and test equipment that can affect product quality, and calibrate and adjust them at prescribed intervals, or prior to use, against certified equipment having a known valid relationship to internationally or nationally recognised standards. Where no such standards exist, the basis used for calibration shall be documented;

c. define the process employed for the calibration of inspection, measuring and test equipment, including details of equipment type, unique identification, location, frequency of checks, check method, acceptance criteria and the action to be taken when results are unsatisfactory;

d. identify inspection, measuring and test equipment with a suitable indicator or approved identification record to show the calibration status;

e. maintain calibration records for inspection, measuring and test equipment (see 4.16);

f. assess and document the validity of previous inspection and test results when inspection, measuring or test equipment is found to be out of calibration;

g. ensure that the environmental conditions are suitable for the calibrations, inspections, measurements and tests being carried out;

h. ensure that the handling, preservation and storage of inspection, measuring and test equipment is such that the accuracy and fitness for use are maintained; and

i. safeguard inspection, measuring and test facilities, including both test hardware and test software, from adjustments which would invalidate the calibration setting.

NOTE 18: The metrological confirmation system for measuring equipment given in ISO 10012 may be used for guidance.

Meaning

Control of inspection, measuring and test equipment means actions taken by the organisation to ensure that readings of equipment used for inspection, measuring and testing are accurate and credible.

Purpose

This element requires the organisation to prepare and document procedures to control, calibrate and maintain equipment used for inspection, measurement and product testing. This equipment needs to be controlled to ensure that any uncertainty regarding its accuracy is traceable or known. It is the responsibility of the organisation to ensure that inspection, measuring and test equipments are calibrated according to prescribed time periods.

Elaboration

This element clearly shows the need for the organisation to control, calibrate and maintain inspection, measuring and test equipment. The element focuses on the need for calibration of equipment that affects quality. Calibration is the process of periodically

comparing the equipment against reference standards to determine how accurate it is and whether or not it is still capable of meeting the precision requirements.

The reference standards may have been provided with the equipment. Nevertheless, there are instances where the organisation may have to have access to a suitable reference standard by buying one or using a subcontractor.

MS ISO 9004-2 states that organisations are required to establish procedures for controlling and maintaining the system used for measuring the performance of services provided. Among the controls that could be used for this purpose is the use of questionnaires. Questionnaires used need to be tested for validity and reliability. This will provide quality assurance for the services provided (MS ISO 9004-2, clause 6.3.6).

Example

The Road Transport Department enforces regulations which prohibit excessive emissions by motor vehicles. For this purpose, the department utilises machines such as the Bemuller. Any motor vehicle tested which exceeds the tolerance level permitted, that is 50 units, will face action as it has violated the stipulated regulation. To ensure that the readings of the emission measurement machines are correct and reliable, these machines have to be calibrated by SIRIM once every six months.

ELEMENT 4.12 INSPECTION AND TEST STATUS

Standard

The inspection and test status of product shall be identified by suitable means, which indicate the conformance or nonconformance of product with regard to inspection and tests performed. The identification of inspection and test status shall be maintained, as defined in the quality plan and/or documented procedures, throughout production, installation and servicing of the product to ensure that only product that has passed the required inspections and tests [or released under an authorised concession (see 4.13.2)] is dispatched, used or installed.

Meaning

Inspection and test status is the status as to whether the inputs, parts, products or services have been inspected and tested. It allows an organisation to know which of the inputs, parts, products or services are ready for use, dispatch or to be installed.

Purpose

The objective of this element is for the organisation to develop a simple method of identifying the status of a part with respect to inspection and test. This allows everyone involved with a product to know if the parts have been inspected and whether the product is accepted or rejected. If the products have not been inspected, the parts should not be processed further. If the parts have been inspected and rejected, the parts should be identified and removed from the area where accepted products are held. This will help prevent the inadvertent use of rejected products. Only products that have passed the proper tests and inspections and are identified as such should be used. All these steps should be documented in the form of procedures in a quality plan. The procedures in the quality plan should also mention how the status can be changed and the accompanying authority to do it.

Elaboration

Element 4.12 in MS ISO 9001 is a generic element that can be used either in the manufacturing or service sector. In MS ISO 9004-2, this element is stated under clause 6.3.4. According to clause 6.3.4, the status of work done at each phase of the service delivery process should be recorded to identify the achievement of the service specification and customers' satisfaction.

There are various examples of methods that can be used to identify the inspection and test status:

- usage of marks, tags, labels and others;
- usage of inspection records, job cards and others; and
- usage of separate work stations.

One important factor to note is that the method chosen should be suitable, effective, permanent and easy to understand.

The procedure used should be able to identify the product stage. For example:

- waiting to be inspected;
- inspected and accepted;
- inspected, rejected and waiting for decision on what to do next; and
- inspected and rejected.

Example

Many government agencies receive applications for licences and permits. The counter clerk who receives the application will stamp the date and time of receipt and record the application into the application register. The application is then sent to the processing clerk. The clerk will check every application received to determine whether it is complete and fulfils the criteria. Applications that are complete and fulfil the stated criteria will be marked with a suitable label. For example they can be stamped as "COMPLETE" and forwarded to the application committee for consideration. Incomplete applications or applications that do not fulfil the stated criteria will be rejected and marked "REJECT". Those needing more information can be marked "QUERY". The three labels "COMPLETE", "REJECT" and "QUERY" constitute the status for inspections and tests done in considering an application for a licence or permit.

ELEMENT 4.13 CONTROL OF NONCONFORMING PRODUCT

Standard

4.13.1 General

The supplier shall establish and maintain documented procedures to ensure that product that does not conform to specified requirements is prevented from unintended use or installation. This control shall provide for identification, documentation, evaluation, segregation (when practical), disposition of nonconforming product and for notification to the functions concerned.

4.13.2 Review And Disposition Of Nonconforming Product

The responsibility for review and authority for the disposition of nonconforming product shall be defined.

Nonconforming product shall be reviewed in accordance with documented procedures. It may be:

a. reworked to meet the specified requirements,

b. accepted with or without repair by concession,

c. regraded for alternative applications, or

d. rejected or scrapped.

Where required by the contract, the proposed use or repair of product (see 4.13.2 b) which does not conform to specified requirements shall be reported for concession to the customer or customer's representative. The description of the nonconformity that has been accepted, and of repairs, shall be recorded to denote the actual condition (see 4.16).

Repaired and/or reworked product shall be reinspected in accordance with the quality plan and/or documented procedures.

Meaning

Nonconforming products or services are products or services which do not fulfil:

- customer's specifications;
- the organisation's requirements; and
- any legal or statutory requirements relating to the quality of product or service provided.

Control of nonconforming products or services refers to identifying the nonconformity, deciding what to do with it and, where possible, keeping it separate from the acceptable products. The organisation also needs to keep a record of the way in which it disposes off the nonconforming product. Everyone affected by the nonconforming product also needs to be kept informed of what happens.

Purpose

The purpose of this element is to ensure that products which do not conform to specified requirements are prevented from reaching the customers. To implement this, procedures for identification, documentation, evaluation, segregation (where practical) and disposition of the nonconforming products shall be established and documented.

Elaboration

The organisation shall establish a system for preventing nonconforming products or services from reaching the customers or being used for further processing. These products or services have come about after inspection has been carried out on the products or services based on the given specifications or requirements. These products or services shall be:

- promptly identified.

  Nonconforming products or services must immediately be identified and the occurrence recorded. For nonconforming products, the organisation can identify with the use of tags, based on location or other methods. For nonconforming services, it is not practical to identify through tags or location. In this respect, the nonconformance should be recorded. For example, the Petaling Jaya Municipal Council may specify that the layout plan has to be approved and sent to the customer within three months from the date of application. Cases of nonconformance will arise if the Municipal Council office fails to process the approvals within the stipulated period. These cases should be recorded. For example, if in January 1996 a total of six cases occurred, the details of these cases have to be noted.

- segregated.

  The nonconforming products must be segregated from conforming items until a decision has been made as to what should be done with them. This is to prevent them from being further processed. For services, this may not be practical. For example, if there are certain parts of a building under construction which do not meet specifications or need to be

repaired, segregation of these parts is not possible. However, it is important to record and report the occurrence of such instances.

- documented.

  All cases of nonconformance must be recorded. The amount of details to be recorded depends on the extent of the nonconformance and to whom these cases need to be reported. These records are also very useful when investigating the causes for the nonconformance.

- evaluated to ensure the degree of nonconformance.

  The nonconforming products must be reviewed by persons who have been designated. Information derived from this evaluation can assist in deciding on the appropriate manner of disposition of the products and services.

- disposed of in the appropriate manner.

  The nonconforming products can be dealt with in the following manner:

  - accepted with or without repair by concession;
  - reworked;
  - repaired;
  - regraded; or
  - rejected/scrapped.

  For nonconforming services, corrective action has to be carried out. Both disposition of the nonconforming product and corrective action for nonconforming services must be carried out as soon as possible.

- properly controlled before they are dealt with in accordance with the method decided.

  The nonconforming products, the method of disposition and reasons for selecting the method of disposition must be recorded. Appropriate authorisation and the necessary precautions to ensure that the products are not taken out unintentionally must also be documented.

- reported to all parties involved with the products.

  In certain situations, customers need to be informed of nonconforming products or services in order to obtain their permission before any remedial action can be taken.

Procedures for identification, documentation, evaluation, segregation (when practical), disposition of the nonconforming products, and reporting to the parties involved must be established and documented.

Records of decisions made, approvals given by customers, procedures for the repair and rework of the products, and the results of inspection of the products which have been repaired and reworked must be kept.

Example

The Registrar of Companies issues company registration certificates which constitute a tangible product. These certificates need to be embossed and this is done using the manual embossing machine. As this machine uses human effort, the resultant quality of the embossment is not consistent (there are cases where the embossment is not clear on the certificates). Certificates which are not clear may be considered invalid and as such cannot be used. These certificates are marked as not usable and have to be segregated in order that they will not be delivered to the customers. The number of these certificates must be recorded. Thereafter, decisions will have to be made for the disposition of these certificates through either:

- reembossing the same certificates (reworked); or
- disposing these certificates through shredding or other methods.

These certificates have to be given to the customers within five days from the date of receipt of the applications. If these certificates cannot be given to the customers within the above stipulated period, there arises a situation of nonconformance of the service requirement. The stipulated period here is considered intangible and instances where certificates cannot be given to the customers within the five days must be recorded. The Registrar of Companies must investigate the causes of these occurrences in order to ensure that the customers receive their certificates within the stipulated period.

ELEMENT 4.14 CORRECTIVE AND PREVENTIVE ACTION

Standard

4.14.1 General

The supplier shall establish and maintain documented procedures for implementing corrective and preventive action.

Any corrective or preventive action taken to eliminate the causes of actual or potential nonconformities shall be to a degree appropriate to the magnitude of problems and commensurate with the risks encountered.

The supplier shall implement and record any changes to the documented procedures resulting from corrective and preventive action.

4.14.2 Corrective Action

The procedures for corrective action shall include:

a. the effective handling of customer complaints and reports of product nonconformities;

b. investigation of the cause of nonconformities relating to product, process and quality system, and recording the results of the investigation (see 4.16);

c. determination of the corrective action needed to eliminate the cause of nonconformities;

d. application of controls to ensure that corrective action is taken and that it is effective.

4.14.3 Preventive Action

The procedures for preventive action shall include:

a. the use of appropriate sources of information such as processes and work operations which affect product quality, concessions, audit results, quality records, service reports and customer complaints to detect, analyse and eliminate potential causes of nonconformities;

b. determination of the steps needed to deal with any problems requiring preventive action;

c. initiation of preventive action and application of controls to ensure that it is effective;

d. ensuring that relevant information on actions taken is submitted for management review (see 4.1.3).

Meaning

Corrective action refers to the steps taken to investigate the causes of nonconforming products or services and implementing appropriate action to reduce these occurrences. For example, when the Petaling Jaya Municipal Council experiences delay in the approval of layout plans within the stipulated period of three months, steps taken to determine the causes of these delays (nonconformances) and overcoming them would constitute corrective action.

Preventive action involves the action taken to prevent the occurrence of a problem or to reduce or eliminate the effect of the problem if it occurs. This action is proactive and it focuses on processes and not on the specific product. For example, if a telephone operator in Department A were to be absent from her work place, it will not be possible for telephone calls to be entertained. This can lead to potential customer complaints. As a preventive measure, a procedure may be drawn up to ensure that whenever the telephone operator has to be absent from her working place, all incoming calls are routed to the Chief Clerk by the telephone operator.

Purpose

The purpose of this element is to enable the supplier:

- to identify the nonconforming products and the causes for nonconformance; and
- to carry out systematic and thorough investigations to determine the causes of nonconformity and the corrective and preventive actions to be taken and documented.

Elaboration

Before corrective action can be taken, the causes of the nonconforming products or services will have to be investigated first. However, this does not involve all cases of nonconforming products or services. Corrective action is only taken for cases which have great impact or involve high risks to the organisation. The actions taken should be appropriate to the seriousness of the problem and the risks that will be faced if the corrective actions are not taken. All corrective actions that are taken and modifications to the procedures resulting from these actions should be recorded.

The need for corrective actions is based on several factors such as:

- the occurrence of nonconformance;
- customer's complaints;

- the number of products reworked or repaired; and
- audit reports which recommend the changes.

The organisation has to handle customer complaints and reports on nonconforming products or services effectively as information pertaining to this is very useful in determining the required corrective action that needs to be taken.

Appropriate preventive action is only taken after identifying the potential problems through analysis carried out on information such as records on nonconforming products or services, customer complaints, work processes and audit reports. Therefore an effective information system which enables vital information to be collected and obtained from various sources should be established and maintained.

Example

A major problem faced by an agency is that the officers assigned to process and approve applications for a licence issued by the agency cannot do so within the specified period. Investigations carried out to determine the causes of the problem reveal that these officers have to contact the applicants to obtain additional information before their applications can be processed and approved. Upon further analysis of the problem it is found that certain critical information which need to be solicited from the applicants is not asked for in the application forms.

Therefore, the corrective action that has to be taken is to redesign the application form in order to incorporate this critical information from the applicants. With the availability of this critical information, the officers will be able to process and approve the applications for the licence within the stipulated time frame.

ELEMENT 4.15 HANDLING, STORAGE, PACKAGING, PRESERVATION AND DELIVERY

Standard

4.15.1 General

The supplier shall establish and maintain documented procedures for handling, storage, packaging, preservation and delivery of product.

4.15.2 Handling

The supplier shall provide methods of handling product that prevent damage or deterioration.

4.15.3 Storage

The supplier shall use designated storage areas or stock rooms to prevent damage or deterioration of product, pending use or delivery. Appropriate methods for authorizing receipt to and dispatch from such areas shall be stipulated.

In order to detect deterioration, the condition of product in stock shall be assessed at appropriate intervals.

4.15.4 Packaging

The supplier shall control packing, packaging and marking processes (including materials used) to the extent necessary to ensure conformance to specified requirements.

4.15.5 Preservation

The supplier shall apply appropriate methods for preservation and segregation of product when the product is under the supplier's control.

4.15.6 Delivery

The supplier shall arrange for the protection of the quality of product after final inspection and test. Where contractually specified, this protection shall be extended to include delivery to destination.

Meaning

Handling means products are held or operated in such a way that prevents damage or deterioration. For example, forms or documents used during service delivery should be handled with extreme care to avoid risks of being torn or defaced. Similarly, office equipment should be used and operated following standard procedures.

Storage means materials and equipment are kept safely and properly in designated areas. For example, documents containing high security information with limited accessibility should be stored in a safe.

Packaging means covering or packing products with appropriate material. For example, it is appropriate to put documents, reports or letters in folders, files or thick envelopes with clear labels, titles, names or addresses.

Preservation means an organisation has to keep products in safe custody and protect them from dust, sunlight or humidity which can result in loss, damage or deterioration. For example blueprints of maps or layout plans of the Survey Department must be kept away from dust or direct sunlight which can affect the quality of such documents.

Delivery means that, if it has been specified as part of the contract, an organisation is responsible for arranging the safe delivery of products until the customer's destination. In organisations providing services, this would refer to delivery of products which are the result of activities connected with the services provided. For example, the Public Service Commission is responsible for recruiting new personnel. In carrying out this activity, it is also responsible for the safe delivery of letters informing applicants on the results of the interviews to addresses specified by the applicants.

Handling, storage, packaging, preservation and delivery of product covers critical materials used in production or for providing service. In the context of the Civil Service, it would include tangible products such as application forms, documents, office equipment and computer diskettes or intangible products such as computer programs and data.

Purpose

This element is to ensure that products used in production or in the service delivery process are always in good condition and in a safe state. Its purpose is to avoid the damage, loss and deterioration of products as a result of improper handling, unsuitable storage places, inadequate packaging and preservation. An organisation cannot ensure quality products or service from damaged materials or defective parts. If this element is not complied with, the quality of products or services provided will also be affected.

Elaboration

This element requires the organisation to establish and maintain documented procedures for handling, storage, packaging, preservation and delivery of products. By complying with this element, the organisation can ensure that the integrity of the products is maintained at all levels of production or service delivery.

The organisation must ensure that the methods utilised do not subject products to damage during the production or service delivery processes. If necessary, training for staff on how to handle specific products or equipment needs to be given. For example, the computer division of an organisation has to provide training to computer operators on the proper methods for handling of diskettes to protect against loss of data.

Storage methods and procedures have to be established in order to limit the possibility of damage of products. The standard requires the organisation to establish procedures and appropriate places for storage of products. For example, segregation of medicine with poisonous contents from nonpoisonous medicine, storage of magnetic media (such as video tapes and computer disks) in a nonmagnetic environment and so forth.

Storage procedures also need to give consideration to responsibilities for storage, procedures for checking receipt and despatch of products from storage places and assessing stock at appropriate intervals.

The organisation is also required to ensure that the method of packaging should be appropriate for the product. For example, confidential documents sent to customers should follow different packaging and mailing procedures from documents which are not confidential.

The organisation must establish controls for preservation and labelling of products. Some products can be damaged when stored in inappropriate conditions such as excessive temperatures or damp atmospheric conditions and so forth. Expiry dates of products such as medicines in a pharmaceutical unit must be clearly labelled so that their usage will not exceed these dates.

The standard requires the organisation to maintain the quality of the product after final inspection. The quality of the product must be protected until the delivery to the customer's premise.

For organisations involved in service delivery such as those in the Civil Service, this element is important in order to ensure that quality service is rendered to the customers. The use of this element is critical from the interaction stage with the customer until the service delivery stage. Standard MS ISO 9004 provides specific clarifications on what are being handled. They include incoming materials, materials in process and finished products (MS ISO 9004, clause 16.1.1). For organisations in the Civil

Service, appropriate examples are application forms, computer software/hardware to assist in processing applications and licences ready to be handed over to applicants. Service organisations should establish appropriate methods and procedures for handling, storage or delivery of these products. Consideration should be given to providing safe places such as locked steel cabinets or strong rooms for storing incoming materials, materials or equipment used during service delivery and finished products.

Standard MS ISO 9004-2 specifically mentions other material resources which are required for service operations. The requirements include transport, information systems, quality assessment facilities, instrumentation and computer software (MS ISO 9004-2, clause 5.3.3). These facilities need to be handled according to appropriate methods so as to ensure that materials, equipment and finished products are well kept and protected.

Standard MS ISO 9004-2 also states that organisations in service operations should provide operational and technical documentation. This is related to the documentation of equipment used during service delivery. When such equipment is handled properly and according to correct procedures, the quality of service is assured.

Example

The process of supplying medicines by the dispensary unit of a government hospital requires that written processes and procedures be established for handling, storage, packaging, preservation and delivery of medicines to patients. Among the important aspects which need to be established and documented are procedures and responsibilities for handling and receipt of medicines from subcontractors. The dispensary unit also needs to establish suitable methods for the storage of the medicines. Another aspect which needs to be addressed is the procedure for controlling stock. A systematic method of labelling products and an information system can assist the dispensary unit in identifying, monitoring and controlling the stock of medicines. The process and procedure for delivering medicines to patients also need to be established to ensure that the medicines are in good condition and delivered safely.

ELEMENT 4.16 CONTROL OF QUALITY RECORDS

Standard

The supplier shall establish and maintain documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records.

Quality records shall be maintained to demonstrate conformance to specified requirements and the effective operation of the quality system. Pertinent quality records from the subcontractor shall be an element of these data.

All quality records shall be legible and shall be stored and retained in such a way that they are readily retrievable in facilities that provide a suitable environment to prevent damage or deterioration and to prevent loss. Retention times of quality records shall be established and recorded. Where agreed contractually, quality records shall be made available for evaluation by the customer or the customer's representative for an agreed period.

NOTE 19: Records may be in the form of any type of media, such as hard copy or electronic media.

Meaning

Quality records mean data or information that is recorded as a result of activities or processes carried out which affect quality. For example, when training is carried out to enhance the competence of civil servants, records maintained of such training would constitute a quality record. **Control** means there must be documented procedures for the management and maintenance of quality records so as to enable easy retrieval and avoid the possibility of any loss.

Purpose

The purpose of this element is to ensure that quality records are kept as evidence that a quality system is functioning. Management of quality records is needed to ensure that specific requirements are fulfilled and to verify the effective operation of the quality system.

Elaboration

MS ISO 9000 lays down strict requirements for records management as the standard constitutes a quality system based on evidence and verification. Proper maintenance of records provides objective evidence that a documented quality system is being practised.

Quality records must be legible and stored in such a way that they are readily retrievable and also to prevent deterioration and loss. The retention period of records must be established and recorded.

The organisation has to determine the types of quality records which need to be maintained in relation to the functions carried out. Other aspects to be considered are how long each type of record needs to be kept, where it will be kept and how it is to be disposed. The organisation is also required to identify and document the authority responsible for the management of quality records.

Standard MS ISO 9004 (clause 5.3.4) states that quality records pertaining to design, inspection, testing, survey, audit, review or related results are important constituents of a quality management system. Examples of quality records are (MS ISO 9004, clause 17.3):

- inspection reports;
- test data;
- qualification reports;
- validation reports;
- audit reports;
- calibration data; and
- quality cost reports.

According to standard MS ISO 9004-2 (clause 5.4.3), quality records should provide information on:

- the degree of achievement of the quality objectives;
- the level of customer satisfaction and dissatisfaction with the service;
- the results of the quality system for review and improvement of the service;
- the analysis to identify quality trends;
- corrective action and its effectiveness;
- appropriate subcontractors' performance;
- the skills and training of personnel;
- competitive comparisons.

In the Civil Service, the retention period of specific records and the method of disposal should be in accordance with the regulations laid down by the Department of Archives or Accountant-General's Department.

Example

Examples of quality records for organisations in the Civil Service are local purchase orders, vouchers, training records, processed application forms, minutes of meetings, inspection reports, audit reports, letters of appointment to the Quality Working Committee, approval letters for licences and so forth.

ELEMENT 4.17 INTERNAL QUALITY AUDITS

Standard

The supplier shall establish and maintain documented procedures for planning and implementing internal quality audits to verify whether quality activities and related results comply with planned arrangements and to determine the effectiveness of the quality system.

Internal quality audits shall be scheduled on the basis of the status and importance of the activity to be audited and shall be carried out by personnel independent of those having direct responsibility for the activity being audited.

The results of the audits shall be recorded (see 4.16) and brought to the attention of the personnel having responsibility in the area audited. The management personnel responsible for the area shall take timely corrective action on deficiencies found during the audit.

Follow-up audit activities shall verify and record the implementation and effectiveness of the corrective action taken (see 4.16).

NOTE 20: The results of internal quality audits form an integral part of the input to management review activities (see 4.1.3).

NOTE 21: Guidance on quality system audits is given in ISO 10011.

Meaning

Audits are about getting information from a variety of different sources and cross-checking it all to confirm that quality activities are being implemented as planned. When such audits are carried out by the organisation's own staff appointed by management, then such audits are referred to as **internal quality audits**.

Purpose

The purpose of this element is to help management in an organisation determine if the implemented quality system is effective in achieving stated quality objectives. Internal quality audits also promote continuous improvement to the quality system as well as help prevent it from becoming stagnant and ineffective.

Elaboration

Internal quality audits are carried out by appropriately qualified personnel and are appointed from divisions not directly involved with the quality system being audited.

Internal quality audits are carried out by examining information from a variety of different sources and cross-checking them. Some of the sources of information are:

- talking to people;
- looking at records;

- reading the procedures; and
- observing procedures being carried out.

The results of the audits have to be documented and submitted to management having responsibility in the area that is being audited. Management is required to take timely corrective action on the weaknesses found by the audits and implement the recommendations stated in the audit team's report. If the previous audit has proposed that the necessary steps be taken, the current audit must verify the effectiveness of the implementation of the steps proposed by the previous audit and these have to be recorded.

Further explanations on the implementation of this element are stated in MS ISO 9004 (clause 5.4). This clause mentions points that should be covered in the audit plan (sub-clause 5.4.2), activities and areas that should be covered when carrying out audits (sub-clause 5.4.3), and items that should be covered in the reporting and follow-up of audit findings (sub-clause 5.4.4).

The audit plan should cover the following points (MS ISO 9004, sub-clause 5.4.2):

- the specific activities and areas to be audited;
- qualifications of personnel carrying out audits;
- the basis for carrying out audits (e.g. organisational changes, reported deficiencies, routine checks and surveys); and
- procedures for reporting audit findings, conclusions and recommendations.

When carrying out an audit, the activities or areas to be examined and evaluated should include the following (MS ISO 9004, sub-clause 5.4.3):

- organisational structures;
- administrative and operational procedures;
- personnel, equipment and material resources;
- work areas and processes; and
- documentation, reports and record-keeping.

Items that should be covered in the reporting and follow-up of audit findings are as follows (MS ISO 9004, sub-clause 5.4.4):

- specific examples of noncompliance or deficiencies, possible reasons for such deficiencies and evidences of them;
- appropriate corrective actions may be suggested; and
- implementation and effectiveness of corrective actions suggested in previous audits should be assessed.

Example

The audit team of a government agency which comprises of officers from other divisions will carry out an audit on a certain division in the agency. Among items that will be audited include the effectiveness of corrective actions taken based on the recommendations of the previous audits and existing noncompliances with proposed corrective actions. The audit report is then submitted to the Steering Committee of the agency. This committee will go through the report and take timely corrective actions on any matter that the audit team has observed as being a nonconformance.

ELEMENT 4.18 TRAINING

Standard

The supplier shall establish and maintain documented procedures for identifying training needs and provide for the training of all personnel performing activities affecting quality. Personnel performing specific assigned tasks shall be qualified on the basis of appropriate education, training and/or experience, as required. Appropriate records of training shall be maintained (see 4.16).

Meaning

Training here refers to the process of identifying and imparting the knowledge and skills required by organisational employees.

Purpose

The purpose of this element is to ensure that organisational employees have the knowledge and skills to discharge their duties effectively and efficiently.

Elaboration

It is important that management in the Civil Service establish and document procedures for identifying training needs. Based on the training needs identified, training must be given to all personnel who carry out activities that affect quality. Therefore, management must have job descriptions that include a description of the education and skills required for each job. Records demonstrating that the employees who carry out these tasks either have the education and skills required or are obtaining such training must be kept.

Education is important as it brings awareness of the need for change and provides the means whereby change and development can be accomplished. Several important aspects should be given attention to in the development of personnel capable of bringing changes. These include providing training in quality management, quality-awareness programmes and training in process control, data collection and analysis, etc. (MS ISO 9004-2, clause 5.3.2.2). The motivation of personnel is very important in the Civil Service. This is because the behaviour and performance of personnel directly impacts on the quality of service provided. Among ways to motivate personnel are:

- provide a work environment that fosters excellence and a good work relationship;
- ensure that all personnel feel that they have involvement and influence in the quality of service provided to customers; and
- encourage the personnel to contribute more to the organisation by giving due recognition and appreciation for their achievements (MS ISO 9004-2, clause 5.3.2.1).

According to MS ISO 9004-2, personnel in the service organisations should also obtain adequate knowledge and skills in communication. Besides this, service personnel should have the capability of forming into teams described as effective quality improvement forums to create opportunities for supportive participation and cooperation in solving problems. The standard adds that effective communication should be fostered at all levels of management, through briefings, information exchange meetings, documented information and information technology facilities.

Example

A good example of a training programme is the induction courses which are mandatory for all new personnel in the Civil Service. These courses are very important and useful to new personnel in order for them to know and understand the policies and objectives of the organisation as well as their work and what is expected of them. Without such a programme, they will have problems not only in carrying out their work efficiently and effectively but also to adapt themselves to their new work environment. Among important topics covered under this training are effective communication skills and Development Administration Circulars. Records of this training programme are kept in the Service Record Book for personnel who have undergone the training.

ELEMENT 4.19 SERVICING

Standard

Where servicing is a specified requirement, the supplier shall establish and maintain documented procedures for performing, verifying and reporting that the servicing meets the specified requirements.

Meaning

Servicing constitutes the actions taken by the organisation as a supplier after the delivery of the product or service to the customer.

Purpose

The purpose of this element is to ensure that the product or service produced meets the customer requirements in terms of solving the problems which may arise or ensuring that the quality of the product or service is maintained after the delivery of the product or service to the customer.

Elaboration

In the Civil Service, it is important where necessary for agencies to provide assistance, advice and additional services to address the problems that may arise or to ensure that the quality of the services is maintained after the delivery of services to the customers.

Example

One of the main tasks of MAMPU is to undertake consultancy studies in government agencies. After carrying out a study, the report prepared is forwarded to the agency concerned. The responsibility of MAMPU does not stop here but continues through providing services in the form of advice and assistance to assist the agency concerned to implement the recommendations of the report. The advice and assistance given constitute servicing.

Another example is the case where a particular Municipal Council has implemented the car parking system using coupons. In order to address the problems that arise through enquiries and complaints from customers regarding the implementation of this system, the Council organises dialogue and discussion sessions with its customers. The purpose of these sessions is to give further clarifications and additional information on this system. These sessions constitute servicing provided to the Council's customers.

ELEMENT 4.20 STATISTICAL TECHNIQUES

Standard

4.20.1 Identification Of Need

The supplier shall identify the need for statistical techniques required for establishing, controlling and verifying process capability and product characteristics.

4.20.2 Procedures

The supplier shall establish and maintain documented procedures to implement and control the application of the statistical techniques identified in 4.20.1.

Meaning

Statistical techniques usually refer to the quantitative techniques used to improve or properly control the processes in the organisation. These techniques may include statistical process control, process capability studies, design of experiments, statistical sampling and so forth.

Purpose

The purpose of these statistical techniques is to ensure that scientific approaches are used in quality improvement and control.

Elaboration

Statistical techniques that can be used range from analysis of markets to charts of the defect level of service after the provision of service. Procedures which explain how each technique is applied need to be established. The techniques used must be appropriate to the situation and the data generated must be effectively used.

According to MS ISO 9004-2, modern statistical methods can assist service organisations in most aspects of data collection and application, whether to gain a better understanding of customer needs, in process control, capability study or in forecasting.

Example

Among the statistical techniques that may be used include Sampling Plans, Pareto Analysis, Regression Analysis and Control Charts. Many of these techniques are used in combination to measure and control process capability and are usually referred to as Statistical Process Control.

Areas where statistical techniques can be used are analysis of market research, stock control and charts of defect level.

As an example in the Civil Service, a statistical technique like Pareto Analysis can be used by an organisation to analyse customer complaints. This technique based on the 80-20 principle, states that a large part of the problem is the result of a minor percentage of all the causes. Therefore, this technique can be used by the organisation to identify the main causes of customer complaints.

PART IV

DOCUMENTATION IN ISO 9000

PART IV
DOCUMENTATION IN ISO 9000

Contents Of Part IV

This part contains the following topics:

ISO 9000 Requirements On Documentation

ISO 9000 requires the organisation to document its quality system which consists of quality policy and objectives, processes, procedures, structure of organisation including responsibilities and authority to manage these processes.

Clause 4.2.1 of ISO 9001 states that:

The supplier shall establish, document and maintain a quality system as a means of ensuring that product conforms to specified requirements. The supplier shall prepare a quality manual covering the requirements of this International Standard.

ISO 9000 also requires that the organisation keep and maintain quality records where such records are required.

Difference Between Documents And Records

Documents consists of an organisation's written procedures, policies and instructions. They provide guidelines, explanations and instructions on how to operate within the organisation.

Records constitute information which demonstrate that an activity has been performed to achieve the quality objectives. Records exist only after the activity has been performed.

Benefits Of Documentation

Documenting a quality system provides the following benefits for an organisation:

- to communicate information on management commitment to quality throughout the organisation;
- organisational structures and responsibilities of personnel are stated and clarified;
- provides clear and precise information to all personnel within the organisation on the quality management system;
- conveys instructions and information on work;
- facilitates conformance to standards;
- maximises the opportunity for improvement efforts in the quality system;
- structures the quality system; and
- achieves the quality system accreditation.

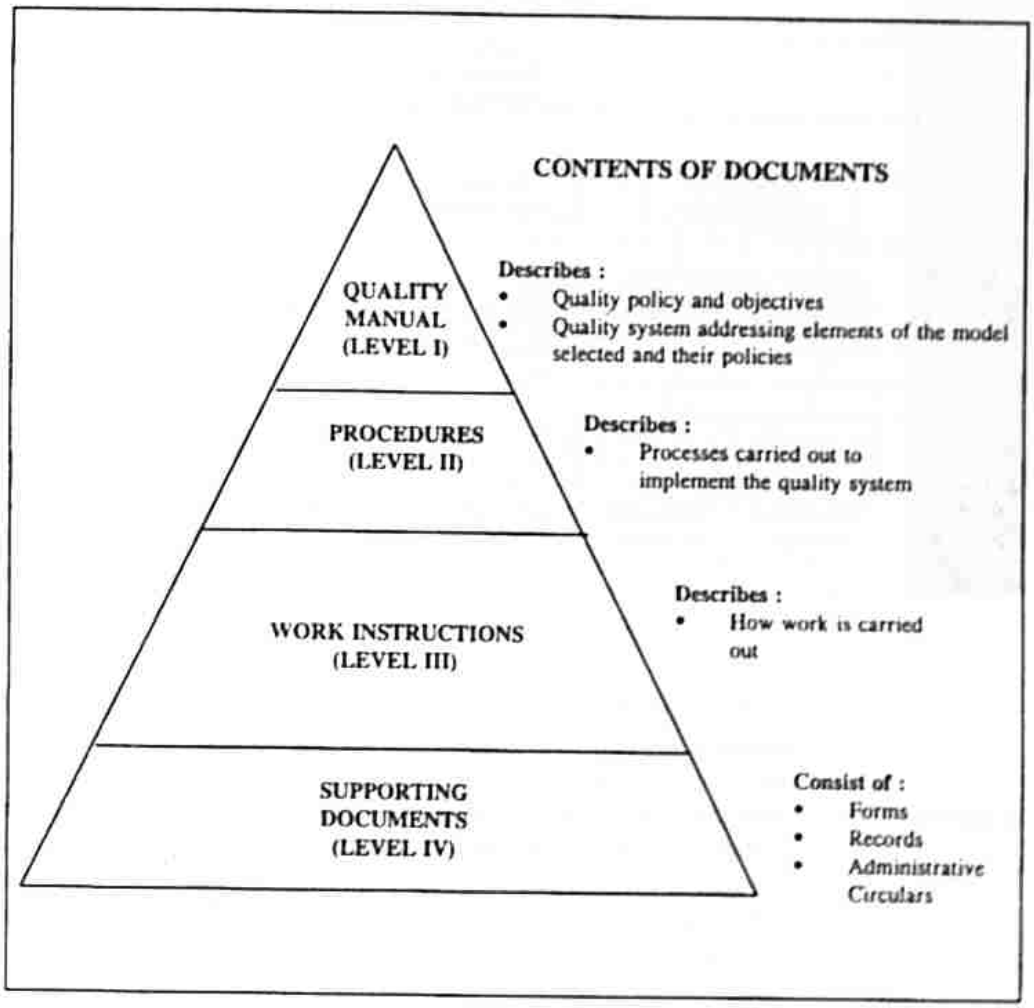
Document Hierarchy

The ISO 9000 standard requires that an organisation establish four levels of documentation as below:

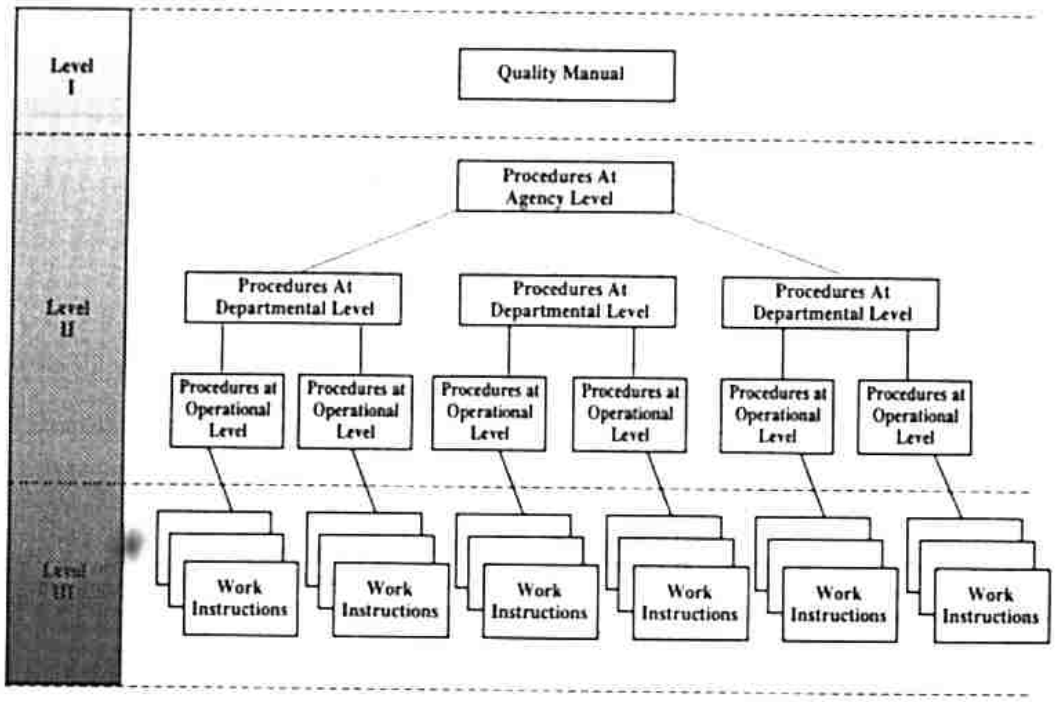
- Quality Manual;
- Procedures;
- Work Instructions; and
- Support Documents.

This level of documentation is to enable identification of the main documents in the quality system. It also facilitates cross-reference to be made between documents. However, ISO 9000 does not state how the documents should be prepared.

The following diagram shows the hierarchy of documentation in ISO 9000:



The hierarchy of documents in an organisation is shown in the diagram below:



The documentation system in ISO 9000 also includes quality records. Quality records exist at every level of documentation. Examples of quality records are minutes of management review meetings, minutes of contract review meetings, quality policy posters, appointment letter for the management representative in the quality system, audit reports, inspection reports, training records, invoices, vouchers, purchase orders, delivery orders, register books on documentation and so forth.

QUALITY MANUAL

Description

The quality manual is a document which is mandatory for the organisation. This document contains the quality policy and objectives with a brief description of the organisation's quality management activities, including how to comply with the elements in ISO 9001 or ISO 9002. It should be brief, precise and clear. In most cases, it does not exceed 40 pages. This document serves as a sign post or road map for the quality system.

Objectives Of Quality Manual

The manual has the following objectives:

- affirms the top management quality commitment;
- outlines the overall quality system;
- acts as a tool to train new employees;
- communicates to customers information on the organisation's quality programme;
- provides a point of reference for management review;
- provides a basis for auditing the quality system; and
- serves as a vital document for achieving ISO 9000 certification.

The quality manual can take various forms depending on the size of the organisation, nature of activity and scope of operations in the organisation. Larger organisations with many divisions may have to prepare a corporate quality manual, besides divisional quality manuals.

Structure Of The Quality Manual

The quality manual consists of five parts, that is:

- Administration of documents;
- Organisation's quality policy and objectives;
- Overall description of the quality system;
- Policies and explanation on the elements (system outline) in **ISO 9001** or **ISO 9002**; and
- A reference to procedures for these system outlines.

- **Administration Of Documents**

The contents of this part are as follows:

Contents	Description/Examples
• Cover page containing title and quality manual copy number	**Title:** ***Quality Manual Of The Malaysian Administrative Modernisation And Management Planning Unit*** **(MAMPU)** Copy number 01/30
• Content page	List of contents of quality manual
• Brief organisation summary	Introduction summary of its functions, background, history and so forth

- **Organisation's Quality Policy And Objectives**

The contents of this part are as follows:

Contents	Description/Examples
• Quality policy	Example: ***We are committed to producing quality output which meet our customers' satisfaction and the established standard of professionalism.***
• Quality objectives	Examples: *1. Prepare inspectorate reports as follows:* • *First inspection: 32 days* • *Follow-up inspection: 20 days* *2. Ensure that approval letter for machine/office equipment which can expedite and improve the quality of work is prepared not later than one month after date of receipt of application letter*
• Interpretation of policy	To provide a deeper understanding on the quality policy established

- **Overall Description Of The Quality System**

The contents of this part are as follows:

Contents	Description/Examples
• Quality system	Describes the organisation's overall quality system. ***Example:*** ***Training Institute A carries out two main processes as below:*** ***A. The Process For Carrying Out Training*** ***B. The Process For Carrying Out Management Consultancy Studies*** ***Each main process has activities procedures and work instructions.*** ***For Carrying Out Training Process, there are:*** ***<u>Activities:</u>*** ***i. Contains sixteen activities one of which is identifying customer needs.*** ***<u>Procedures:</u>*** ***i. Training Needs Assessment Survey (Reference document: MAMPU/PRO/23)*** ***<u>Work Instructions:</u>*** ***i. How to analyse survey data (Reference document: MAMPU/WI/03-01)*** **Note 1**-List all the sixteen activities following the example above. **Note 2**-Each activity may have more than one procedure and each procedure may have more than one work instruction. **For each activity in the main process, identify the applicable ISO 9001 elements which can be applied in the activity.**

	Note 3-An organisation may include a flow chart of the quality system and state it as below. **The structure of the quality system is shown clearly in the Flow Chart For Carrying Out Training and Flow Chart For Carrying Out Management Consultancy Studies.**
• Organisation structure, responsibilities and authority	Describes responsibilities, authority and hierarchy of functions which manage, implement and verify work affecting quality. May include an organisation chart indicating responsibilities, authority and interrelationship structure.
• Management review	States the agenda, frequency of meetings, chairmanship and so forth.
• Management representative and his role	States the responsibilities of officer specially appointed by management to carry out work affecting quality.
• Quality Steering Committee	States scope of work, membership, frequency of meetings, agenda and so forth.

- **Policies And Explanation On The Elements (System Outline)**

The contents of this part are as follows:

Contents	Description/Examples
Contains organisation's policies and regulations for each element in the selected quality assurance model (ISO 9001/9002).	The system outline has to be described according to the sequence of the elements in the quality assurance model. The organisation has to state its policies and regulations on the element and how the element will be implemented, achieved and controlled. Example: ***Element 4.5: Document and Data Control*** ***MAMPU shall control all documents and data pertaining to this quality system.*** ***All documents and data shall be prepared by personnel familiar with the area of work. Data and procedures shall be reviewed and approved prior to use. A document master list shall be developed to identify the current revision status of all documents.*** ***All obsolete documents shall be removed from the point of use and stamped "OBSOLETE".*** State elements which are not applicable. Example: ***Element 4.19: Servicing-Not applicable.***

- **A Reference To Procedures For These System Outlines**

The contents of this part are as follows:

Contents	Description/Example
A reference for each system outline to the procedures	Describes how policies for each element will be implemented. Reference to relevant procedures should be stated. Example: — ***Details of Contract Review Procedure (Element 4.3) are found in MAMPU/PRO 03.*** — ***Details of Inspection and Testing Procedure (Element 4.10) are found in MAMPU/PRO 10***

Explanation On Quality Manual Format

The format of a quality manual contains three parts as follows:

- **Part A**

  This part contains:

  — Name of organisation;

  — Name of document that is, Quality Manual;

  — Page number out of total number of pages of quality manual; and

  — Important dates such as original issue date of quality manual, revision date (if any) and date when the document becomes effective.

- **Part B**

  This part is for filling in the following particulars:

  — contents of quality manual;

  — brief summary on organisation;

  — quality policy and objectives;

— description of organisation (quality system, structure of organisation, responsiblities and authority, role of management representative and Quality Steering Committee);

— system outline (advisable to use a new page for each element); and

— reference to procedures.

- **Part C**

Information in Part C is to ensure checking and authorisation of documents. The name, post held and signature of officer responsible for preparing, checking and approving the quality manual should be filled in this part.

Part A and Part C contain standard particulars to be filled for each page. Information filled in Part B varies according to particulars that are required to be explained in the relevant page. For example, title and element clause need only be filled if the page is explaining the system outline. For other particulars such as the list of contents of the quality manual and quality policy, **Title** and **ISO 9001 Clause** need not be included for that page.

Examples Of Quality Manual Format

An example of the quality manual format is shown below:

Part A

NAME OF ORGANISATION	QUALITY MANUAL	Page____of____
		Original issue date: Current revision: Effective date:

Part B

Title:	ISO 9001 Clause:

Part C

PREPARED BY	CHECKED BY	APPROVED BY
Name: Post: Signature:	Name: Post: Signature:	Name: Post: Signature:

Example Of Content Page

A typical format for content page of a quality manual is shown below:

TRAINING INSTITUTE A	QUALITY MANUAL	Page 01 of 25
		Original issue date : 02/01/96 Current revision : — Effective date : 02/01/96

QUALITY MANUAL CONTENTS

PREPARED BY	CHECKED BY	APPROVED BY
Name : C.C. Cheah Post : Training Officer Signature :	Name : N. Abdullah Post : Head Of Unit Signature :	Name : S.Hamid Post : Director Signature :

Example Of System Outline

A typical page format of system outline of a quality manual is shown below:

TRAINING INSTITUTE A	QUALITY MANUAL	Page 10 of 25 Original issue date : 02/01/96 Current revision : — Effective date : 02/01/96

Title : Document and Data Control
ISO 9001 Clause : 4.5

4.5.1 General
MAMPU shall control all documents and data pertaining to this quality system.

4.5.2
All document and data shall be prepared by personnel familiar with the area of work. This data and procedures shall be reviewed and approved prior to use. A document master list shall be developed to identify the current revision status of all documents.

All abosolete documents shall be removed from the point of use and stamped "OBSOLETE".

PREPARED BY	CHECKED BY	APPROVED BY
Name : C.C. Cheah	Name : N. Abdullah	Name : S.Hamid
Post : Training Officer	Post : Head Of Unit	Post : Director
Signature :	Signature :	Signature :

Quality Manual Guidelines

MS ISO 10013 : Guidelines For Developing Quality Manual provides a very useful source of reference for developing a quality manual.

Note : These guidelines can be obtained from SIRIM.

PROCEDURES

Description

Procedures outline the aim and the sequence of steps for implementing an activity. Procedures also explain the details of the activities that are implemented from the following aspects:

- how it is implemented;
- when it is implemented;
- where it is implemented;
- why action has to be taken; and
- who implements it.

Procedure can be documented in the form of flow charts. Procedures that are documented should conform to the requirements of the elements in the ISO 9000 quality system and core processes in the organisation.

Objectives Of Procedures

Procedures are aimed at:

- providing guidelines and clear instructions for carrying out an activity; and
- describing the relationship of one activity with the others.

Format Of Procedures

The procedures should consist of the following:

- Introduction
- Procedures
- Document Control

Description of the contents of the procedures is as follows:

Section	Contents	Example
Part 1 Introduction	• Name of the Organisation • Title of the Procedure • Procedure Number • Page • Review Number • Date of Review	— Training Institute A — Training Needs Assessment Survey — PRO/23 — 1 of 10 — Review No. 2 — 6/3/96
Part II Procedures	• Aim of procedure • Scope covered by the procedure • Reference Documents • Terminology (If required) • Detailed Procedures (Work processes) • Work Flow Charts • Quality Records	Explain the steps that are required for conducting a training needs assessment survey. Covers contract review; planning for resources; providing and evaluating training. Guidelines for handling training; lists of guest lecturers.
Part III Document Control (This only appears on the first page of every procedure)	• Post, signature and name of officer responsible for preparing the document • Post, signature and name of officer responsible for checking the document. Post, signature and name of officer reponsible for approving the document.	Training Officer Training Coordinator Head of the Training Unit

Example Of Procedure Format

An example of the format of procedures that can be used is as follows:

Part I

Department	Title of Procedure: Control of Non-Conforming Product	Page: ____of____
	Procedure number: 4.13.315	Review number:

Part II

1. **Purpose**
   (What is the aim of this procedure)
2. **Scope**
   (What is covered by this procedure)
3. **Reference Documents**
   (List the other documents that are referred for the implementation of this activity)
4. **Terminology**
   (If required)
5. **Detailed Procedures**
6. **Work Flow Chart**
7. **Quality Records**
   (Lists the quality records that result from this activity and the time duration required for these records to be kept)

Part III

Prepared by: Signature: Name:	Checked by: Signature: Name:	Approved by: Signature: Name:

Method For Preparing Procedures

A large number of Government agencies have documented their work procedures in the Manual of Work Procedures. This document can be used as the basis for preparing the procedures according to the requirements of ISO 9000. These procedures need to be amended, where necessary so as to take into account the requirements of ISO 9000. For example, many procedures that have been prepared by Government agencies do not include element 4.3 that is Contract Review. To conform to the requirements of ISO 9000, the procedure for Contract Review has to be prepared either incorporating this procedure at the beginning of the existing procedure or a separate procedure for Contract Review has to be prepared.

Another example is element 4.10 which is Inspection and Testing. This is included in existing procedures prepared by Government agencies. However, the details of inspection and testing according to the ISO 9000 requirements have not been documented, although in practice this activity is carried out by the agencies.

WORK INSTRUCTIONS

Description

Work instructions are step by step job specific instructions that have to be followed to implement a particular task.

The diagram on the following page illustrates the linkage between procedures and work instructions.

Need For Work Instruction

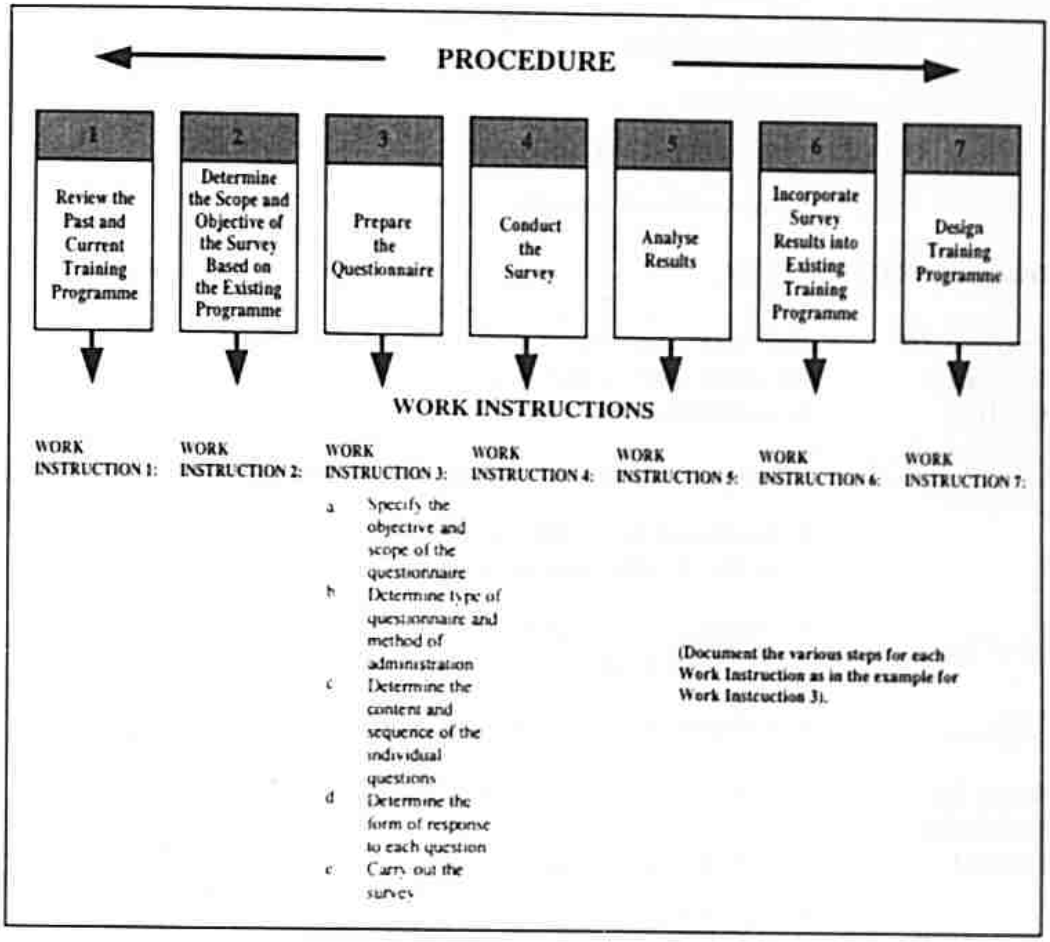
Work instructions that are needed should be identified and prepared. The need for preparing work instructions depends on the following factors:

- experience and knowledge of people carrying out the job. For example a new employee who has no experience would require a work instruction;
- qualifications required for performing a task. For example a surgeon does not require a work instruction for operating on a patient; and
- complexity of the task.

Method For Preparing Work Instructions

Many government agencies have prepared and documented Desk Files. A Desk File contains detailed steps for the execution of all duties carried out by an individual. Thus, the current Desk Files can be used as work instructions with any necessary modifications to fulfil the requirements of ISO 9000 documentation.

Procedure To Carry Out Training Needs Assessment Survey



SUPPORT DOCUMENTS

Types Of Support Documents

Support documents include the following:

- forms;
- drawings;
- books;
- test methods;
- records;
- standard references; and
- maintenance manuals.

DOCUMENT CONTROL

Purpose Of Document Control

ISO 9000 requires organisations to control all documents that are developed in the quality system. These documents need to be controlled to ensure that they are:

- developed and approved according to documented procedures;
- distributed in a controlled manner to ensure that they are available to the people who need them;
- amended on a planned and controlled basis with approval by the appropriate authorities; and
- withdrawn in a systematic manner when rendered obsolete.

Scope Of Document Control

Document control should include the following scope:

- preparation and authorisation;
- document control and distribution;
- assigning document identification numbers; and
- maintaining a Master List.

Preparation And Authority For Approval Of Documents

In preparing documents for new procedures or amending of existing ones, the organisation should determine authorities responsible for:

- preparation;
- checking; and
- approval of documents.

Any subsequent changes thereafter should be referred to the same authority responsible for approval of the original documents. The organisation can determine who will be responsible for approving these documents according to the levels in an organisation as shown in the example below:

Document	Approving Authority
Quality Manual	Secretary General/Director General
Procedure	Secretary/Divisional Director
Work instructions and support documents.	Supervisor

Distribution And Document Control

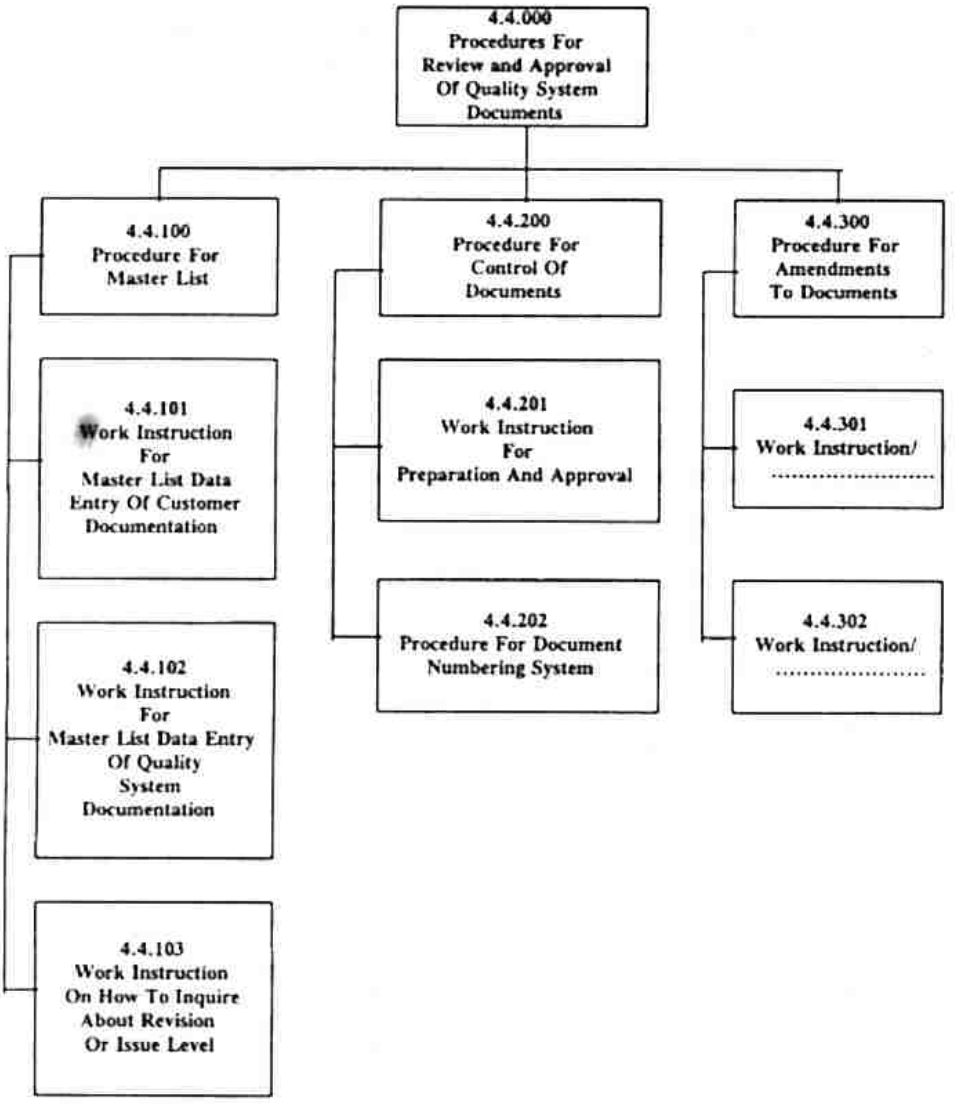
The organisation should ensure that current documents are distributed to those who need them. The organisation, therefore, needs to:

- decide on who should need what document;
- identify and list all document holders, that is, allocate unique numbers to holders;
- recall documents from holders if there are changes and replace with updated documents; and
- identify documents that are obsolete by stamping "OBSOLETE" if there is a need to keep a copy of such documents.

Assigning Document Identification Numbers

Numbering of documents is a method implemented for document control because Document Identification Numbers track documents and provide a hierarchy of the quality system documentation.

Example There are various ways in which to provide Document Identification Numbers. One of the ways is the organisational chart approach as shown below:



Numbers for document identification are given based on hierarchy. For example, number 4.4.000 is the document identification number for the Quality Manual level. Number 4.4.100 is the document identification number for the procedure level and number 4.4.101 is the document identification number for the work instruction level. If there are other procedures under this Quality Manual, the document identification numbers for these procedures will be in sequence such as 4.4.200, 4.4.300 and so on. Similarly if there is more than one work instruction under the procedure 4.4.100, the document identification numbers for subsequent work instructions after 4.4.101 will be 4.4.102, 4.4.103 and so on.

Explanation of the above document identification numbering system is as below:

Number	Description
4.13	Indicates the section of the standard "Control of nonconforming product"
3	Indicates that the document is a third level document.
15	Indicates that this is the fifteenth procedure documented within this section and is at the third level.

Maintaining A Document Master List

ISO 9000 specifically states the need to maintain a master list of documents in the quality system. The purpose of this master list is to enable a quick check to be made on invalid documents.

Control of The Master List

The document coordinator is responsible for maintaining a document master list to ensure that authorised personnel are equipped with the most up-to-date documents. The master list should be issued:

- on a scheduled basis (monthly, quarterly);
- when document revisions are occurring frequently; or
- when there is a need for more frequent distribution.

A master list should include, among others, the following documents:

- Document Identification Number (DIN);
- Document name;
- List of employees who receive each document;

- Review number;
- Document owner; and
- Authorised personnel responsible for the document.

Example Of A Master List

Below is an example of a page from a master list:

DOCUMENT MASTER LIST				
DIN	Document Name	Last Revision Date	Document Originator	Distribution List
4.11.359	How to operate a copier	10/1/94	En. Ahmad	Operators Technicians Administrator
4.15.261	Cleaning the drum	5/3/94	En. Shah	Technicians

PART V

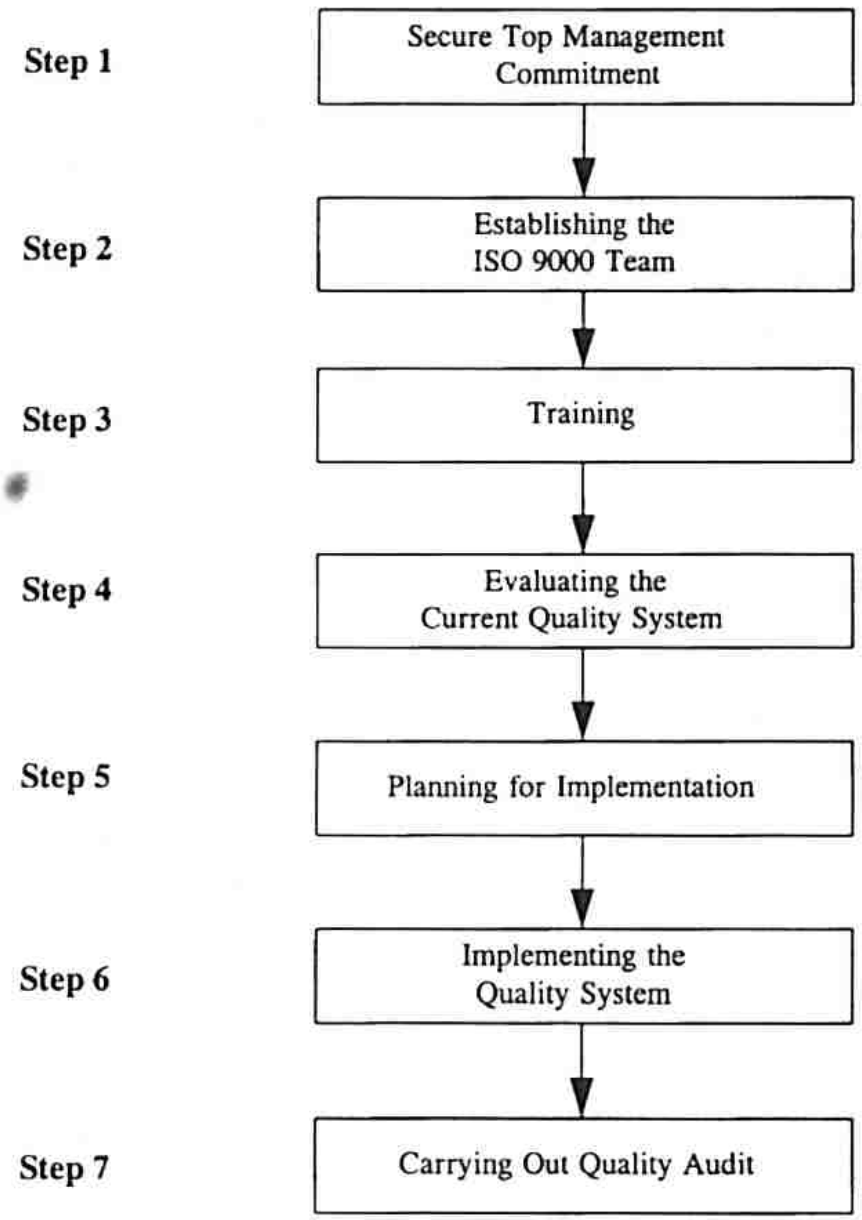
IMPLEMENTATION OF ISO 9000

PART V
IMPLEMENTATION OF ISO 9000

Contents Of Part V This part contains the following:

Steps For Implementation

To ensure that implementation of ISO 9000 is crried out smoothly the approach is proposed:



Step 1: Secure Top Management Commitment

Commitment from top management is essential for the effective implementation of ISO 9000 in an organisation. Top management must understand the concept, requirements and the importance of implementing ISO 9000 in the organisation. With the necessary commitment top management will be able to guide and supervise as well as provide support for the implementation of ISO 9000 in the organisation effectively. In addition, top management should also formulate the quality policy and objectives that are to be achieved and provide the necessary resources. Top management must also appoint a management representative who will be responsible for coordinating and monitoring the implementation of ISO 9000.

Step 2: Establishing The ISO 9000 Team

In order to facilite the implementation of ISO 9000 in government agencies, a management structure has to be established. However, government agencies need not develop a new management structure as they can use the Quality and Productivity Management structure established under the Total Quality Management programme for the implementation of ISO 9000. The management structure is as follows:

- Steering Committee on Quality and Productivity;
- Quality Coordinator and a Quality and Productivity Task Force; and
- Work Teams.

The committees will have the following responsibilities:

Committee	Responsibilities
Steering Committee On Quality and Productivity	• determine the objectives for implementing ISO 9000; • determine the scope of implemenatition; • provide resources for the implementation; • evaluate and approve the action plan; and • determine the authority responsible for developing and documenting: – Quality Manual; – Procedures; and – Work Instructions.
Quality Coordinator and a Quality and Productivity Task Force	• evaluate the current quality system; • plan and document the action plan, • supervise the implementation; • solve problems arising during; • implementation; and • provide guidance and training.
Work Teams	• Prepare and implement the requirements of ISO 9000. Accordingly team members should have the knowledge and skills in various fields.

Step 3: Training

Training is important as it plays a key role in the success of the implementation of ISO 9000. All personnel in the organisation should be given training on the basic concepts of quality and related skills for the duties that they have to undertake. The types of training required include:

Types of Training	Description	Target Groups
Introduction To ISO 9000	Explaining ISO 9000 and the benefits of its implementation	All personnel in the organisation
Understanding the ISO 9000 Elements	Interpreting the requirements of ISO 9000 elements in relation to the functions of the organisation	Personnel involved in the implementation of ISO 9000
Documenting the Quality System	Explaining the methods for preparing the documents	Personnel responsible for preparing the documents
Internal Quality Audits	Methods for conducting Internal Quality Audits	Personnel responsible for conducting Internal Quality Audits

Step 4: Evaluating The Current Quality System

In order to evaluate the current quality system organisation should carry out the following actions:

- determine the core processes of the organisation;
- determine the ISO 9000 model which is the most appropriate to the core processes of the organisation;
- evaluate the current quality system by comparing it with the requirements of the ISO 9000 model that has been selected; and
- identify aspects of the quality system that do not fulfil the requirements of the ISO 9000 model that has been selected and determine the corrective actions to be taken.

Step 5: Planning For Implementation

The implementation plan is based on the results of the evaluation carried out on the current quality system. This plan should encompass the following:

- objectives of the quality system;
- the ISO 9000 model that has been selected;
- the scope of work and responsibility;
- the requirements with regard to:
  - obtaining approval;
  - training;
  - resources;
- procedures that have to be established; and
- duration period for implementation.

The implementation plan is prepared and submitted to the Steering Committee on Quality and Productivity for review and approval.

Step 6: Implementing The Quality System

In order to implement the ISO 9000 quality system organisations should:

- document the quality system; and
- ensure that the quality system is implemented as is documented.

Thus, organisations should implement the following activities:

Activity	Responsible Authority
Develop, audit, improve and produce the Quality Manual	Management Group
Develop and document the procedures and work instructions	Personnel in the organisation undertaking the relevant duties
Develop and implement the document control system	Management Representative appointed by the management

After all the documents have been prepared, the organisation should ensure that the system has been documented and is functioning effectively.

The time duration required for the implementation of the ISO 9000 quality system depends on the following factors:

- the size of the organisation;
- level of commitment by the management;
- the current quality system; and
- the level of quality documents that need to be prepared.

Step 7: Carrying Out Quality Audit

The ISO 9000 quality system that has been in operation has to be audited. Quality Audit can be carried out through the following three methods:

- Internal Quality Audit or First Party Quality Audit;
- Second Party Quality Audit; and
- Third Party Quality Audit.

Internal Quality Audit is carried out after the ISO 9000 quality system has been in operation for a minimum period of six months. The aim is to evaluate the effectiveness of the quality system and to report any nonconformances to top management for corrective action. This auditing is carried out by the Ministry to which the agency reports.

Second Party Quality Audit will be carried out by MAMPU. This will be a compliance audit and all agencies will be subjected to this auditing. Agencies which are found to have complied with all the requirements of MS ISO 9000 will be issued with a 'Malaysian Civil Service ISO 9000 Certificate' based on the standard. In addition, the audit report by MAMPU will form an important criterion for evaluating the overall performance of the agency.

Apart from the two types of audits, some government agencies such as MIDA and the Department of Civil Aviation which have international linkages may apply for **Third Party Auditing**. Third party auditing is for the purpose of registration. Third paty auditing on government agencies can be carried out through one of three methods. The first is for MAMPU to carry out the audit in collaboration with SIRIM or other accredited ISO 9000 auditors. The second is for SIRIM to carry out the audit and the last is for the audit to be carried out by accredited ISO 9000 auditors.

For further guidance on conducting quality system audits, reference can be made to MS ISO 10011-1: 1990: Guidelines For Auditing Quality Systems-Part 1: Auditing; and MS ISO 10011-3: 1991: Guidelines For Auditing Quality Systems-Part 3: Management of Audit Programmes.

Note: These guidelines can be obtained from SIRIM.

Checklist For Implementation

To assist Government agencies to implement ISO 9000, the checklist as in Appendix 1 can be used as a guide.

CHECKLIST FOR THE IMPLEMENTATION OF ISO 9000

1. Develop:
   a. Quality Policy ☐
   b. Quality Objectives ☐
2. Document
   a. Quality Policy ☐
   b. Quality Objectives ☐
3. Inform all personnel in the organisation about the:
   a. Quality Policy ☐
   b. Quality Objectives ☐
4. Appoint a Management Representative responsible for ensuring that the ISO 9000 Quality System is implemented effectively. ☐
5. Determine the personnel involved in:
   a. Managing the Quality System ☐
   b. Implementing the Quality System ☐
   c. Verifying the Quality System ☐
6. Determine the duties and reponsibilities of personnel in (5). ☐
7. Determine the authority to be given to the personnel for:
   a. Managing the services that do not conform to the standard ☐
   b. Recording problems encountered ☐
   c. Recommending solutions ☐
8. Implementing review of the Quality System:
   a. Schedule ☐
      (Note the frequency_____)
   b. Taking into account reports from internal quality audits ☐

9. Documenting procedures for:
   a. All activities of core processes of the organisation ☐
   b. Conforming to MS ISO 9000 elements such as:
      i. Contract review ☐
      ii. Design control ☐
      iii. Document and data control ☐
      iv. Purchasing ☐
      v. Control of Customer-Supplied Product ☐
      vi. Product Indentification and Traceability ☐
      vii. Process Control ☐
      viii. Inspection and Testing ☐
      ix. Control of Inspection, Measuring, and Test Equipment ☐
      x. Inspection and Test Status ☐
      xi. Control of Nonconforming Product ☐
      xii. Corrective and Preventive Action ☐
      xiii. Handing, Storage, Packaging, Preservation and Delivery ☐
      xiv. Control of Quality Records ☐
      xv. Internal Quality Audits ☐
      xvi. Training ☐
      xvii. Servicing ☐
      xviii. Statistical Techniques ☐
10. Ensure that procedures that are documented are implemented ☐
11. Ensure that all documents prepared are controlled with respect to:
   a. Availability ☐
   b. Review and updating ☐
   c. Distribution ☐
   d. Storage ☐
   e. Disposal ☐

II

AMENDMENTS OF THE DEVELOPMENT ADMINISTRATION CIRCULARS

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 5 OF 1991
(AMENDMENT NO. 1/1993)

GUIDELINES ON THE INTEGRATED SCHEDULING SYSTEM (SIAP)

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 September 1996

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

OBJECTIVE

1. The objective of this circular is to inform the amendments to paragraph 10, 12 and 13 and the annulment of paragraph 14, Development Administration Circular No. 5 of 1991 - "Guidelines on the Integrated Scheduling System (SIAP)".

BACKGROUND

2. The National Development Working Committee No. 1 of 1993 in its meeting on 12 February 1993 had agreed to implement Guidelines on the Implementation of Directive No. 1 of 1991 - Machinery for the Implementation Coordination of the National Development Policy which clarifies functions of each implementation Coordinating Machinery in the Directive No. 1 of 1991 issued on 17 July 1991. This Guidelines also determine the level of information process, minutes of meetings as well as follow-up actions which need to be taken by all levels and determine the format of the reports by the Secretariat at each level of the Machinery in the Directive No. 1 of 1991. Hence, several amendments and annulment need to be done to the SIAP Circular in accordance with the requirements of the Guidelines.

AMENDMENTS

3. The following paragraphs in the Development Administration Circular No. 5 of 1991 - "Guidelines on the Integrated Scheduling System (SIAP)" are hereby amended to:

3.1 **Paragraph 10:** "The first line of action when problems arise in project implementation is for the User Agency or Implementing Agency itself to solve the problems. Should it not be possible to solve the problem at that level, efforts should be made to obtain the co-operation to the District Development Committee in solving the problems arising at district levels. For problems arising at State-level, remedial action should be taken with the co-operation of the State Development Working Committee and the State Development Council. For problems arising at the Ministry level, remedial action should be taken with the co-operation of the Ministry Development Committee. Problems that are not able to be solved at the aforementioned levels should be channelled to the Implementation Coordination Unit, Prime Minister's Department in their capacity as Secretariat to the National Development Working Committee and the National Development Council".

3.2 **Paragraph 12:** "Heads of Department/Agencies responsible for the implementation of the projects are required to submit quarterly performance reports of all projects to their respective ministries. The Ministries are required to analyse the implementation of the projects according to the implementation status categories i.e. on-schedule, ahead of schedule, behind schedule, unenergised and completed. The quarterly performance reports

should be submitted to the Ministry either in the form of diskettes or Form S4 (Amended) not later than the second week of April, July, October and January".

3.3 **Paragraph 13:** "However in a certain situation the Implementation Coordination Unit could obtain performance reports of any development projects from Ministry/Department/Agency at any time".

ANNULMENT

4. This circular annuls Paragraph 14 of the Development Administration Circular No. 5 of 1991 - "Guidelines on the Integrated Scheduling System (SIAP)".

FORMS

5. The attached forms are Forms S4 (Amended) which have been modified and will be used to replace current Forms in the Development Administration Circular No. 5 of 1991 - "Guidelines In The Integrated Scheduling System (SIAP)".

EFFECTIVE DATE

6. This Circular is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

(Amendment 1/93)

INTEGRATED SCHEDULING SYSTEM

FORM S4A [Building & Infrastructure]

Project Number:

Component Number (if applicable)

Project Name:

Allocation RM6:

Component Name:

Component Cost:

User Agency:

Expenditure: (Current)

Implementing Agency:

Codes: State District Ministry Department Parliamentary Constituency State Legislative Council

Activity	Planned Date			Actual Date		Percent Implement
	Start	Finish	Rev. Fin	Start	Finish	
1. SITE SELECTION	/	/	/	/	/	%
2. LAND ACQUISITION	/	/	/	/	/	%
3. PROJECT BRIEF	/	/	/	/	/	%
4. DESIGN	/	/	/	/	/	%
5. TENDER PROCESS	/	/	/	/	/	%
6. SITE ACQUISITION	/	/	/	/	/	%
7. SITE PREPARATION	/	/	/	/	/	%
8. CONSTRUCTION	/	/	/	/	/	%
9. UTILITIES	/	/	/	/	/	%
10. HAND OVER	/	/	/	/	/	%
11. EQUIPMENT AND MACHINERY	/	/	/	/	/	%
12. FURNITURE	/	/	/	/	/	%

PROBLEMS CODE: (if any)

Problem 1:.....
Problem 2:.....
Problem 3:.....

Name of Reporting Officer :

Designation and Address :

Telephone No. :

Date:

(Amendment 1/93)

INTEGRATED SCHEDULING SYSTEM

FORM S4B1 [Physical Land Development]

Project Number: ☐☐☐☐☐☐☐☐☐☐

Component Number (if applicable) ☐☐☐☐

Project Name: _____

Allocation RM6: ____ ____ ____

Component Name: _____

Component Cost: ____ ____ ____

User Agency: _____

Expenditure: (Current) ____ ____ ____

Implementing Agency: _____

Codes	State	District	Ministry	Department	Parliamentary Constituency	State Legislative Council
	☐☐	☐☐☐☐	☐☐	☐☐☐☐	☐☐☐☐	☐☐☐

Activity	Planned Date			Actual Date		Percent Implement
	Start	Finish	Rev. Fin	Start	Finish	
1. SITE SELECTION	/	/	/	/	/	%
2. LAND ACQUISITION	/	/	/	/	/	%
3. PROJECT BRIEF	/	/	/	/	/	%
4. DESIGN	/	/	/	/	/	%
5. TENDER PROCESS	/	/	/	/	/	%
6. SITE ACQUISITION	/	/	/	/	/	%
7. SITE PREPARATION	/	/	/	/	/	%
8. CONSTRUCTION	/	/	/	/	/	%
9. UTILITIES	/	/	/	/	/	%
10. HAND OVER	/	/	/	/	/	%
11. EQUIPMENT	/	/	/	/	/	%
12. MOVE-IN OF SETTLERS	/	/	/	/	/	%

PROBLEMS CODE: (if any)

Problem 1:.....
Problem 2:.....
Problem 3:.....

Name of Reporting Officer :

Designation and Address :

Telephone No. :

Date:

(Amendment 1/93)

INTEGRATED SCHEDULING SYSTEM

FORM S4B2 [Agriculture For Land Development]

Project Number:

Component Number (if applicable)

Project Name:

Allocation RM6:

Component Name:

Component Cost:

User Agency:

Expenditure: (Current)

Implementing Agency:

Codes: State District Ministry Department Parliamentary Constituency State Legislative Council

Activity	Planned Date			Actual Date		Percent Implement
	Start	Finish	Rev. Fin	Start	Finish	
1. AREA IDENTIFICATION	/	/	/	/	/	%
2. AREA APPROVAL	/	/	/	/	/	%
3. FEASIBILITY STUDY	/	/	/	/	/	%
4. BORDER SURVEY	/	/	/	/	/	%
5. FOREST CLEARANCE	/	/	/	/	/	%
6. MINE CLEARANCE	/	/	/	/	/	%
7. TENDER PROCESS	/	/	/	/	/	%
8. CLEARING OF AREA	/	/	/	/	/	%
9. NURSERY	/	/	/	/	/	%
10. PLANTING	/	/	/	/	/	%
11. SELECTION OF PARTICIPANT	/	/	/	/	/	%
12. PLANT CARE	/	/	/	/	/	%

PROBLEMS CODE: (if any)

Problem 1:.....
Problem 2:.....
Problem 3:.....

Name of Reporting Officer :

Designation and Address :

Telephone No. :

Date:

(Amendment 1/93)

INTEGRATED SCHEDULING SYSTEM FORM S4C [.....]

Project Number: Component Number (if applicable)

Project Name: Allocation RM6:

Component Name: Component Cost:

User Agency: Expenditure: (Current)

Implementing Agency:

Codes: State District Ministry Department Parliamentary Constituency State Legislative Council

Activity	Planned Date			Actual Date		Percent Implement
	Start	Finish	Rev. Fin	Start	Finish	
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%
	/	/	/	/	/	%

PROBLEMS CODE: (if any)

Problem 1:.....
Problem 2:.....
Problem 3:.....

Name of Reporting Officer :

Designation and Address :

Telephone No. : Date:

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 2 OF 1993
(AMENDMENT NO. 1/1993)

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
30 October 1993

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

DEVELOPMENT ADMINISTRATION CIRCULAR NO. 2 OF 1993

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS (AMENDMENT NO. 1/1993)

I. OBJECTIVE

1. The objective of this circular is to amend and to further clarify the conditions for the Public Service Excellent Service Awards.

II. AMENDMENT

2. The Development Administration Circular No. 2 of 1993 is amended with the insertion to paragraph 8 of the appendix to the Development Administration Circular No. 2 of 1993 as follows:

> "8. The selection of recipients for the Excellent Service Awards will be carried out every year based on the work performance evaluation report. Only those public servants who have achieved the level of excellent work performance and received a diagonal salary movement will receive The Excellent Service Awards. However, for public servants who have already attained maximum salary level, they are also eligible to receive Excellent Service Awards as long as they are in the range of 2 percent and above, although a diagonal salary movement cannot be given to them."

III. EFFECTIVE DATE

3. The amendment and additional insertion to this circular is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 2 OF 1993
(AMENDMENT NO. 2/1993)

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 January 1994

Circulated to:

Secretaries General of Ministries
Head of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

DEVELOPMENT ADMINISTRATION CIRCULAR NO. 2 OF 1993

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS (AMENDMENT NO. 2/1993)

The Development Administration Circular No. 2 of 1993 is amended as follows:

(i) Paragraph 8 is amended and the new paragraph 8 is as follows:

"8. The selection for recipients of the Excellent Service Awards shall be carried out every year based on the performance appraisal report. The following public servants shall receive Excellent Service Awards:

(i) 2 percent of the members of the Public Service who have achieved excellence in work performance and received a diagonal salary movement. However, public servants who have attained maximum salary are also eligible to be given Excellent Service Awards as long as they are within the 2 percent range.

(ii) 3 percent of the members of the Public Service who have achieved excellence in work performance and received a vertical salary movement. However, public servants who have attained maximum salary are also eligible to be given Excellent Service Awards as long as they are within the 3 percent range.

(ii) Paragraph 13(iii) is amended and the new paragraph 13(iii) is as follows:

13 (iii)	Bonus Award At A Stipulated Rate	*(a)* Equivalent to one month's salary for the 2 percent of the members of the Public Service who have achieved excellence in their work performance and received a diagonal salary movement.
		(b) Equivalent to a half month's salary for the 3 percent of the members of the Public Service who have achieved excellence in their work performance and received a vertical salary movement.

(c) Calculation of the bonus will be carried out by the Public Service Department.

EFFECTIVE DATE

All amendments are effective from 1 January 1994.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 2 OF 1993
(AMENDMENT NO. 1/1995)

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
21 March 1995

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

DEVELOPMENT ADMINISTRATION CIRCULAR NO. 2 OF 1993

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS (AMENDMENT NO. 1/1995)

OBJECTIVE

1. The objective of this circular is to replace the word bonus with performance award in the Development Administration Circular No. 2 of 1993 and Amendment No. 2 of 1993.

AMENDMENT

2. The Development Administration Circular No. 2 of 1993 and Amendment No. 2 of 1993 are amended as follows:

(i) Paragraph 13(iii) and paragraph *(c)* are replaced with the new paragraph 13 (iii) and paragraph *(c)* as follows:

13(iii)	Performance award at a stipulated rate	*(c)* The calculation for the performance award will be specified by the Public Service Department.

EFFECTIVE DATE

3. These amendments are effective from 1 January 1995.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR
NO. 2 OF 1993
(AMENDMENT NO. 1/1996)

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
11 July 1996

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

DEVELOPMENT ADMINISTRATION CIRCULAR
No. 2 OF 1993

GUIDELINES FOR THE AWARD OF THE PUBLIC SERVICE EXCELLENT SERVICE AWARDS (AMENDMENT NO. 1/1996)

OBJECTIVE

1. The objective of this circular is to amend paragraph 13(iv) in relation to the 7 days unpaid leave as contained in the Development Administration Circular No. 2 of 1993.

AMENDMENT

2. The Development Administration Circular No. 2 of 1993 is amended as follows:

(i) Paragraph 13(iv) is amended with the insertion of the new paragraph 13(iv) as follows:

13(iv) The award of Amanah Saham Bumiputera (ASB) Certificate or the Bank Simpanan Nasional (BSN) Premium Saving Certificate	The Amanah Saham Bumiputera (ASB) Certificate worth RM300.00 is to be awarded to the recipient of the Excellent Service Award who is a Bumiputera or the Bank Simpanan Nasional (BSN) Premium Saving Certificate worth RM300.00 is to be awarded to the recipient of the Excellent Service Award who is a non-Bumiputera.

EFFECTIVE DATE

3. The amendment to this circular is effective from 1 January 1997.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

III

DEVELOPMENT ADMINISTRATION CIRCULAR LETTER

GOVERNMENT OF MALAYSIA

DEVELOPMENT ADMINISTRATION CIRCULAR LETTER NO. 1 OF 1994

GUIDELINES ON THE IMPLEMENTATION OF THE SERVICE RECOVERY SYSTEM

PRIME MINISTER'S DEPARTMENT
MALAYSIA
1 July 1994

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

PRIME MINISTER'S DEPARTMENT
MALAYSIA,
JALAN DATO ONN,
50502 KUALA LUMPUR

Telephone: 2321957
Telex: PERDANA
Fax: 2984172

Our Ref: UPTM 159/267/45
Klt.5 (6)
Date : 1 July 1994

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Authorities

DEVELOPMENT ADMINISTRATION CIRCULAR LETTER NO. 1 OF 1994

GUIDELINES ON THE IMPLEMENTATION OF THE SERVICE RECOVERY SYSTEM

1. OBJECTIVE

1.1. The objective of this Circular is to provide further information on the concept of service recovery and the integrated actions to be implemented in service recovery. This concept has been addressed in the Development Administration Circular No. 3 of 1993 entitled Guidelines on Client's Charter. The Guidelines On the Service Recovery System are attached as an appendix to this Circular.

2. BACKGROUND

2.1. In its endeavour to create a Public Service that is customer oriented, the Government has requested Government agencies to further enhance their productivity, quality and innovativeness. This is to ensure that only excellent service is delivered to customers. This effort was further reinforced with the implementation of the Client's Charter which was introduced via the Development Administration Circular No. 3 of 1993. With this charter, agencies are required to show their commitment to customers by delivering quality services in accordance to predetermined standards.

2.2. One of the most important steps in the implementation of the Client's Charter is the establishment of a Service Recovery System. The necessity for an agency to establish an effective Service Recovery System to support the implementation of the Client's Charter is explained in the Development Administration Circular No. 3 of 1993. (Section C, paragraph 29 to 33).

This system is activated when an agency fails to deliver services according to standards set in the charter. Its objective is to restore the confidence and trust of the public in the output produced by the agency and uphold the image of the agency which might be affected as a result of service failure.

3. GUIDELINES ON THE IMPLEMENTATION OF THE SERVICE RECOVERY SYSTEM

3.1. This guide provides a detailed explanation on the concept of service recovery in the context of the Public Service. It provides a focus on the definition of the concept and the integrated actions to be undertaken by Government agencies to establish and administer a planned and effective service recovery system. The implementation of this Circular complements the Development Administration Circular No. 3 of 1993.

4. EFFECTIVE DATE

4.1. This Circular comes into effect from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

(Appendix to Development
Administration Circular
No. 1 of 1994)

GUIDELINES ON THE IMPLEMENTATION OF THE SERVICE RECOVERY SYSTEM

CONTENTS

GUIDELINES ON THE IMPLEMENTATION OF THE SERVICE RECOVERY SYSTEM

I. OBJECTIVE

These guidelines provide information on the concept of Service Recovery and the integrated actions to be undertaken by Government agencies in implementing it. It will also enable Government agencies to plan for an appropriate service recovery system for their operations which can be activated in the event of service failure.

II. BACKGROUND

2. The Government is committed in its efforts towards creating a quality and customer oriented Public Service. This is clearly seen in the various programmes implemented to improve quality and productivity of the public service administrative machinery. Circulars, directives and guidelines have been issued from time to time to institutionalise quality values and practises. Examples of such Circulars are the Development Administration Circular No. 4 of 1991 related to quality improvement strategies, Development Administration Circular No. 1 of 1992 related to total quality management and the Development Administration Circular No. 3 of 1993 related to the Client's Charter.

3. In line with the quality philosophy, Government agencies have been requested to deliver quality goods and services which are in conformance to the requirements and expectations of their customers. In this respect, the production of output that is defect free or error-free should be the prime objective of each agency. Agencies have been requested to administer quality efficiently and to propagate a quality culture in their respective agencies. The quality management structure has been established at various levels to ensure the continuous implementation and expansion of the quality improvement process. Agencies should enhance the quality of their products and services by providing value-added which enhances customer satisfaction, establishing clear standards and strengthening the existing service delivery system.

4. Although various efforts have been undertaken to ensure quality service, but in reality there is always the possibility of service failures arising due to standards not met or when pledges in the charter are not fulfilled. Such service failures arise due to extingency factors which are difficult to control. This will in turn create disappointment and frustration among the customers. Hence to ensure customer satisfaction, agencies should institutionalise a good service recovery system.

III. CONCEPT OF SERVICE RECOVERY

5. It is the responsibility of all Government agencies to ensure that only quality products and services that are defect-free and that comply to standards

that are in conformance to customers requirements are produced. However, in certain circumstances, agencies might not be able to provide service according to pledges made. This service failure can create difficulty, anger and dissatisfaction among customers. Service failure can arise as a result of a number of factors. These factors are as follows:

(a) Breakdown of equipments;

(b) Defects in process design;

(c) Errors in planning;

(d) Errors made by unskilled workers;

(e) Complex work processes;

(f) Work processes that involve various people and many steps;

(g) Introduction of new services;

(h) Application of new systems and procedures;

(i) Increase in unexpected demands; and

(j) Work processes that are dependent on input from external organisations.

6. Hence Government agencies must be ready at all times to restore the satisfaction of customers by establishing a planned service recovery system. Service recovery can be defined as a process that contains a series of detailed planned actions to restore customer satisfaction which has been affected as a result of service failure. This will enhance customer trust and confidence in the service provided.

7. The concept of the Service Recovery System is as shown in *Diagram 1*. As depicted in the diagram, the Service Recovery System is only activated when an agency is unable to fulfil the quality standard as pledged to the customer. Service recovery can be carried out in two ways that is reactive service recovery and proactive service recovery. A reactive service recovery means that an agency will take immediate recovery action when it receieves a complaint or feed back on service failure and customer dissatisfaction. Proactive recovery is recovery action taken on the inisiative of the agency without waiting for customer complaints. For example, the agency informs its customer that it is unable to fulfil the service standard as pledged in the charter even before the customer lodges a complaint.

IV. RATIONALE FOR IMPLEMENTING SERVICE RECOVERY

8. Service recovery is an integral strategy which can be deployed by an agency to sustain customer satisfaction. An agency which has failed to provide

quality service to its customers will only be able to sustain customer satisfaction by implementing planned recovery actions. An effective service recovery system will not only placate but also reduce the frustration of customers and further enhance the relationship between the agency and its customers. The critical factor that distinguishes an excellent organisation from other organisations is the implementation of an effective recovery system.

9. Various benefits can be derived from the implementation of an effective service recovery system by Government agencies. These benefits are:

(a) The smooth and effective implementation of the service recovery system will further enhance the credibility of the customers towards the services of an agency as displayed in the client's charter;

(b) It also reflects the commitment of the agency towards enhancing quality with the final objective of customer satisfaction;

(c) Public perception of the ability and effectiveness of an agency can be further enhanced with the institutionalisation of a service recovery system;

(d) The service recovery system entails continuous monitoring and evaluation. This will facilitate agencies to measure their performance and identify improvement opportunities;

(e) Service recovery activities will also enhance team spirit and motivation amongst the employees because it involves participation at all levels and employee empowerment;

(f) Its implementation will also assist agencies to identify critical service problems and hence enable them to take immediate remedial measures before the problems become more serious;

(g) The implementation of the service recovery system will create a sense of urgency amongst employees in carrying out their work and solving customer problems. This attitude will constitute towards the attainment of the agency's quality objective.

V. IMPLEMENTATION OF A GOOD SERVICE RECOVERY SYSTEM

10. The service recovery system has been solely designed to handle service failures that occur occasionally and unexpectedly. These service failures do not arise due to overall weaknesses in the service recovery system. However, if service failure is a common phenomenom to the extent that it cannot be controlled, the agency should take steps to improve the overall service. In this instance, the establishment of a service recovery system will not help solve problems.

11. Each service recovery action undertaken should be well planned to ensure its effectiveness and impact. Errors in service recovery might further aggravate the situation and disappoint the customers.

12. Seven actions have to be implemented by agencies to develop an effective service recovery system. These actions as shown in *Diagram 2* are:

Action 1	:	Determine suitable types of recovery responses;
Action 2	:	Determine service recovery standards;
Action 3	:	Establish the mechanism for the implementation of service recovery;
Action 4	:	Establish a complaints handling system;
Action 5	:	Monitor critical work processes;
Action 6	:	Provide training and empower front-liners; and
Action 7	:	Implement continuous work process improvements.

ACTION 1: DETERMINE SUITABLE TYPES OF RECOVERY RESPONSES

13. It is the responsibility of the agency to offer a service recovery response that is appropriate with the quality standards promised in the Charter. Management must also ensure that it is appreciated by the customers. Such recovery responses will in turn enhance customer satisfaction. Hence, agencies can exercise their own creativity and discretion in deciding the suitability of each type of service recovery response. Each proposal should be studied in depth from various perspectives before its implementation including the legal implications; implications on the agency's policy; ability of the agency to implement it; and feasibility of the proposed action.

14. In formulating suitable recovery responses, Government agencies must ensure that they do not produce negative effects. Each recovery that is to be implemented must adhere to the following three principles:

Principle 1: Does Not Lead To A Loss In Government Revenue And Additional Expenditure

Agencies should not implement service recovery responses which might lead to a loss in Government revenue and additional expenditure. Some examples are provision of tax exemption and service payments; discounts; and payment of compensation.

Principle 2: Does Not Expose The Government To The Risk Of Litigation

Agencies should ensure that the recovery response instituted does not expose the Government to the possibility of litigation by customers or the public. For example taking actions that contravene the laws.

Principle 3: In Accordance With The Capability Of The Agency

The agency has to ensure that the service recovery selected matches its capability so that it can be easily executed. For example when an agency promises to take immediate service recovery, it must ensure that it has sufficient manpower to implement it.

15. A good service recovery response will enhance customer satisfaction. Customers who fail to receive quality service expect three forms of redress such as:

(a) Swift and effective service recovery. Customers want the service they were promised in their charter. Hence the agency should take remedial action to restore the service.

(b) Personalised service and attention. Customers expect to be treated courteously and given personalised attention to alleviate their difficulties and problems as a result of service failure.

(c) Apology from the agency. Customers hope that the agency is aware of its mistakes and weaknesses and therefore apologises for the inconvenience caused.

16. The types of service recovery that can be considered for implementation by Government agencies are as in *Table 1*.

TABLE 1

TYPES OF SERVICE RECOVERY THAT CAN BE IMPLEMENTED BY GOVERNMENT AGENCIES

Types of Service Recovery	*Illustration*
1. Immediate service recovery	*Example Of Service Failure* A complaint has been received from residents in municipal council A that garbage has not been collected in their housing estate since last week. *Recovery That Can Be Undertaken* The Urban Services Unit is despatched immediately to the housing estate for garbage disposal.
2. Provision of special service	*Example Of Service Failure* Due to the negligence of the Medical Officer in Hospital A the patient has undergone undue suffering. *Recovery That Can Be Undertaken* The patient is given special treatment by a specialist and priority in using the hospital's facilities.
3. Recalling of defective products from customers	*Example Of Service Failure* The Language and Literary Agency has issued text books that contain a lot of factual errors. *Recovery That Can Be Undertaken* Text books containing factual errors are recalled back and replaced by books that have been corrected.

Types of Service Recovery	*Illustration*
4. Provision of alternative/ substitute service	*Example Of Service Failure* The Milk Collection Centre, Veterinary Services Department in area A is unable to collect milk from the livestock breeders because of damaged milk storage containers. *Recovery That Can Be Undertaken* The Centre can get alternative service from the private sector to enable it to store milk collected from the livestock breeders.
5. Providing assistance to alleviate customer problems	*Example Of Service Failure* The Farmers Organisation Authority (FOA) in area A is unable to supply fertilizer to the farmers as scheduled because of a disruption in supply. *Recovery That Can Be Undertaken* The FOA provides assistance to the farmers by helping them get their regular supply of fertilizer from other sources such as nearby private suppliers.
6. Making announcements	*Example Of Service Failure* The One Stop Payment Centre in a certain area is unable to provide service because of a computer breakdown. *Recovery That Can Be Undertaken* Appropriate steps that can be taken by the centre are: - displaying notices - announcements via public announcement system - distribution of circulars.

Types of Service Recovery	*Illustration*
7. Informing on the status of investigation	*Example Of Service Failure* A member of the public has lodged a complaint that he has been denied the right of making a police report at a certain police station. *Recovery That Can Be Undertaken* An investigation should be carried out by the Police Officer at the Police Station concerned and the status of investigation should be relayed to the complainant if it does not contravene the law.
8. Conducting goodwill visits	*Example Of Service Failure* Padi farmers in Sabak Bernam have lodged a complaint that their crops have been destroyed because the Irrigation and Drainage Department (IDD) has failed to supply water to their fields according to schedule. *Recovery That Can Be Undertaken* The senior officer of IDD should visit the farmers to find out their problems and inform them of the follow-up actions to be taken.
9. Exemption from normal administrative procedures	*Example Of Service Failure* As a result of a mistake in scheduling appointments by an officer in a certain agency this has deprived a customer from receiving the service. *Recovery That Can Be Undertaken* The customer involved be allowed to see the officer concerned at another time without making an appointment.

Types of Service Recovery	*Illustration*
10. Issuance of temporary documents	*Example Of Service Failure* The Department of Immigration has failed to issue international passports at the time promised because of processing problems. *Recovery That Can Be Undertaken* The Department of Immigration can issue temporary travel documents to applicants who need it urgently.
11. Making advance payments	*Example Of Service Failure* The Social Security Organisation (SOCSO) has exceeded the time period promised to determine payments eligible to its customers. *Recovery That Can Be Undertaken* Advance payments can be made by SOCSO to its customers based on estimates of their eligibility and this amount can be adjusted when actual payments have been determined.
12. Provision of services at the customers premise	*Example Of Service Failure* The officer in Department A was not at the one Stop Service Centre to provide advisory service to the customer. *Recovery That Can Be Undertaken* The officer concerned will visit the premise or department of the customer to provide advisory service.
13. Appointment of substitute officer	*Example Of Service Failure* A District Officer is unable to attend a dialogue session with the public as planned because of unavoidable circumstances. *Recovery That Can Be Undertaken* The District Officer can appoint a Senior Assistant District Officer to attend the dialogue session on his behalf.

Types of Service Recovery	*Illustration*
14. Provision of substitute/ alternative reciepts	*Example Of Service Failure* The faulty reciepting machine at the Land and District Office in Gombak has disrupted the collection of land revenue. *Recovery That Can Be Undertaken* The officer at the District Office can issue temporary official reciepts manually until the reciepting machine has been repaired.
15. Allowing payments to be made in instalments	*Example Of Service Failure* The Department of Inland Revenue (IRD) has under assessed the customer's income tax for a number of years. With the detection of this error, the IRD hopes to collect all tax arrears. *Recovery That Can Be Undertaken* The IRD allows the customer to repay back all income tax arrears on an instalment basis.
16. Replacing existing employees with more experienced ones	*Example Of Service Failure* A complaint has been lodged by the farmers that the agriculture expansionary officer who has been entrusted to give advisory service is unable to carry out his duties effectively. *Recovery That Can Be Undertaken* The Agriculture Department should replace the officer with a more experienced expansionary officer.
17. Getting assistance from other agencies	*Example Of Service Failure* Traffic jams have occurred as a result of a faulty traffic light at the junction of the main road in Petaling Jaya.

Types of Service Recovery	*Illustration*
	Recovery That Can Be Undertaken The Petaling Jaya Municipal Council should ask for assistance from the traffic police to control traffic until the traffic light has been repaired.
18. Extension of office hours	*Example Of Service Failure* City Hall, Kuala Lumpur is unable to entertain all its customers who have come to pay their assessment tax on the last day of payment. However, the customers wish to make payments on the same day to avoid paying the fine. *Recovery That Can Be Undertaken* City Hall, Kuala Lumpur should extend its office hours to enable all customers to make payments on the same day.
19. Provision of temporary facilities	*Example Of Service Failure* The Public Works Department is unable to complete road repairs according to schedule and this has inconvienced road users. *Recovery That Can Be Undertaken* The Public Works Department can make a diversion to enable the smooth flow of traffic.
20. Giving an open explanation	*Example Of Service Failure* The residents of Kg. Kerinci, Kuala Lumpur have lodged a complaint to the Selangor Water Works Department with regards to polluted water that has been supplied since the last week. *Recovery That Can Be Undertaken* The Public Works Department should make an announcement to explain the reasons for the polluted water supply such as damage to the filter plant and rectify the problem immediately.

ACTION 2: DETERMINE SERVICE RECOVERY STANDARDS

17. Quality standards should be established for all service recovery actions. These standards are important to regain the trust and confidence of customers towards Government agencies. They can also be used as a basis for evaluating the performance of the service recovery system. A good recovery standard should be clear, specific and practical. It can be defined in terms of **time**, **cost**, **quality** and **quantity**. Examples of recovery standards are illustrated as follows:

Example 1:

The Waterworks Department will provide water *once a day* to affected residents by lorry tankers as long as repair works to damaged water pipes are not completed.

Example 2:

The Road Transport Department will open *an extra counter* in the event of a large crowd and the waiting time exceeds the stipulated standard waiting time (15 minutes).

Example 3:

The Federal Territory Land Office will refund in cash *all overcharges* of quit rent on realising that an error has been made.

Example 4:

The Inland Revenue Department will refund overpayments of income tax *not later than three months* after receiving applications for refund from taxpayers.

Example 5:

The Coastal Engineering Division of the Drainage and Irrigation Department pledges to undertake emergency remedial works *within 48 hours* to repair damaged coastal protection structures/facilities.

Example 6:

The River Engineering Division of the Drainage and Irrigation Department pledges to undertake emergency remedial works *within 48 hours* to overcome river related problems.

ACTION 3: ESTABLISH THE MECHANISM FOR THE IMPLEMENTATION OF SERVICE RECOVERY

18. An effective implementation mechanism is vital in ensuring that planned service recovery actions can be activated the moment service failures occur. To establish such a mechanism, two important measures have to be undertaken:

(a) Setting Up Of An Implementing Structure

Government agencies should set up specific organisational structures when implementing service recovery systems. Such structures comprising of skilled personnel will enable service recovery actions to be carried out both

systematically and professionally, besides preparing the agencies for all possible contingencies. For this purpose, the agencies can form work teams, committees or Special Action Units. For example, Tenaga National Berhad (National Electricity Company) has set up mobile units which are put on call to attend to problems regarding power supply in their respective working zones.

(b) *Establishing Implementation Systems and Work Procedures*

Well-designed systems and work procedures should be established in Government agencies to ensure the smooth delivery of recovery service, besides enabling it to be carried out expeditiously and promptly when the need arises. The systems and procedures should include critical aspects such as:

- The jurisdiction of the officer;
- Basis for making decisions;
- Quality standards for recovery;
- Preparation for recovery;
- Procedures for recovery;
- Reporting system.

ACTION 4: ESTABLISH A COMPLAINTS HANDLING SYSTEM

19. The effectiveness of the service recovery system of an agency depends largely on the support of the response system towards a complaint. The response system has to ensure that information regarding a faulty service immediately reaches the unit concerned for remedial action, in order not to further disappoint the customer. This action will help to convince the customer that the agency is truly customer-oriented.

20. There are three processing stages in a good response system. These processes which are illustrated in *Diagram 3* are:

(a) Process I : Receiving of complaints

(b) Process II : Acting on complaints

(c) Process III : Assessment and follow-up action

Process I: Receiving of Complaints

21. Complaints from customers are important sources of information for the operation of a service recovery system. As such agencies should be sensitive and ready to respond positively to public complaints. The process of handling complaints is most critical in an agency's effort in winning back the confidence of their customers. Customers who complain are disappointed, angry and would have lost faith in the agency. However, they may be pacified if their complaints are handled with respect and in a cordial and professional manner.

22. To ensure the smooth and efficient handling of complaints, the following steps should be taken:

(a) Provide facilities for customers to make complaints. For example: setting up of complaint counters, tollfree telephone lines and hot-lines, complaint forms, or stationing a Customer Relations Officer;

(b) Train personnel to handle complaints professionally;

(c) Set quality standards for every activity in the handling of complaints;

(d) Document work processes in flow charts accurately and clearly;

(e) Station trained and efficient employees in charge of complaints counter;

(f) Establish a comprehensive system to register all complaints. For this purpose, a special form to record important information has to be designed. Examples of basic information required when recording complaints are as in *Table 2*; and

(g) Take follow-up and follow-through actions on the progress of recovery actions undertaken by other divisions of the agency. For this purpose, the complaint centre should maintain a master register of complaints to facilitate the monitoring of the action taken by the respective divisions.

TABLE 2

BASIC INFORMATION NEEDED WHEN RECORDING COMPLAINTS

Types of Information

(a) Complaint Serial Number;

(b) Time and date complaint received;

(c) Detailed information regarding nature and location of problem, date and time problem occurred;

(d) Information of the complainant (such as name, address and telephone number);

(e) Source and type of channel of complaint;

(f) Division/department or officer responsible for taking action;

(g) Type of action taken;

(h) Date of action; and

(i) Completion date of action.

Process II: Acting On Complaints

23. After a complaint is received, it should be processed promptly to determine the appropriate service recovery action. The complainant should be informed about the service recovery system and the date of its implementation. In order to facilitate the process of recovery action, the agency should ensure that:

(a) The complaint centre classifies all complaints received and channel it to the appropriate division/unit for recovery action. This should be done with urgency and in accordance with the time norms set;

(b) The division/unit which receives the complaints quickly activate service recovery action within the stipulated time frame. However, if the problem requires thorough investigation, the customer should be informed of the estimated time needed for the problem to be resolved.

Process III: Assessment and Follow-Up Action

24. The response system of an agency needs constant assessment to ensure its efficiency and effectiveness. For example, the efficiency of the process of receiving complaints or the channelling of the complaints to the relevant division/unit in the organisation has to be assessed regularly. This can be done through customer surveys to obtain feedback which will further improve the existing response system.

ACTION 5: MONITOR CRITICAL WORK PROCESSES

25. Government agencies should always be ready to deliver recovery services. To do this, agencies have to identify and monitor work processes, especially in areas that are more prone to problems. Work processes that are not functioning smoothly, to the extend of affecting their quality standards need immediate proactive recovery action. For example, in the issuing of identity cards in the National Registration Department, the inputing of particulars of applicants into the computer is considered as a critical process. Any error made at this stage will result in the production of a defective card, e.g. wrong spelling in the name of applicant or a mistake made in the gender or address of the applicant. As such the National Registration Department should monitor closely this process so that any error made will be noticed and rectified immediately.

26. The monitoring of work processes is the basis for proactive service recovery action. Government agencies should take the initiative and not wait for complaints to be filed or demands to be made from customers before taking recovery action. In this way agencies will be assured of having happier customers as it is found that customers who are dissatisfied with the services of Government agencies do not normally make complaints.

27. The aim of monitoring is to detect the incidence of failure in a work process. For this purpose, Government agencies have to measure the performance of their work processes followed by an analysis of the variances. Through variance analysis, an agency will be able to verify whether there is a difference between the actual performance and the stipulated standards. If the actual performance is found to be way below that of the stipulated standards, then it is indicative of a faulty work process which will subsequently impair the quality of the product or service. In such a situation, service recovery action can be activated.

28. In order to carry out the variance analysis, the agencies must collect and analyse the data concerning the performance of the work processes. For this purpose, various methods such as check sheet, control chart, flow chart and histogram can be used.

ACTION 6: PROVIDE TRAINING AND EMPOWER FRONT-LINERS

29. In any organization, front-liners are the most appropriate people to handle service recovery. The front-liners usually maintain close relationship with customers and they also have a better understanding of customer needs and expectations. Hence, agencies must ensure that their front-liners are properly trained in specific areas such as customer relations, decision making and problem solving techniques. They should also be creative, able to handle crisis and possess communication skills.

30. In order to enhance their skills in dealing with customers, the front-liners should be exposed to other work processes involved in the service delivery system. This exposure can be obtained through job rotation thereby promoting a better understanding of the inter-relationship of the various processes. By having an overall perspective, the front-liners are able to identify and solve problems faced by customers speedily.

31. Besides training, it is necessary for Government agencies to empower front-liners in their organization. Empowerment is a management tool aimed at providing its personnel with additional authority to carry out their entrusted responsibilities. Empowerment can be effected by:

(a) Increasing the scope and responsibility of workers;

(b) Allowing workers greater flexibility to act;

(c) Providing adequate office equipment and facilities (e.g. furniture, telephones with direct lines and facsimile machines);

(d) Creating a clean office environment; and

(e) Allocating adequate financial resources.

ACTION 7: IMPLEMENT CONTINUOUS PROCESS IMPROVEMENT

32. An agency can only deliver high quality products and services if it has efficient work processes. Therefore, it is necessary for every agency to strengthen existing work processes through well planned and systematic actions. The work processes affected will then be able to produce outputs with quality standards as required by customers. For this purpose, existing quality management structure such as the Quality and Productivity Steering Committee, Task Forces and Quality Control Circles will have to be fully utilised.

33. There are various models of continuous process improvement which can be adopted by Government agencies. One suitable model is the PDCA Cycle where an improvement effort to a work process has to undergo four steps which are:

Step 1: Plan

Step 2: Do

Step 3: Check

Step 4: Action

Step 1: Plan

34. The planning stage is aimed at ensuring the smooth implementation of improvement measures in solving organisation problems. Amongst the important aspects to be touched upon in the planning stage are:

(a) Identify clearly the problem areas of a work process which frequently results in service failure;

(b) Analyse the environment around the work process;

(c) Identify potential obstacles in the implementation of improvement efforts; and

(d) Draw up control charts for improvement activities.

35. While identifying problematic work processes, agencies have to carry out careful and detailed analysis. This is aimed at ensuring that the the root cause of a problem is correctly identified and overcome. Work processes that are problematic are usually those work processes having:

(a) Too many action steps involving a multitude of workers;

(b) Complicated processes;

(c) New procedures or services;

(d) Inexperienced or unskilled workers; and

(e) Processes which depend heavily on outside organisations such as the suppliers.

36. Following the identification of a work process which is problematic, relevant data and information have to be collected in order to determine the extent of the problem. Examples of such data are process defect rate; error rate; frequency of work stoppage; and other failures. Data can be collected on a daily, weekly or monthly basis depending on the type of work processes and the data collection system. The collection and analysis of data can be carried out by various methods such as check sheet, graph, Pareto Diagram, histogram, process control chart, and process flow chart.

37. In process improvement, the agencies have to take into account the tastes and requirements of the customers. As such data and information pertaining to these matters have to be collected. For this purpose, an agency can carry out a customer satisfaction survey. An example of a customer satisfaction survey form is illustrated in *Appendix A*. Apart from this, information on customer requirements and needs can be obtained through suggestion box; news reports; Q feedback system; and reports from the Public Complaint Bureau.

Step 2: Do

38. At this step, data concerning the problems in a work process have to be analysed in detail so as to ascertain the causes of a service failure. Techniques which can be used for the data analysis are brain storming; cause-effect analysis; Pareto Diagram; and correlation chart.

39. As soon as the causes of the problem are identified, improvement measures have to be determined. Improvement measures to be implemented can take the following forms:

(a) Using better quality inputs in the work processes such as new materials and suitable machinery;

(b) Upgrading of systems and work procedures. Whatever parts *found* to be redundant or mar the achievement of the desired level of work performance have to be abolished;

(c) Reviewing and improving the process quality standards; and

(d) Training of workers to be better equipped with new knowledge and skills as well as to possess positive work ethics.

Step 3: Check

40. At this third step, the activities to be undertaken involve the monitoring and evaluation of the effectiveness of an improvement measure. Continuous evaluation is necessary to prove that the improvement measure introduced can truly resolve the work process related problem. If it is found that the measure undertaken does not yield the desired result, then both Step 1 and Step 2 have to be repeated.

Step 4: Action

41. Under this final step, the improvement measure implemented has to be standardised and instituted to become a standard operating procedure within the agency concerned. This action can only be taken after it is proven that the proposed solution can resolve the problem so as to enable the process to return to a stable condition.

42. The implementation of these four steps under the PDCA Cycle has to be carried out in a continuous manner so as to strengthen the capability of work processes. By doing so, the agencies will be able to maintain their excellence by producing high quality outputs.

VI. CONCLUSION

43. Service recovery is an important component in the service delivery system of an agency. If it is properly conducted, it will result in an increase in customer

satisfaction, besides creating an image that the organisation is truly customer-oriented. Therefore, management should view service recovery as a golden opportunity to prove their commitment to their respective customers.

44. The main operational objective of an agency is to ensure that outputs are produced right the first time and every time. This is the best way to maintain customer satisfaction. Though service recovery actions are available, they should be restricted to exceptional cases only. Such actions should be avoided as far as possible because every recovery action will definitely incur costs of quality. Nevertheless, the best recourse for an organisation aiming towards excellence is to practise continuous improvement.

APPENDIX A

DEPARTMENT OF INLAND REVENUE MALAYSIA

CONFIDENTIAL
(Completed Forms to be placed
in the Suggestion Box provided)

QUESTIONNAIRE ON COUNTER SERVICE

Inland Revenue Department is committed to provide efficient and quality service. To enable the Department to improve such service, we seek your cooperation to respond and complete this questionnaire. Your views and comments will be treated as strictly CONFIDENTIAL. We thank you for your cooperation.

DIRECTOR GENERAL OF INLAND REVENUE

PLEASE INDICATE / IN THE APPROPRIATE BRACKET

Income Tax Ref. No. (if necessary)	( ) Counter duty officer ( ) Other Officers	Date Time am/pm

1. RECEPTION

( ) Unsatisfactory
( ) Satisfactory
( ) Good
( ) Very good

2. COURTESY

( ) Discourteous/rude
( ) Satisfactory
( ) Modest and polite
( ) Very good

3. ATTITUDE

( ) Poor
( ) Satisfactory
( ) Friendly
( ) Very good

4. ASSISTANCE/INFORMATION SERVICE

( ) Vague
( ) Doubtful, not accurate
( ) Satisfactory
( ) Clear and complete

5. YOUR VIEWS ON THE DEPARTMENT

(a) What you like most about ..... the Department .....

(b) What you dislike most ..... about the Department .....

6. COMMENTS/SUGGESTIONS (Cleanliness, environment, space and other facilities)

.....

.....

7. IF YOU WISH TO HAVE A REPLY ON YOUR QUESTIONNAIRE PLEASE FILL IN THE FOLLOWING PARTICULARS:

Name: .....

Address ..... Signature:.....

..... Identity Card No.: .....

..... Date: .....

FOR OFFICIAL USE ONLY

SERIAL NO.	

	Attention given by Branch Head
	Follow-up action taken

(Fold here)

BRANCH HEAD
DEPARTMENT OF INLAND REVENUE
BRANCH:_____

(Fold here)

JABATAN HASIL DALAM NEGERI MALAYSIA

TAXPAYER SURVEY

Dear Taxpayer,

The Inland Revenue Department is continually making earnest efforts to provide best service to taxpayer. For this reason, the Department requires information with regard to your understanding of the Income Tax laws. It is much appreciated if you could complete the following questionaire.

DIRECTOR GENERAL OF INLAND REVENUE, MALAYSIA

Please tick √

		Yes	No
1.	Do you know how to notify chargeability to tax?		
2.	Do you complete the income tax return form on your own?		
3.	Is the income tax return form easy to complete?		
4.	Do you submit the income tax return form within 30 days?		
5.	Do you know the type of income required to be reported in the income tax return form?		
6.	Do you know the type of deduction which you are entitled to claim?		
7.	Do you know how to calculate your own tax?		
8.	Do you know that you have to inform the Department if there is a change of address?		
9.	Do you know that penalty will be imposed if you		
	(i) submit the income tax return form late.		
	(ii) pay your tax late.		
	(iii) did not report the full and correct income.		

10. Your particulars

(i) Male	☐			Female	☐
(ii) Age	☐				
<25 years	☐	35 - 44 years	☐	55 - 64 years	☐
25 - 34 years	☐	45 - 54 years	☐	>65 years	☐
(iii) Salary Earner	☐	Self-Employed	☐	Others	☐

IV

TREASURY CIRCULARS

THE USE OF NEW FORMS IN THE MANAGEMENT OF CAPITAL ASSETS, INVENTORIES AND OFFICE SUPPLIES

MINISTRY OF FINANCE
MALAYSIA
KUALA LUMPUR

MINISTRY OF FINANCE
THE MALAYSIAN TREASURY
JALAN DUTA
50592 KUALA LUMPUR

Telephone: 2546000, 2546066
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Secretaries General of Ministries
Heads of Federal Departments
State Secretaries
Heads of Statutory Bodies

Our Ref: S(K&B) (2.00) 735/3/1-68
JD. 6/(SEM)(3)

Your Ref:

Date: 9 February 1991

THE GOVERNMENT OF HIS MAJESTY
MALAYSIA

TREASURY CIRCULAR NO. 2 OF 1991

THE USE OF NEW FORMS IN THE MANAGEMENT OF CAPITAL ASSETS, INVENTORIES AND OFFICE SUPPLIES

1. OBJECTIVE

1.1 The objective of this circular is to further improve the management of capital assets, inventories and office supplies through the use of new forms in Government Ministries/ Departments/Agencies.

2. BACKGROUND

2.1 Currently, control of stocks in terms of receipt, storage, issue and loans is as stated in the Treasury Guidelines—Mode of Stores Management (MSM) as well as through the forms required to be used. For office supplies and inventories, there are no specific forms stated in the MSM. However, for office supplies, the Stock Book (Am 84 Pin. 10/66) is used to record all receipts and issue of office supplies. There is no specific form used to record inventories. The forms used differ between Ministries/ Departments/Agencies. For plant and office machines, the Plant Register (JKR 123 Pin. 1/82) is used. The MSM requires the use of the Plant and Equipment Register (Kew 300-Y) which is used to record the specific location of the equipment.

2.2 To standardise the use of the Capital Assets, Inventory and Office Equipment Register and The Movement of Fixed Assets/ Inventory Register, which is used in addition to the MSM, various new forms have been designed or the old forms modified to facilitate the monitoring of capital assets, inventory or office supplies.

2.3 Currently, record-keeping for the management of capital assets, inventories and office supplies by Government Ministries/Departments/Agencies is being carried out by using five (5) main forms namely:

(i) The Plant Register (Plant Register Form—JKR 124 Pin. 1/82)

(ii) The Plant and Equipment Register (Kew 300-Y)

(iii) Record Book/Furniture and Equipment Register (non-standard)

(iv) Register Book/Stationary Stock (Am.84 Pin. 10/66)

(v) Loan Register (Kew 300-B)

2.4 It has been noted that the above mentioned system of management of records has given rise to several weaknesses mainly from the point of usage of non standardised several forms in different Government Ministries/Departments/ Agencies. The non-standardisation has led to differences in the information required to be kept, resulting in inefficient and ineffective control and monitoring of capital assets, inventory and office supplies.

2.5 The basis for the introduction of new forms is as follows:

(i) The need to record basic information regarding capital assets, inventories and office supplies. The management must ensure that all the required data is recorded from the date of purchase. If these records are not up-dated, it would be difficult to monitor the utilisation of these assets, especially where decisions regarding maintenance or replacement need to be made.

(ii) To record the location of capital assets, inventory items and office supplies. This will facilitate the management in monitoring and tracing the movement of any capital asset, inventory item or office supplies.

(iii) To establish an up-to-date and effective information system to facilitate the management in ensuring optimum utilisation and efficient management of capital assets, inventories and office supplies. In view of the limited resources available to service the Public Sector, monitoring of the deployment and management of assets will enable the obtaining of the necessary information regarding the utilisation or allocation of resources where they are really needed. This can only be achieved with the availability of comprehensive and up-to-date information.

2.6 Based on the above principles as well as the need to prevent wastage in the utilisation of capital assets, inventories and office supplies, relevant changes to the existing procedures have been made and new forms have been formulated.

3. THE USE OF THE NEW FORMS

3.1 To meet the objective outlined in paragraphs 2.5 and 2.6, four (4) new forms have been introduced to replace five existing forms. The forms involved are as follows:

New Forms	*Existing Forms*
(a) Capital Assets Register (Kew 312, 312A)	*(a)* Plant Register (JKR 124 Pin. 1/82); end Plant and Equipment Register (Kew300-Y)

New Forms	*Existing Forms*
(*b*) Inventory Register (Kew. 313)	(*b*) Record Book/Furniture and Equipment Register (Non-standard)
(*c*) Office Supplies Stock Register (Kew. 314)	(*c*) Register Book/Stationary Stock (Am.84 Pin. 10/66)
(*d*) Movement of Capital Assets And Inventory Register (Kew. 315)	(*d*) Loan Register (Kew 300-B)

3.2 The formats for the new forms are as in Appendix "A" and detailed explanations regarding these forms are as in Appendix "B".

3.3 With the issuance of this Treasury Circular, the new forms such as the Capital Assets Register (Kew 312, 312A) will replace the Plant Register and the Plant and Equipment Register (Kew 300-Y) as in Appendix "Y" Guideline 236 of the Treasury Instructions on Stores Management Methods, whereas the new form on the Movement of Capital Assets and Inventory Register (Kew 315) will replace the Loans Register (Kew 300-B).

3.4 The attention of Controlling Officers is drawn to Treasury Circular Letter No. 3/85 regarding the Involvement of Controlling Officers In the Management of Stores in Ministries/Government Departments and Statutory Bodies.

4. IMPLEMENTATION

4.1 The implementation of the new forms is as follows:

(i) For new purchases of capital assets, inventory and office supplies, the effective date for the use of the new forms is 1st. May 1991.

(ii) Information regarding existing capital assets, inventory and office supplies should be transfered from the old forms to the new forms as soon as possible but not later than a year from 1st. May 1991.

(iii) The old forms should be retained for audit purposes.

5. REQUISITION OF FORMS

5.1 Government Ministries/Departments/Agencies should obtain the new forms from the Government Printers.

5.2 Forms 312, 312A and 313 are in the form of cards and should be kept in 2-ring hard-cover files which can be purchased from suppliers under Central Contract whereas forms 314 and 315 are in the form of books.

6. EFFECTIVE DATE

6.1 This Treasury Circular is effective from 1st May 1991.

Thank you.

"SERVICE FOR THE NATION"

Yours Obediently

(TAN SRI ZAIN AZRAAI)
Secretary General
Ministry of Finance
Malaysia

EXAMPLES OF THE FORMAT OF THE NEW FORMS

1. Capital Assets Register (Kew. 312, 312A)
2. Inventory Stock Register (Kew. 313)
3. Office Supplies Stock Register (Kew. 314)
4. Movement of Capital Assets And Inventory Register (Kew. 315)

KEW 312
(Card No.:)

CAPITAL ASSETS REGISTER

MINISTRY/DEPT.: _____

DIVISION: _____

PART A — PARTICULARS OF ASSET

* Category:	Cost and Date Purchased/Received:
Type:	Govt. Order No.:
Brand Name and Model:	Supplier:
Type and Engine No.*:	File Ref. No.:
Chassis No./Manufacturer's Serial No.:	Accessories:
Registration Serial No.:	

..... Date: .....
Signature of Officer-In-Charge

LOCATION

Location							
Date							
Signature							

INSPECTION ON ASSET

Date:						
Signature						

WRITE-OFF

Date: _____
Ref. No.: _____
Signature: _____

* Fill this if relevant
S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

PART B

PARTICULARS ON MAINTENANCE OF FIXED ASSET

Date Service/ Repair	Particulars of Service*/Repair*	Govt. Order No./ Indent No.	Place of Purchase/ Service/Repair	Cost**	Signature

* If list of spare parts is too long, state reference of invoice file

** Total up expenditure for each financial year

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

KEW 312A
(Card No:)

PARTICULARS ON MAINTENANCE OF FIXED ASSET

MINISTRY/DEPT.: _____

DIVISION _____

Type, Brand Name and Model	Registration Serial No:

PART B (Contd.)

Date Service/ Repair	Particulars of Service*/Repair*	Govt. Order No./ Indent No.	Place of Purchase/ Service/Repair	Cost**	Signature

* If list of spare parts is too long, state reference of invoice file

** Total up expenditure for each financial year

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

PARTICULARS ON MAINTENANCE OF FIXED ASSET

Date Service/ Repair	Particulars of Service*/Repair*	Govt. Order No./ Indent No.	Place of Purchase/ Service/Repair	Cost**	Signature

* If list of spare parts is too long, state reference of invoice file

** Total up expenditure for each financial year

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

KEW 313
(Card No.:)

INVENTORY REGISTER

MINISTRY/DEPT.: _____ CATEGORY: _____

DIVISION: _____ TYPE: _____

No.	Particulars	Quantity	Govt. Order No.	Date of Purchase	Unit Cost	Registration No.	Location	Write-off		Note	Signature
								Ref.	Date		

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

No.	Particulars	Quantity	Govt. Order No.	Date of Purchase	Unit Cost	Registration No.	Location	Write-off		Note	Signature
								Ref.	Date		

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

Kew 314

OFFICE SUPPLIES REGISTER

MINISTRY/DEPT.: _____

DIVISION: _____

TYPE: _____ UNIT OF MEASUREMENT: _____

No.	Order No.	Received From/ Issued To	Date	Quantity			Receiver	
				Receipt	Issuance	Balance	Name	Signature

S (K & B) (2.00) 735/3/1-68. 6(SEM) (3) date 9 February 1991
YSPK (2.07) 573 - 1. JD. 3(13) dated 8 November 1990

No.	Order No.	Received From/ Issued To	Date	Quantity			Receiver	
				Receipt	Issuance	Balance	Name	Signature

S (K & B) (2.00) 735/3/1-68. 6(SEM) (3) date 9 February 1991
YSPK (2.07) 573 - 1. JD. 3(13) dated 8 November 1990

MOVEMENT OF FIXED ASSETS AND INVENTORY REGISTER

Type : Brand Name and Model:		Manufacturers Serial No: Registration Serial No:			Issuing Officer				Note
No.	Borrower's Name	Date		Signature of Borrower	Issued		Returned		
		Issued	Return By		Sign	Date	Sign	Date	

S(K & B) (2.00) 735/3/1-68 JD. 6(SEM) (3) dated 9 February 1991
YSPK (2.07) 573-1 JD 3(13) dated 8 November 1990

DETAILED EXPLANATIONS ON THE NEW FORMS

DETAILED EXPLANATIONS ON THE NEW FORMS

1. CAPITAL ASSETS REGISTER (KEW 312, 312A)

1.1 Capital Assets are nonconsumable items which cost $500 or more per unit at the time of purchase. Items under this category exclude furniture, carpets, curtains and other such items purchased regardless of their costs.

1.2 The Capital Assets Register in the form of a card is introduced to record information on all types of capital assets purchased. The Register is in two sections, namely:

Section A — records all information regarding purchases, placement, inspection and disposal write off.

Section B — records maintenance such as repairs and purchase of spare parts.

1.3 The card system has been introduced to facilitate the recording of all purchases and maintenance in the columns given and to facilitate filing in alphabetical order. Under this system, record-keeping will be standardised to facilitate monitoring and administration efforts.

1.4 A Register should be maintained to record the use of this form.

1.5 Detailed information in the Capital Assets Register is divided into two (2) Parts, namely:

Kew 312 (Part A)

(a) **Category**

Examples in the Category of Capital Assets are:

(i) Vehicles;

(ii) Plant;

(iii) Machines and office equipment; and other such items.

(b) **Type**

Examples of the types of capital assets in the category "machines, and office equipment" are:

(i) Cameras;

(ii) Computers;

(iii) Photostat Machines;

(iv) Typewriters;

(v) Television sets; and such items.

(c) **Brand and Model**

The brand and model of the capital asset such as "Proton Saga 1.5I Automatic".

(d) **Type and Engine No**

The type and engine number (if the asset is a vehicle)

(e) **Chassis No./Manufacturer's Serial No**

The chassis number for vechicles or the manufacturer's serial number for office equipment.

(f) **Registration Serial No.**

The registration serial number such as vehicle registration number or serial number in the office records.

(g) **Cost and Date Purchased/Received**

Cost including transportation and insurance costs (if incurred) and other expenditure related to the purchase.

(h) **Government Order No.**

The reference number of the Government Order issued for the purchase of the capital asset. If the capital asset has been obtained through other means, state the nature of the means such as "donation".

(i) **Supplier**

Name of the supplier.

(j) **File Reference Number**

Reference number of the file which contains records of the purchase of the capital asset.

(k) **Accessories**

Detail out the accessories which the asset is equipped with.

(l) **Signature**

The signature of the officer responsible for verifying the above details and date.

(m) **Placement**

Permanent location and date of placement of the asset. All transfers* of location should be recorded and signed by an officer in the User Section.

Transfers*

If an asset is transferred permanently from the original office, the orginal capital Assets Register Card must also be transferred along with the capital asset to the office which receives the asset. A copy of the Capital Asset Register Card is required to be kept with the words:

"Transferred ..... (Ref.: .....)" written on it, in a seperate file meant for records of capital assets which have been transferred.

Once the necessary details have been recorded, the officer concerned should sign and date the card in the space provided.

(n) **Inspection of Capital Assets**

Heads of Departments should arrange for inspections of capital assets as required by the MSM guideline 238, 239 and 240.

(o) **Write Off**

The officer concerned should record the date and file number and sign the card when approval is given for write-off by the Treasury or the Controlling Officer concerned.

Kew. 312 (Part B)

The information required to be recorded in this part is as follows:

(a) **Date of Service/Repairs**

The date when servicing or repairs was carried out on the asset.

(b) **Details of Service/Repairs**

Further details on what was repaired or serviced including information on spare parts purchased.

(c) **Government Order No./Indent No.**

The reference number of the Government Order/Indent number.

(d) **Place of Purchase/Service/Repair**

Name of the Company where spare parts were purchased or repairs carried out.

(e) **Cost**

The cost of the spare parts or cost of repairs or both.

(f) **Signature**

The officer responsible should sign to verify the details of the maintenance carried out on the asset.

1.6 Kew 312A

This form is a continuation to the Form Kew 312. This is used only after the space in Kew. 312 (Part B) has been used up.

2. INVENTORY REGISTER (KEW 313)

2.1 Inventories are non-consumable items which cost less than $500/- per unit at the time of purchase. However items such as furniture, carpets and curtains as well as crockery and cutlery are included in this category regardless of cost.

2.2 The Inventory Register is introduced to record the purchase and placement of all items of inventory. This register which is also in the form of cards is to facilitate arrangement for referencing. The cards are sequenced according to the type of inventory and in alphabetical order.

2.3 A register should be maintained to record the use of this form.

2.4 The particulars required to be recorded in this section are as follows:

(a) **Category**

Examples of categories of inventory are:

(i) Office equipment;

(ii) Furniture, carpets and curtains; and other such items.

(b) **Type**

Examples of the types of inventory items under the category "office equipment" are:

(i) Calculators;

(ii) Fans; and other such items.

Examples of types of inventory items under the category "Furniture, Carpets and Curtains" are:

(i) Chairs;

(ii) Tables;

(iii) Curtains; and other such items.

(c) **Number**

Number according to numerical order.

(d) **Details**

Description of the inventory item, such as:

(i) Executive chair;

(ii) Table for clerical staff;

(iii) Enclosed rack; and such other items.

(e) **Quantity**

The quantity purchased.

(f) **Government Purchase Order No.**

Reference Number of the Government Purchase Order.

(g) **Date of Purchase**

Date of purchase according to the Government Purchase order.

(h) **Unit Cost**

Cost including transportation and insurance costs (if incurred) per unit of inventory.

(i) **Registration Serial No.**

Serial number of registration such as serial number of office records.

(j) **Location**

Location of the inventory item.

(k) **Disposal Write Off**

The file reference number which contains records of approval for disposal/ write off by Treasury or the Controlling Officer.

(l) **Notes**

Any information of relevance.

(m) **Signature**

The officer responsible should sign to verify the information given.

3. OFFICE SUPPLIES STOCK REGISTER (KEW. 314)

3.1 Office supplies are all consumable items including stationery and nonconsumable office equipment of low value which are not economical to be traced on a individual unit basis.

3.2 The Office Supplies Stock Register is introduced to records all purchases of office supplies. This register is in the form of a book.

3.3 *(a)* **Type**

Examples of types of non consumable office supplies are:

(i) Ball pens;

(ii) Paper;

(iii) Gum; and such other items.

Examples of non-consumable office supplies are:

(i) scissors;

(ii) staplers; and such other items.

(b) **Unit of Quantity**

Quantity in terms of numbers, boxes, reams etc.

(c) **Number**

Number according to numerical order.

(d) **Order No.**

Order Reference Number/Government Purchase Order.

(e) **Received From/Issued To**

Name of supplier and recipient officer.

(f) **Date**

Date of receipt or issuance.

(g) **Quantity Received**

Number of units received

(h) **Quantity Issued**

Number of units issued

(i) **Balance**

Balance of remaining units

(j) **Receipient**

Name and signature of officer who received the supply

4. MOVEMENT OF CAPITAL ASSETS AND INVENTORY REGISTER

4.1 The Movement of Capital Assets And Inventory Register is introduced to record all movement of capital assets or inventory item. Movement refers to transfer of location by way of loan or temporary placement.

4.2 The Movement of Capital Assets and Inventory Register is in form of a book.

4.3 The details required to be recorded in this section are as follows:

(a) **Type**

Type of asset/inventory item such as 'camera' or 'television'.

(b) **Brand Name and Model**

Model of the asset/inventory item such as 'Canon TY 700'.

(c) **Manufacturer's Serial No.**

The manufacturer's serial number of the asset/inventory item.

(d) **Registration Serial No.**

The registration serial number such as office record serial number.

(e) **Number**

Number according to numerical order.

(f) **Name of Borrower**

The name of the borrower.

(g) **Date of Issuance**

The actual date of issuance or transfer of the asset/inventory item from its original location.

(h) **Expected Date of Return**

The date by which the asset/inventory item is expected to be returned.

(i) **Signature of the Borrower**

The borrower should check the asset/inventory item being borrowed and sign at the time of borrowing.

(j) **Issuing Officer**

The officer-in-charge of office assets/inventory or any other officer assigned to this duty should sign when issuing an asset/inventory item and also when the item is returned and the dates are to be recorded.

(k) **Notes**

Any other relevant information.

GOVERNMENT OF MALAYSIA

TREASURY CIRCULAR NO. 15 OF 1994

GUIDELINES FOR THE PREPARATION AND TABLING OF THE ANNUAL REPORT AND FINANCIAL STATEMENT OF FEDERAL STATUTORY BODY

Ministry of Finance
Malaysia

GOVERNMENT OF MALAYSIA

TREASURY CIRCULAR NO. 15 OF 1994

GUIDELINES FOR THE PREPARATION AND TABLING OF THE ANNUAL REPORT AND FINANCIAL STATEMENT OF FEDERAL STATUTORY BODY

Ministry of Finance
Malaysia

27 December 1994

Circulated to:

Secretaries General of Ministries
Heads of Federal Statutory Bodies

YSPK (8.15)4/40-1Jd.8

Secretary Generals of Ministries

Heads of Federal Statutory Bodies

TREASURY CIRCULAR NO. 15 OF 1994

Guidelines For The Preparation And Tabling Of The Annual Report And Financial Statement Of Federal Statutory Body

Objective

1. This Circular and its Guidelines aim to assist statutory bodies in the preparation of their Annual Reports and Financial Statements by highlighting the matters required to be disclosed as per Minimum Disclosure Requirements. It also aims to ensure the submission of these documents to Cabinet and their tabling in Parliament in an orderly manner and **within the time frame of one (1) year at the end of the financial year.**

Background

2. The existing laws and regulations related to the preparation and tabling of the Annual Reports and Financial Statements of Federal Statutory Bodies are as follows:

(1) **Statutory Bodies (Accounts and Annual Reports) Act 1980** which details the requirements in respect of the time frame for **the preparation and submission of Financial Statements and Annual Reports** of statutory bodies to the Auditor General and the Minister concerned.

(2) **Treasury Circular No. 2 of 1985** which provides the guidelines regarding the form and standard of Financial Statements required to be prepared by statutory bodies.

(3) **Treasury Circular No. 4 of 1988** which explains the format of the Annual Report required to be prepared by statutory bodies.

(4) **General Circular Letter No. 2 of 1993** which highlights the role and responsibilities of Ministries, Board of Directors and Chief Executives in the management of statutory bodies.

In the Act and Circulars referred above, the time frame to prepare and submit the Financial Statements of Statutory Bodies for audit by the Auditor-General and the submission of audited Financial Statements with explanations on matters raised by Auditor-General and reports on activities to the Minister **has been determined**. **However no time frame has been stipulated** in the Act and circulars for the submission of these documents to Cabinet and their tabling in Parliament after the end of each annual financial year.

Objectives of Guidelines

The objectives of these guidelines are as follows:

(i) Increase public accountability through the preparation and presentation of the reports on activities and financial statements of statutory bodies in accordance with the stipulated time frame.

(ii) To provide more comprehensive information to Parliament and other interested parties.

(iii) To facilitate understanding of each statutory body, it objectives, functions and operations including programmes, activities and projects undertaken during the year.

(iv) To establish a uniform accounting standard for all statutory bodies.

(v) To standardise the application of accounting principles recognised by professional bodies.

(vi) To provide a clearer picture on the financial position of statutory bodies.

(vii) To further enhance standards of accounting and preparation of financial statements.

These guidelines document all matters which need to be emphasised in the preparation of Annual Reports and Financial Statements. They also stipulate the time frame for the submission of relevants documents to the Auditor General, Minister concerned, Cabinet and their tabling in Parliament. Henceforth, the requirement of Government to have Annual Reports and Financial Statements of statutory bodies be tabled in Parliament within one (1) year after the end of the financial year will be achieved.

Follow-up actions in required for the implementation of these Guidelines:

(a) Chief Executives of Federal Statutory Bodies to table these guidelines in their Board of Directors' meetings for adoption.

(b) Secretary Generals of Ministries to monitor the implementation of these guidelines by statutory bodies under their respective responsibilities.

Effective Date

These guidelines as provided in this circular must be adhered to by all statutory bodies in the preparation of Annual Reports and Financial Statements for the 1994 financial year and thereafter. All parties involved in the process as stated in the guidelines are also responsible for ensuring that these guidelines are complied with. With the issuance of these Circular, **Treasury Circular No. 2 of 1985** and **Treasury Circular No. 4 of 1988 are herby revoked.**

"SERVICE TO THE NATION"

DATUK CLIFFORD F. HERBERT
Secretary General
MINISTRY OF FINANCE,
KUALA LUMPUR.

c.c.
All Hon. State Secretaries
All Hon. State Financial Officers

(Appendix to Treasury Circular
No. 15 of 1994)

GUIDELINES FOR THE PREPARATION AND TABLING OF THE ANNUAL REPORT AND FINANCIAL STATEMENT OF FEDERAL STATUTORY BODY

CONTENTS

APPENDIX

GUIDELINES FOR THE PREPARATION AND TABLING OF THE ANNUAL REPORT AND FINANCIAL STATEMENT OF STATUTORY BODIES

Objective

The objective of this circular is to provide guidelines for statutory bodies for the preparation and tabling of the Annual Report and Financial Statement by stating matters that should be disclosed in line with the Minimum Disclosure Requirements when submitting them to the Cabinet and subsequently tabling them in Parliament. This circular consists of three parts, namely:

(i) Part I — Preparation of the Annual Report.

(ii) Part II — Structure and Standards Set for Preparing the Financial Statement.

(iii) Part III — Time schedule for the preparation and tabling of the Annual Report and Financial Statement.

Background

2. At present the structure and standard of the Financial Statement that should be prepared by statutory bodies are explained in Treasury Circular No. 2/1985 entitled "Guidelines on the Structure and Standard of the Financial Statement of Statutory Bodies". The guidelines on the format of the Annual Report that has to be tabled in Parliament is explained in detail in Treasury Circular No. 4/1988 entitled "Guidelines for the Preparation of the Annual Report of Statutory Bodies". The legal requirement with regards to the **time period** set for the preparation and submission of the audited Financial Statement and the Auditors Report on it to the Minister is given in Statutory Bodies (Accounts and Annual Report) Act 1980. There is no time period set either legally or administratively for the tabling of the Annual Report and Financial Statement to Parliament.

Part I - Preparation of the Annual Report

Objective of Annual Report

3. The Annual Report prepared by statutory bodies should meet the following objectives:

3.1 facilitate understanding of the statutory body, its objectives, functions and operations including programmes, activities and projects undertaken during the year;

3.2 provide information on the intended targets and benefits of its programmes, activities and projects and the extent to which these have been achieved;

3.3 provide information on the amount of subsidies given by the Government;

3.4 provide information on its overall financial status; and

3.5 Provide information on its success in raising the standard of living of target groups from the socio-economic perspective.

Methodology of Preparing the Annual Report

4. The Annual Report should be prepared in such a way that it is able to record all the objectives listed out in paragraph 3. Diagrams, charts and tables should be used to illustrate the report.

5. The important features should be highlighted and they should be prepared in a comprehensive manner. Wherever possible comparative figures and percentages should be used to show the trend over the years.

Contents of Annual Report

6. As the activities and functions differ from one statutory body to another, the matters to be disclosed in the annual report of each statutory body may also vary. It is therefore difficult to set a standard format or to describe in detail the matters to be contained in an annual report. However, the annual report of each statutory body to be submitted to the Cabinet and to be presented to Parliament as a single document should at least include the following:

(a) corporate information;

(b) background of the statutory body;

(c) chairman's statement;

(d) report on Government's assistance;

(e) analysis of financial performance;

(f) performance report;

(g) audited financial statements:

- o statement by the chairman and a member of the Board of Directors;
- o Declaration by the principal officer responsible for financial management in the statutory body; and
- o Auditor General's Report; and

(h) other information

6.1 Corporate Information

The corporate information given should include the principal officers of the statutory body as follows:

- o chairman and his deputy;
- o board of directors during the year;
- o members of the investment panel; if any
- o members of the audit committee;
- o senior officers including the general manager and branch managers;
- o secretary;
- o auditor;
- o address of the registered office; and
- o organisation chart that shows the corporate structure of the statutory body.

6.2 Background of Statutory Body

Information on the background of the statutory body should include the following:

- o Act of Parliament under which the statutory body was established;
- o objectives of the statutory body; and
- o main functions and activities including that of its subsidiaries.

6.3 Chairman's Statement

The chairman's statement should include:

- o comment on the overall performance of programmes, activities and projects of the statutory body including that of its subsidiaries;

- achievement of programmes, activities and projects as well as the financial position of the organisation during the year should be compared to that of previous years;
- events that influenced the performance of the organisation's programmes, activities and projects including those of its subsidiaries;
- coming year's prospects and future corporate strategies;
- growth and development (including rate of growth or development) of programmes, the organisation's activities and projects; and
- appreciation to the staff, management and other parties who have contributed towards the organisation's success.

6.4 Report on Government Funding

As statutory bodies are sometimes funded partially or fully by the Government, it is important that feedback is given on the level of funding received and the extent to which it is used. Figures for the current year and that of the previous year should be prepared for comparison purposes. The type of information that should be provided are as follows:

(a) **grants**

- grants for operational budget (amount received and amount utilised);
- grants for development expenditure (amount received and amount utilised);
- special grants (purpose of such grants, amount received and amount utilised);
- capital assets that are donated (description, value, expected lifespan and usage of the asset); and
- grants approved but not yet received (type and purpose of grants, amount and expected date for receiving the grant).

(b) **loans**

- loans (purpose and condition of loan, amount received, and amount repaid and the balance);
- loans approved but not yet received (purpose and conditions of loan, amount and date receivable); and
- arrears on loan repayment (amount and age of arrears).

(c) **guarantees**

- o guarantees on loans (purpose and amount guaranteed); and
- o guarantees currently sought (purpose of guarantee, amount and expected date for receiving guarantee);

6.5 Analysis of Financial Performance

As far as possible, comparative figures, charts/graphs or financial ratio analysis regarding financial performance for a period of five years or more should be given to show the performance trend of the statutory body. The information provided should include:

- o asset employed (fixed asset, investment and net current asset) and rate of asset turnover;
- o sources of finance (grants from the Government, loans, bank overdrafts, cess, tariffs etc.) and percentage of asset financed by total liabilities/ current liabilities;
- o reserves;
- o long term liabilities;
- o turnover/receipts and rate of profit margin analysis;
- o profit/loss or surplus/deficit in income compared to expenditure; and
- o investment in subsidiaries or subsidiary companies;
  - — net asset
  - — profit/loss or surplus/deficit
  - — dividends
  - — diminishing value in investment
  - — loans and advances between statutory body and subsidiaries/ subsidiary companies.

6.6 Performance Report

The performance report is a report on the statutory body's programmes, activities and projects including that of its subsidiaries and subsidiary companies. Each programme, activity and project should be reported separately. Matters that should be reported include the following:

- o programmes, activities and projects that are implemented during the year and their respective objectives;
- o progress in the implementation of programmes, activities and projects;

- impact of each programme, activity and project on targeted groups;
- relevant indicators that indicate the cost of implementation of programmes, activities and projects including comparison of estimated cost/allocation and actual costs;
- cost comparison of each programmes, activity and project carried out in previous years;
- comparison of the statutory body's performance as compared to the industry's performance index, if any;
- problems faced in the implementation of programmes, activities and project;
- reasons for achieving better than/worse than level of performance compared to that of previous years; and
- future plans, if any.

Additional information that can be reported according to the various categories of statutory bodies are as given in **Appendix A.** The book **"Guideline for the Establishment of Performance Indicators in Government Agencies"** published by the Administrative Modernisation Unit of the Prime Minister's Department may be referred to for information on how to establish and use performance indicators in statutory bodies.

6.7 Audited Financial Statement

Audited financial statements are the Balance Sheet, Profit and Loss Statement or Income and Expenditure Statement, Statement of Changes in Financial Position (Statement of Sources and Application of Funds), Notes to the accounts and any other relevant statements that have been prepared according to Part II this circular).

6.8 Other Information

Other information that is considered important, the exclusion of which may affect the understanding of the reader regarding the financial status and performance of the statutory body should also be reported. The information referred to include:

- list of branch offices; if any
- list of major properties (location, ownership, area and dscription);
- list of major events during the year; and
- dates of board of directors meetings.

Part II -Structure and Standard of Financial Statements

General Terms and Definitions

7. This guideline explains in general terms the characteristics or norms for the preparation of the financial statements by statutory bodies and subsidiary companies under them. This guideline touches on the concept of accounting, basic objectives and quality standards that are considered neccessary to meet the requirements of Parliament and other interested parties. It also provides the principles and accounting practices that could be used to improve the preparation of the Financial Statements of Statutory Bodies.

8. Subsidiary companies incorporated under the Companies Act 1965 (Act 125) are required to abide by this guideline as long as it does not conflict with the requirements of the Act and its related procedures.

9. According to **Section 5(1) of the Statutory Bodies (Accounts and Annual Report) Act 1980,** each statutory body should keep accounts and other records to fulfill the Generally Accepted Accounting Principles. The accounts and records should be kept in a manner that enable easy and complete auditing.

10. The financial statements should contain:

(i) a Balance Sheet;

(ii) Profit and Loss Statement or Income and Expenditure Statement;

(iii) a statement of changes in Financial Position or statement of sources and application of funds;

(iv) notes to accounts;

(v) Certificates as specified in paragraph 31;

(vi) any other relevant statements.

Generally Accepted Accounting Principles

11. **"Generally Accepted Accounting Principles"** mean standard accounting principles and practices as promulgated and made applicable by legally constituted professional body on its members in respect of published annual accounts of commercial, industrial and business enterprises in Malaysia. However, if there is a conflict between legal provisions and generally accepted accounting principles and practices, the legal provisions must take precedence.

Accounting Policies

12. Accounting policies encompass the principles, basis, conventions, rules and procedures adopted by the statutory body in preparing and presenting financial statements. There are many different accounting policies in use even in relation

to the same subject, judgement is required in selecting and applying those which are best suited to present properly the statutory bodies financial position and the results of its activities and operations. The statutory body shall therefore determine and adopt accounting policies suitable for its use.

General Disclosure Requirements

13. Financial statements of statutory bodies shall conform to the General Disclosure Requirement as set out in **Appendix B** of these guidelines.

14. The statutory body shall disclose in its statement of accounts the extent to which the statement of accounts do not comply with accepted standard accounting principles and practices.

15. Where a statutory body has subsidiary corporations established under the authority of its Act, or incorporated under the Companies Act, 1965 (Act 125), **consolidated financial statements** shall be prepared to show the aggregate financial position and results of operations of the group. If the **consolidated financial statements** are not prepared, the approval of the Treasury (Unit Sistem Pengurusan Kewangan) must first be obtained. The respective statutory bodies are required to state this approval together with reasons for not being able to consolidate in the financial statements. In such cases the financial statements of subsidiaries not consolidated must be attached for the information of interested parties.

Valuation of Assets

16. Before financial statements are prepared reasonable steps shall be taken to:

(i) cause all known bad debts to be written off and adequate provision made for doubtful debts;

(ii) ascertain whether any current assets (other than debtors) are unlikely to be realized in the ordinary course of operations their value as shown in the accounting records and, if so, to cause:

(a) those assets to be written down to an amount to which they might be expected to be realise; or

(b) adequate provision to be made for the difference between the amount of the value so shown and the amount that they might be expected to realise, and

(iii) ascertain whether any non-current asset shown in the books of the statutory body at an amount which, having regard to its value to the statutory body as a going concern, exceeds the replacement costs in its current condition at the end of the financial year and when adequate provision for writing down that asset is not made, to cause to be included in the accounts such information and explanations as will prevent the financial statements from being misleading by reason of the overstatement of the amount of that asset.

17. Where investments are quoted on any stock exchange in Malaysia or elsewhere, a separate total shall be shown for each class of quoted investments. There shall also be shown in respect of each such class the aggregate quoted market values. Where investments are not quoted on any stock exchange, the valuation shall be determined by the Board of Directors.

18. The basis of valuation of each class of non-monetary asset shall be disclosed. Separate class totals shall be shown together with their valuation method.

Valuation and Presentation of Liabilities

19. The amounts of liabilities shown in the financial statements shall be the nominal amount of all liabilities inclusive of interest accrued but unpaid as at the end of the financial year.

20. In respect of each liability or contingent liability shown in the financial statements being a liability the payment of which is secured by a charge on the assets of the statutory body, whether registered or unregistered, there shall be shown a statement that it is secured and the extend to which it is secured and each such liability or contingent liability shall be distinguished from any other liabilities or contingent liabilities the payment of which is not secured.

Reserves and Provisions

21. The term "Reserves" shall not to be used to describe any amount written off or retained by way of providing for depreciation, renewal of diminution in value of assets or retained by way of providing for any known liability which cannot be determined with substantial accuracy, or any amount set aside to counter the effects of undue fluctuations in charges for taxation.

22. Where provisions are made for the amotisation, depreciation in value of on asset there shall be shown separately, by way of note or otherwise, the gross and written down (net) amount of the asset.

Accounting for Grants - Development and Operating

23. Grants received from the Government for the operation or maintenance of the statutory bodies activities shall be deemed as income and be accounted for separately.

24. Where monies are given for a specific purpose, (e.g. revolving fund for conveyance loan) the grants so received shall not be treated as income but shall be shown separately as a long-term liability of the body.

25. Where grants are provided to statutory bodies for the purpose of development or investment, the grants so received shall be credited to the development fund.

26. Detailed memorandum records on grants (for operating or development expenditure) received by a statutory body shall be maintained, showing the purpose and amounts of grants so received. The statutory body shall prepare a statement of account showing the total grants received, the amount expended from these grants and the balance carried forward to the following year.

27. Any excess of grant over expenditure shall not be transfered to a reserve fund or be applied or utilised for any other purpose other than with the prior approval of the Treasury.

Resources Provided Free Of Charge

28. Assets will be deemed to be provided 'free of charge' when subject to nominal rentals or other charges not reflecting the substantial economic value of support received.

29. Where significant resources are loaned free of charge, the level of that support shall be disclosed in the accounts of the recipient and/or donor, either by way of note or in the form of a supplementary statements, setting out actual amounts or where that is not possible, the estimated amounts of expenditure undertaken for the direct benefit of the statutory body, and the written down value of assets provided in support. Where resources are gifted to a statutory body, ownership should be reflected in the financial statements at an assessed realisable value.

30. Except where criteria to the contrary are applied to provide a 'true and fair' view the requirements of **paragraph 29** shall apply where:

(i) the (estimated) current value of assets provided free of charge equals or exceeds 5% of the written down value of assets actually owned by the statutory body; or

(ii) the (estimated) amount of expenditure undertaken in direct support of the statutory body equals or exceeds 5% of the total expenses incurred by the statutory body in its own right.

Certificates To Be Included In Statements

31. The financial statements of a statutory body shall include:

(i) a statement by the chairman and a member of the board of directors as per **Appendix C.**

(ii) a certificate, signed by the officer primarily responsible for the financial management as per **Appendix D.**

(iii) the audit certificate and observation, if any, by the Auditor General on the financial statements.

Flow of Financial Documents

32. Statutory bodies should use the document flow chart as shown in **Appendix E** as a guide in the preparation of the financial statement. By using this chart statutory bodies would be able to prepare the neccessary information to enable more systematic and satisfactory auditing.

Part III – Schedule for the Preparation and Tabling of the Annual Report and Financial Statements

Schedule for the Preparation and Tabling of the Annual Report and Financial Statements

33. The Government has decided that the Annual Report and Financial Statements of statutory bodies be tabled to Parliament **within one year after the end of the financial year**. The **dateline** for the completion of the more important processes for the preparation and tabling of the Annual Report and Financial Statements of statutory bodies (including subsidiaries and subsidiary companies) are as follows:

33.1 Preparation of draft Activity Report	Not latter than 31 January
33.2 Submission of Financial Statements to Auditor General	Not latter than 30 April
33.3 Issuance of the Audit Certificate by Auditor General	Not latter than 30 August
33.4 Tabling of the Audited Financial Statement to the Board of Directors	Not latter than 15 September
33.5 Submission of the Annual Report and Audited Financial Statement to the Cabinet	Not latter than 31 October

34. The **detailed time schedule, processes** and work flow chart for the preparation and tabling of the Annual Report and Financial Statements are as given in **Appendix F and G.**

35. With the issuance of this guideline, it is hoped that the Government's objective of ensuring the preparation and tabling of the Financial Statements and Annual Report within the specified time period could be achieved.

Financial Management System Division
Ministry of Finance
Malaysia

27 December 1994

DETAILS OF PERFORMANCE REPORT FOR VARIOUS CATEGORIES OF STATUTORY BODIES

Based on their roles and functions, statutory bodies can be divided into various categories:

(i) Regulatory

(ii) Research

(iii) Socio-economic

(iv) Public utility

(v) Commercial entreprises

Based on the role and functions, statutory bodies can be included into two or more categories listed above. Matters that could be reported according to the various categories of statutory bodies are as follows:

Regulatory

— Explanation of each program, activity and project including their objectives;

— Progress in the implementation of programmes, activities and projects;

— Comparative figures of prices of commodities that are controlled (wholesaler and retail prices);

— Comparative import figures (according to country of origin of import and type of goods imported);

— Comparative figures on the licenses issued and cancelled ;

— Comparative figures on the number of investigations carried and decisions made;

— Problems in the implementation of programmes, activities and projects;

— Events that contributed towards better performance or otherwise;

— Expenditure forecast and impact of programmes, activities and projects; and

— Future plans, if any

Research

— Discription of each programme, activity and project including its objective;

— Progress in the implementation of programmes, activities and projects;

- List of projects being implemented (continued or started during the financial year, completed during the financial year; not completed or abandoned);
- List of findings and/or innovations;
- List of courses conducted (existing, new);
- Comparative figures for total intake and number graduated (according to field of study);
- Problems in the implementation of programmes, activities and projects;
- Events that contributed to better performance or otherwise;
- Expenditure forecast and impact of programmes, activities and projects;
- Future plans, if any.

Socio-economy

- Discription of each programme, activity and project including its objective;
- Progress in the implementation of programmes, activities and projects;
- Comparative figures on subsidies/grants (according to type and category of recipient);
- Comparative figures of the number of participants who have been resettled (according to scheme and state);
- Comparative figures for projects and land areas involved;
- Comparative figures on household income of those in a particular scheme;
- Impact of assistance to the recipients;
- Problems in the implementation of programmes, activities and projects;
- Events that contributed to better performance or otherwise;
- Expenditure forecast and impact of programmes, activities and projects; and
- Future plans, if any.

Public Utility

- Discription of each programme, activity and project including its objective;
- Progress in the implementation of programmes, activities and projects;
- Comparative figures on the utility supplied (according to rural/urban areas and industries);
- Comparative figures on the tariffs charged;

- Comparative figures on households that use the utility;
- Comparative figures on the number of bills issued, revenue collected and arrears;
- Comparative figures on the number of public complaints;
- Problems in the implementation of programmes, activities and projects;
- Events that contributed towards better performance or otherwise expenditure forecast and impact of programmes, activities and projects;
- Future plans, if any.

Commercial Enterprises

- Description of each programme, activity and project including its objective;
- Progress in the implementation of programmes, activities and projects;
- Comparative figures of important financial statistics (Fixed Asset, Net Current Asset, Profit/Loss, Long Term Liability, etc.);
- Cost trend for the production of goods and services;
- Comparison of the statutory body's performance to the relevant industry performance index;
- Problems in the implementation of programmes, activities and projects;
- Events that contributed towards better performance or otherwise;
- Profit forecast; and
- Future plans, if any.

Notes: The above list represent examples of what could be reported in the Performance Report. It should not be considered as encompasing everything that could be reported. The management of the statutory body should also include other matters if relevant in the Performance Report.

GENERAL DISCLOSURE REQUIREMENTS

The following items should be separately disclosed in the financial statement of statutory bodies (including subsidiaries where applicable).

REVENUES

- Appropriations, grants and subsidies (other than capital grants) received from the Federal and State Governments for operational purposes.
- Dividends received, or due and receivable.
- Interests received or due and receivable on debentures, deposits, loans or advances.
- Gains from the sale of assets (other than trading stocks).
- Income from other sources.

EXPENDITURE

- Operating expenses appropriately classified by types of expenditure.
- Interest paid or due and payable on debentures, deposits, loans or advances.
- Loss from the sale of assets (does not include trading stocks).
- Depreciation and like chargers.
- Bad debts written off in respect of each class of debtors shown separately (where not previously provided).
- Any amount set aside for the provision for doubtful debts.
- Amount set aside for income tax attributable to the current financial year.
- Amount set aside to any provision for income tax attributable to a period other than the current financial year.
- Any other provision.
- Amount received or due and receivable by external auditors for auditing services.
- Emoluments and other benefits received or due and receivable directly or indirectly by full-time directors and members (however described) of a statutory body.
- Emoluments or other benefits received or due and receivable directly or indirectly by other directors or members (however described) of a statutory body.

TRANSFERS AND ADJUSTMENTS

- Each transfer or proposed transfer to or from a reserve.
- Opening and closing balances of each reserve and Capital/Fund account.

ASSETS

- Cash at bank and in hand.
- Trade debtors and bills receivable (less provision for doubtful debts).
- Loans to employees, directors and members (however described) of statutory bodies.
- Other debtors.
- Government securities, public debentures, stocks and shares quoted on prescribed stock exchanges in Malaysia or elsewhere.
- Unquoted shares in public companies.
- Shares in subsidiary companies (less provision for dimunition in value).
- Share in options in public companies quoted on prescribed stock exchanges.
- Share options in other companies.
- Stock on hand.
- Other inventories appropriately categorised.
- Land.
- Buildings - including those erected on leasehold (showing gross value, accumulated depreciation and written down value).
- Plant (showing gross value, accumulated depreciation and written down value).
- Motor Vehicles (showing gross value, accumulated depreciation and written down value).
- Other fixed assets appropriately categorised.
- Patents and trademarks.
- Investments.

LIABILITIES

- Grants and advances from the Federal and State Governments; indicating relevant details including interest and repayment requirements;
- Bank loans;
- Bank overdrafts;
- Debenture stocks, etc. constituting a charge over assets;
- Unsecured debentures;
- Trade creditors and bills payable;
- Provision for current tax liability;
- Relevant details of guarantees or other security provided in respect of other bodies in which the statutory body has a controlling interest; and
- Other liabilities.

OTHER ITEMS BY WAY OF NOTE

- The aggregate amount, or estimated aggregate amount, and particulars of capital expenditure contracted for, so far as the amount has not otherwise been provided for.
- The aggregate amount, or estimated aggregate amount, and particulars of lease and hire expenditure contracted for, so far as the amount has not been provided for, and the amount of that expenditure which is payable within 12 months after the end of the financial year.
- The maximum amount, or an estimate of the maximum amount, for which the statutory body could become liable in respect of other contingent liabilities with appropriate particulars of these liabilities.
- There shall be shown in group accounts the net amount of consolidated profit or loss of the group for the financial year after provision for income tax, showing separately the extent to which each subsidiary in the group contributed to that consolidated profit or loss.
- The estimate amount of assets provided to the statutory body by the Government or other bodies free of charge as set out in paragraph 29 and 30.
- The estimate amount of expenditure by Government or other bodies in direct support of the statutory body as set out in paragraphs 23 and 25.

COMPARATIVE FIGURES

— Except in the case of initial financial statements there shall be shown for each item appearing in the statements (including notes) the corresponding amount for the preceeding period or balance date. If financial statements do not contain an item corresponding to an item in the statement for the proceeding period or balance date the previous item and the item thereof shall be shown.

AMOUNTS TO BE ROUNDED TO THE NEAREST RINGGIT

— All amounts required to be shown in the published statements shall be rounded to the nearest Ringgit.

STATEMENTS BY DIRECTORS

"We ..... and ..... being two of the Directors of....., do hereby state that, in the opinion of the Board of Directors, the accompaning balance sheet, profit and loss account and statement changes in the financial position, together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the statutory body as at ..... and of the results of its operations and changes in its financial position for the year ended on that date".

On behalf of the Board,

.....

NAME:

DESIGNATION:

Date:.....
(Place)

On behalf of the Board,

.....

NAME:

DESIGNATION:

Date:.....
(Place)

DECLARATION BY OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE STATUTORY BODY

I ....., the officer primarily responsible for the financial management of ....., do solemnly and sincerely declare that the accompanying balance sheet, profit and loss account and statement of changes in financial position together with the notes thereto are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)

declared by the above named)

.....

at.....(place))

on this.....day of .....19.....)

Before me:

.....

COMMISSIONER FOR OATHS

FLOW OF DOCUMENTS THAT SHOULD BE PREPARED BEFORE THE START OF THE AUDITING PROCESS

FINANCIAL STATEMENTS

1. Balance Sheet
2. Income and Expenditure Statement, or Profit and Loss Statement
3. Statement of Sources and Application of Funds
4. Notes to Accounts
5. Statement by Director and Declaration by the Principal Financial Officer of the Statutory Body

+ where neccessary

1. Consolidated Balance Sheet
2. Consolidated Income and Expenditure Statement
3. Consolidated Statement of Sources and Application of Funds
4. Notes to Accounts

Supported by

LISTS AND SCHEDULES

1. Items in Balance Sheet
2. Items in the Income and Expenditure Statement
3. Trial Balance
4. Third Party Confirmation (Banks, Creditors, Debtors)
5. Letter of Representation from the Agency

Supported by

ACCOUNTING RECORDS

1. General Ledger
2. Subsidiary Ledger
3. Bank Reconciliation Statement
4. Cash Book
5. Journal
6. Assets Register
7. Investment Register
8. Other Accounting Records

PROPOSED TIME SCHEDULE FOR THE PREPARATION AND TABLING OF THE FINANCIAL STATEMENT AND ANNUAL REPORT OF FEDERAL STATUTORY BODIES			
NO.	ACTIVITY	DATELINE	OFFICER RESPONSIBLE
1.	Prepare the draft activity report	31 January	Officer appointed to coordinate the preparation of the Annual Report.
2.	Prepare the Annual Financial Statements for:	15 February	Accountant/Financial Controller in the subsidiary company.
	a. Subsidiary Company	15 February	Accountant/Financial Controller in the Subsidiary company.
	b. Statutory body	28 February	Accountant/Financial Controller in the Statutory Body.
3.	Receive and examine the Financial Statements and activity report of the subsidiary companies.	7 March	Officer appointed to coordinate the preparation of the Annual Report.
4.	Prepare the Consolidated Financial Statement and Annual Report	31 March	Accountant/Financial Controller in the Statutory Body.
5.	Table the Financial Statement and Annual Report at the Board of Directors' Meeting.	25 April	Chief Executive of Statutory Body.
6.	Submit the Financial Statement to the Auditor General.	30 April	Chief Executive of Statutory Body.

NO.	ACTIVITY	DATELINE	OFFICER RESPONSIBLE
7.	Submit a copy of the Financial Statement and Annual Report to the Cabinet through the Ministry.	30 April	Chief Executive of Statutory Body.
8.	Receive the audited Financial Statement, from the Auditor General.	30 August	Chief Executive of Statutory Body.
9.	Table the audited Financial Statement, clarification of issues raised in the Auditor General's report and the Annual Report at the Board of Director's Meeting.	15 September	Chief Executive of Statutory Body.
10.	Submit the audited Financial Statement, together with the Annual Report that is approved by the Board of Directors to the Ministry.	30 September	Chief Executive of Statutory Body.
11.	Prepare the Memorandum to the Cabinet and obtain its approval from the Minister.	10 October	Secretary General of Ministry
12.	Obtain the views/comments of the Central Agencies and other related agencies on the Memorandum.	25 October	Secretary General of Ministry.
13.	Send the Memorandum together with the Financial Statement and Annual Report to the Cabinet Division in the Prime Minister's Department.	31 October	Secretary General of Ministry.

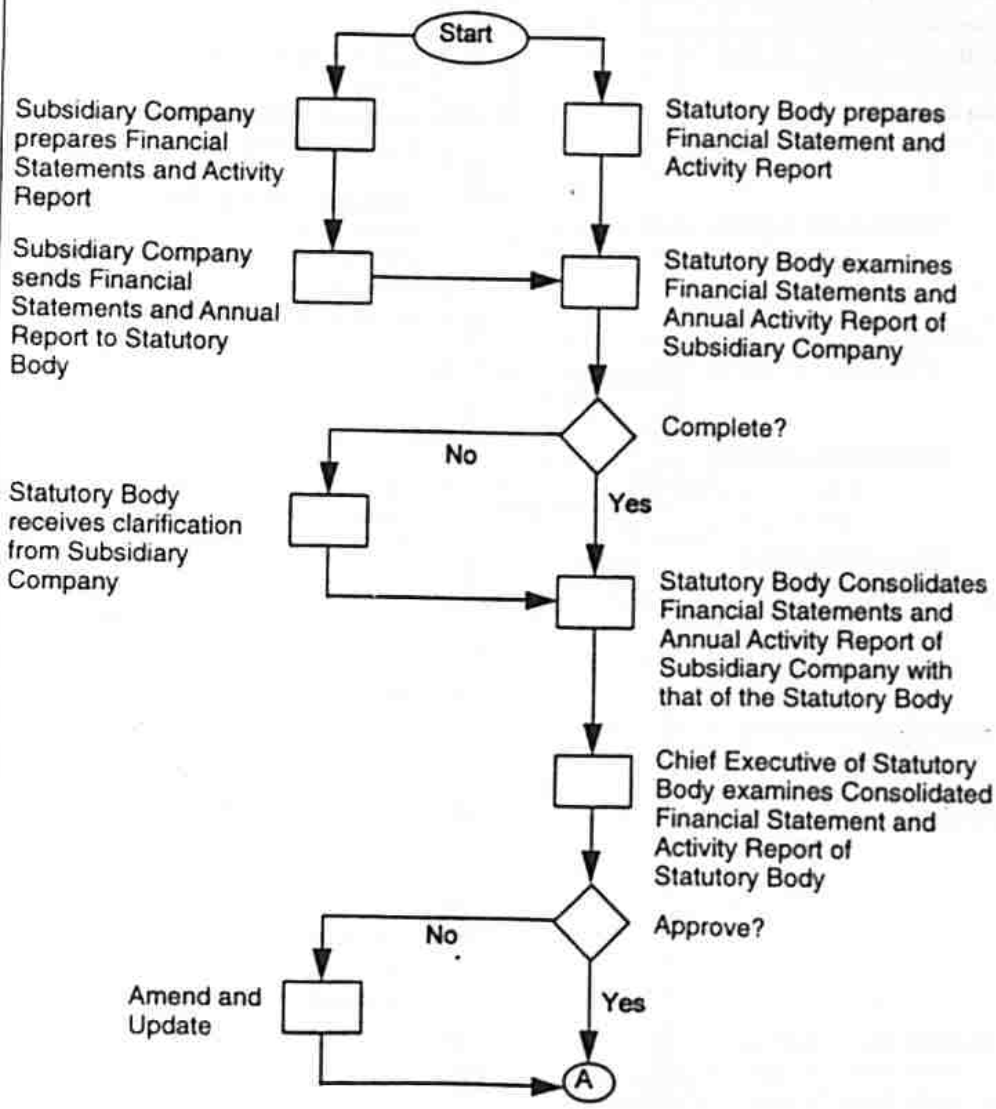
NO.	ACTIVITY	DATELINE	OFFICER RESPONSIBLE
14.	Table the Financial Statement and Annual Report in Cabinet.	7 November	Secretary, Cabinet Divison.
15.	Obtain the statute number for tabling the Financial Statement and Annual Report in Parliament.	15 November	Officer appointed to cordinate the preparation of the Annual Report.
16.	Send the Annual Report that is attached with the statute slip to the Parliament Secretary's Office.	30 November	Officer appointed to cordinate the preparation of the Annual Report
17.	Take the necessary action to table the Annual Report in Parliament.	31 Disember	Parliamentary Secretary.

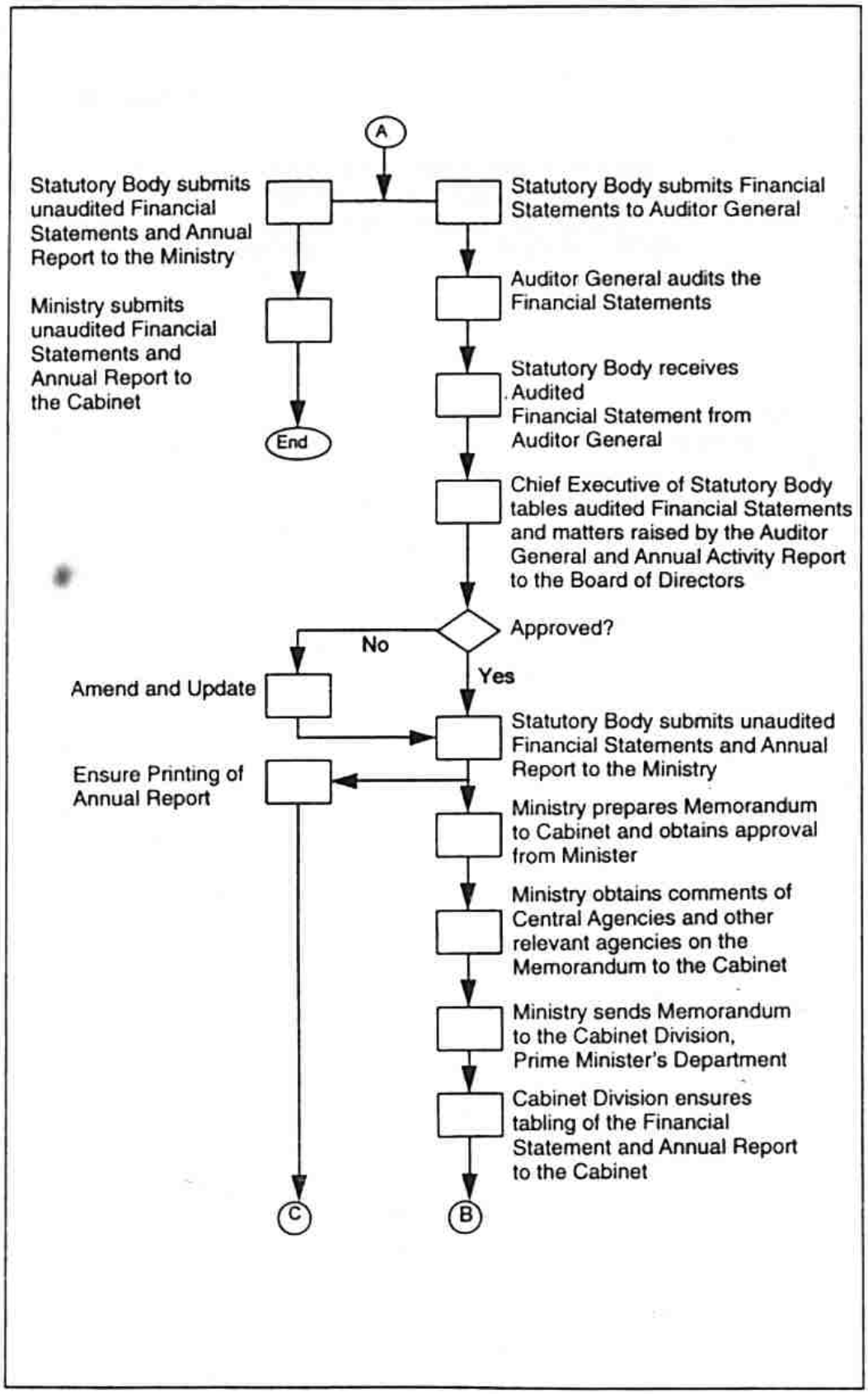
Notes:

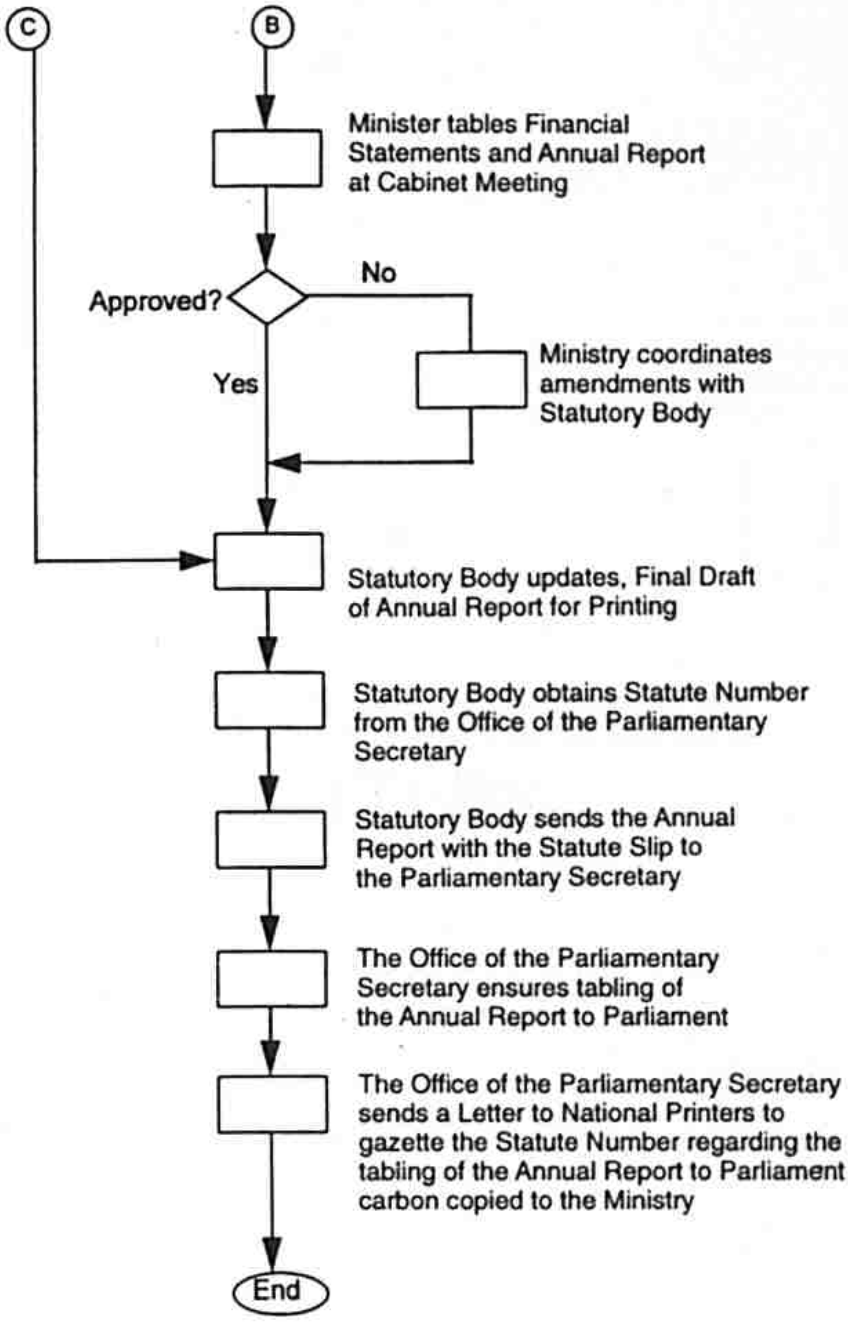
1. It is assumed that the financial year ends on 31 December.
2. 'Dateline' means the last day for the completion of an activity or action. However agencies can complete an activity or action before the proposed dateline if they are able to do so.

APPENDIX G

PROPOSED TIME SCHEDULE FOR THE PREPARATION AND TABLING OF THE FINANCIAL STATEMENT AND ANNUAL REPORT OF FEDERAL STATUTORY BODIES




A
Statutory Body submits unaudited Financial Statements and Annual Report to the Ministry
Statutory Body submits Financial Statements to Auditor General
Ministry submits unaudited Financial Statements and Annual Report to the Cabinet
Auditor General audits the Financial Statements
End
Statutory Body receives Audited Financial Statement from Auditor General
Chief Executive of Statutory Body tables audited Financial Statements and matters raised by the Auditor General and Annual Activity Report to the Board of Directors
Approved?
No
Yes
Amend and Update
Statutory Body submits unaudited Financial Statements and Annual Report to the Ministry
Ensure Printing of Annual Report
Ministry prepares Memorandum to Cabinet and obtains approval from Minister
Ministry obtains comments of Central Agencies and other relevant agencies on the Memorandum to the Cabinet
Ministry sends Memorandum to the Cabinet Division, Prime Minister's Department
Cabinet Division ensures tabling of the Financial Statement and Annual Report to the Cabinet
C
B



Note: Work related to the printing of the Annual Report can begin as soon as the Audited Financial Statement and Annual Report is sent to the Ministry. This will facilities the printing of the Annual Report after it is tabled to Parliament.

V

GENERAL CIRCULAR LETTERS

GOVERNMENT OF MALAYSIA

GENERAL CIRCULAR LETTER No. 1 OF 1993

REGULATION FOR THE USE OF FACSIMILE MACHINES IN GOVERNMENT DEPARTMENTS

PRIME MINISTER'S DEPARTMENT
MALAYSIA
16 January 1993

Circulated To:

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

PRIME MINISTER'S DEPARTMENT,
MALAYSIA,
JALAN DATO ONN,
50502 KUALA LUMPUR

Telephone: **2321957**
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Fax: **2984172**

Our Reference: 10034 Jld. 6/(8)
Date : 16 January 1993

Secretaries General of Ministries.
Hon. State Secretaries.
Heads of Federal Departments.
Heads of Federal Statutory Bodies.
Local Government Authorities.

GENERAL CIRCULAR LETTER NO. 1 OF 1993

REGULATION FOR THE USE OF FACSIMILE
MACHINES IN GOVERNMENT DEPARTMENTS

OBJECTIVE

1. The objective of this circular is to provide regulations that have to be followed regarding the use of facsimile machines in transmitting and receiving documents. With these regulations, it is hoped that other regulations pertaining to the security of documents contained in The Security Regulations are adhered to and standardised in transmitting and receiving official documents of the Government through facsimile machines.

BACKGROUND

2. The Government is concerned on the security of transmitting and receiving official documents through facsimile machines. Currently there is no regulation regarding the transmitting and receiving official Government documents through facsimile machines. In order to standardise the use of facsimile machines and guarantee the security of official Government documents transmitted through facsimile machines, regulations have been developed. The regulation for the use of facsimile machines in Government departments that has been prepared outlines, the rules that have to be followed in handling documents through facsimile machines.

REGULATIONS FOR THE USE OF FACSIMILE MACHINES IN GOVERNMENT DEPARTMENTS

3. This regulation is aimed at identifying the types of documents that can and cannot be transmitted through facsimile machines and the regulations that have to be followed while transmitting and receiving documents through facsimile machines. This is to ensure that security regulations are complied with in the use of facsimile machines.

EFFECTIVE DATE

4. This general circular is effective from 16 January 1993.

"SERVICE FOR THE NATION"

"LOVE OUR LANGUAGE"

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

REGULATIONS ON THE USE OF FACSIMILE MACHINES IN GOVERNMENT DEPARTMENTS

A. OBJECTIVE

1. This regulation has been prepared with the objective of:

   a. Identifying the type of documents that can be transmitted and those that cannot be transmitted through facsimile machines;

   b. Explaining the rules that have to be followed while transmitting and receiving documents through facsimile machines; and

   c. Ensuring the orderly and effective use of facsimile machines.

B. USE OF FACSIMILE MACHINES

2. Facsimile machines have the capability of transmitting documents in the form of graphs, statements, charts, plans, photographs, statistical tables and text. With the use of facsimile machines, information can be sent speedily in its original form. This will help Government departments to take action accurately and immediately.

C. TYPES OF DOCUMENTS

3. Official documents of the Government can be classified into five levels, that is Top Secret, Secret, Confidential, Restricted and Open (unclassified). Usually these documents are sent through post or despatched by hand except if the documents require immediate attention than these documents can be sent through facsimile machines. To ensure the security of these documents, the following are types of documents that can be sent and those that cannot be sent through facsimile machines:

   a. Official documents that are not restricted can be transmitted and received through facsimile machines.

   b. Documents that are Confidential and Restricted can be transmitted and received through facsimile machines on condition rules D iv, v and vi in this regulation are complied with.

   c. Documents that are Top Secret and Secret cannot be transmitted and received through facsimile machines.

D. REGULATIONS FOR THE USE OF FACSIMILE MACHINES

i. Location And Control Of Facsimile Machines

4. Government departments have to control the location of facsimile machines in their respective departments. Appropriate places for placing the facsimile machines are as follows:

   a. The office of the Personal Secretary to the Head of Department; or

   b. A special room that can be locked.

5. In order to control the use of facsimile machines, Government departments have to authorise an officer or staff for handling correspondence through facsimile machines. If the facsimile machines is placed in a special room that is locked, only the authorised officer or staff has access to this room.

ii. Regulations For Transmitting Official Documents That Are Not Restricted

6. The following steps will have to be followed for transmitting official documents that have been classified as non restricted:

a. The authorised officer or staff will have to complete the form as in the Appendix 1 before transmitting official documents through facsimile machines.

b. A register for documents that are transmitted through facsimile machines as in Appendix 2 is prepared and kept in the facsimile room.

c. If the recipient does not receive the stated number of pages of document, steps will have to be taken to transmit the documents again.

d. After transmitting documents the transmission slips will have to be attached with the original form for transmission. Copy of the documents that have been sent and the original form for transmitting the documents will have to be enclosed in the respective file.

e. Original documents have to be sent after the documents have been transmitted through facsimile machines.

iii. Regulation For Receiving Official Documents That Are Non Restricted

a. All Government departments are required to have a register for receiving documents through facsimile machines as in Appendix 3. This register will have to be completed and kept in the facsimile machine room.

b. The recipient will have to inform the sender if the number of pages of the document has not been received as stated in the form for transmitting documents.

iv. Regulation For Transmitting Official Documents That Are Classified As Confidential/Restricted

7. Documents that are classified as Confidential/Restricted which require immediate action can be transmitted through facsimile machines. This is because if these documents are sent through post or despatched by hand, they will not reach on time and will adversely affect the action required. Confidential/Restricted documents which do not require immediate action will have to be sent according to The Government Security Regulations.

8. Regulations for transmitting Confidential/Restricted documents through facsimile machines are as follows:

a. Written approval from the Heads of Department/Unit/Division or Security Officer of Departments will have to be obtained before Confidential/Restricted documents are transmitted through facsimile machines.

b. All Confidential/Restricted documents which require to be sent through facsimile machines will have to be accompanied with the note at the end of the information that has been transmitted. "The information in this document is only for the use of the respective officer who receives this documents. Information in these documents are Confidential/Restricted. Use of this information without permission or release of this information or making copies of these documents is not permitted and is an offence under the Official Secret Act 1972. If any person receives this document which is not for him, will have to return it immediately to the sender."

c. Forms for transmitting Confidential/Restricted documents through facsimile machines as in Appendix 4 has to be prepared and completed by the sender. Information in the form is the same as that in the form for transmitting non restricted documents but this form has to be printed on a different colour paper from the form for transmitting non restricted documents.

d. A register for transmitting documents that are classified as Confidential/Restricted through facsimile machines as in Appendix 5 has to be prepared and kept under control in the facsimile machine room.

e. The officer who sends the documents should inform the recipient that is either the officer or staff concerned prior to transmitting the documents so that the recipient will wait for the documents.

f. After transmitting the Confidential/Restricted documents, the transmission slip has to be attached with the approval letter for transmitting Confidential/ Restricted documents from the Heads of Department/Unit/Division or Government Security Officer. The original form for transmitting the documents, copy of the document, and approval letter for transmitting document through facsimile machines has to be enclosed in the respective file.

g. The officer who sends Confidential/Restricted document is responsible for the security of the information contained in the document while it is being transmitted. If the recipient has confirmed that he has not received the document or the stated number of pages than the sender will have to inform his Head of Department so that remedial action can be taken.

v. Regulation For Receiving Official Documents That Are Classified As Confidential/Restricted

9. Regulation for receiving official documents that are classified as Confidential/ Restricted through facsimile machines are as follows:

a. Only authorised officers are allowed to receive documents that are classified as Confidential/Restricted.

b. Every Government departments will have a register for receiving documents that are classified as Confidential/Restricted through facsimile machines as in Appendix 6. This register has to be used and kept under control in the facsimile machine room.

c. Documents classified as Confidential/Restricted that are received through facsimile machines need to be stamped with the words "Acknowledge Received" by the authorised officer.

d. The recipient has to inform the sender if the document have not been received or the stated number of pages as noted in the form for transmitting classified documents. This is important for checking and ensuring that documents do not get lost.

vi. Regulation For Transmitting And Receiving Official Documents That Are Classified As Confidential/Restricted Through Facsimile Machines That Have Confidential Mailbox

10. The confidential mailbox can only be used when the sender and recipient have the same brand of facsimile machine which is equipped with this feature. Facsimile machines that are equipped with confidential mailbox have the capabality for storing documents in the memory of the facsimile machine until the respective recipient receives it.

11. For Government departments which have facsimile machines that are equipped with confidential mailbox, the regulations for transmitting and receiving official documents that are classified as Confidential/ Restricted have to abide by the conditions in para 8a, 8b, 8c, 8d, 8e, 8f, 8g, 9a, 9b, 9c and 9d. In addition, the following regulations have to be followed:

a. The officer who sends the documents should inform the recipient that is the officer or staff concerned prior to transmitting the documents so that the recipient will wait for the documents.

b. The officer who sends the documents should check carefully the information displayed on the Display Panel so as to ensure that the facsimile number of the recipient is correct. After having verified and obtaining the signal to proceed transmitting from the facsimile machines of the sender, only then should the transmission proceed.

CONCLUSION

12. This regulation for the use of facsimile machines should be followed. If the Government departments have any problems in implementing any part of this regulation, they should refer to the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and the Head of the Government Security Office, Prime Minister's Department.

MAMPU,
Prime Minister's Department.

APPENDIX 1

FORM FOR TRANSMITTING OFFICIAL DOCUMENTS THAT ARE NON RESTRICTED THROUGH FACSIMILE MACHINES

PARTICULARS OF THE DOCUMENT

REFERENCE NUMBER : _____

SUBJECT/TITLE OF THE DOCUMENT : _____

NUMBER OF PAGES : _____

DATE OF TRANSMISSION : _____

PARTICULARS OF THE RECIPIENT

NAME OF THE OFFICER : _____

NAME OF THE ORGANISATION: _____

ADDRESS : _____

_____

PARTICULARS OF THE SENDER

NAME OF THE OFFICER : _____

NAME OF THE ORGANISATION: _____

ADDRESS : _____

_____

MESSAGE : _____

_____

APPENDIX 2

FORMAT OF THE REGISTER FOR TRANSMITTING OFFICIAL DOCUMENTS THAT ARE NON RESTRICTED THROUGH FACSIMILE MACHINES

NAME OF OFFICER/STAFF	DATE OF TRANSMISSION	FACSIMILE NUMBER	PLACE OF SENDER (NAME OF OFFICE/ DEPARTMENT)	FILE NUMBER/TITLE OF THE DOCUMENT	NUMBER OF PAGES	SIGNATURE OF THE OFFICER/STAFF

APPENDIX 3

FORMAT OF THE REGISTER FOR RECEIVING OFFICIAL DOCUMENTS THAT ARE NON RESTRICTED THROUGH FACSIMILE

FROM (NAME OF OFFICE/ DEPARTMENT)	TO (NAME OF OFFICER/STAFF)	PARTICULARS/TITLE OF DOCUMENT	DATE OF RECEIPT	SIGNATURE

APPENDIX 4

FORM FOR TRANSMITTING OFFICIAL DOCUMENTS THAT ARE CLASSIFIED AS CONFIDENTIAL/RESTRICTED THROUGH FACSIMILE MACHINES

PARTICULARS OF THE DOCUMENT

REFERENCE NUMBER : _____

SUBJECT/TITLE OF THE DOCUMENT : _____

NUMBER OF PAGES : _____

DATE OF TRANSMISSION : _____

PARTICULARS OF THE RECIPIENT

NAME OF THE OFFICER : _____

NAME OF THE ORGANISATION: _____

ADDRESS : _____

_____

PARTICULARS OF THE SENDER

NAME OF THE OFFICER : _____

NAME OF THE ORGANISATION: _____

ADDRESS : _____

_____

MESSAGE : _____

_____

APPENDIX 5

FORMAT OF THE REGISTER FOR TRANSMITTING OFFICIAL DOCUMENTS THAT ARE CLASSIFIED AS CONFIDENTIAL/RESTRICTED THROUGH FACSIMILE MACHINES

NAME OF OFFICER/STAFF	DATE OF TRANSMISSION	FACSIMILE NUMBER	PLACE OF SENDER (NAME OF OFFICE/ DEPARTMENT)	FILE NUMBER/TITLE OF THE DOCUMENT	NUMBER OF PAGES	SIGNATURE OF THE OFFICER/STAFF

APPENDIX 6

FORMAT OF THE REGISTER FOR TRANSMITTING OFFICIAL DOCUMENTS THAT ARE CLASSIFIED AS CONFIDENTIAL/ RESTRICTED THROUGH FACSIMILE

FROM (NAME OF OFFICE/ DEPARTMENT)	TO (NAME OF OFFICER/STAFF)	PARTICULARS/TITLE OF DOCUMENT	DATE OF RECEIPT	SIGNATURE

GOVERNMENT OF MALAYSIA

GENERAL CIRCULAR LETTER NO. 2 OF 1993

GUIDELINES ON THE INVOLVEMENT OF PUBLIC AGENCIES AND OFFICIALS IN CONFERENCES/SEMINARS/FORUMS/TRAINING WORKSHOPS SPONSORED BY THE PRIVATE SECTOR

PRIME MINISTER'S DEPARTMENT
MALAYSIA
5 February 1993

Circulated to:

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

PRIME MINISTER'S DEPARTMENT
MALAYSIA
JALAN DATO' ONN
50502 KUALA LUMPUR

Telephone: 2321957
Cable: PERDANA
FAX: 2984172

Our Reference: PM (S) 10034 Jld. 6/(16)
Date: 5 February, 1993

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

GENERAL CIRCULAR LETTER NO. 2 OF 1993

GUIDELINES ON THE INVOLVEMENT OF PUBLIC AGENCIES AND OFFICIALS IN CONFERENCES/SEMINARS/FORUMS/TRAINING WORKSHOPS SPONSORED BY THE PRIVATE SECTOR

1. OBJECTIVE

This circular provides the guidelines on the involvement of public agencies and officials in conferences, seminars, forums or training workshops sponsored by the private sector. With these guidelines it is hoped that:

(a) the involvement of public agencies and officials in the above activities would benefit the Agencies, Service and Government;

(b) any payments or other forms of tokens of appreciation to Government officials from the private sponsors would be of reasonable value; and

(c) this form of controlled involvement would help establish a better relationship between the public and private sectors in the spirit of Malaysia Incorporated.

2. GUIDELINES

To monitor the involvement of public agencies and officals in conferences/ seminars/forums/training workshops sponsored by the private sector, the guidelines below should be followed:

(a) Agencies and public officials are allowed to participate in conferences/ seminars/forums/training workshops **sponsored by private sector bodies** as stipulated in Paragraph 3.12 of the **Development Administration Circular No. 9 of 1991** entitled **"Guidelines on the Implementation of the Malaysia Incorporated Policy"** which states that:

> *"Government officials are permitted to participate in seminars and other fora sponsored by chambers of commerce and industry, business councils, professional bodies and similar organisations if the topics and issues to be discussed concern the areas under the purview of the Ministry/Department/Office....".*

(b) if the conferences/seminars/forums/training workshops are **sponsored by individual companies**, public agencies and officials are allowed to participate **in accordance with the following guidelines**:

(i) the theme of the conferences/seminars/forums/training workshops must be related to the priority areas pertaining to the policies of the agencies concerned;

(ii) the conferences/seminars/forums/training workshops will assist the public agencies to explain the policies, regulations and procedures of the Government; and

(iii) the public agencies and officials will benefit in terms of knowledge and new experiences by participating in the conferences/seminars/ forums/training workshops.

(c) In cases where the public agencies are invited by the private sector organisations or individual companies to **jointly sponsor** the conferences/ seminars/forums/training workshops, certain incentives such as discounts or exemptions from registration fees can be accepted by the participating Government officials.

(d) **Government officers who are invited** to give lectures, present working papers or become panel members in conferences/seminars/forums/ training workshops in either sub-paragraph *(a)* or *(b)* mentioned above, can accept the invitations if it is **approved by their respective Heads of Departments**. They can also accept **payments** and other forms of tokens of appreciation for their participation. The monetary value of these tokens should not be greater than 1/4 of the monthly salary of the public officer concerned.

The power to determine the rate of payment is given to the Heads of Departments. **Reports should also be made to the Heads of Department of any payment received.**

3. **EFFECTIVE DATE**

This General Circular Letter is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

GENERAL CIRCULAR LETTER NO. 3 OF 1993

GUIDELINES ON THE INVOLVEMENT OF PUBLIC AGENCIES AND OFFICIALS IN SPORTS ACTIVITIES SPONSORED BY A PUBLIC AGENCY/PRIVATE SECTOR

PRIME MINISTER'S DEPARTMENT
MALAYSIA
5 February 1993

Circulated to:

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

PRIME MINISTER'S DEPARTMENT
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Our Reference: PM (S) 10034 Jld. 6/(17)
Date: 5 February, 1993

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

GENERAL CIRCULAR LETTER NO. 3 OF 1993

GUIDELINES ON THE INVOLVEMENT OF PUBLIC AGENCIES AND OFFICIALS IN SPORTS ACTIVITIES SPONSORED BY A PUBLIC AGENCY/PRIVATE SECTOR

1. OBJECTIVE

This circular provides the guidelines on the involvement of public agencies and officials in sports activities sponsored by a public agency or private sector. With these guidelines, it is hoped that:

(a) Government officials will not participate in sports activities during office hours; and

(b) all sports activities organised by the public and private sectors would be on the basis of joint cooperation.

2. GUIDELINES

To enable public agencies and officials to overcome any problems pertaining to their involvement in sports activities organised by the concerned agency or the private sector the guidelines below should be followed:

(a) **all annual sports events of public agencies should be held during weekends or public holidays;**

(b) **annual sports events of public agencies should not last for more than two days;**

(c) **Government agencies are not encouraged to accept invitations to participate in annual sports events or sports competitions organised by individual companies. Government agencies are not allowed to organise sports events with any particular company.** This prohibition is clearly stated in Paragraph 3.13 in the **Development Administration Circular No. 9 of 1991** entitled **"Guidelines on the Implementation of the Malaysia Incorporated Policy"** as shown below:

"In order to foster closer relationship between the public and private sectors, Ministry/Government Department/Office are permitted to hold sporting activities with participation by both sectors..... In this regard, the private sector means chambers of commerce and industry, business councils, federations of industries and other similar organisations. Competitive sports between Ministry/Government Department/Office and individual companies are discouraged."

(d) **all sports events sponsored jointly by the private and public sectors** in accordance with Paragraph 3.13 of the Development Administration Circular No. 9 of 1991 **can only be held during weekends or public holidays and outside working hours during working days;**

(e) for sports events sponsored jointly, the Government agency is required **to share the costs incurred,** including the prizes for the games/competitions;

(f) the Head of Department, or any other Government officer who has obtained permission from his superior, may accept **invitations on an individual basis** to participate in games or sports competitions. However, he will have **to take vacation leave** if the sports events are held during working days. **Only a small number of officials from any office is allowed to participate in any event;** and

(g) Senior Government officials who are required to participate in games or sports competitions involving national/state dignitaries or state guests during office hours are not subjected to the rules of taking vacation leave stipulated in sub-paragraph 2 *(f)* above.

3. EFFECTIVE DATE

This General Circular Letter is effective from the date of its issue.

TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID
Chief Secretary to the Government

GOVERNMENT OF MALAYSIA

GENERAL CIRCULAR LETTER NO. 1 OF 1995

PREPARATION OF ANNUAL SUMMARY REPORT OF THE FINANCIAL STATUS AND PERFORMANCE OF FEDERAL STATUTORY BODIES

PRIME MINISTER'S DEPARTMENT
MALAYSIA
21 March 1995

Circulated to:

Secretaries General of Ministries
Heads of Federal Statutory Bodies

PRIME MINISTER'S DEPARTMENT
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Our Reference: PM(S) 10034/5(24)
Date: 21 March 1995

Secretaries General of Ministries

Heads of Federal Statutory Bodies

GENERAL CIRCULAR LETTER No. 1 OF 1995

PREPARATION OF ANNUAL SUMMARY REPORT OF THE FINANCIAL STATUS AND PERFORMANCE OF FEDERAL STATUTORY BODIES

1. **OBJECTIVE**

1.1 The objective of this circular letter is to provide guidelines to Federal statutory bodies in the preparation of the **Annual Summary Report of Financial Status and Performance** for tabling to the Cabinet at the end of each financial year.

2. **BACKGROUND**

2.1 The Government requires all statutory bodies to undertake measures to improve their accounting system so as to ensure proper recording of all financial transactions and the closing of accounts at the end of each working day. This is to enable statutory bodies to maintain more up-to-date accounts and prepare financial reports whenever required.

2.2 All matters related to the preparation and tabling of the Financial Statement and Annual Report of Federal Statutory Bodies are explained in **Treasury Circular No. 15 Year 1994 entitled "Guidelines for the Preparation and Tabling of the Annual Report and Financial Statement of Federal Statutory Body".** The objectives of this circular among others are to ensure that the documents mentioned are tabled to the Cabinet and Parliment within one year after the end of the financial year.

2.3 Nevertheless, to enable the Cabinet to be informed much earlier of the overall financial status and performance of statutory bodies, all statutory bodies are required to prepare an Annual Summary Report of their financial status and performance for tabling to the Cabinet. The preparation and tabling of this summary report would ensure greater accountability of statutory bodies as it would require them to provide accurate and timely information of their performance.

3. FORMAT OF THE SUMMARY REPORT

3.1 All statutory bodies are required to prepare the summary report based on the format given in **Appendix 1.** This report should be brief, that is consisting of **not more than three (3) pages** and should give an overview of the agency's performance with regards to financial management, efficiency and effectiveness of its operations as well as the quality of its outputs.

3.2 Briefly, the **types of information** that should be included in this report are as follows:

(a) Important financial data;

(b) The agency's achievements in terms of meeting its objectives, and in producing its main outputs vis-a-vis the targets set; and

(c) a brief description by the management on the overall performance of the agency for the financial year.

Important Financial Information

3.3 The types of financial information that should be reported are as follows:

(i) Income

- State the total income of the statutory body during the financial year. It should include income from its operations, receipts/ subsidies from the Government and other forms of receipts/ income;

(ii) Expenditure

- State the total expenditure during the year. It should include operational expenditure as well as other forms of expenditures;

(iii) Surplus/Deficit

- State the difference between income and expenditure;

(iv) Accumulated Surplus/Deficit

- State the total value for the financial year;

(v) Fixed Assets

- State the total value of fixed assets (after deducting depreciation) at the end of the financial year. It should include fixed assets such as land, buildings, vehicles, equipments, investments, work in progress and other forms of fixed assets;

(vi) Current Assets

- State the total value of current assets at the end of the financial year. It should include current assets such as stocks, debtors, fixed deposits, cash and balance in the bank and other forms of current assets;

(vii) Current Liabilities

- State the total value of current liabilities at the end of the financial year. It should include creditors, short term loans and other forms of current liabilities;

(viii) Long Term Liabilities

- State the total value of long term liabilities at the end of the financial year. They include long terms loans and other forms of long term liabilities;

(ix) Net Assets

- State the total value of net assets at the end of the financial year. It is obtained by deducting total liabilities from total assets;

(x) Capital Employed

- State the total value of capital employed at the end of the financial year. It is obtained by deducting total liabilities from total assets; and

(xi) Financial Ratios

- State the financial ratios based on the year's financial figures to facilitate the evaluation of performance of the statutory body. The financial ratios that should be included are as follows:

  (a) current ratio, that is ratio of current assets to current liabilities.

  (b) liquidity ratio that is the ratio of liquid assets to current liabilities.

  (c) debt to total assets ratio, that is the ratio obtained by dividing total debts by total assets.

  (d) capital to debt ratio, (proprietors ratio) that is the ratio obtained by dividing the total value of capital employed by total debt.

  (e) ratio of capital employed to fixed assets, that is, the ratio obtained by dividing the value of total capital employed by fixed assets.

Information on the Agency's Performance

3.4 The Federal statutory body should provide **information on the performance of the agency vis-a-vis the objectives set for the agency**. This information is to enable the Cabinet to evaluate the performance of the agency with

regards to its efficiency and effectiveness in producing its main outputs. For this purpose, the statutory body could use the following indicators:

(i) **Efficiency indicators**

Efficiency indicators should be used to show the extent to which the agency's resources are used optimally to produce outputs. There are three types of efficiency indicators that could be used as follows:

* Quantity of Output—that is, the total number of outputs produced during the year;
* Cost Efficiency—that is, the average cost of producing a unit of output;
* Time Efficiency—that is, the average time taken to produce a unit of output.

(ii) **Effectiveness Indicators**

Effectiveness indicators should be used to show the extent to which the objectives of a programme/activity is achieved as a result of implementing the programme/activity.

(Examples of efficiency and effectiveness indicators are given in **Appendix 2**).

3.5 Statutory bodies that prepare the annual summary report could use the book entitled **"Guidelines for Establishing Performance Indicators In Government Agencies"** that was published by the Government in August 1993 as a basic source of reference. Statutory bodies could also use additional performance indicators if required to indicate their performance in line with the nature of operations they are involved in.

3.6 Statutory bodies are required to explain briefly the level of performance achieved in a particular year. The space provided for this purpose could be used to further explain the performance indicators used as well as the changes in the financial position of the statutory body during the year.

4. STEPS INVOLVED IN THE PREPARATION AND TABLING OF THE ANNUAL SUMMARY REPORT

4.1 The Chief Executive of the Federal Statutory Body should submit the Annual Summary Report of Financial Status and Performance to the relevant Ministry **within three weeks after the end of the financial year.**

4.2 The Secretary General of the Ministry should prepare the required Cabinet Notes and forward it together with the annual summary reports of all statutory bodies under the Ministry's control to the Cabinet Division, Prime Minister's Department **before 31 January** each year.

5. EFFECTIVE DATE

5.1 This circular should be acted upon by all relevant agencies for the 1995 financial year and thereafter.

"SERVICE TO THE NATION"

(TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID)
Chief Secretary to the Government

c.c.

All Hon. State Secretaries

All Hon. State Financial Officers

ANNUAL SUMMARY REPORT OF FINANCIAL STATUS AND PERFORMANCE OF FEDERAL STATUTORY BODIES

Name of Agency .....

I IMPORTANT FINANCIAL INFORMATION	YEAR		DIFFERENCE (%) + (–)
	1994 (RM)	1995 (RM)	
I Income			
II Expenditure			
III Surplus/Deficit			
IV Accumulated Surplus/ Deficit			
V Fixed Assets			
VI Current Assets			
VII Current Liabilities			
VIII Long Term Liabilities			
IX Net Assets			
X Financial Ratios			
– Current Assets/ Current Liabilities			
– Liquid Assets/ Current Liabilities			
– Total Debt/ Total Assets			
– Capital Employed/ Total Liabilities			
– Capital Employed/ Fixed Assets			

*2. AGENCY'S ACHIEVEMENT FOR THE YEAR 199
A. Objectives of Agency: B. Efficiency Indicators: C. Effectiveness Indicators:
* Provide information on performance based on the agency's objectives and related main outputs

3. BRIEF DESCRIPTION OF THE AGENCY'S OVERALL PERFORMANCE FOR THE YEAR 199.....

EXAMPLES OF PERFORMANCE INDICATORS

A. Efficiency Indicator

(a) Quality of Output

Examples:

(i) Number of licenses/permits issued.

(ii) Number of research studies completed.

(iii) Number of resettlement projects/schemes completed.

(b) Cost Efficiency

Examples:

(i) Average cost of issueing a license/permit.

(ii) Average cost of settling one settler in a new area.

(iii) Average cost of carrying out an investigation.

(c) Time Efficiency

Examples:

(i) Average time taken to carry out one study/investigation.

(ii) Average time taken to process one license/permit.

(iii) Average time taken to build one kilometer of road.

B. Efficiency Indicator

Examples:

(i) Rate of increase of settlers' income.

(ii) Rate of increase of agricultural produce.

(iii) Level of occupancy of buildings.

(iv) Rate of increase in the value of export of a commodity.

(v) Rate of increase/decrease in the price of a commodity.

(vi) Rate of increase in the level of investment by foreign/local investors according to industry.

(vii) Decrease in the level of poverty among target groups.

GOVERNMENT OF MALAYSIA

GENERAL CIRCULAR LETTER NO. 2 OF 1995

MAINTENANCE MANAGEMENT
ESTABLISHMENT OF A PLANNED MAINTENANCE SYSTEM

PRIME MINISTER'S DEPARTMENT
MALAYSIA
21 March 1995

Circulated to:

Secretaries General of Ministries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Hon. State Secretaries
Local Government Agencies

PRIME MINISTER'S DEPARTMENT
MALAYSIA
JALAN DATO' ONN
50502 KUALA LUMPUR

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Our Reference: PM (S) 100/38/5(25)
Date: 21 March 1995

Secretaries General of Ministries

Heads of Federal Departments

Heads of Federal Statutory Bodies

Hon. State Secretaries

Local Government Authorities

GENERAL CIRCULAR LETTER NO. 2 OF 1995

MAINTENANCE MANAGEMENT – ESTABLISHMENT OF A PLANNED MAINTENANCE SYSTEM

OBJECTIVE

This objective of this circular is to ensure that Government agencies give due attention to enhancing maintenance management in the civil service.

BACKGROUND

2. It is the Government's objective that maintenance management be carried out efficiently in order to ensure proper maintenance of Government assets, human safety and the avoidance of unexpected incidents from occurring.

3. An efficient and effective maintenance management system will bring about the following benefits:

(i) delivery of quality service or products to the customer;

(ii) cost saving in the long run;

(iii) establishment of good working conditions to improve the productivity of the agency; and

(iv) ensure that the agency maintains an image projecting quality and excellence.

CONCEPT OF MAINTENANCE MANAGEMENT

4. In the context of organisational management, maintenance is one of the functions that should be carried out to support the main operations of an organisation. The **objective** of maintenance management is to ensure that physical reasources are always **productive and reliable** for use. As such the maintenance function could be defined as **a combination of measures or functions whose main aim is to maintain or restore physical resources so that they are functional and safe for use.** For this purpose, the physical resource or its components should be maintained in a systematic and orderly fashion so that it is always easily available for use, and do not breakdown easily.

5. The maintenance function could conceptually be divided into two types; as follows:

(i) **Corrective Maintenance**, that is action taken to repair or change the components of the physical resource so that it could function according to set standards; and

(ii) **Preventive Maintenance**, that is work carried out to inspect, service, repair or change the components of the physical resource according to a set schedule. The main purpose of preventive maintenance is to reduce the damage to the physical resource so that it is able to operate efficiently on a continuous basis.

6. The use of these two concepts is important in ensuring the attainment of the maintenance objective. Corrective maintenance cannot be avoided as all mechanical components have a specified life span, and as such breakdowns will definitely occur. It is also necessary to carry out preventive maintenance to reduce the incidence of breakdown of physical resources.

ESTABLISHMENT OF A PLANNED MAINTENANCE SYSTEM AT THE AGENCY LEVEL

7. The Government has decided that all Government agencies implement the Planned Maintenance System (PMS) to ensure that there exist a systematic methodology in promoting the maintenance culture at the agency level. If PMS is implemented effectively, it will ensure that the agency provides adequate attention to the maintenance of its assets.

8. The implementation of PMS would require the Heads of Department to undertake the following steps:

(i) **Step One** involves the appointment of a **Senior Responsibility Officer** for the maintenance of the agency's assets. The officer is required to supervise the establishment and implementation of PMS. As PMS implementation require coordination between various divisions/units/branches in the agency, it is recommended that the appointed officer be the agency's Deputy Head.

(ii) **Step Two** involves the preparation of the **Assets Maintenance Register**. This register will list down all the assets that require maintenance so that they are functional and safe for use. The sources of data that could be used in preparing the Assets Maintenance Register are the Buildings Register, Fixed Assets Register and the Inventory Register as stated in **Treasury Circular No. 2 Year 1991**. The following guidelines should be used in preparing this register:

(a) The four components of maintenance of a particular building should be identified separately. The four components are the structural, mechanical (such as lifts) and electrical (such as electrical wiring) aspects as well as the surrounding areas of the building (such as landscape and drainage);

(b) Every item in the register should be given a "code" which indicate the level of priority it should be given for maintenance. For example, lifts should be given Code "A" as improper maintenance will affect the safety of people. Other than safety, priority could also be based on the importance of the assets in carrying out critical functions of the agency.

(iii) **Step Three** involves the setting up of a **Maintenance Schedule** for **every item** in the Assets Maintenance Register. This schedule should itemise all types of maintenance (from inspection to changing of spare parts) and their frequency for each item. The decision on the type of maintenance and its frequency should be based on the priority given to the asset as recorded in the Maintenance Register. The process of carrying out this activity is as shown in the Chart attached.

(iv) **Step Four** involves the formulation of a **Maintenance Operational Plan.** This plan should specify the maintenance activities of all items in the Assets Maintenance Register that should be carried during a given period, for instance for each day, one (1) week, one (1) month, three (3) months, six (6) months, one (1) year and so on. The information for scheduling activities should be obtained from the Maintenance Schedule that has been established for each item in the Assets Maintenance Register. Various methods such as the Gantt Chart could be used to display the planned maintenance schedule of a given period. A computer software suitable for maintenance management could also be used for this purpose.

(v) **Step five** in PMS is the implementation of the **Maintenance Programme Evaluation**. In order to facilitate evaluation, it is important that there is proper record keeping of all maintenance activities. Proper record keeping is to ensure that the objectives of the maintenance programme is achieved, maintenance work that need to be done is identified and finally to ensure the suitability of the types of maintenance activities being implemented.

9. The various measures under PMS mentioned above should be implemented by all Government agencies so that the establishment of a maintenance culture in the civil service could be achieved.

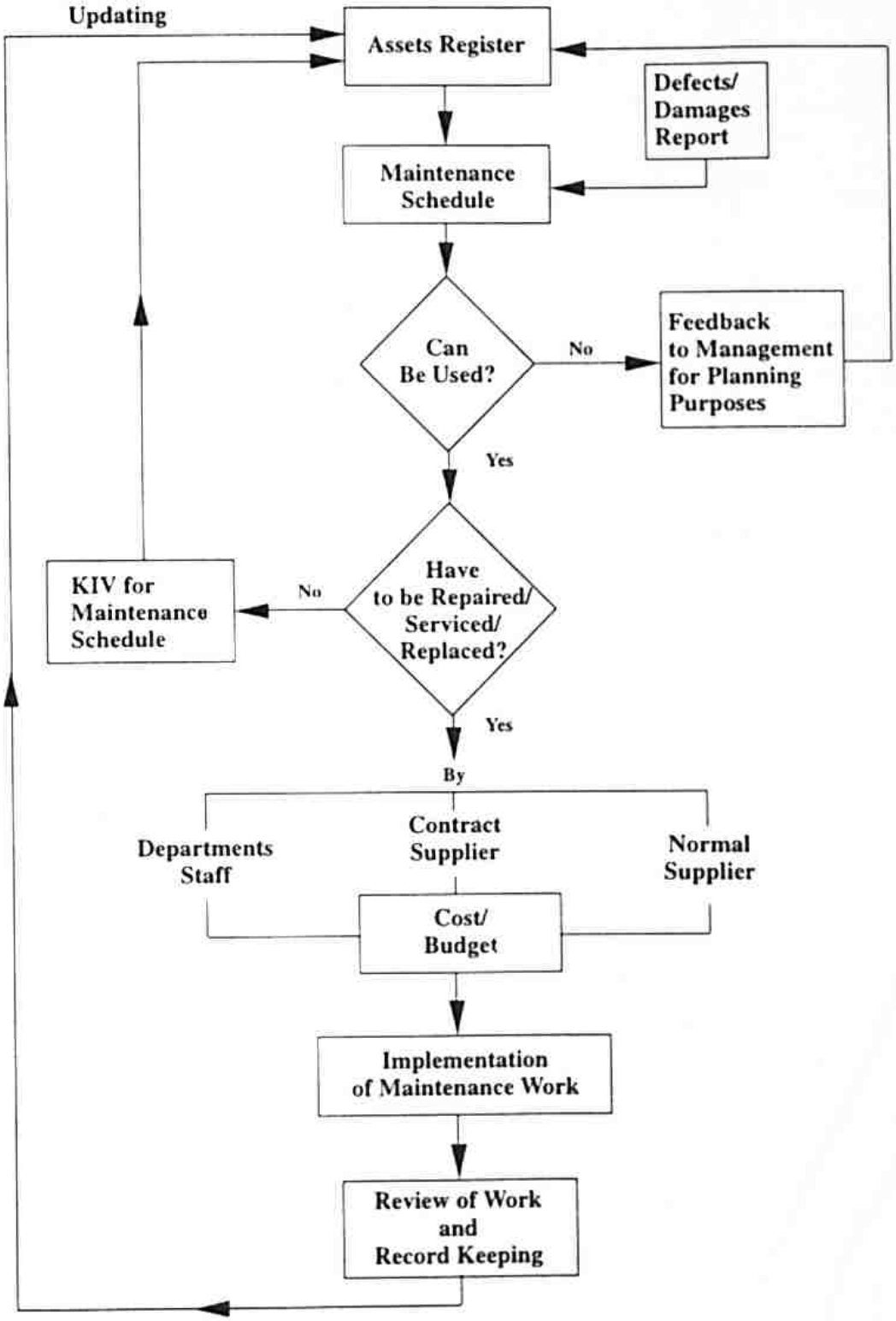
EFFECTIVE DATE

10. This General Circular Letter is effective from the date of its issue.

"SERVICE TO THE NATION"

(TAN SRI DATO' SERI AHMAD SARJI BIN ABDUL HAMID)
Chief Secretary to the Government

MAINTENANCE PROCESS CHART



VI

CIRCULAR LETTER

PRIME MINISTER'S DEPARTMENT
MALAYSIA,
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50502 KUALA LUMPUR.

***Telefon:* 2321957**
***Teleks* : PERDANA**
***Fax* : 2984172**

Our Reference : PM. 21386
Date : 31 October 1995

Secretaries General of Ministries
Hon. State Secretaries
Heads of Federal Departments
Heads of Federal Statutory Bodies
Local Government Authorities

CAMPAIGN TO REDUCE THE BACKLOG OF WORK IN GOVERNMENT AGENCIES

A. PURPOSE

The purpose of this directive is to explain the need for the Campaign To Reduce The Backlog Of Work In Government Agencies. This directive also outlines the method of implementation of the campaign and steps that can be taken by Government agencies that face the problem of backlog of work.

B. BACKGROUND

2. Since the launching of the Excellent Work Culture Campaign by the Rt. Hon. Prime Minister in 1989, steps have been taken to instil the culture in the Civil Service. Many efforts to improve and enhance quality have been introduced by Government agencies to provide services that satisfy their customers.

3. A number of Government agencies have succeeded in enhancing the quality of services provided to the public. Nevertheless there are still complaints from the public regarding the failure of some Government agencies to provide quality services. These complaints have been raised through the press, questions in Parliament, complaints to the Public Complaints Bureau and letters of complaints to the relevant Government agency.

C. BACKLOG OF WORK AND FACTORS THAT CAUSE IT

4. Backlog of work refers to work or tasks that cannot be completed within the stipulated time period. This stipulated time period is normally stated in the Client's Charter or in the time period established for each task. The processing capability which is not able to meet the demand for each service or product will result in the backlog of work. There are three main factors that weaken processing capability.

They are increased demand for services, weaknesses in systems and work procedures and the problem of productivity among the staff. Backlog of work will occur in situations where the demand has increased and the production capacity remains unchanged. It is also caused by complex and time-consuming systems and procedures. An example which can be cited is when excessive information has to be checked, even though not all the information is used for making decisions. Other examples are when too many levels of approvals are needed or when appropriate office equipment is not used. Besides that, backlog of work can also be caused by problems associated with personnel such as lack of skills or attitudes which are not conducive to productivity.

D. THE CAMPAIGN TO REDUCE THE BACKLOG OF WORK IN GOVERNMENT AGENCIES

The Objective Of The Campaign

5. The main objective of this campaign is to clear the backlog of work faced by Government agencies within a specified time period. Other than that, efforts need to be taken to prevent any future recurrence of this problem. Backlog of work gives rise to delays which will result in complaints from the agencies' customers and can also lead to malpractices and corruption. By clearing the backlog of work, Government agencies will be able to enhance the quality of its services to the public. This campaign is to be implemented in all Government agencies. More focus is to be given to agencies which are heavily involved in matters related to business, trade, investment, development and the provision of basic services to the public.

Steps That Can Be Taken By Government Agencies

6. In order to clear the backlog of work, Government agencies need to take the following steps:

a. Identify the volume of backlog that needs to be cleared;

b. Prepare an action plan or implementation schedule to clear the backlog of work;

c. Establish a Special Task Force or other alternatives such as having overtime work or additional work shifts to clear the backlog of work that has been identified;

d. Review the systems and work procedures with a view to simplify and expedite the work processes. Among the measures that can be taken to review the systems and work procedures are as follows:

   i. Reduce the steps involved within the work processes;

   ii. Use forms that request for only relevant information to make decisions;

   iii. Use checklists and clear criteria to make decisions;

   iv. Use more efficient equipment such as office automation and computers;

   v. Redistribute the work among the officers and staff.

e. Provide skills training to officers and staff who are involved; and

f. Monitor the progress of the efforts taken to clear the backlog of work, for example through Management Meetings and Morning Prayers.

E. MONITORING THE PROGRESS OF IMPLEMENTATION

7. In order to ensure that this campaign achieves its objective, Heads of Departments are required to monitor the progress of efforts taken to clear the backlog of work in the agencies under them. A Feedback Form For The Backlog Of Work is proposed for use to facilitate Departments in reporting on the progress of these efforts. This form together with the guide for filling in the feedback is as in **Appendix 1**. Comments on this feedback can be prepared in separate sheets. An example of how to fill the form for the backlog of work in the National Registration Department is as in **Appendix 2**. It is required that the feedback be provided to the Secretaries General of Ministries/State Secretaries once every four months.

F. EFFECTIVE DATE

8. The Campaign To Reduce The Backlog Of Work In Government Agencies is to begin on 31st October 1995 in conjunction with the Quality Day and will be a continuous exercise.

"SERVICE FOR THE NATION"

Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid
Chief Secretary to the Government

Appendix 1

FEEDBACK FORM FOR THE PROGRAMME TO REDUCE THE BACKLOG OF WORK

Name Of Agency: _____

Time Period To Reduce The Backlog Of Work: _____

Date Of Reporting: _____

Name Of Activity/ Application/Procedure (1)	Total Original Backlog (2)	Balance Of The Backlog (3)

GUIDE FOR FILLING IN THE FEEDBACK FORM FOR THE PROGRAMME TO REDUCE THE BACKLOG OF WORK

1. Name Of Agency

This space is to be filled with the name of the agency doing the reporting.

2. Time Period To Reduce The Backlog Of Work

This space is to be filled with the specified time period to clear the backlog of work identified during the implementation of the Programme To Reduce The Backlog Of Work. The time period to clear the backlog of work needs to be established at the beginning of this programme. For example the National Registration Department established that the time period to clear the backlog of the work of the processing of applications for identity cards totalling 500,000 is from June to December 1995. The date June to December 1995 needs to be filled in the space provided for the Time Period To Reduce The Backlog Of Work.

3. Date Of Reporting

This space is to be filled with the date of completion of reporting the feedback.

4. Name Of Activity/Application/Procedure

This space is to be filled with the name of the task or work carried out by an office such as processing applications for citizenship, applications for the approval of building plans, applications for conversion of land use and others.

5. Total Original Backlog

This space is to be filled with the volume of the backlog of work at the beginning of the launching of the Programme To Reduce The Backlog Of Work for each activity/application/procedure listed in column (1).

6. Balance Of The Backlog

This space is to be filled with the volume of the remaining backlog of work for each activity/application/procedure listed in column (1) when the reporting was done.

Appendix 2

FEEDBACK FORM FOR THE PROGRAMME TO REDUCE THE BACKLOG OF WORK

Name Of Agency: National Registration Department

Time Period To Reduce The Backlog Of Work: 28.6.1995 - 31.12.1995

Date Of Reporting: October 1995

Name Of Activity/ Application/Procedure (1)	Total Original Backlog (2)	Balance Of The Backlog (3)
1. Applications For Identity Cards	1,448,921	687,797
2. Applications For Citizenship	6,885 (Total)	2,031 (Total)
a. Under Section 15(1) - Form A	3,049	1,022
b. Under Section 16 - Form E	393	91
c. Under Section 19 - Form G	3,443	918

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1996