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UNITED NATIONS DEVELOPMENT PROGRAMME
PROJECT DOCUMENT
Malaysia

Project Title: HCFC Phase-out Management Plan for Malaysia – Stage III (Malaysia HPMP-III)

Project Number: 01003182

Implementing Partner: Department of Environment, Ministry of Natural Resources and Environmental Sustainability, Government of Malaysia

Start Date: 21/10/2024 **End Date:** 31/12/2031 **LPAC Meeting date:** 11/9/2024

Brief Description

Malaysia acceded to the Vienna Convention and ratified the Montreal Protocol on Substances that deplete the Ozone Layer in August 1989 and has ratified all the amendments as of October 2020. Malaysia has agreed to meet the 2030 compliance targets by phasing-out Hydrochlorofluorocarbons (HCFCs), in accordance with the accelerated reduction schedule set by the Meeting of the Parties Decision XIX/6.

The Multilateral Fund for the Implementation of the Montreal Protocol (MLF) approved Stage III of the HCFC Phase-out Management Plan (HPMP Stage-III) for Malaysia during the 94th Meeting of its Executive Committee (ExCom), held 27-31 May 2024 in Montreal, Canada. The total funds available are US $17,102,308, consisting of US $15,983,465 from the MLF, plus agency support costs of US $1,118,843 for UNDP. HPMP Stage-III will support in phasing out 257.67 ODP tonnes of HCFCs, enabling Malaysia to achieve the Montreal Protocol compliance goal of 100 percent reduction by 2030. This project adopts a portfolio strategy that draws from experiences and lessons learned from Stage I (2011-2016) and Stage II (2017-2024).

HPMP Stage III's Servicing Sector Plan builds upon previous stages. It aims to expand training for technicians in good practices and refrigerant management, particularly focusing on residential and light commercial air conditioners, standalone commercial refrigeration units, and HCFC-123 based chillers, with emphasis on recovery and reuse of HCFC and encouraging improvement of servicing practices, to avoid a transition from HCFCs to high Global Warming Potential (GWP) HFCs. Additionally, HPMP stage III will further strengthen the regulatory and institutional systems by establishing new bans on uses of HCFCs, and expand custom officers, port authorities and national control and compliance officers' capacities to control and manage HCFC use and continue raising awareness to sustain the HCFC phase-out. Implementing HPMP Stage-III will reduce Malaysia's greenhouse gas emissions by up to 8.42 million tonnes CO2-eq.

Contributing Outcome (UNSDCF, CPD, RPD): UNSDCF 2021-2025 STRATEGIC PRIORITY 3: CLIMATE AND DISASTER RESILIENCE Outcome 3: Institutions, communities and people actively apply and implement low carbon development, sustainable natural resources management, and disaster resilience approaches that are all gender sensitive. UNDP Malaysia CPD Output 2.3. Low emission and climate-resilient objectives addressed in development plans and policies to promote economic diversification and green growth (Strategic Plan Output 2.1.1) Indicative Output(s) with gender marker: GEN2 (Gender equality as a significant objective)	**Total resources required (US$):**		15,983,465
	Total resources allocated (US$):	**UNDP TRAC:**	n/a
		Donor:	15,983,465
		Government:	n/a
		In-Kind:	300,000
	Unfunded:		n/a

Agreed by (signatures):

Government	UNDP	Implementing Partner
YBhg. Dato' Nor Azmie Bin Diron Secretary-General of Ministry of Economy	Manon Bernier UNDP Deputy Resident Representative for Malaysia, Singapore and Brunei Darussalam	YBhg. Dato' Wan Abdul Latiff bin Wan Jaffar Director-General of Department of Environment
Date: 25/10/2024	Date: 25/10/2024	Date: 25/10/2024

I. DEVELOPMENT CHALLENGE

The Montreal Protocol's Global Development Challenges

In 1987, scientific evidence collected by the USA's National Oceanic and Atmospheric Administration (NOAA) confirmed that Chlorofluorocarbons (CFCs), chemicals produced as refrigerants and polyurethane foam production, were depleting Earth's ozone layer. Members of UN agreed on the 1987 Montreal Protocol to control the production and consumption of ozone-depleting chemicals. Since then, 197 countries and the European Union (EU) have ratified the binding treaty, and CFC levels have steadily declined in the atmosphere.1

Ozone depletion can increase the amounts of ultraviolet (UV) radiation that reach the Earth which can lead to more cases of skin cancer, cataracts, and impaired immune systems. Since 1990, the risk of developing melanoma, the most dangerous skin cancer, has more than doubled. UV radiation can also damage sensitive crops, such as soybeans, reducing crop yields. Some scientists suggest

[1] https://www.ozonelayer.noaa.gov/#:~:text=NOAA%20Stratospheric%20Ozone%20Webpage,ultraviolet%20radiation%20from%20the%20sun.

that marine phytoplankton, the base of the ocean food chain, are already under stress from UV radiation, which could adversely affect food supplies from the oceans.2

HPMP Stage III plays an important part in helping countries phase out HCFCs. Implementation will face significant global development challenges, including technical and financial constraints to developing and deploying cost-effective, environmentally friendly alternatives to HCFCs. Substantial support is needed to help developing regions adopt new technologies and transition smoothly.

Capacity building is crucial as many centres lack the technical expertise and institutional strength required for effective management of the phase-out. Providing targeted training and technical assistance can help develop the necessary capabilities to meet their commitments.

Malaysia's Compliance Challenges and Targets to the Montreal Protocol

Malaysia acceded to the Vienna Convention and ratified the Montreal Protocol in August 1989. As of October 2020, Malaysia has ratified all the amendments to the Montreal Protocol, as per table 1. Malaysia is committed to phase-out production and consumption of ozone-depleting substances (ODSs) including HCFCs in accordance with the accelerated phase out schedule of the Montreal Protocol (MOP Decision XIX/6).

Table 1 - Dates of Ratification of Montreal Protocol and Amendments by Malaysia

Agreement	Ratification
Vienna Convention	29 August 1989
Montreal Protocol	29 August 1989
London Amendment	16 June 1993
Copenhagen Amendment	05 August 1993
Montreal Amendment	26 October 2001
Beijing Amendment	26 October 2001
Kigali Amendment	21 October 2020

Malaysia's Country Programme incorporating the National Strategy and Action Plan for controlling the use of ODS was approved in 1992. Malaysia has taken proactive measures including technology transfer investments, technical assistance, training and capacity-building, information dissemination, awareness-raising and regulations. Malaysia has established a comprehensive regulatory framework for controlling ODS.

With the assistance of the Multilateral Fund (MLF), Malaysia undertook a range of investment (technology conversion) and non-investment (capacity building) activities. These activities included upgrading technology in industries to phase out ODS, providing training programmes for technicians on safe and efficient refrigerant management, and developing policies and regulations to support the transition to environmentally friendly alternatives. Malaysia's National CFC Phase-out Plan aimed to eliminate all remaining consumption of Annex-A Group-I substances (CFCs) and Carbon tetrachloride (CTC)/ 1,1,1-trichloroethane (TCA) by 2010. This performance-based multi-year agreement between Malaysia and the Ex-Com facilitated compliance with the Montreal Protocol's control milestones for 2005, 2007, and 2010. As a result, Malaysia has consistently been compliant with the provisions of the Montreal Protocol.

Since 2010, with the enactment of MOP Decision XIX/6, Malaysia has gradually reduced the consumption of HCFCs. This is done through three distinct but interconnected projects, each

[2] https://www.tn.gov/health/cedep/environmental/environmental-health-topics/eht/ozone.html#:~:text=Ozone%20depletion%20can%20cause%20increased,fatal%20of%20all%20skin%20cancers.

building upon the achievements and lessons learned from the previous stage. These stages are designed to be sequential and overlapping, ensuring a comprehensive and effective approach to phasing out HCFC consumption in Malaysia:

- HPMP Stage I (2011-2016): approved at the 65th ExCom for the period 2011 to 2016, aimed to reduce HCFC consumption by 15 percent from the baseline. The total phase-out of HCFCs in Stage I amounted to 111.85 ODP tonnes. The implementation of Stage I was concluded by 1 June 2018, project completion report submitted to the 82nd meeting of the ExCom.

- HPMP Stage II (2017-2024): approved at the 77th ExCom for the period 2016 to 2022, aimed to reduce HCFC consumption by 42.9 percent of the baseline. The third and final tranche of Stage II is expected to be completed by end of 2024.

- HPMP Stage III (2024-2030): approved at the 94th meeting of the Ex-Com and is the last phase of the HPMP, to be implemented from 2024 to 2030. Stage III will phase out 257.67 ODP tonnes of HCFCs to meet the Montreal Protocol compliance target of 100 per cent reduction by 2030. HPMP Stage-III has two subsector plans: the Refrigeration & Air Conditioning (RAC) Servicing Sector Plan (HCFC-22) and the Chillers Servicing Sector Plan (HCFC-123). Upon completion, HPMP Stage-III will significantly contribute to Malaysia's climate change mitigation endeavours by reducing cumulative annual (2023-2030) emissions by 8.42 million metric tons of CO2 equivalent.

National Context of the Situation Analysis – Barriers to be Removed

All remaining consumption of HCFCs is attributed to RAC servicing, including chillers. HPMP Stage-III focus on effectively addressing phase out of HCFCs in the RAC servicing sector (HCFC-22) and chillers servicing sector (HCFC-123), building upon Stages I and II.

RAC Servicing Sector

In Malaysia, the RAC servicing sector consumes a significant amount of HCFCs, particularly HCFC-22. Bans are in place on new HCFC-based manufacturing capacities and the manufacturing, assembly, and import of HCFC-based air conditioning (AC) units, but demand for HCFC-22 persists within the servicing sector. Applications including residential, light commercial, small chillers, and commercial refrigeration units. However, while a natural decline in equipment usage is anticipated due to environmental regulations and climate conditions, experiences reveal an extension of equipment lifespan through intensive maintenance activities, contributing to sustained demand for HCFC-22.

The servicing sector in Malaysia is supported by a network of Authorized Training Centres (ATCs). These ATCs, accredited by the Department of Environment (DoE), are responsible for delivering training programs and certification schemes for technicians in the servicing sector. However, there are discrepancies in training capacities among ATCs, with variations in infrastructure, resources, and quality of training equipment. Furthermore, despite efforts to strengthen capacities through physical assistance and training programs under HPMP Stages I and II, challenges persist in ensuring standardized training delivery and certification across all ATCs.

A more coordinated and comprehensive approach is needed to enhance the physical capacities of ATCs in Malaysia supporting technicians to deliver effective maintenance practices and support the sustained phase-out of HCFCs in the servicing sector. Improved infrastructure and resources at ATCs will ensure standardized and high-quality training, contributing to long-term sustainability in HCFC phase-out efforts.

The current situation highlights the need for coordinated efforts to address barriers in the RAC servicing sector. These barriers include the lack of proper physical infrastructure in training centres, technicians' need for updated knowledge and tools for emerging technologies, and the necessity to align servicing certification schemes with the National Certification Scheme. Additionally, there is a requirement to expand the reach of ATCs to include informal technicians and improve the capacity and coverage of reclamation services. These barriers hinder the effective implementation of training programs, certification schemes, and reclamation initiatives, thereby impeding progress towards HCFC phase-out goals in Malaysia.

Chillers Servicing Sector

Transitioning to more sustainable options in the chiller service sector is challenging due to the absence of economically viable low global warming potential (GWP) alternatives and exemptions for certain equipment like HCFC-123 chillers in sensitive applications. Furthermore, the landscape for HCFC-123 alternatives lacks clarity, and retrofit options depends mainly on high-GWP Hydrofluorocarbons (HFCs), leading to serious environmental concerns. The widespread adoption of alternative refrigerants like R-717 (Ammonia) and Hydrofluoroolefins (HFO) based chillers faces technical and financial challenges. While these alternatives offer potential benefits in terms of efficiency and environmental impact, concerns about safety, compatibility with existing systems, and upfront costs hinder their uptake. A lack of detailed information on installed capacity and market demands for alternatives, coupled with insufficient knowledge sharing inhibits effective phase-out management in the sector. Addressing these barriers is important for facilitating a smoother transition towards environmentally friendly and sustainable practices in the servicing sector.

Changes expected through the Project Implementation

The Montreal Protocol on substances that deplete ozone layer is the only United Nations environmental agreement than has been ratified by every country in the world to date. It is also one of the most successful multilateral environment agreements. With the parties to the Protocol having phased out 99 per cent of their ozone-depleting substances, they saved an estimated two million people from skin cancer every year (UNEP-Ozone Secretariat, 2022).

The implementation of Montreal Protocol is an evolving practice. The first iteration of the protocol in 1987 phased out five CFCs and three halons. Thirty years later, the treaty now covers about 100 ozone-depleting gases and 18 HFCs through amendments and adjustments in procedures governed by its Meeting of the Parties. The key strength of the Montreal Protocol lies in its capacity to adapt in response to emerging scientific insights.

The global implementation of this project works to heal the ozone layer and pushes for improving capabilities towards the identification and adoption of suitable, low-GWP alternatives to the ozone-depleting substances, with co-benefits in climate change mitigation.

At national level, the successful implementation of this project will support Malaysia to:

(a) Phases out the remaining consumption of 257.67 ODP of HCFCs, achieving 100% phase-out compliance targets to the Montreal Protocol by the year 2030, contributing to global environmental protection efforts.

(b) Enhancing infrastructure and technical capacities in the servicing sector, ensuring effective implementation.

(c) Expand training on good practices and refrigerant management for 10,000 technicians, promoting harmonization of national certification schemes, and strengthening ATCs under the RAC Servicing Sector Plan.

(d) Assists in mapping installed HCFC-123 chiller capacity, supporting a national strategy for managing existing chillers, and prohibiting new installations of HCFC-123-based chillers, ensuring a smooth transition to alternative technologies under the Chillers Servicing Sector Plan.

(e) Enhances enforcement measures by providing comprehensive training for customs and Port Authority Officers to ensure compliance with control requirements and combat illicit trade.

(f) Promotes transparency and clarity in compliance efforts by developing a Compendium of the Regulatory Framework, offering stakeholders easy access and understanding of the broad legal and regulatory framework.

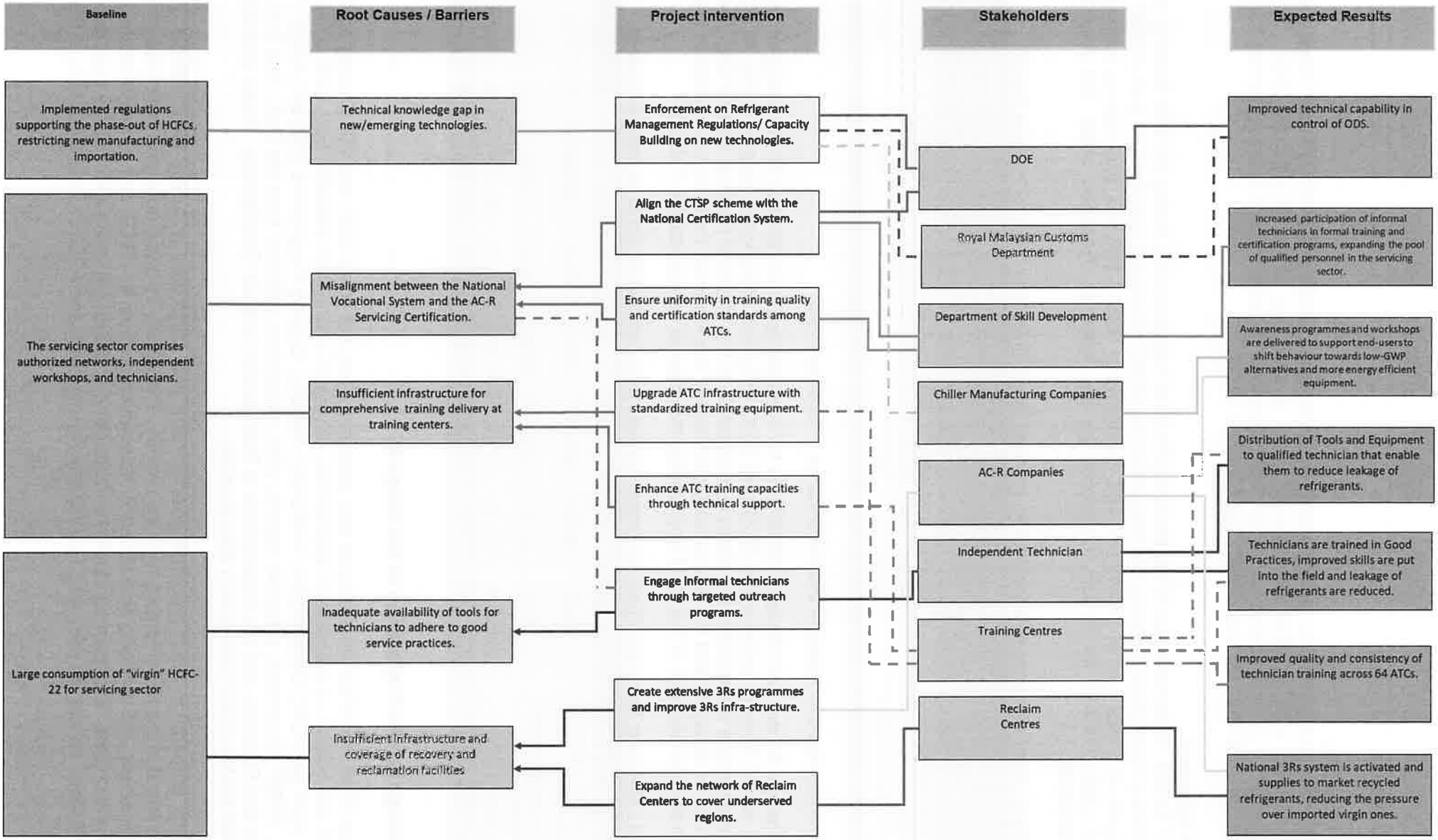
(g) Facilitates informed decision-making by conducting comprehensive studies, surveys, and assessments to gather data on chiller distribution, including age and type, for better understanding of current and future servicing needs.

(h) Reduces environmental impact and promotes sustainability by developing standard operating procedures (SOPs) to enhance servicing practices and minimize refrigerant leakage, thereby promoting more sustainable maintenance for existing HCFC-123 based chillers.

(i) Encourages innovation and sustainability in the industry by providing guidance on replacement technologies to facilitate the transition towards environmentally friendly alternatives.

(j) Ensures strategic planning and resource allocation by developing a detailed sector-wise strategy based on gathered data, incorporating potential interventions such as creating HCFC-123 recycling banks to address future demands if necessary.

The Theory of Change (ToC) of the Project is presented below:


Baseline
Root Causes / Barriers
Project intervention
Stakeholders
Expected Results
Implemented regulations supporting the phase-out of HCFCs, restricting new manufacturing and importation.
The servicing sector comprises authorized networks, independent workshops, and technicians.
Large consumption of "virgin" HCFC-22 for servicing sector
Technical knowledge gap in new/emerging technologies.
Misalignment between the National Vocational System and the AC-R Servicing Certification.
Insufficient infrastructure for comprehensive training delivery at training centers.
Inadequate availability of tools for technicians to adhere to good service practices.
Insufficient infrastructure and coverage of recovery and reclamation facilities
Enforcement on Refrigerant Management Regulations/ Capacity Building on new technologies.
Align the CTSP scheme with the National Certification System.
Ensure uniformity in training quality and certification standards among ATCs.
Upgrade ATC infrastructure with standardized training equipment.
Enhance ATC training capacities through technical support.
Engage informal technicians through targeted outreach programs.
Create extensive 3Rs programmes and improve 3Rs infra-structure.
Expand the network of Reclaim Centers to cover underserved regions.
DOE
Royal Malaysian Customs Department
Department of Skill Development
Chiller Manufacturing Companies
AC-R Companies
Independent Technician
Training Centres
Reclaim Centres
Improved technical capability in control of ODS.
increased participation of informal technicians in formal training and certification programs, expanding the pool of qualified personnel in the servicing sector.
Awareness programmes and workshops are delivered to support end-users to shift behaviour towards low-GWP alternatives and more energy efficient equipment.
Distribution of Tools and Equipment to qualified technician that enable them to reduce leakage of refrigerants.
Technicians are trained in Good Practices, improved skills are put into the field and leakage of refrigerants are reduced.
Improved quality and consistency of technician training across 64 ATCs.
National 3Rs system is activated and supplies to market recycled refrigerants, reducing the pressure over imported virgin ones.

II. STRATEGY

Project Objective

The HPMP Stage-III project in Malaysia aims to facilitate the phase-out of 257.67 ODP tonnes of HCFCs, aligning with the Montreal Protocol's goal of achieving 100% reduction by 2030. This initiative adopts a comprehensive approach, that builds from experiences and lessons learned from HPMP Stage-I (2012-2016) and HPMP Stage-II (2017-2024).

Base of Approval

The MLF for the Implementation of the Montreal Protocol has approved, during the 94th Meeting of the Executive Committee (ExCom), the Stage III of the HCFC phase-out management plan (HPMP) for Malaysia at a total cost of US$15,983,465, consisting of US$17,102,308, plus agency support costs of US$1,118,843 for UNDP, composed by the following Tranches under the project subcomponents:

Table 2 – Multi-year Agreement approved (in principle) by ExCom Decision 94/30 For Malaysia Stage III

Project Component	Approved Budget US$	Agency	Tranche 1 (2024/2026) Approved May/ 24	Tranche 2 (2027/2029) due May/27	Tranche 3 (2030/2031) due May/30
AC-R Servicing Sector Plan	**14,681,713**	UNDP	5,090,407	8,065,306	1,526,000
Chillers Servicing Sector Plan	**145,252**	UNDP	65,000	80,252	0
Monitoring and Implementation	**1,156,500**	UNDP	387,500	460,000	309,000
TOTAL	**15,983,465**		**5,542,907**	**8,605,558**	**1,835,000**

Tranche Approval Schedule and Performance in Implementation

Stage III would be the last phase of HPMPs, to be implemented from 2024 to 2031, during which Malaysia would have to achieve the 2025 and 2030 reduction compliance targets in the HCFC consumption as per the accelerated phase-out schedule of the Montreal Protocol for HCFCs. The Government of Malaysia and the Executive Committee of the Montreal Protocol has agreed to the reduction of controlled use of the ODS and funding tranches as summarized in Table 3.

Table 3 – Multi-year Agreement Phase-out Targets approved by ExCom Decision 94/30 for Malaysia Stage III

Particulars	2024	2025	2026	2027	2028	2029	2030	Total
Montreal Protocol Reduction Schedule (ODP tons)	335.24	167.62	167.62	167.62	167.62	167.62	0	n/a
Maximum allowable consumption Stage III (ODP tons)	294.63	167.62	167.62	167.62	120.00	120.00	0	n/a
UNDP Tranche (US$)	5,542,907	0	0	8,605,558	0	1,835,000	0	15,983,465
Total per tranche (US $)	**5,542,907**	**0**	**0**	**8,605,558**	**0**	**1,835,000**	**0**	**15,983,465**

Methodology for the Preparation of the Stage III

The Stage III of the HPMP for Malaysia was prepared along the years 2021 and 2023, using both top-down and bottom-up preparation approaches, relying on information available from institutional sources such as, HCFC Consumption Verification Reports, Country Programme (CP) and Article 7 Reports, HPMP documents, progress reports, other documents collected from the DoE, data from importers and Customs, and the Associations of Refrigeration and Air Conditioning. These sources constituted the top-down (secondary) data sources.

The project preparation team prepared questionnaire and conducted a survey for a sample of entities involved in the HPMP structure in the country. The survey involved engaging in discussions with 13 importers, 215 servicing workshops, 6 reclamation centres, 61 ATCs, and 23 manufacturers of RACs and chillers. The team conducted consultations and data gathering with HCFCs importers and distributors, as well as RAC and Technicians Associations and ATCs to map the profile of the

Servicing Sector following the relevant PRP guidelines through questionnaires developed. These sources constituted the bottom-up (primary) data sources.

Stakeholders involved in all targeted sectors assessments and consulted during the PRP activities included: DoE, National Ozone Unit (NOU), Royal Malaysian Customs Department (Customs), Ministry of Investment, Trade and Industry (MITI), Department of Statistics Malaysia (DoSM), Tax Division from the Ministry of Finance (MoF), selected importers and distributors, RAC associations, ATCs, and servicing companies.

Project Overarching/Portfolio Strategy

Stage III built on the strategy and foundations established in stages I and II and proposes two (2) sector plans and one (1) Project Monitoring Unit (PMU). The overarching strategy of stage III of the HPMP was developed by the DoE following the Montreal Protocol's eligibility and aims to support matrixed and complementary phase-out activities built from the relevant provisions, decisions, and guidelines of the ExCom.

The strategy is based on the following guiding principles:

i. It is based on the national context, priorities, national policies and is country driven.

ii. It demonstrates strengthened and proactive partnership between the Government and industry.

iii. It takes a balanced approach that will ensure the phase-out of HCFCs by 2030 with the goal to avoid, as much as possible and given the potential commercial and technical challenges, the transition from HCFCs to high GWP HFCs (at least HFCs with GWP higher than the ones from HCFCs replaced) in the servicing sector by putting strong emphasis on recovery and reuse of HCFCs and encouraging improvement of servicing practices across the board.

iv. It draws upon lessons learnt and integrates and build upon existing infrastructures established under stages I and II.

v. It is meant to be dynamic and evolving and open for revisions and adaptation as necessary in response to evolving situations.

vi. It is developed with gender responsive actions and gender indicators incorporated into the planned activities.

vii. It aims to ensure career opportunities for women, support women in pursuing relevant studies and provide safe environments for women and men.

Stage III will:

a) Enhances infrastructure and technical capacities in the servicing sector, ensuring effective implementation.

b) Expand training and certification schemes of technicians, in a gender sensitive manner, to improve national capacities and avoid loss of jobs due to technological transition towards flammable refrigerants.

c) Focuses on expanding training on Good Servicing Practices and Refrigerant Management for servicing technicians, promoting harmonization of national certification schemes, and strengthening ATCs.

d) Support a national strategy for managing existing chillers and prohibiting new installations of HCFC-123-based chillers, ensuring a smooth transition to alternative technologies.

e) Promote low-GWP alternatives through capacity building workshops.

f) Enhances enforcement efforts by delivering extensive training to customs and port authority officers.

g) Improve circularity of refrigerants through recovery and reclaim processes.

h) Fosters innovation and sustainability within the industry by offering guidance on alternative technologies, thereby facilitating the shift towards environmentally friendly options.

i) Continue gender inclusive raising awareness.

j) Estimate future servicing needs considering the future servicing tail allowance (2030-2040).

The key success factor for the Stage III lines on capacity building of servicing sector technicians as a critical means to improve capacities, reduce leakages and elevate the quality of services in general in the Air Conditioning and Refrigeration Servicing Sector.

III. Results and Partnerships

Expected Results

Table 4 – Expected Results, and Outputs for Malaysia Stage III

Component	Outputs	Expected Results
AC-R Servicing Sector Plan	Customs Officers and Enforcement Officers Capacity Building	6 (six) Coordination meetings and eight (8) bilateral meetings held between NOU, subnational DOEs, Customs Office, and Port Authority.
		350 Enforcement officers of DOE trained on monitoring and import control of HCFCs and their alternatives.
		One (1) ODS Imports Risk Profile Manual developed and mapping of illicit trade risks.
		One (1) Online training module developed
		Nine (9) training sessions for Customs and Port Authority officers
		Five (5) laboratory personnel trained on the new lab equipment
		50 enforcement officers trained for ODS sampling
		Two (2) Laboratories strengthened for accurate Refrigerants and Blowing Agents Identification
	Regulatory Framework Improved	ODS Phase-out Legislation/Policies Compendium Developed
		Ban on the use of new HCFC-123 chillers for sensitive sectors as of 31 December 2027
		Ban on HCFC 141b for all uses as of 31 December 2025
	Awareness Raised to sustain Phase-out	5 Awareness Campaigns on HCFC bans/phase-out
		5 End-User Awareness Campaign on ODS-free products
		5 Capacity Building on low GWP alternative RAC technologies
		5 refrigerant RRR Awareness Campaigns
	Equipment Procured and distributed to improve national physical structures for training and refrigerant management	Basic Training and Assessment equipment for 64 Training Centres
		10 toolkits each for 23 new ATCs (since Stage II)
		15 flushing kits for one (1) COE
		Good service practices tools to 2000 technicians
	Good Practices Training Expansion and Harmonization of National Certification Scheme	Training Manuals and Occupational Safety Guidelines updated
		350 Master Trainers re-refreshed in the CTSP
		10,000 technicians trained in good servicing practices
		Harmonization of policy and syllabus for National Certification and CSTP
		350 Master Trainers trained under the harmonized program
		500 technicians certified under the harmonized certification program
	Technical Assistance for AC-R	International Coordinator Technical Advisor
		National Expert on AC application
		National Expert on Refrigeration application
	Improved refrigerant RRR System	Guidelines and SOPs for RRR Activities (harmonized approach)
		TA on improved business models
		45 personnel trained on Improved Reclamation Practices
Chillers Servicing Sector Plan	Technical Assistance for HCFC-123 based Chillers delivered	Installed capacity of HCFC-123 Chillers mapped
		Needs of Chillers servicing sector assessed
		Assess alternatives landscape for HCFC-123 free Chillers
		National Strategy for Chillers Sector / Future Demands
		Conduct stakeholders' consultations / awareness
		Comprehensive SOPs for best practices in the servicing of HCFC-123-based chillers

Resources Required to Achieve the Expected Results

a) Customs Officers and Enforcement Officers Capacity Building: There is a need for regular and refresher trainings to maintain the highest level of control and trust. Therefore, stage III will support the update of the training module, the development of the ODS Imports Risk Profile Manual to improve the ODS control and combat illicit trade, launch an online training module and gender responsive training for customs officers, DoE enforcement officers and port authorities.

DoE will also support training of 350 Enforcement officers and 5 lab technicians for ODS sampling and analysis, while supporting 2 laboratories to improve their Refrigerants and PU Foam/ FFS/ preblended polyols identification capacities.

b) Improvement of Regulatory Framework: The project will develop a Compendium of ODS phase out legislations and policy that will support stakeholders to have an easy access and understanding. The project will also establish two additional bans on the remaining HCFC consumption sub-sectors/applications.

c) Awareness raising: The project will continue with the regular awareness campaigns about HCFCs bans, controlled uses and leakage reduction, awareness among importers, distributors and import-brokers about the sector bans implement, the sector bans to come, the full phase-out targets and enforcement, and the potential tail needs. End-users driven campaigns to sensitive about safety and benefits of ODS-free/low GWP alternatives will also be carried out. It will carry out awareness for RAC industry professionals and equipment owners to promote Low-GWP technologies and improve Recovery and Reclamation Rates.

d) Procurement and Distribution of Equipment for Training and Refrigerant Management: The Government of Malaysia prioritizes establishing robust refrigerant containment practices to meet phase-out targets. In Stage III, efforts concentrate on procurement, including standard training units for all 64 ATCs, 230 servicing tool kits for 23 new ATCs, and 15 kits for HCFC-141b flushing alternatives, utilizing N2 and Halogen-free procedures, to enhance training capacities.

e) Good Practices Training & Certification: The project will also focus on revising Training Manuals to incorporate modules on occupational safety and gender-sensitive approaches and training 350 Master Trainers in the Certification Service Technical Programme (CTSP) programme and train 10,000 technicians. It also supports development of National Certification and CSTP Harmonized Policies and Syllabus, training 350 Master Trainers and certifying 500 technicians in the pilot phase.

f) Improve Capacities of technicians and 3Rs System: The project aims to empower technicians by providing toolkits to 2000 individuals and delivering technical assistance to small-scale Reclaim Centres. This assistance involves improving SOPs, safety guidelines, business models, and conducting training to enhance reclamation efficiency.

g) Technical Assistance for Chillers Servicing Sub-Sector: The project will develop SOPs for improved servicing and guidance on replacement technologies and conducting in-depth studies to gather data on chiller distribution, focusing on age and type, to assess current needs and estimate future servicing requirements. This data will inform the creation of a detailed sector-specific strategy, potentially including interventions like HCFC-123 recycling or establishing banks to meet future demands.

Risks and Assumptions

HPMP Stage-III shall be implemented as per the procedures and guidelines laid down by the ExCom of the MLF with country specific project management arrangements between Implementing Agencies, Government and Responsible parties. The risks related to this project are detailed in the SESP at Annex 2 and the Risk Analysis table at Annex 3.

Stakeholder Engagement and Partnership

Stakeholders were involved during project preparation for all targeted sectors assessments and consulted during the PRP activities, which included: DoE, NOU, Customs, MITI, DOSM and MoF, selected importers and distributors, RAC associations, ATCs, Training and Vocational Centres, servicing companies.

During project implementation, these stakeholders will continue to be closely associated. Periodic stakeholder consultation meetings are planned to be carried out for effective implementation of the HPMP Stage-III.

Selected stakeholders will also be a part of the Project Steering Committee (PSC) which will be a multi-stakeholder board consisting of members from DoE, Ministry of Natural Resources and Environmental Sustainability (NRES), Ministry of Economy, Customs, MITI and UNDP Malaysia. The board will serve to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. Details of the Terms of Reference (ToR) and membership of the PSC are provided in Annex 5.

Digital Solutions

The NOU created an easy-to-use online system, the Electronic Certification Service Technical Programme (e-CSTP), for technicians to register for training during HPMP II. This made the registration process much faster and more accessible, and the system's success was shared as a model example in various meetings and forums.

In HPMP Stage III, there are plans to continue supporting this online system. The goal is to improve its features, take user feedback into account, and keep it well-maintained. This will help keep the current benefits and further improve the training and registration process for technicians.

Additionally, the e-permit system was established to control and monitor HCFC importation and consumption in Malaysia. This electronic platform allows importers to submit permit applications online, providing direct access to the Ozone Protection Section (OPS) and Customs of Malaysia. Furthermore, the import and manufacturing of refrigeration and air-conditioning equipment are controlled through the Certificate of Approval (CoA) where approval letter from DoE on the refrigerant type used is required before the CoA can be approved.

Knowledge

Various activities will be conducted to enhance awareness of stakeholders and the general public on ODS phase out and ozone layer protection, especially in terms of the implementation of HPMP Stage-III and its linkage to climate change including for HFC phase down as per the agreed schedule of the Montreal Protocol. This will include the organization of seminars/workshops, including roadshows on HPMP Stage-III, alternative technologies for HCFC phase-out and other such awareness activities.

The project is also producing gender-sensitive awareness materials such as leaflets, booklets, manuals, guidelines and SOPs for distribution at seminars, technician trainings, state offices and events such as the annual National Ozone Day celebration.

Sustainability and Scaling Up

A structured project implementation framework based on the learnings from the implementation of HPMP Stage-I and II, will be used for implementing HPMP Stage-III. Future project sustainable will be ensured by:

(a) Evaluation of potential risks to project implementation, including partner capacity, market challenges for new technologies, timeline considerations, involvement of non-participating entities.

(b) Implementation of activities, policies, and regulatory measures aimed at addressing identified risks.

(c) Ensuring sustainability of HCFC phase-out through measures such as conversions in the manufacturing sector and improved servicing practices.

(d) Establishing sustainable training programs that can continue post-HPMP completion.

(e) Establishment of monitoring mechanisms to track sustainability measures.

(f) Plans for regular reporting on the sustainability of HCFC phase-out and related activities.

(g) Ban for new HCFC-123 in Chillers for sensitive sectors on 31 December 2027.

(h) Ban on HCFC-141b use in AC-R flushing on 31 December 2025.

(i) Improving the capacity of NOU in policy development and enforcement, information collection and exchange, project management, training, promotion activities, and human resource management

(j) Establishing policies and standards to support regulations on control of Ozone Depleting Substances.

(k) Increasing public awareness

(l) Keeping in contact with the international community to work with global ozone layer protection efforts.

IV. PROJECT MANAGEMENT

Stage III will follow the execution requirements laid down by the Multilateral Fund of the Montreal Protocol.

The project will be implemented following UNDP's National Implementation Assisted Modality (Assistance to NIM or Country Officer Assistance to NIM)[3]. Under this framework, specific financial, procurement and human resources rules and execution regulations, as well as gender and environmental and social screening policies and standards of UNDP will be observed. Adherence to policies and regulations will be assured through the PMU. DoE will act as IP to the project.

The Government of Malaysia has entrusted the work related to the ozone layer protection and implementation of the Montreal Protocol on Substances the Ozone Layer to the DoE, NRES. OPS under the National Ozone Unit is housed under the Air Division of DoE, within the administration of the Deputy Director General (Operation) DoE. The NOU is the national focal point for the implementation of Montreal Protocol programs in Malaysia. NOU communicates its programmes to relevant stakeholders in Malaysia.

A PMU is a critical part of this overarching strategy as it allows additional human capacities to be added to the DOE structure and the full realization of the proposed Action Plan.

The structure established for the PMU under the stage II will be continued under stage III to retain technical and implementation expertise, and to assure a smooth transition between projects.

The PMU will continue to be facilitated by UNDP and placed within the structure of DoE, reporting directly to the National Ozone Officer. It will ensure close coordination of activities and proper reporting lines and deployment of joint activities.

[3] https://popp.undp.org/SitePages/POPPSubject.aspx?SBJID=4

V. Results Framework

Intended Outcome as stated in the UNSDCF/Country [or Regional] Programme Results and Resource Framework: Government, industry and other relevant stakeholders actively promote environmental sustainability and enhanced resilience of communities in the face of challenges of climate change, disaster risk and natural resource depletion.
Outcome indicators as stated in the Country Programme [or Regional] Results and Resources Framework, including baseline and targets: Target: Complete phase out of HCFCs by 1.1.2030 – 257.67 ODP tonne (HCFCs – Starting Point: 515.76 ODP tonnes).
Applicable Output(s) from the UNDP Strategic Plan: Solutions developed at national and sub-national levels for sustainable management of natural resources, ecosystem services, chemicals and waste.
Project title and Quantum Project Number: HCFC Phase-out Management Plan- Stage III

EXPECTED OUTPUTS	OUTPUT INDICATOR	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)							DATA COLLECTION METHODS & RISKS
			Value	Year	2024	2025	2026	2027	2028	2029	2030	
1. Regulatory Framework Improved	1.1. 257.67 ODP tonnes reduced	Donor Agreement	ODP tonne	2024	294.63	167.62	167.62	167.62	120	120	0	Verification Reports
	1.2. Ban on HCFC-123		Qty	2024	-	-	-	-	1	-	-	
	1.3. Ban on HCFC-141b		Qty	2024	-	-	1	-	-	-	-	
	1.4. Policies Compendium Developed	EXCOM 94/30	Qty	2024	-	1	-	-	-	-	1	Tranche Reports
2. Customs Officers & Enforcement Officers Capacity Building	2.1. Coordination Meetings	EXCOM 94/30	Qty	2024	2	2	2	2	2	2	2	
	2.2. Risk profile Manual Developed		Qty	2024	-	1	-	-	-	-	-	
	2.3. Training Module Developed		Qty	2024	-	-	1	-	-	-	-	
	2.4. Enforcement officers Trained		Qty	2024	-	60	60	60	60	60	50	
	2.5. Customs Officers Trained		Program	2024	-	1	2	2	2	2	-	
	2.6. Strengthening National Laboratories		Qty	2024	-	1	1	-	-	-	-	
	2.7. Laboratory Personnel Trained		Qty	2024	-	3	2	-	-	-	-	
3. Improved refrigerant RRR System	3.1. Guidelines and SOPs for RRR Activities	EXCOM 94/30	Qty	2024	-	1	-	-	-	-	-	
	3.2. TA on improved business models		Qty	2024	-	-	-	1	-	-	-	
	3.3. Training on Reclamation Practices		Qty	2024	-	-	25	20	-	-	-	
4. Technicians Capacities Built	4.1. Training Manuals and Occupational Safety Guidelines updated	EXCOM 94/30	Qty	2024	-	1	-	-	1	-		
	4.2. Master Trainers re-refreshed in the CTSP		Qty	2024	-	100	100	100	50	-	-	

	4.3. Technicians Trained (CSTP)		Qty	2024	500	1600	1600	1600	1600	1600	1500	
	4.4. Harmonization of policy and syllabus for National Certification and CSTP		Qty	2024	1	-	-	-	-	-	-	
	4.5. CSTP online system (annual maintenance / improvement)		Qty	2024	-	1	1	1	1	1	1	
	4.6. Master Trainers trained under the harmonized program		Qty	2024	-	100	100	100	50			
	4.7. Technicians certified (Harmonized Cert)		Qty	2024	-	-	500	-	-	-	-	
5. Awareness Raised	5.1. End-users Awar. Campaigns on ODS-free products	EXCOM 94/30	Qty	2024	-	-	1	1	1	1	1	Tranche Reports
	5.2. HCFC Bans/Phase-out Campaigns		Qty	2024	-	1	1	1	1	1	-	
	5.3. Capacity Building on low GWP alternative RAC technologies		Qty	2024	-	1	1	1	1	1	-	
	5.4. Refrigerant RRR Awareness Campaigns		Qty	2024	-	-	1	1	1	1	1	
6. AC-R T.A.	6.1. Technical Advisor / National Expert	EXCOM 94/30	Qty	2024	-	3	3	3	3	3	3	
7. Equipment for training and refrigerant management	7.1. Basic Training and Assessment equipment set for training centres	EXCOM 94/30	Set	2024	-	64	-	-	-	-	-	
	7.2. Toolkits for new ATCs	EXCOM 94/30	Qty	2024	-	-	23	-	-	-	-	
	7.3. Flushing kits for COE	EXCOM 94/30	Qty	2024	-	15	-	-	-	-	-	
	7.4. Good service practices tools for technicians	EXCOM 94/30	Qty	2024	-	-	500	500	500	500		
8. Chillers T.A.	8.1. Installed capacity of HCFC-123 Chillers mapped	EXCOM 94/30	Qty	2024	-	1	-	-	-	-	-	
	8.2. Needs of Chillers servicing sector assessed	EXCOM 94/30	Qty	2024	-	1	-	-	-	-	-	
	8.3. Assess alternatives landscape for HCFC-123 free Chillers	EXCOM 94/30	Qty	2024	-	-	1	-	-	-	-	
	8.4. National Strategy for Chillers Sector / Future Demands	EXCOM 94/30	Qty	2024	-		1	-	-	-	-	
	8.5. Conduct stakeholders' consultations / awareness	EXCOM 94/30	Qty	2024	-	1	1	1	1	-	-	
	8.6. Comprehensive SOPs for best practices in the servicing of HCFC-123-based chillers	EXCOM 94/30	Qty	2024	-	-	1	-	-	-	-	
9. PMU	9.1. Project Staff	EXCOM 94/30	Qty	2024	3	3	3	3	3	3	3	
	9.2. Implementation & Monitoring (Meetings & Verification Visit)		Qty		-	5	5	5	5	5	5	
	9.3 ODS Verification		Qty		-	-	1	-	1	-	1	

VI. MONITORING AND EVALUATION

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	*6-monthly Assurance Report (Jan-Jun) and (Jun-Nov)*	Slower than expected progress will be addressed by project management.	PMU	Included in PMU Budget
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	DoE and PMU	Included in PMU Budget
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	DoE and PMU	Included in PMU Budget
Tranche Implementations Reports	A tranche implementation report will be presented to the Donors, as per schedules under Table 2 and following the requirements, conditions and templates set by the Agreement attached to this PRODOC as condition to release the following Tranche.	At each scheduled Tranche	Submit the Tranche Report to the Donor	UNDP, DoE and PMU	Included in PMU Budget

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Project Review (Project Steering Committee) **(Annual Project Quality Assurance)** **Review and Make Course Corrections**	The project's governance mechanism (i.e., Project Steering Committee) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Steering Committee shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences. Internal review of data and evidence from all monitoring actions to inform decision making.	Annually	Any quality concerns or slower than expected progress should be discussed by the PSC and management actions agreed to address the issues identified. Performance data, risks, lessons and quality will be discussed by the PSC and used to make course corrections.	DoE and PMU	Included in PMU Budget

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Independent ODS Consumption Verification	Independent ODS Consumption Verification	Independent ODS Consumption Verification	Independent ODS Consumption Verification	Independent ODS Consumption Verification	Independent ODS Consumption Verification	Independent ODS Consumption Verification
Project Completion Report	NOU, Concerned Ministries Departments and UNDP	Mandatory completion report as per Donor Agreement for project closure procedures		June 2032 – MLF Agreement Completion (operational completion)	DOE	Subsumed in the Planned budget

VII. MULTI-YEAR WORK PLAN [45]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	OUTPUT INDICATORS	Planned Budget by Year								RESPONSIBLE PARTY	PLANNED BUDGET		
		2024	2025	2026	2027	2028	2029	2030	2031		Funding Source	Budget Description	Amount
1. Regulatory Framework Improved	1.1. ODS Phase-out Legislation/Policies Compendium 1.2. Issuance of sector Bans	-	25,000	24,000	24,000	24,000	24,000	49,000	-	DoE/UNDP	MLF	71400 72100	170,000
2. Customs Officers & Enforcement Officers Capacity Building	2.1 Coordination Meetings 2.2. Risk profile Manual Developed 2.3. Training Module Updated 2.4. Enforcement officers trained 2.5. Custom Officers Trained 2.6. Strengthening National Labs 2.7. Laboratory Personnel Trained	-	167,900	180,400	65,000	65,000	65,000	60,000	15,000	DoE/UNDP	MLF	71400 72100 75700	618,300
3. Improved refrigerant RRR System	3.1. Reclamation SOPs launched 3.2. TA on improved business model 3.3. Training on reclamation practices	-	15,000	8,750	32,000	-	-	-	-	DoE/UNDP	MLF	71400 72100 75700	55,750
4. Technicians Capacities Built	4.1 Training manual updated 4.2 Trainers Re-refreshed/ Trained 4.3. Technicians Trained (CSTP) 4.4 Harmonize policies and syllabus 4.5 CSTP online system 4.6. Master Trainers trained under the harmonized program 4.7. Technicians certified (Harmonized Cert)	235,000	1,234,460	1,602,000	1,102,000	917,000	702,000	655,000	-	DoE/UNDP	MLF	71400 71600 72100 75700	6,447,460
5. Awareness Raised	5.1. End-users Awareness Campaigns on ODS-free products 5.2. HCFC Bans/Phase-out Campaigns	-	80,000	125,000	125,000	125,000	125,000	45,000	-	DoE/UNDP	MLF	75700 72100	625,000

[4] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[5] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

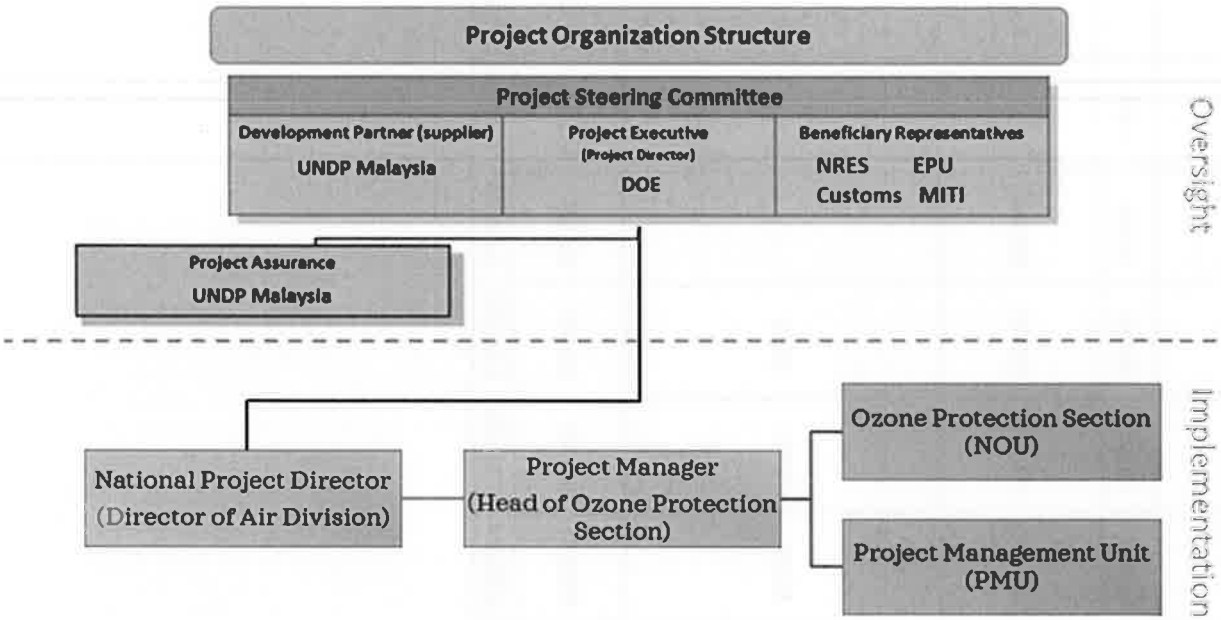
	5.3. Capacity Building on low GWP alternative RAC technologies 5.4. Refrigerant RRR Awareness Campaigns												
6. AC-R T.A.	6.1 Technical Advisor / National Expert	-	50,000	50,000	50,000	50,000	50,000	50,000	-	DOE/UNDP	MLF	71300 71400	300,000
7. Equipment for training and refrigerant management	7.1. Basic Training and Assessment equipment set for training centres 7.2. Toolkits for new ATCs 7.3. Flushing kits for COE 7.4. Good service practices tools for technicians	-	2,175,020	2,566,001	574,727	574,727	574,728	-	-	DoE/UNDP	MLF	75700 72200	6,465,203
8. Chillers T.A.	8.1. Installed capacity of HCFC-123 Chillers mapped 8.2. Needs of Chillers servicing sector assessed 8.3. Assess alternatives landscape for HCFC-123 free Chillers 8.4. National Strategy for Chillers Sector / Future Demands 8.5. Conduct stakeholders' consultations / awareness 8.6. Comprehensive SOPs for best practices in the servicing of HCFC-123-based chillers	-	89,000	46,252	5,000	5,000	-	-	-	DoE/UNDP	MLF	72100 72200 75700 71600	145,252
9. PMU	9.1. Project Staff 9.2. Implementation & Monitoring (Meetings & Verification Visit) 9.3 ODS Verification	69,500	162,000	156,000	147,000	162,000	151,000	147,000	162,000	DoE/UNDP	MLF	71800 71600 74500 75700	1,156,500
	Total	**304,500**	**3,998,380**	**4,758,403**	**2,124,727**	**1,922,727**	**1,691,728**	**1,006,000**	**177,000**				**15,983,465**

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Institutional Arrangements:

OPS is housed under the Air Division of the DoE. DoE is placed within NRES. The OPS is the Focal Point for the implementation of the Montreal Protocol in Malaysia. The OPS play a lead role in the Government's sustained efforts to phase-out ODS in Malaysia. NOU communicates its programs to relevant stakeholders in Malaysia. OPS coordinate numerous activities related to Montreal Protocol. It is responsible for the management and monitoring of the national strategy to phase out ODS in compliance with the Montreal Protocol. It is also responsible for undertaking awareness raising activities and information/data reporting.

A PSC will be established. This multi-stakeholder committee will serve to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results.



Roles and responsibilities in the projects' governance mechanism

The PSC is the dedicated oversight body for a UNDP 'Development Project' (defined in the Project Policy Management (PPM) as an instrument where UNDP "delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire project") will follow the specific ToRs. The composition of the PSC must include individuals assigned to the following three roles:

- Project Executive: This is an individual who represents ownership of the project and chairs (or co-chairs) the PSC. The Executive usually is the senior national counterpart for nationally implemented projects (typically from the same entity as the IP). For this project, two individuals will co-share the PSC (DoE and UNDP). If the project executive co-chairs the PSC with representatives of another category, it typically does so with a development partner representative. The Project Executive is the Deputy Director General (Operation) of the DoE.

- Beneficiary Representative(s): Individuals or groups representing the interests of those groups of stakeholders who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project

beneficiaries. Often representatives from civil society, industry associations, or other government entities benefiting from the project can fulfil this role. There can be multiple beneficiary representatives in a PSC. The Beneficiary representatives are NRES, Ministry of Economy, Customs, MITI.

- Development Partner(s): Individuals or groups representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the project. The Development Partner is the UNDP Resident Representative.

Implementation modality:

The project will be implemented following UNDP's National Implementation Assisted Modality (Assistance to NIM). Under this framework, specific Financial, Procurement and Human Resources Rules and Execution Regulations, as well as Gender and Environmental and Social Screening Policies and Standards of UNDP will be observed. Adherence to the UNDP's Policies and Regulations will be assured through PMU.

- Implementing Partner (IP): The IP for this project is DoE. The Director of Air Division of DoE is the National Project Director. The IP is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of the project resources and the delivery of outputs, as set forth in this document. The IP is responsible for executing this project. Specific tasks include:

    I. Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary. The IP will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.

    II. Overseeing the management of project risks as included in this project document and new risks that may emerge during project implementation.

    III. Procurement of goods and services, including human resources.

    IV. Financial management, including overseeing financial expenditures against project budgets.

    V. Approving and signing the multiyear workplan.

    VI. Approving and signing the combined delivery report at the end of the year; and,

    VII. Signing the financial report or the funding authorization and certificate of expenditures.

The IP will provide the following in-kind contribution:

a) Assist in gaining access to all relevant data and information required for the project that is accessible for public viewing.

b) Office space (i.e., room/workspace) for the Project team, consultants and experts.

c) Use of office support facilities by the Project team, consultants and experts (e.g., fax machine, stationary, photocopy machine, telephone), and secretarial support where applicable.

d) Facilities for convening meetings, workshops and seminars.

- Responsible Party: UNDP project support to IP: As requested by the IP, NRES and authorized by the MLF, UNDP, with the guidance and coordination of the IP, is responsible for providing implementation and technical support services as outlined in the Letter of Agreement (LoA) signed between UNDP and DoE, which include but are not limited to:

  (i) Identification and recruitment of project personnel.

  (ii) Procurement of goods and services.

  (iii) Identification of training / awareness activities and assistance in carrying them out.

- Other Responsible Parties: other Responsible Parties can be engaged, to assist the implementation of specific activities, outcomes or components of the project, and there can be related as governmental departments, chamber of commerce, industry associations and NGOs regarding environment management, public health, metrological verification, policy and standard, etc. If engage, they will also be responsible for providing technical support and consultations to facilitate project implementation and decision making of governance and management.

- Project Monitoring Unit (PMU): the PMU will be established, with operational support from UNDP, and placed within the structure of the IP to provide direct assistance to the National Ozone Officer (OPS) the technical and administrative capacities required to execute the project and support the IP to fulfil its project execution responsibilities. It will ensure close coordination of activities to assure the proper reporting lines and deployment of joint activities. The works undertaken by inter alia include:

  i. Carry on the relevant execution follow ups through physical on-site visits.

  ii. Manage the implementation of projects, technical assistance and other activities.

  iii. Organize missions, meetings and technical visits to project partners, stakeholders and beneficiaries.

  iv. Prepare periodic reports and reports to the PSC.

  v. Prepare technical documentation and organize of meetings for evaluation.

  vi. Make recommendations to the DoE and UNDP regarding implementation performance, achievement of milestones, field verification of enterprises and endorsement of disbursements.

  vii. Carry on the day-to-day administration of the HPMP activities (managerial and operational).

  viii. Budget and financial control of approved funds.

  ix. Prepare annual budget reviews pursuant to DoE's rules and regulations.

The Project Manager (PM) (also called project coordinator) is the senior most representative of the PMU and is responsible for the overall day-to-day management of the project on behalf of the IP, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project manager typically presents key deliverables and

documents to the board for their review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk registers.

A designated representative of the PMU is expected to attend all board meetings and support board processes as a non-voting representative.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Malaysia and UNDP, signed on (date). All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by The Department of Environment (DoE) (herewith "Implementing Partner" (IP)) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an IP does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the IP and its personnel and property, and of UNDP's property in the IP's custody, rests with the IP. To this end, the IP shall:

    a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried.

    b) assume all risks and liabilities related to the IP's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the IP's obligations under this Project Document.

3. The IP agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via https://www.un.org/securitycouncil/content/un-sc-consolidated-list.

4. The IP acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the IP, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

    (a) In the implementation of the activities under this Project Document, the IP, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" (SEA).

    (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the IP, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment (SH). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

5. a) In the performance of the activities under this Project Document, the IP shall (with respect to its own activities), and shall require from its sub-parties referred to in

paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the IP will and will require that such sub-parties will take all appropriate measures to:

(i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA

(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where the IP and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the IP and its sub-parties may use the training material available at UNDP.

(iii) Report and monitor allegations of SH and SEA of which the IP and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof.

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance.

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The IP shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the IP shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The IP shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the IP, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

7. The IP shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the

UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

9. The IP will take appropriate steps to prevent misuse of funds, fraud or corruption by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds.

10. In the implementation of the activities under this Project Document, UNDP places reasonable reliance upon the IP for it to apply its laws, regulations and processes, and applicable international laws regarding anti money laundering and countering the financing of terrorism, to ensure consistency with the principles of then in force the UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy.

11. The IP will ensure financial management, anti-corruption, anti-fraud, anti-money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

12. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the IP: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The IP agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

13. If an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The IP shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the IP's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the IP to find a solution.

14. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, credible allegation of fraud or corruption or other financial irregularities with due confidentiality.

    Where the IP becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the IP will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The IP shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

15. *Choose one of the three following options:*

    UNDP shall be entitled to a refund from the IP of any funds provided that have been used inappropriately, including through fraud, corruption or other financial irregularity, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the IP under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the IP's obligations under this Project Document.

    Where such funds have not been refunded to UNDP, the IP agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the IP for the recovery of any funds determined by UNDP to have been used inappropriately,

including through fraud, corruption or other financial irregularity, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors, and sub-recipients.

16. Each contract issued by the IP in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the IP shall cooperate with any and all investigations and post-payment audits.

17. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

18. The IP shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, mutatis mutandis, in all sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

1. **Project Quality Assurance**
2. **Social and Environmental Screening**
3. **Risk Analysis**
4. **Project Steering Committee Terms of Reference**
5. **On-Granting Provisions Applicable to the Implementing Partner**
6. **Capacity Assessment**

ANNEX 1. PROJECT QUALITY ASSURANCE

PROJECT QA ASSESSMENT: DESIGN AND APPRAISAL

OVERALL PROJECT

EXEMPLARY (5) ●●●●●	HIGHLY SATISFACTORY (4) ●●●●○	SATISFACTORY (3) ●●●○○	NEEDS IMPROVEMENT (2) ●●○○○	INADEQUATE (1) ●○○○○
At least four criteria are rated Exemplary, and all criteria are rated High or Exemplary.	All criteria are rated Satisfactory or higher, and at least four criteria are rated High or Exemplary.	At least six criteria are rated Satisfactory or higher, and only one may be rated Needs Improvement. The Principled criterion must be rated Satisfactory or above.	At least three criteria are rated Satisfactory or higher, and only four criteria may be rated Needs Improvement.	One or more criteria are rated Inadequate, or five or more criteria are rated Needs Improvement.

DECISION

- **APPROVE** – the project is of sufficient quality to be approved in its current form. Any management actions must be addressed in a timely manner.
- **APPROVE WITH QUALIFICATIONS** – the project has issues that must be addressed before the project document can be approved. Any management actions must be addressed in a timely manner.
- **DISAPPROVE** – the project has significant issues that should prevent the project from being approved as drafted.

RATING CRITERIA

For all questions, select the option that best reflects the project

STRATEGIC

1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change? • **3:** The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks. • **2:** The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change. • **1:** The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change. **Note: Projects not contributing to a programme must have a project-specific Theory of Change. See alternative question under the lightbulb for these cases.*	**3**	2 1
	Evidence 3: The project has a clear linkage to its theory of change and a strong connection to the broader goals of the Montreal Protocol.	
2. Is the project aligned with the UNDP Strategic Plan? • **3:** The project responds to at least one of the development settings as specified in the Strategic Plan and adapts at least one Signature Solution. The project's RRF includes all the relevant SP output indicators. *(all must be true)* • **2:** The project responds to at least one of the development settings as specified in the Strategic Plan[4]. The project's RRF includes at least one SP output indicator, if relevant. *(both must be true)* • **1:** The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF.	3	2 1
	Evidence 3: Project aligns with Outcome 3 and Output 2.3.	
3. Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)	**Yes**	**No**
	Yes	

RELEVANT		
4. Does the project target groups left furthest behind? • **3:** The target groups are clearly specified, prioritising discriminated and marginalized groups left furthest behind, identified through a rigorous process based on evidence. • **2:** The target groups are clearly specified, prioritizing groups left furthest behind. • **1:** The target groups are not clearly specified. *Note: Management Action must be taken for a score of 1. *Projects that build institutional capacity should still identify targeted groups to justify support*	3	2 1 **Evidence** 2: Project developed with consideration to the broad range of stakeholders affected in the project.
5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design? • **3:** Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project. • **2:** The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected. • **1:** There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence. *Note: Management Action or strong management justification must be given for a score of 1	3	2 1 **Evidence** 3: Project builds on knowledge and lessons learnt from HPMP I and II and is informed by global efforts to phase out HCFCs through the Montreal Protocol.
6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national/regional/global partners and other actors? • **3:** An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. *(all must be true)* • **2:** Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans. • **1:** No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance. *Note: Management Action or strong management justification must be given for a score of 1	3	2 1 **Evidence** 3: Ongoing collaboration with partners including Malaysian Customs and Authorised Training Centers has informed the project. Stakeholder surveys and analysis informed project design.
PRINCIPLED		
7. Does the project apply a human rights-based approach? • **3:** The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. *(all must be true)* • **2:** The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. *(both must be true)* • **1:** No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered. *Note: Management action or strong management justification must be given for a score of 1	3	2 1 **Evidence** 3: The project takes a rights-based approach under the framework of the Montreal Protocol.
8. Does the project use gender analysis in the project design?	3	2

• **3:** A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. *(all must be true)* • **2:** A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. *(all must be true)* • **1:** The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document. *Note: Management Action or strong management justification must be given for a score of 1	1 **Evidence** 2: Gender analysis has been conducted gender challenges are highlighted in the project strategy. The project will also work to ensure the empowerment of women through training and policy activities.
9. Did the project support the resilience and sustainability of societies and/or ecosystems? • **3:** Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. *(all must be true)*. • **2:** The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. *(both must be true)* • **1:** Sustainability and resilience dimensions and impacts were not adequately considered. *Note: Management action or strong management justification must be given for a score of 1	3 | 2 1 **Evidence** 3: Project Document identifies and accounts for development challenges.
10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]	Yes | No Yes
MANAGEMENT & MONITORING	
11. **Does the project have a strong results framework?** • **3:** The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. *(all must be true)* • **2:** The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. *(all must be true)* • **1:** The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. *(if any is true)* *Note: Management Action or strong management justification must be given for a score of 1	3 | 2 1 **Evidence** 3: Expected results are clearly identified in the Project Document.

12. Is the project's governance mechanism clearly defined in the project document, including composition of the PSC? • **3:** The project's governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the PSC.) PSC members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the PSC has been attached to the project document. *(all must be true).* • **2:** The project's governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the PSC, project director/manager and quality assurance roles. *(all must be true)* • **1:** The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided. *Note: Management Action or strong management justification must be given for a score of 1	3	2
	1	
	Evidence 3: Governance is clearly defined in the Project Document including ToR of the PSC.	
13. Have the project risks been identified with clear plans stated to manage and mitigate each risk? • **3:** Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders. Clear and complete plan in place to manage and mitigate each risk, reflected in project budgeting and monitoring plans. *(both must be true)* • **2:** Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk. • **1:** Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified and/or no initial risk log is included with the project document. *Note: Management Action must be taken for a score of 1	**3**	2
	1	
	Evidence 3: Project has undertaken risk analysis and Social and Environmental Screening processes as evidenced in annexes to the Project Document.	
EFFICIENT		
14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example: i) using the theory of change analysis to explore different options of achieving the maximum results with the resources available; ii) using a portfolio management approach to improve cost effectiveness through synergies with other interventions; iii) through joint operations (e.g., monitoring or procurement) with other partners; iv) sharing resources or coordinating delivery with other projects, v) using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions. *(Note: Evidence of at least one measure must be provided to answer yes for this question)*	Yes (3)	No (1)
	This project leverages on a multistakeholder approach to achieve development results as specified in the theory of change section. This project also uses a call for proposal approach with fixed price and quality-based assessment to ensure the best value for money for UNDP.	
15. Is the budget justified and supported with valid estimates? • **3:** The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have	3	2
	1	
	Evidence 3: Budget was robustly determined by the processes of application to the Multilateral Fund of the Montreal Protocol. Costs are	

been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated. • **2:** The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates. • **1:** The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget.	informed by previous phases and international examples under the Montreal Protocol.
16. Is the Country Office/Regional Hub/Global Project fully recovering the costs involved with project implementation? • **3:** The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.) • **2:** The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant. • **1:** The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project. *Note: Management Action must be given for a score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences.	3 | 2 | 1 **Evidence** 3: Budget fully covers costs of the project and considers all relevant areas of expenditure.
EFFECTIVE	
17. Have targeted groups been engaged in the design of the project? • 3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the PSC, inclusion in samples for evaluations, etc.) • 2: Some evidence that key targeted groups have been consulted in the design of the project. • 1: No evidence of engagement with targeted groups during project design.	3 | 2 | 1 **Evidence** 3: Relevant stakeholders were extensively engaged through surveys and consultation during project development.
18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?	**Yes (3)** | No (1) **Evidence** Flexibility in implementation timelines allows for unexpected circumstances.
19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum. *Note: Management Action or strong management justification must be given for a score of "no"	**Yes (3)** | No (1) **Evidence** GEN2 project
SUSTAINABILITY & NATIONAL OWNERSHIP	
20. Have national/regional/global partners led, or proactively engaged in, the design of the project? • **3:** National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP. • **2:** The project has been developed by UNDP in close consultation with national/regional/global partners. • **1:** The project has been developed by UNDP with limited or no engagement with national partners.	**3** | 2 | 1 **Evidence** 3: Implementing partner has full ownership of the project and has led development jointly with UNDP

21. Are key institutions and systems identified, and is there a strategy for strengthening specific/ comprehensive capacities based on capacity assessments conducted? • **3:** The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly. • **2:** A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment. • **1:** Capacity assessments have not been carried out.	3	2 1 **Evidence** 3: Key areas of jurisdictional development and enforcement capacity are identified.
22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?	**Yes (3)**	No (1)
23. Is there a clear transition arrangement/ phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?	**Yes (3)**	No (1)

ANNEX 2. SOCIAL AND ENVIRONMENTAL SCREENING

Project Information

Project Information	
1. Project Title	HCFC Phase-out Management Plan (HPMP) Stage III
2. Project Number (i.e. Atlas project ID, PIMS+)	
3. Location (Global/Region/Country)	Malaysia
4. Project stage (Design or Implementation)	Design
5. Date	25/09/2024

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the project mainstreams the human rights-based approach
The project aims to support Malaysia in meeting its Montreal Protocol compliance targets by focusing on expanding training on good practices and refrigerant management, particularly in sectors like Room AC, Light Commercial, and commercial refrigeration units. By training 10,000 technicians and enhancing certification schemes, the project ensures that individuals involved in the industry are equipped with the necessary skills and knowledge, which can empower them economically and socially. Through activities aimed at improving regulatory and institutional systems, such as establishing bans on the use of harmful substances and expanding capacities for control and compliance officers, the project promotes the protection of human rights by ensuring environmental sustainability and public health. By raising awareness and garnering support for the phase-out of harmful substances, the project fosters public participation in environmental decision-making processes. Overall, the project integrates human rights principles into its activities by prioritizing capacity building, strengthening regulatory frameworks, raising awareness, promoting inclusivity in policy development, and contributing to environmental justice. Through these efforts, the project aims to achieve its objectives while respecting and protecting the rights of all stakeholders involved.
Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment
The project demonstrates a multifaceted approach to improving gender equality and women's empowerment within the RAC sector. Firstly, it actively promotes the participation of women technicians in training and capacity-building programs, thus addressing the gender gap in the industry. By considering gender responsive trainings and workshops, it creates supportive environments tailored to men and women's

needs. Discussions on men and women's health, safety, equal opportunity, and insurance considerations highlight a commitment to addressing gender-specific concerns. Consultations with women groups and gender experts provide valuable insights, while gender disaggregated data collection enables the measurement of female participation across project activities. Sensitization of project staff on gender issues underscores a commitment to fostering an inclusive and gender-responsive project environment, further supported by completion of relevant UN training courses. Overall, these efforts contribute significantly to advancing gender equality and women's empowerment within the RAC sector.
Briefly describe in the space below how the project mainstreams sustainability and resilience
The project integrates sustainability and resilience by proactively addressing implementation risks and ensuring long-term viability. It tackles challenges like partner capacity and market uptake through qualitative assessments and implements policy and regulatory measures to sustain HCFC phase-out in manufacturing and improve servicing practices. Training programs are structured for post-project continuity, emphasizing environmental sustainability through discussions on global protocols and climate co-benefits. Additionally, the project reduces and eliminates the use of HCFC refrigerants in the refrigeration and air conditioning (RAC) sector through capacity building, public awareness, and advocacy. This approach aims to protect the ozone layer, mitigate global warming, and promote energy-efficient replacement systems. Monitoring and reporting mechanisms are in place to track progress, ensuring accountability and continual enhancement.
Briefly describe in the space below how the project strengthens accountability to stakeholders
The project prioritizes accountability to stakeholders through transparent processes, active consultation, and robust monitoring mechanisms. By providing detailed information on objectives and implementation timelines, the project ensures transparency and enables stakeholders to understand the project's scope and progress. Stakeholders, including government agencies, industry representatives, and academia, are actively involved in decision-making processes, such as the development of national strategies and regulatory frameworks, fostering inclusivity and enhancing the legitimacy of interventions. Regular monitoring and reporting on progress enable stakeholders to track outcomes and hold project implementers accountable, while feedback mechanisms allow for the timely resolution of concerns. Additionally, capacity-building activities empower stakeholders to fulfil their roles effectively, contributing to improved project outcomes and accountability throughout the project lifecycle

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks?	QUESTION 3: What is the level of significance of the potential social and environmental risks?			QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High
Risk Description (broken down by event, cause, impact)	***Impact and Likelihood (1-5)***	***Significance (Low, Moderate Substantial, High)***	***Comments (optional)***	***Description of assessment and management measures for risks rated as Moderate, Substantial or High***
Risk 1: Discrimination against women within the project's scope, due to nature of work under the RAC sector which is dominated by men. Related to: Principle 2: Gender Equality and Women's Empowerment, p.10	I = 2 L = 3	Low	The project will prioritize gender mainstreaming by ensuring men and women's active participation in decision-making processes and creating targeted initiatives for their empowerment.	The project design aligns with the UNDP Gender Policy and MLF's Operational Gender Mainstreaming Guidelines, with gender considerations integrated into its development. The project underwent screening using the Gender Checklist provided by the MLF, ensuring gender aspects were factored into the proposal's development. Risk management measures include oversee and support gender-sensitive activities implementation.
Risk 2: Transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation). Related to: Standard 3: Community Health, Safety and Working Conditions, 3.5	I = 3 L = 3	Moderate		Best available techniques/environmental practices will be followed during the implementation and demonstration and acquisition of refrigerant identifiers. The personnels handing the propane canister will wear protective device (clothes) and have fire extinguisher nearby. It is noted that the pilot 500g Propane steel canister is very safe. The project shall respect relevant national labour laws and international commitments related to labour and working conditions.

Risk 3: Potential risks and vulnerabilities related to occupational health and safety hazards during project operation. Participants in Technical and Vocational Education and Training (TVET) training and demonstration are exposed to flammable refrigerants. Related to: Standard 7: Labor and Working Conditions, 7.6	I = 4 L = 2	Moderate		The project will develop SOP and safety guidelines on handling, including transportation and storage of flammable refrigerants. The training will be guided by certified trainer and international advisor with safety equipment. The project will meet all applicable national environmental laws and standards and avoid, minimize, and mitigate environmental and related public and occupational health risks associated with the potential release of pollutants, wastes, and hazardous materials due to routine or non-routine circumstances.
Risk 4: Generation of waste (both hazardous and non-hazardous) could come from the improvement of physical capacities of mac TVET and demonstration low-GWP and energy efficient refrigeration system. These activities could result in leakage of Propane base refrigerant and disposal of some equipment. Related to: Standard 8: Pollution Prevention and Resource Efficiency, 8.2	I = 1 L = 3	Low	Waste generation will be very small or negligible amount because of limit scope of demonstration and training. The project will procure 30 units of R-290 Condensing (Refrigerant-grade propane) for demonstration and 60 units of residential AC equipment and relevant equipment for TVET training.	The risk mitigation, as mentioned in risk 2, will be based on the SOP and safety guidelines on handling, including transportation and storage of flammable refrigerants. Handling of hazardous waste will follow relevant national regulations and health and safety standards. If no relevant national regulations and standards, the project will use existing international health and safety standards for demonstration refrigeration systems. The project will ensure compliance with Best Available Techniques and Best Environmental Practices to dispose of obsolete appliances.
Risk 5: Climate change impacts due to global warming potential of HCFC replacement compounds.	I = 2 L = 3	Low		Where possible the project should align with Malaysia's commitments to the Kigali Amendment to the Montreal Protocol to mitigate greenhouse gas impacts of HCFC phase out.

Related to: Standard 2: Climate Change and Disaster Risks, 2.4				
Risk 6: Delays in implementation due to significant global factors/events outside project's scope. Related to: Standard 8: Pollution Prevention and Resource Efficiency, 8.4	I = 4 L = 2	Moderate	Global events, such as the COVID 19 pandemic and the corresponding lockdowns which effected HPMP 2, may cause delays in implementation, affecting Malaysia's compliance with the Montreal Protocol and prolonging the use of HCFCs.	Flexibility is built into the project implementation timeline to account for unforeseen circumstances. Where possible, measures should be implemented earlier in the project's period to avoid future challenges. Malaysia may seek to negotiate compliance with 2030 targets if globally significant event(s) compromise the implementation of key measures.

QUESTION 4: What is the overall project risk categorization?		
Low Risk	☐	
Moderate Risk	X	
Substantial Risk	☐	
High Risk	☐	

QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered?

Question only required for Moderate, Substantial and High-Risk projects

Is assessment required? (check if "yes")	☐			***Status? (completed, planned)***
if yes, indicate overall type and status		☐	Targeted assessment(s)	
		☐	Environmental and Social Impact Assessment	
		☐	Strategic Environmental and Social Assessment	

Are management plans required? (check if "yes)	X			
If yes, indicate overall type		X	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)	
		☐	Environmental and Social Management Plan which may include range of targeted plans)	
		☐	Environmental and Social Management Framework	
Based on identified <u>risks</u>, which Principles/Project-level Standards triggered?		**Comments (not required)**		
Overarching Principle: Leave No One Behind				
Human Rights	☐			
Gender Equality and Women's Empowerment	X			
Accountability	☐			
1. Biodiversity Conservation and Sustainable Natural Resource Management	☐			
2. Climate Change and Disaster Risks	X			
3. Community Health, Safety and Security	X			
4. Cultural Heritage	☐			
5. Displacement and Resettlement	☐			
6. Indigenous Peoples	☐			
7. Labour and Working Conditions	X			
8. Pollution Prevention and Resource Efficiency	X			

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included.

Signature	***Date***	***Description***
QA Assessor		UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases, PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks	
Overarching Principle: Leave No One Behind **Human Rights**	**Answer (Yes/No)**
P.1 Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
P.2 Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	No
P.3 Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	No
Would the project potentially involve or lead to:	
P.4 adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5 inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities?	No

P.6 restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	No
P.7 exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Gender Equality and Women's Empowerment	
P.8 Have women's groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
Would the project potentially involve or lead to:	
P.9 adverse impacts on gender equality and/or the situation of women and girls?	No
P.10 reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	Yes
P.11 limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services?	No
P.12 exacerbation of risks of gender-based violence?	No
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below	
Accountability	
Would the project potentially involve or lead to:	
P.13 exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14 grievances or objections from potentially affected stakeholders?	No
P.15 risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	No
Project-Level Standards	
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management	
Would the project potentially involve or lead to:	

1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes*	No
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5	exacerbation of illegal wildlife trade?	No
1.6	introduction of invasive alien species?	No
1.7	adverse impacts on soils?	No
1.8	harvesting of natural forests, plantation development, or reforestation?	No
1.9	significant agricultural production?	No
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11	significant extraction, diversion or containment of surface or ground water? *For example, construction of dams, reservoirs, river basin developments, groundwater extraction*	No
1.12	handling or utilization of genetically modified organisms/living modified organisms?	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.14	adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks		
Would the project potentially involve or lead to:		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? *For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes*	No
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)?	No
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	Yes

Standard 3: Community Health, Safety and Security		
Would the project pctentially involve or lead to:		
3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	No
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3	harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No
3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No
3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	Yes
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7	influx of project workers to project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support project activities?	No
Standard 4: Cultural Heritage		
Would the project potentially involve or lead to:		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
Would the project potentially involve or lead to:		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No

5.3	risk of forced evictions?	No
5.4	impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
Would the project potentially involve or lead to:		
6.1	areas where indigenous peoples are present (including project area of influence)?	No
6.2	activities located on lands and territories claimed by indigenous peoples?	No
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?	No
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Labour and Working Conditions		
Would the project potentially involve or lead to: (note: applies to project and contractor workers)		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life cycle?	Yes

Standard 8: Pollution Prevention and Resource Efficiency	
Would the project potentially involve or lead to:	
8.1 the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2 the generation of waste (both hazardous and non-hazardous)?	No
8.3 the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4 the use of chemicals or materials subject to international bans or phase-outs?	No
8.5 the application of pesticides that may have a negative effect on the environment or human health?	No
8.6 significant consumption of raw materials, energy, and/or water?	No

ANNEX 3. RISK ANALYSIS

#	Event	Caused by	Impact(s)	Risk Category and Sub-category *(including Risk Appetite)*	Impact, Likelihood & Risk Level *(see Annex 3 Risk Matrix)*	Risk Owner *(individual accountable)*	Risk Treatment and Treatment Owner
1	Adverse global environmental concerns through potential exacerbation of climate change	Sectors targeted by the Project may migrate to use of high/GWP cooling technologies as result of Country's Compliance Targets and project interventions.	Country's sector carbon intensity/footprint and negative impacts towards compliance to the Kigali Amendment to the Montreal Protocol	1. SOCIAL AND ENVIRONMENTAL (1.5. Climate change and disaster risks) - UNDP Risk Appetite: CAUTIOUS	Likelihood: 3 - Moderately likely Impact: 4 - Extensive Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	DOE UNDP	As per MLF Guidelines, the project will strongly promote the alternatives with lower GWP than the baseline HCFCs being replaced. Awareness Campaign component to sensitive and support the stakeholders about impacts of technology choices and support them to choose low-GWP alternatives.
2	Discrimination against women	Women may not be able to fully participate in decision making related to the Project	Women may not benefit from capacity building activities due to existing discriminations . MLF and UNDP Gender Policies and Guidelines may not be fulfilled.	1. SOCIAL AND ENVIRONMENTAL (1.2. Gender equality and women's empowerment) - UNDP Risk Appetite: CAUTIOUS	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: LOW (equates to a risk appetite of CAUTIOUS)	DOE UNDP	The project has been designed considering UNDP's Gender Policy and MLF's Operational Gender Mainstreaming Guidelines. It was screened against the Gender Checklist provided by the MLF and prepared considering gender aspects. Risk Management includes: • Recruitment of a Gender Specialist through PMU to support and monitor the implementation of gender-sensitive activities. • Develop capacity building/ awareness on Gender mainstreaming.
3	Workers at partner facilities exposed to adverse working conditions in contravention standards of ILO fundamental conventions	Employees at these facilities may be exposed to worker discrimination, be denied freedom of association and collective bargaining and occupational health and safety risks. While less likely, use of child and forced labour may also exist at the facilities.	Employees and communities are avoided to benefit from capacity building activities due to existing discriminations .	1. SOCIAL AND ENVIRONMENTAL (1.10. Labour and working conditions) - UNDP Risk Appetite: CAUTIOUS	Likelihood: 2 - Low likelihood Impact: 4 - Extensive Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	DOE UNDP	Continuous monitoring of beneficiary companies on their adherence to Labour Laws during the project. Application of Best Practices and development of Occupational Health and Safety Plan. The later, if needed, at company level. UNDP will not engage with supplier listed on the Consolidated United Nations Security Council Sanctions List, or the UNDP vendor sanctions list.
4	Project Implementation suffer delays, and technical assistance is not effectively and timely delivered to Beneficiaries	IP lack capacities to perform oversight to execute, manage and monitor their assigned roles effectively under the Project Governance Mechanism.	Project compliance targets and meeting the indicators per agreement between MLF and Malaysia	3. OPERATIONAL (3.8. Capacities of the partners) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 2 - Low likelihood Impact: 4 - Extensive Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	UNDP	UNDP will apply its Partner Capacity Assessment Tool (PCAT). The UNDP Enterprise Risk Management (ERM) Policy will be applied as a key Strategic Risk management tool.

5	Project Implementation suffer delays due to political instability or global circumstances	Events beyond the scope and control of UNDP and DOE	Project compliance targets and meeting the indicators per agreement between MLF and Malaysia	3. OPERATIONAL (3.8. Capacities of the partners) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 2 - Low likelihood Impact: 4 - Extensive Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	DOE UNDP	Flexibility is built into the project implementation timeline to account for unforeseen circumstances. Where possible, measures should be implemented earlier in the project's period to avoid future challenges. Malaysia may seek to negotiate compliance with 2030 targets if globally significant event(s) (e.g. pandemic lockdowns) compromise the implementation of key measures. The project is not politically contentious and was not affected by national political changes during stage II.

ANNEX 4. PROJECT STEERING COMMITTEE TERMS OF REFERENCE (TOR)

UNDP Standard ToR for the
Project Steering Committee of
HCFC Phase-out Management Plan for Malaysia – Stage III (Malaysia HPMP-III)

I. Background

All UNDP projects must be governed by a multi-stakeholder board or committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this ToR and to ensure standardization, henceforth, as regards project documentation, such a body shall only be referred to as the 'Project Steering Committee' (PSC). The PSC is the most senior, dedicated oversight body for a UNDP-managed project.

II. Duties and Responsibilities

The two prominent (mandatory) roles of the PSC are:

1. High-level oversight of the project

This is the primary function of the PSC. The PSC reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The PSC is the main body responsible for taking corrective actions as needed to ensure the project achieves the desired results. And its function includes oversight of annual (and as-needed) assessments of any major risks to the programme or project, and related decisions/agreements on any management actions or remedial measures to address them effectively.

The PSC also carries the role of quality assurance of the project taking decisions informed by, among other inputs, the project quality assessment. In this role the Board is supported by the quality assurer, whose function is to assess the quality of the project against the corporate standard criteria. This function is performed by a UNDP programme or monitoring and evaluation officer to maintain independence from the project manager regardless of the project 's implementation modality.

The PSC reviews updates to the project risk log.

2. Approval of key project execution decisions

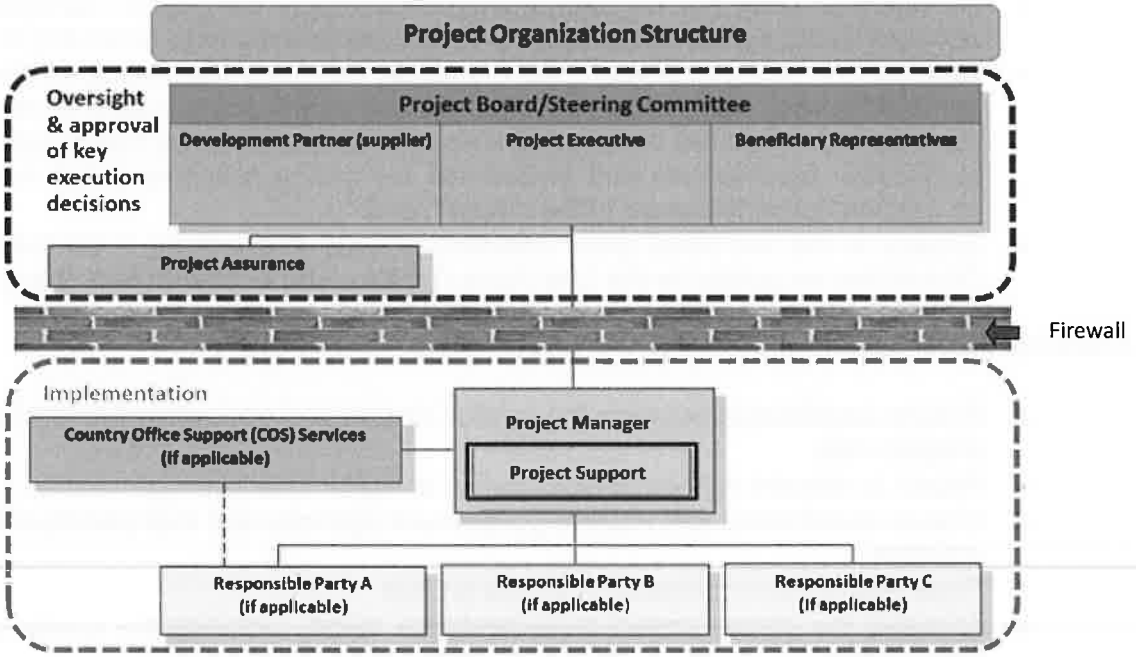
The PSC has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

The PSC is responsible for making management decisions by consensus when required, including the approval of project plans and revisions, and the project manager's tolerances. The PSC approves annual work plans and reviews updates to the project risk log.

Within the overall governance and management arrangements of the project, the role of the PSC as regards these two key functions *('High-level oversight of the project' and 'Approval of key project execution decisions')* is distinct from the roles of entities involved in the implementation of the project, namely the implementing partner (IP), responsibilities parties (if applicable), service providers and project staff.

The diagram below outlines the main entities (and their responsibilities) in the 'oversight/ approval of key execution decisions' layer and the 'implementation' layer of the project structure.

Diagram 1 – Standard Figure of Project Organization Structure vis-à-vis oversight & approval and implementation roles



In cases where UNDP or a national government entity are concurrently playing roles and represented in both layers of the project organization structure, the entity must seek to separate its project oversight and implementation duties and delineate clear lines of responsibility, reporting and accountability within the entity between their oversight and implementation functions.

In order to ensure UNDP's ultimate accountability, the PSC decisions should be made in accordance with the Quality Standards for Programming that shall ensure management for development results, best value money, fairness, integrity, transparency and effective national and international competition. An effective PSC needs credible data, evidence, quality assurance and reporting to aid decision making (see next section on supporting functions to the Board). The PSC also needs to be accountable to protect against conflicts of interest and fraud.

Specific responsibilities of the PSC include the following:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints, and promote gender equality and social inclusion (LNOB) in the project implementation.
- Review project performance based on monitoring, evaluation and reporting, including standard quality assurance checks, progress reports, risk logs, spot checks/audit reports and the combined delivery report.
- Address any high-level project issues as raised by the project manager and project assurance.
- Provide guidance on emerging and/or pressing project risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP's Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual Harassment).
- Agree or decide on project manager's tolerances as required, within the parameters set by UNDP (Manage Change in the PPM) and the donor, and provide direction and decisions for exceptional situations when the project manager's tolerances are exceeded;
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor.

- Agree or decide on a project suspension or cancellation, if required; (note that for GEF and GCF projects it is UNDP that decides to suspend or cancel and project and the PSC is informed/consulted only).
- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Receive and address project level grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the project have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the project[6]; and
- Engage in the low value grant selection process where there is no Grant Selection Committee, as guided by the Low Value Grants – UNDP Operational Guide.

Additional responsibilities of the PSC can include, but are not limited to:

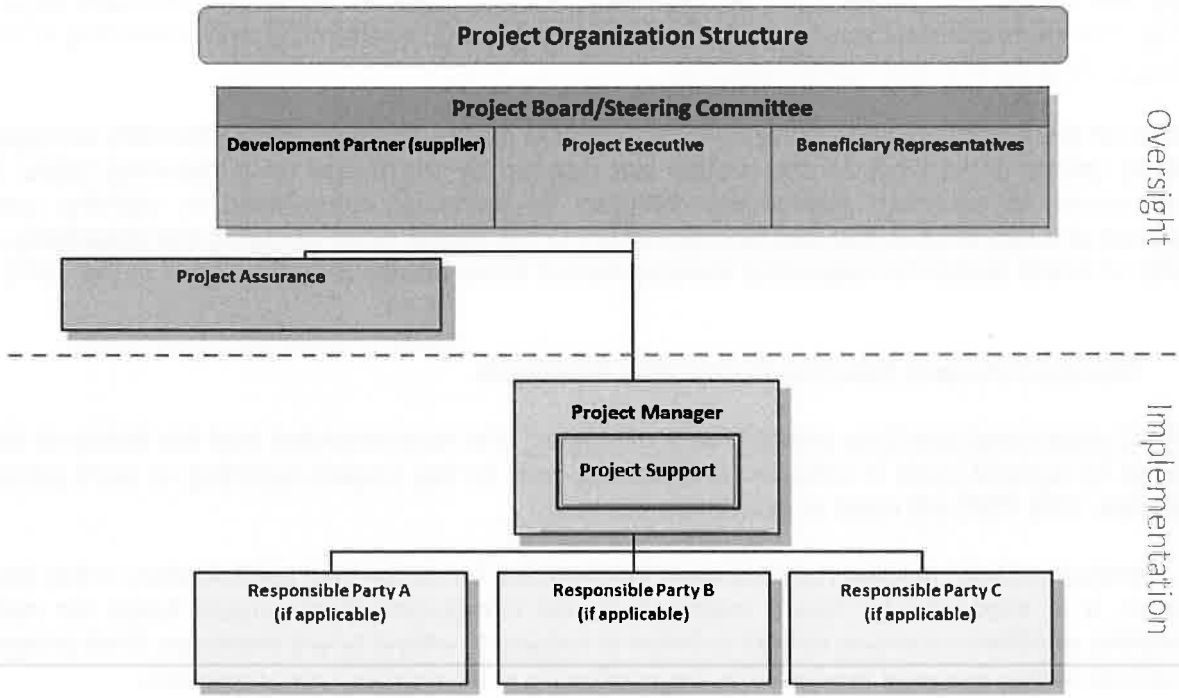
- Ensure coordination between the various donors and government-funded projects and programmes.
- Report to relevant inter-ministerial bodies or higher-level oversight bodies.
- Ensure coordination with multiple government agencies and their participation in project activities.
- Track and monitor co-financing for this project.
- Appraise the annual project implementation report, including the quality assessment rating report.
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.
- Approve the Project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.
- Review the final project report package during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.

III. Composition of the Project Steering Committee

As noted in the diagram below, every PSC in a UNDP project has three categories of formal members (e.g. voting members). The role of every formal PSC member must correspond to one of these three roles and be identified accordingly in the project documentation.

Diagram 2 – Standard Figure for a Project Organization Structure

[6] The responsibilities of the board in this regard should follow UNDP's Social and Environmental Standards (SES) as codified in the PPM.



The PSC members for the HPMP III project are comprised of the following in accordance with the three categories above:

1. **Project Director/Executive(s):** This is an individual(s) who represents ownership of the project and chairs (or co-chairs) the PSC. The executive usually is the most senior national counterpart for nationally implemented projects (typically from the same entity as the Implementing Partner), and it must be UNDP for projects that are direct implementation (DIM). In exceptional cases, two individuals from different entities can co-share this role and/or co-chair the PSC. If the project executive co-chairs the PSC with a representative of another category, it typically does so with a development partner representative. **The Project Executive is the Deputy Director General (Operation) of the DoE**.

2. **Beneficiary Representative(s):** This is an individual(s) representing the interests of those groups of stakeholders who will ultimately benefit from the project. Their primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. Often representatives from civil society, industry associations, community groups or other government entities benefiting from the project can fulfil this role. If the project has a specific geographic focus, often representatives from the government entities in the targeted area/region will play this role. There can be multiple beneficiary representatives in a PSC. **The Beneficiary representatives are NRES, Ministry of Economy, Customs, MITI**.

3. **Development Partner(s):** Individuals representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the project. There can be multiple development partners representatives in a PSC. **The Development Partner is the UNDP Resident Representative**.

A **UNDP representative must always be represented in the PSC** in either the project executive or development partner role. Where applicable, representatives from responsible parties to the project cannot sit on the PSC as a formal voting member; they can (if requested) attend board meetings as observers. Since the chief responsibility of the Board is to provide high-level oversight of project implementation, to avoid any conflicts of interest, it is not appropriate for representatives of third-party entities engaged by the project to provide services – whether responsible parties or contractors/service providers – to concurrently sit on the Board. Representatives of responsible

parties can attend board meetings (as observers) but can have no official role in board decision-making. The same principle applies to the project manager who in attending and presenting at board meetings, does so in a non-voting capacity.

In cases where the inputs and guidance of responsible parties or other entities formally engaged in providing goods or services to the project are needed by the Board on a recurring basis, it is recommended to establish appropriate advisory or technical committees or working groups composed of those entities that can formally report to the Board, while ensuring the impartiality and integrity of board decisions happening independent of those bodies (see Section V of the ToR).

IV. Standard Project Steering Committee Protocols

The PSC must meet one time annually at a minimum. It is recommended that the timing of board meetings be agreed upon in advance and corresponds to key project reporting or work planning milestones. This PSC will meet at least once per year.

PSC members cannot receive remuneration from project funds for their participation in the Board. However, it is allowable for board members to be reimbursed from project funds for certain reasonable, qualified expenses related to travel or lodging to attend board meetings. Such protocols are outlined in this ToR and the benefits are applicable to all eligible board members.

All PSCs must have rules for quorum and documentation/minuting of board decisions. All board decisions and minutes should be kept by the project management unit and UNDP. Guidelines on decisions taken in between board meetings or virtually should be clearly elaborated in the ToR of the PSC.

Unless otherwise specified, PSC decisions are made by unanimous consensus. If a consensus cannot be reached within the Board, the final decision shall rest with the UNDP representative on the PSC or a UNDP staff member with delegated authority as the programme manager.[7]

It is required that as per internationally recognized professional standards and principles of sound governance, conflicts of interest affecting board members in performing their duties must be formally disclosed if not avoidable. Where a board member has a specific personal conflict of interest with a given matter before the board, he/she must recuse oneself from their participation in a decision. No board member can vote or deliberate on a question in which he/she has a direct personal or pecuniary interest not common to other members of the board.

All board members should be presented with a ToR for the PSC, which will include the responsibilities already outlined and indicate agreed board practices and logistics.

Note: Designated Board members must sign or otherwise indicate written acceptance of the final ToR (via formal signature of the ToR, an exchange of letters or e-mail acknowledgment) for the PSC as a precondition for serving on the PSC. Please see Annex A for possible options to codify this acceptance.

Standard Outputs of Project Steering Committee Meetings

In its oversight function, the PSC will (at a minimum) review and assess the following project-related evidence at each meeting:

- Assessment of project progress to date against project output indicators (as documented in the project document results framework);

[7] UNDP has this special right since the ultimate legal and fiduciary accountability for a UNDP project, irrespective of modality, rests with UNDP and UNDP must (in line with its obligations to donors and to the Executive Board) be able to ensure that no action is taken by any body in a UNDP project that contravenes UNDP rules and regulations.

- Approval/review of annual work plans;
- Assessment of the relevant Monitoring & Evaluation mechanisms, including all evaluations and audit/ spotchecks;
- Review and assessment of the Project Risk Log (with updating/amendments as needed);
- Assessment of project spending, based on a review of the combined delivery report; and
- Review of required resources versus available funding (if applicable) and steps taken to reduce funding gap identified at the project design stage.

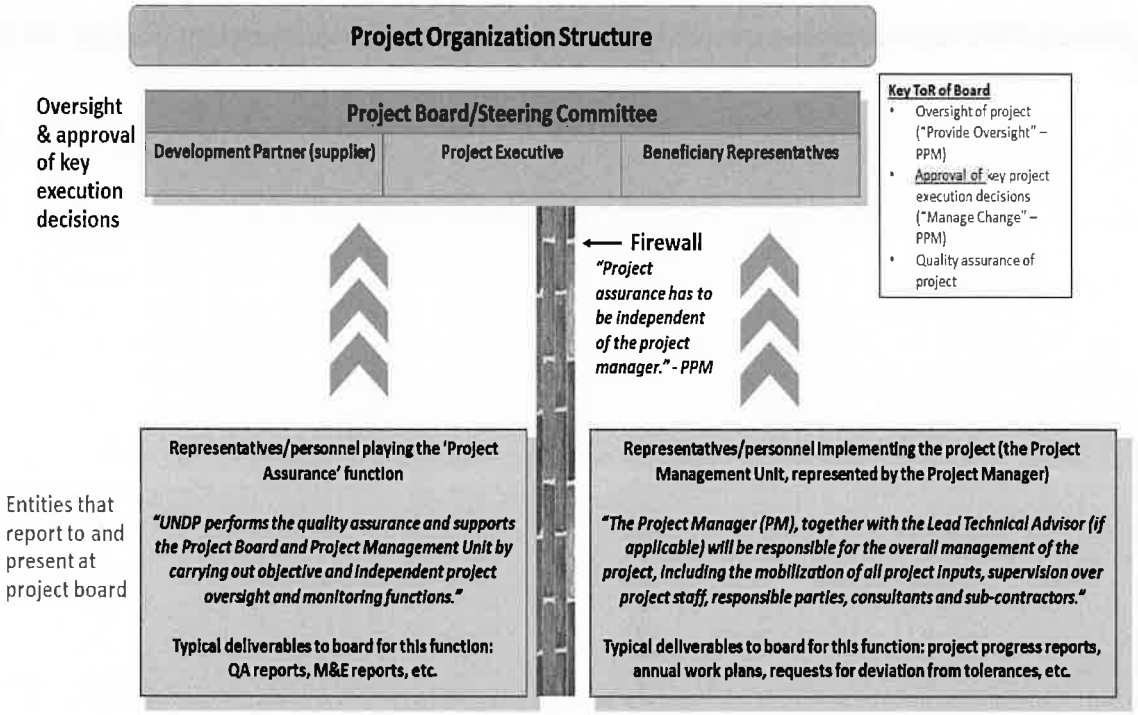
This will be in addition to the review and approval of any required project execution decisions. The output of every PSC should be a written record (minutes) that captures the agenda and issues discussed and the agreed upon action items and decisions (if applicable). Each report should clearly document the members attending the meeting (as well as all participants in the meeting) and the modality used to agree on a certain action or decision (whether formal voting or no-objection or other mechanism). All records of board meetings should be documented and kept by UNDP in their quality assurance function (see next section).

V. Support Functions to the Project Steering Committee

There are two main entities/functions outside the PSC structure whose role is to report to the PSC and support board members in effectively fulfilling their roles: project assurance and project management.

The diagram below explains the primary role of these two entities in the context of their support to Board operations. A description of these two entities follows.

Diagram 3 – Standard Figure of Project Organization Structure – Board Support Entities



Project Assurance: Project assurance is the responsibility of each PSC member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the PSC (and Project Management Unit) by carrying out objective and independent project oversight and monitoring functions, including applying UNDP's social and environmental management system to ensure the SES are applied through the project cycle. The PSC cannot delegate any of its quality

assurance responsibilities to the project manager. Project assurance is totally independent of project execution. [In the case where UNDP is also supporting project implementation, protocols should be put in place ensuring proper segregation between UNDP's role in the Board and in the function of project assurance, and any concurrent role in implementation].

A designated representative of UNDP playing the project assurance role is expected to attend all PSC meetings and support board processes as a non-voting representative. It should be noted that while in certain cases UNDP's project assurance role across the project may encompass activities happening at several levels (e.g. global, regional), at least one UNDP representative playing that function must, as part of their duties, specifically attend board meetings and provide board members with the required documentation required to perform their duties.

The UNDP representative playing the main project assurance function is the UNDP Malaysia Monitoring and Evaluation Analyst.

Project Support, this function is often covered by the Project Management Unit: The Project Manager (PM) is the senior most representative of the Project Management Unit (PMU) and is responsible for the overall management of the project on behalf of the Implementing Partner, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project manager typically presents key deliverables and documents to the Board for review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk logs.

A designated representative of the PMU is expected to attend all board meetings and present the required progress reports and other documentation needed to support board processes as a non-voting representative.

The primary PMU representative attending board meetings is: Senior Assistant Director, Air Division, DoE.

ANNEX 5. ON-GRANTING PROVISIONS APPLICABLE TO THE IMPLEMENTING PARTNER

Whereas the Implementing Partner (IP) has been selected by UNDP and the Government to undertake grant-making activities under the Agreement in accordance with the Project Document, the IP agrees to be bound by the following additional provisions:

1. Grant Award Process

1.1 The IP shall be fully accountable for the completion of all grant making activities in accordance with its financial regulations, rules and policies, to the extent that they are consistent with UNDP's grant policies and Financial Regulations and Rules. If they are not consistent, UNDP's grant policies and Financial Regulations and Rules must be followed.

1.2 The IP shall conduct an assessment of grant recipient proposal(s) against set selection criteria established in the Project/Portfolio Document or in the call for proposals, and shall submit eligible grant proposal(s) to the Project/Portfolio Board or designated grant selection committee for consideration and final selection.

1.3 The IP shall ensure that:

a. the grant award process is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants;
b. all stages of the grant award process are formally documented through standardized checklists and forms;
c. grants are awarded in accordance with formal rules of procedure, including adequate due diligence policies and processes;
d. the evaluation process is based solely on the established criteria for eligibility, selection and exclusion as indicated in the call for proposals;
e. the grant recipient is duly organized and in good standing in its state/country of organization, as well as the eligibility of activities to be carried out with the grant award;
f. all applicants are notified in writing of the grant award outcome;
g. the grant award decision is made public within a reasonable timeframe following its issuance;
h. grant funds are channelled transparently and effectively to grant recipients;
i. no grant is awarded retroactively for activities already started or completed at the time of the application; and
j. procedures are in place (and set forth in any agreements the IP enters into with grant recipients pursuant to this Agreement) to:
    a. recover grant funds unduly paid, and/or to prevent and address irregularities and fraud by the grant recipient
    b. suspend, reduce or terminate the grant if the grant recipient fails to comply with its obligations.

1.4 Funding provided by the IP to any individual grant recipient shall not exceed $150,000 per individual grant and $300,000 on a cumulative basis within the same programme period.

2. Managing and Monitoring Performance of Grant Recipient(s)

2.1 The IP shall supervise and monitor the grant recipient's activities and its achievement of specified results pursuant to the grant proposal selected by the Project/Portfolio Board or designated grant selection committee, including the schedules set forth therein.

2.2 The IP shall measure the grant recipient's performance based on results achieved against agreed performance targets in the grant agreement. Performance shall be monitored and assessed through the progress narrative and financial reports specified in Section 3 below.

2.3 The IP shall ensure that each deliverable for which a grant recipient is responsible for achieving has an effective performance target against which the grant recipient must report periodically and which the IP will monitor through regular reporting, at least on an annual basis.

2.4 UNDP may, during the term of the Agreement, undertake various independent assurance measures (such as spot checks or audits) regarding the IP's activities that are the subject of this Agreement, including monitoring and oversight, as well as independent assurance measures of the Responsible Party (where applicable) and grant recipients' programmatic and financial activities.

3. Reporting and Audit

3.1 The IP shall have in place its own systems to assess and monitor the grant recipient's activities and use of grant funds, including reporting and audit requirements.

3.2 The IP shall ensure the timeliness and accuracy of the grant recipient's reporting in relation to the grant and shall be responsible for the management of the grant recipient's audits. The IP shall determine the frequency of audits of grant recipient(s), evaluate audit quality, and monitor audit findings and any corrective measures to ensure resolution. Notwithstanding the above, UNDP shall have the right to audit or review the IP's and the grant recipient's related books and records as it may require.

3.3 The IP shall consolidate the reporting from grant recipient(s) and submit **annual financial and narrative progress reports** to UNDP no later than 30 days after the end of the year. In the event that the IP engages a Responsible Party to undertake its grant-making obligations and responsibilities (as further described in Section 5 below), the IP shall cause the RP to consolidate the **annual financial and narrative progress reports** from grant recipient(s) and submit the aforementioned to the IP no later than 30 days after the end of the year. The IP will in turn review and submit the consolidated reports to UNDP no later than 45 days after the end of each year.

3.4 The IP shall provide progress reports ("Performance Reports") including financial and narrative information, to UNDP at least 30 days before the expected release of the next tranche or at least annually within 30 days after the end of each year until the activities have been completed. In the event disbursement of funds from UNDP to the IP is to be made quarterly, Performance Reports should be submitted to UNDP on a quarterly basis. The Performance Reports should include a dated certification by the IP's representative with institutional responsibility for financial reporting.

3.5 The IP shall ensure that the grant recipient(s) are audited in accordance with the terms of the relevant agreements. Upon request, the IP shall furnish or cause to be furnished to UNDP a copy of audit reports of the grant recipient(s).

4. Responsibility of the IP

4.1 The IP shall be solely liable for claims by third parties arising from the grant recipient's acts and/or omissions in the course of performing activities under the agreement entered into with the IP pursuant to this Agreement. UNDP shall assume no responsibility for the actions of grant recipients and shall in no way be held liable for third party claims arising therefrom.

5. Engagement of a Responsible Party to Undertake the IP's Grant-Making Responsibilities and Obligations

In the event that the IP engages a Responsible Party ("RP") to undertake its grant-making responsibilities, the IP agrees to the following additional provisions:

5.1 In selecting an RP to undertake the grant-making activities, the IP shall use the same capacity assessment process and due diligence standards applied by UNDP to assess the IP's financial and grant management skills prior to signing this Agreement.[1] The IP shall select the RP in consultation with the Project/Portfolio Board, as such term is defined in the Project/Portfolio Document, and which includes UNDP and the IP.

5.2 The IP shall sign an agreement with the RP, the terms of which shall be subject to, and construed in a manner that is fully in accordance with, all of the provisions of this Agreement. The IP shall remain responsible for the acts and omissions of the RP in relation to the on-granting activities as if they were the acts and omissions of the IP.

5.3 The IP shall ensure that all provisions, commitments and performance standards that apply to the IP in Paragraphs 1 – 3 above shall apply to the RP unless otherwise agreed by UNDP.

5.4 The IP shall ensure that each responsibility contracted to the RP has an effective performance indicator against which the RP must report periodically and which the IP will monitor through regular reporting and spot-checking, at least on an annual basis.

5.5 Funding provided by the RP to any individual grant recipient shall not exceed $60,000 per individual grant and $120,000 on a cumulative basis within the same programme period.

5.6 The disbursement of grant-making funds from UNDP to the IP shall be made quarterly and in arrears upon submission to and acceptance by UNDP of the quarterly narrative and financial reports provided in Paragraph 3.4 above.

5.7 Payments from the IP to the RP must be made as Performance-Based Payments and contingent solely upon or subject to the achievement of specific results. The RP shall self-finance all or a significant portion of the grant funds necessary to achieve the required measurable results until the pre-agreed performance measures are achieved by the RP and the grant recipients, as measured and approved by UNDP.

5.8 The IP shall ensure that the RP is audited in accordance with the terms of the relevant agreements. Upon request, the IP shall furnish or cause to be furnished to UNDP a copy of audit reports of the RP.

5.9 Any attempted or purported assignment, delegation or other transfer of obligations of the IP set forth in the above on-granting Provisions shall be void and have no effect, except with the prior written consent of UNDP.

[1] The UNDP Partner's Capacity Assessment tool is available here - Partner Capacity Assessment.

ANNEX 6. CAPACITY ASSESMENT

Please see attached micro assessment report.

Deloitte.

United Nations Development Programme (UNDP) Malaysia

Micro Assessment Report

Department of Environment/ Jabatan Alam Sekitar (DOE)

March 2022

United Nations Development Programme

United Nations Development Programme in Malaysia

Level 10, Menara PJH,

No. 2 Jalan Tun Abdul Razak,

Precinct 2, 62100 Putrajaya.

To: Mr. Patrick Pee, Team Leader, UNDP Malaysia

We have performed a micro-assessment of **Department of Environment/ Jabatan Alam Sekitar (DOE).** DOE was originally established as the Environment Division under the Ministry of Local Government and Environment on 15 April 1975. On 1 September 1983, it was upgraded to a fully-fledged Department and known as the Department of Environment. DOE was now transferred under the Ministry of Environment and Water Malaysia (KASA).

This micro assessment was undertaken in accordance with the UNDP HACT Framework (2014) and the Global Long Term Agreement (LTA) for Professional Assessment, Assurance and Advisory Services (Number LTAS-42106653).

The following procedures were performed in the execution of this micro-assessment:

- Review of general information regarding the Implementing Partner (IP) as received from UNDP Malaysia (UNDP MY);
- Interview of personnel in KASA. Refer to Annex IV for a list of persons met; and
- Administration of the micro-assessment questionnaire.

Our report has been discussed with the management of **DOE** and **UNDP MY** on **18 March 2022** and their comments and responses to the issues highlighted have been incorporated. Although we have included management's responses herein, we take no responsibility for their sufficiency or the effective implementation of any corrective action.

This report is intended solely for the information and use by **UNDP MY** and the **DOE** and is not intended to be used, and should not be used by anyone other than these specified parties.

Muzafar Kamal Mahmood
Engagement Partner
March 2022

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Abbreviations

Abbreviation	Detail
AWP	Annual Work Plan
BPK	*Bahagian Pentadbiran dan Kewangan*/ Administration and Finance Division
DOE	Department of Environment/ *Jabatan Alam Sekitar*
CCTV	Closed Circuit Television
CIDB	Construction Industry Development Board
EiMAS	Environment Institute of Malaysia
eGPA	electronic Government Procurement Application
ePerolehan	*Sistem ePerolehan*
iGFMAS	integrated Government Financial Management Accounting System
HACT	Harmonized Approach to Cash Transfers
HPMP	HCFC Phase-out Management Plan
IP	Implementing Partner
IS13	Institutional Strengthening Project (Phase XIII)
JANM	*Jabatan Akauntan Negara Malaysia*/ Accountant General's Department of Malaysia
JKPAK	*Jawatankuasa Pengurusan Aset Alih Kerajaan*
JKSH	*Jawatankuasa Sebut Harga*/ Quotation Committee
JPPJ	*Jawatankuasa Pembangunan Peringkat Jabatan*/ Departmental Development Committee
KASA	Ministry of Environment and Water Malaysia/ *Kementerian Alam Sekitar dan Air*
KPI	Key Performance Indicator
KWA	*Kumpulan Wang Amanah*/ Trust Fund
LOA	Limit of Authority
LP	*Lembaga Perolehan*/ Procurement Board
LTA	Long Term Agreement
MACC	Malaysian Anti-Corruption Commission
MOF	Ministry of Finance
Moore Stephens	Moore Stephens LLP Chartered Accountants
NACP	National Anti-Corruption Plan
NADM	National Audit Department of Malaysia / *Jabatan Audit Negara*
NBO	National Budget Office/ *Pejabat Belanjawan Negara*

OACP	Organization Anti-Corruption Plan
POPP	Programme and Operations Policies and Procedures
PTJ	*Pusat Tanggungjawab*
SAP GUI	SAP Graphical User Interface
SPA	*Sistem Pengurusan Aset*
SPS	*Sistem Pengurusan Stor*
SPPA	*Sistem Pemantauan Pengurusan Aset*
UAD	*Unit Audit Dalam*/ Internal Audit Department
UNDP	United Nations Development Programme
UNDP MY	United Nations Development Programme in Malaysia

1 Background, Scope & Methodology

1.1. Background to the Micro-Assessment

The micro-assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners.

The micro-assessment assesses the IP's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an IP.

1.2. Scope of the Micro-Assessment

The micro-assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the IP legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement;
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the Implementing Partner.

It takes into account results of any previous micro assessments conducted of the Implementing Partner.

1.3. Methodology applied during the Micro-Assessment

We performed the micro-assessment from **29 November 2021 to 10 March 2022.**

Through discussion with management, observation and walk-through tests of transactions, we have assessed the Implementing Partner's and the related internal control system with emphasis on:

- The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations agencies;
- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

We discussed the results of the micro assessment with **UNDP MY** personnel and the IP prior to finalization of the report. The list of persons interviewed during the micro-assessment is set out in Annex IV.

2 Summary of Risk Assessment Results

The table below summarizes the results and main internal control gaps found during the application of the micro-assessment questionnaire (in Annex V). Detailed findings and recommendations are set out in section 3 of this report. Refer to **Annex I** for a detailed outline of the risk rating criteria.

<table>
<tr><th>No.</th><th>Tested subject area</th><th>Risk assessment</th><th>Brief justification for rating (main internal control gaps)</th></tr>
<tr><td>1.</td><td>Implementing partner</td><td>Low</td><td>

DOE is a department established under the Ministry of Environment and Water of Malaysia/ Kementerian Alam Sekitar dan Air ("KASA"). As a federal agency, DOE complies with the jurisdiction of the Government of Malaysia.
As of the last day of the assessment, 10 March 2022, there are two (2) ongoing programmes supported by UNDP, namely HCFC Phase-out Management Plan ("HPMP") Stage-II and Institutional Strengthening Project (Phase XIII, "IS13"). Following are the resources (in USD) received for each project:
<table>
<tr><th>Project</th><th>Source</th><th>Amount (USD)</th></tr>
<tr><td rowspan="2">HPMP II</td><td>Montreal Protocol</td><td>6,138,063.00</td></tr>
<tr><td>Government of Malaysia</td><td>300,000.00</td></tr>
<tr><td colspan="2">Total Resources</td><td>6,438,063.00</td></tr>
<tr><td>IS13</td><td>Montreal Protocol</td><td>357,760.00</td></tr>
</table>

DOE is required to adhere to the statutory reporting requirements by submitting statements and reports[2] to KASA for tabulation before routing to the Government of Malaysia for review and approval.

</td></tr>
</table>

[1] Refers to Annex I: Risk Rating Guide Used in Micro Assessment Questionnaire.

[2] Based on the sample document, *Penyata Terimaan dan Bayaran 2021,* it is understood that (4) copies of *Penyata Terimaan dan Bayaran* shall be produced by appointed *Akaun Amanah* ("AA", Trust Account)/ *Kumpulan Wang Amanah* ("KWA") officer for a year term ending on 31st of December. Submission of these reports must be made to *Ketua Audit Negara* (Auditor

<table>
<tr><th>No.</th><th>Tested subject area</th><th>Risk assessment</th><th>Brief justification for rating (main internal control gaps)</th></tr>
<tr><td></td><td></td><td></td><td>

Based on the sample meeting minutes for the Mesyuarat Direktorat Jabatan Alam Sekitar Malaysia Bilangan 3 Tahun 2021 (DOE Directorate Meeting No.3 Year 2021) and Mesyuarat Direktorat Jabatan Alam Sekitar Malaysia Bilangan 4 Tahun 2021 (DOE Directorate Meeting No.4 Year 2021)[3], it is noted that the governing bodies meet on a quaterly basis to perform oversight functions for the project.
As a government agency, financial stability is guaranteed as DOE receives funds through the national budget from the Ministry of Finance ("MOF"). According to the 'Penyata Kewangan Kerajaan Persekutuan 2019' ('Federal Government Financial Statements 2019') and 'Penyata Kewangan Kerajaan Persekutuan 2020' ('Federal Government Financial Statements 2020'), the financial statistics are shown as follows:

<table>
<tr><th></th><th>2019 (in RM million)</th><th>2020 (in RM million)</th></tr>
<tr><td>Total Assets</td><td>59,230</td><td>66,094</td></tr>
<tr><td>Total Liabilities</td><td>55,509</td><td>96,497</td></tr>
<tr><td>Total Revenue</td><td>264,415</td><td>225,075</td></tr>
<tr><td>Total Expenditure</td><td>317,516</td><td>313,979</td></tr>
</table>
</td></tr>
</table>

General) before or on 28th of February the next year. MOF and *Jabatan Akauntan Negara Malaysia* ("JANM", Accountant General's Department of Malaysia) must also be notified at submission.

[3] The meetings were held on 12 July 2021 and 13 October 2021 respectively with the attendees such as, *Ketua Pengarah JAS* (Director General of DOE), *Pengarah Bahagian Pentadbiran dan Kewangan* (Director of Administration and Finance Division), *Pengarah Institut Alam Sekitar Malaysia* (EiMAS)/ Director of Malaysian Institute of Environment (EiMAS), etc. The meeting discussions include achievement status of divisional enforcement inspections and actions, internal administration and management measures such as reporting review, proposed terms of reference ("TOR") for upcoming coordination meeting, etc.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			• An agency-specific Organizational Anti-Corruption Plan ("OACP", JAS 2020-2024)[4] for JAS was developed by *Unit Integriti* (Integrity Unit), aligned with National Anti-Corruption Plan's ("NACP" 2019-2023) vision and commitment. • If DOE receives a disclosure of improper conduct/ complaint of detrimental action, the Integrity Unit shall conduct an investigation, prepare a report[5] and present it to the *Ketua Pengarah* (Director General) of DOE in the *Mesyuarat Jawatankuasa Anti Rasuah* (Anti-Corruption Committee Meeting). **Conclusion**: Controls are in place with no exception was noted.
2.	Programme management.	Low	• DOE has an internal committee, *Jawatankuasa Pembangunan Peringkat Jabatan* ("JPPJ", Departmental Development Committee) to meet on a monthly basis for managing, evaluating, and overseeing project expenditure, performance, implementation and procurement planning. • Looking into the sample Annual Work Plan ("AWP")[6] for HPMP II and IS13, it is noted that clear and comprehensive work plans are in place to provide proper guidance in the utilization of time, resources and budget. • The monitoring and evaluation are undertaken in compliance with the UNDP Programme and Operations Policies and Procedures ("POPP") and UNDP Evaluation Policy, in which DOE is subject to mechanisms such as Inception Workshop[7], Progress Report[8], audit, visit field sites (if deemed necessary by UNDP MY), etc.

[4] The OACP JAS 2020-2024's focus areas are on the following three (3) aspects, (a) enforcement operations; (b) sustainable development input; and (c) administrative management.

[5] The report shall contain finding of the investigation and recommendations for further steps to be taken.

[6] The AWP comprises details as follows, (i) Expected Outputs; (ii) Planned Activities; (iii) Targets for Planned Activities; (iv) Timeframe; (v) Budget Description; and (vi) Budget Allocation.

[7] The objective of the workshop is to assist project team to understand their goal and objective, prepare and finalise annual work plan, introduce project staff and detail their roles and responsibilities.

[8] Progress Reports are mandatory for all UNDP-supported projects. They are Quaterly Progress Report, Annual Progress Report and Mid-Year Progress Report.

<table>
<tr><th>No.</th><th>Tested subject area</th><th>Risk assessment</th><th>Brief justification for rating (main internal control gaps)</th></tr>
<tr><td></td><td></td><td></td><td>• An independent assessment had been conducted by Moore Stephens LLP Chartered Accountants ("Moore Stephens") in assessing the internal controls[9] of DOE, which was reported on 5 July 2016. It is noted that there were no management control findings and as a consequence, no follow-up action is required to be taken by DOE.
Conclusion: Controls are in place with no exception was noted.</td></tr>
<tr><td>3.</td><td>Organizational structure and staffing.</td><td>Low</td><td>• DOE adheres to the policies established by the Federal Government for recruitment, employment and personnel practices, i.e. 'Public Officers (Appointment, Promotion and Termination of Service) Regulations 2012' and 'Garis Panduan Permohonan Pengisian Kekosongan Jawatan'/ 'Guidelines on the Application in Filling the Vacancies'[10].
• The organizational structure is thoroughly charted for the BPK, with the distinct demarcation between five (5) underlying sections[11]. In each five (5) sections further division is noted, with each subdivision focusing on a certain function[12].
• Further noted from the Unit Organizational Chart, BPK is adequately staffed with a total of 65 personnel[13] as of 28 February 2022. The breakdown is as follows:
<table>
<tr><th>No.</th><th>Section</th><th>Number of Staff</th></tr>
</table></td></tr>
</table>

[9] Seven (7) subject areas were assessed, namely implementing partner, programme management, organizational structure and staffing, accounting policies and procedures, reporting and monitoring, information systems and procurement.

[10] The 'Public Officers (Appointment, Promotion and Termination of Service) Regulations 2012' with a document number of P.U. (A) 1 and was effective on 1 January 2012. On the other hand, *'Garis Panduan Permohonan Pengisian Kekosongan Jawatan'/* 'Guidelines on the Application in Filling the Vacancies' has a document number of SPA:U/2400/Jld.5(12) and is remained in the first revision in year 2019. Both policies were established and approved by the Government of Malaysia.

[11] They are *Seksyen Pentadbiran dan Inovasi*, *Seksyen Pengurusan Aset*, *Seksyen Pembangunan*, *Seksyen Kewangan Mengurus* and *Seksyen Sumber Manusia.*

[12] For example, the *Seksyen Kewangan Mengurus* (Financial Management Section) and *Seksyen Pembangunan* (Development Section) are under the *Seksyen Kewangan* (Finance Section) which are headed by *Penolong Pengarah Kewangan (Mengurus)/* Assistant Director of Finance (Management) Grade WA41 and *Penolong Pengarah Kewangan (Pembangunan)/* Assistant Director of Finance (Development) Grade M41 to manage operational expenditure, i.e. emolument, reimbursement, payment for procurement, etc. and development expenditures, i.e. research, establishment of environmental guidelines, etc. of DOE respectively.

[13] The calculation does not include the directorate heads and their assistants, i.e. *Pengarah (Pentadbiran, Gred M54)*/ Director (Administration, Grade M54), *Ketua Penolong Pengarah (Pentadbiran, Gred M48)*/ Principal Assistant Director (Administration, Grade M48) and *Setiausaha Pejabat (Gred 29)*/ Office Secretary (Grade 29).

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)

1	*Seksyen Pentadbiran dan Inovasi* (Administrative and Innovation Section)	29
2	*Seksyen Pengurusan Aset* (Asset Management Section)	4
3	*Seksyen Pembangunan* (Development Section)	5
4	*Seksyen Kewangan Mengurus* (Finance Management Section)	11
5	*Seksyen Sumber Manusia* (Human Resource Section)	16
Total		**65**

- A training program[14] for DOE staff is provided by the EiMAS. Applications to attend programs conducted by EiMAS must be submitted to the Director of EiMAS. Upon approval, a Training Registration Form is required to be filled out seven (7) days before the training and a confirmation email will be issued to participants along with Zoom's invitation link.
- According to *'Pindaan Pelaksanaan Tapisan Keselamatan Bagi Pengawai Yang Dilantik Dalam Perkhidmatan Awam'*[15], public service officers are required to undergo two (2) background assessments[16] conducted by the *Suruhanjaya Perkhidmatan Awam* (Public Services Commission of Malaysia)[17] prior to and after their employment.

[14] Based on the 2020 course schedule for EiMAS DOE, it is identified that courses provided include aspects such as Environmental Management and Impact Assessment, Scheduled Waste Management, Water Quality Management, Quality Management, etc.

[15] The policy, *'Pindaan Pelaksanaan Tapisan Keselamatan Bagi Pengawai Yang Dilantik Dalam Perkhidmatan Awam'* with the document number of JPA.BK(S) 256/6/26 Jld.2 (18), was approved by the General Director of Public Service on 20 April 2011.

[16] Officers who fail the background verification will be terminated from the services in accordance with *Peraturan 49, Peraturan-Peraturan Pegawai Awam (Kelakuan dan Tatatertib) 1993.*

[17] Public Services Commission of Malaysia is responsible for the general administration of the Public Services of Malaysia's Federal Government. It also establishes the rules and regulations for the conduct of all members.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			Conclusion: Controls are in place with no exception was noted.
4.	Accounting Policies and procedures.	Low	• DOE uses the iGFMAS as the accounting system and it allows recording of financial transactions from non-government organizations, *i.e. United Nations agencies*. • The budget requisition shall be submitted annually via *Sistem MyResults* and to be deliberated in *'Jawatankuasa Khas Penetapan KPI Perkhidmatan Awam KPI (Tier 1)'*[18]. Upon approval, an official letter, *Surat Kebenaran Belanja* will be issued by MOF with the approved amount to be used in the upcoming year. • The actual expenditures are calibrated against the budget on a quarterly basis[19] in which the results shall be documented in *Laporan Prestasi*. The report shall be submitted to *Pejabat Belanjawan Negara* (NBO, National Budget Office) of MOF as required by the MOF's policy, *'Anggaran Perbelanjaan Persekutuan 2021'*[20]. • Based on the sample Invoice[21], it is noted that the quantity, *i.e. 1 service unit*, amount[22] and other terms align with those indicated in the *Pesanan Kerajaan* (Purchase Order), *Pesanan Penghantaran* (Delivery Order), *Nota Penerimaan Bekalan/Perkhidmatan* (Goods/ Service Received Note) and *Arahan Pembayaran* (Payment Instruction).

[18] The meeting was chaired by the *Ketua Setiausaha Negara* (Chief Secretary of Malaysia) with the attendance of the representatives from the MOF.

[19] The deadlines for *Laporan Prestasi 2021* are (i) Quarter 1 - 30 April 2021; (ii) Quarter 2 - 31 July 2021; (iii) Quarter 3 - 31 October 2021; and (iv) Quarter 4 and Year 2021 - 31 January 2022.

[20] The document number for the policy is PB 1.2 and it was established by the MOF.

[21] The invoice was generated for Yes Events and Branding Sdn Bhd on 15 October 2021 for server rental service for departmental program.

[22] It is noted from the invoice that the total amount of the transaction is RM10,000 and the amount in Arahan Pembayaran has further broken the payment down into RM9,920 to Yes Events and Branding Sdn Bhd and RM80 (0.8%) one-off service charge to Commerce Dot Com Sdn Bhd for using *ePerolehan*.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			• Further noted from the payment to Yes Events and Branding Sdn Bhd, *Arahan Pembayaran* has been approved at an authorized level[23] and is in line with the LOA *('Lampiran A1 - Format Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal –PTJ[24]').* • The preparation of payroll expenditure is executed by BPK, Grade W22 and above and approved by Grade W32 and above via iGFMAS. • For staff reimbursement, submission of *Borang Tuntutan Elaun Perjalanan Dalam Negeri WP1.4 Bagi Bulan/ Borang Tuntutan Elaun Perjalanan Ke Luar Negeri Bagi Bulan*[25] as well as relevant supporting documents, *i.e.* receipts/ Invoice, etc. are required to facilitate the claiming process. • The following functional responsibilities are duly segregated: (a) Authorization to execute a transaction - Respective divisions/ personnel (requestor), purchases shall be done via the *ePerolehan*. (b) Recording of the transaction - Account Assistant/ Senior Account Assistant/ Account Assistant Grade W22/ Account Assistant Grade W19; (c) Receiving - *Pegawai Penerima* (Receiving Officer) shall perform receiving and update the goods received in the *ePerolehan*; (d) Payment - *Seksyen Kewangan dan Mengurus* (Finance Management Section) is responsible for carrying out the payment via iGFMAS.

[23] *Arahan Pembayaran* had first been verified by *Penolong Akauntan Gred W29* (Accountant Assistant Grade W29) on 15 October 2021 and was subsequently approved by *Penolong Pengarah* (Assistant Director) on 20 October 2021.

[24] PTJ refers to a specific segment or organizational unit for which responsible for its business purposes and objectives, *i.e. Seksyen Kewangan Mengurus* (Finance Management Section), *Seksyen Sumber Manusia* (Human Resources Section), *Seksyen Pengurusan Aset* (Asset Management Section), etc.

[25] *Borang Tuntutan Elaun Perjalanan Dalam Negeri WP1.4 Bagi Bulan* is used for intrastate travel whereas *Borang Tuntutan Elaun Perjalanan Ke Luar Negeri Bagi Bulan* on the other hand is used for interstate travel. The form comprises details such as name, designation, bank account, travel description, etc.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			• Bank reconciliation[26] starts by obtaining/ downloading monthly bank statements from the bank. The statement shall subsequently be uploaded onto iGFMAS and the system will diligently reconcile it against the bank ledger report. Should there be any discrepancies, a *Laporan Penyata Penyesuaian Bank* (Bank Reconciliation Statement Report) will be generated in delineating the discrepancies and is subject to be submitted to the NADM. • DOE is limited to cash payment for a transaction, not above RM500 per receipt and is allowed to hold cash at a maximum of RM5,000[27]. • DOE does not have an Internal Audit Department *('UAD')*. An audit is performed by the UAD from KASA, based on the annual *Rancangan Audit Tahun*[28]. • Based on the sample *'Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor'* issued in May 2018, it is noted that four (4) recommendations[29] had been made by the UAD and following-up action was duly performed. **Conclusion**: Controls are in place with no exception was noted.

[26] It is understood from the written response from the *Ketua Penolong Pengarah* (Head Assistant of Director), DOE does not possess an independent bank account. A bank account with Bank Mualamat is currently handled by the governing Ministry, KASA and DOE is subject to KASA's approval for the use of the said account. The monthly reconciliation is also fallen under the responsibility of KASA.

[27] This is corroborated by the sample *Buku Wang Runcit Dari 13.04.2021 sehingga 08.09.2021* (Petty Cash Book from 13 April 2021 to 8 September 2021), the petty cash level is sighted at RM1,600.

[28] Internal audit conducted by KASA's UAD is performed on a rotational basis and shall be based on factors such as audit impact, financial materiality, risk, internal significance, external visibility, coverage and aud tability.

[29] The recommendations are (i) Documentation for office upgrade was found to contain insufficient information; (ii) Direct procurment was implemented for the wrong group of contractors (Grade G1 Contractors with procurement value less than RM20,000); (iii) Enhancement to the monitoring on the enforcement of contract clause; and (iv) Vehicle maintenance information is not recorded in the log book.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
5.	Fixed assets and inventory.	Low	• DOE follows policy *'Pengurusan Aset Kerajaan'*[30] in implementing *Sistem Pemantauan Pengurusan Aset* ("SPPA", Asset Management Monitoring System)[31] to transfer, verify and record assets and inventories. • Reconciliation of assets and inventories shall be carried out by the state offices/ PTJs of DOE on a quarterly basis which is then presented to DOE in *'Mesyuarat Jawatankuasa Pengurusan Aset Alih Kerajaan* ("JKPAK") JAS'[32]. Upon verification, DOE consolidates the results and submits them to KASA during the *Mesyuarat* JKPAK KASA[33]. • Based on the sample reports[34] provided, verification of assets and inventories are carried out by DOE and submitted to the Government of Malaysia on an annual basis. • DOE has two (2) storage rooms/ warehouses located in Putrajaya and Bangi, Selangor[35] to safe keep the inventories. Both facilities are physically secured with padlocks and the station

[30] *'Pengurusan Aset Kerajaan'*, with the document number of AM1.1 and was established by MOF. It covers the policies relating to the management of *Aset Alih* (Movable Assets), *Aset Hidup* (Living Assets), *Aset Tak Ketara* (Intangible Assets) and *Stor Kerajaan Persekutuan* (Federal Government Stores).

[31] SPPA contains two (2) modules, namely *Sistem Pengurusan Aset* ("SPA") which is to manage movable assets including receipt, registration of asset, movement of assets (incoming and withdrawal / loss), asset inspection, maintenance, disposal or write-off of asset and *Sistem Pengurusan Stor* ("SPS") which is on the other hand to manage the store includes the receipts, stock recording, stock movements (inbound and outbound), production, stock inspection, safety and hygience, disposal and write-off of stock.

[32] Based on the sample minutes *'Mesyuarat JKPAK Bil. 4 Tahun 2021 JAS'* dated 13 January 2022, it is noted that the meeting was chaired by the *Timbalan Ketua Pengarah (Pembangunan)/* Deputy Director General (Development) and attended by the *Pengarah* (Director) of each subsidiary, i.e. *Selangor, Johor, Pulau Pinang, Pahang, Labuan*, etc.

[33] According to the sample minutes *'Mesyuarat JKPAK Bil. 3 Tahun 2021 JAS'* dated 13 October 2021, JKPAK JAS was chaired by the *Setiausaha Bahagian Kanan* (Senior Under Secretary) of KASA and attended by officers from *KASA, DOE, Jabatan Pengaliran dan Saliran* ("JPS", Department of Irrigation and Drainage), *Jabatan Perkhidmatan Pembetungan* ("JPP", Sewerage Services Department). *Jabatan Biokeselamatan* ("JBK", Department of Biosafety), etc.. Besides reports presentation, discussion surrounding issues in the management of inventories and assets has also been noted in the meeting.

[34] They are, but not limited to, *'Laporan Pemeriksaan Aset Alih Suku Tahun Bagi Tahun 2021'*, *'Laporan Kedudukan Semasa Aset Tak Ketara Suku Tahun Bagi Tahun 2021'*, *'Laporan Pelupusan Stok Suku Tahun Bagi Tahun 2021'* and *'Laporan Verifikasi Stor Bagi Tahun 2021'*.

[35] Based on the written response from DOE, it was given the understand that the storage room in Putrajaya is safekept by the *Pembantu Tadbir (Unit Stor)*/ Administrative Assistant (Store Unit) from *Seksyen Pentadbiran dan Inovasi* (Administration and Innovation Section) with the storage of office items, e.g. A4 papers, pens, pencils, files, etc.. On the other hand, Bangi's warehouse is leveraged for storing the apparatus and equipments for enforcement activities such as bottles, stickers, gloves, etc. and is managed by the *Penolong Pegawai Kawalan*/ Assistant Control Officer from *Seksyen Pengurusan Aset* (Asset Management Section).

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			of security guards. The inventories in the facilities are arranged in an identifiable manner and properly labelled with names at the cabinet, which allows easy access for the users. **Conclusion**: Controls are in place with no exception was noted.
6.	Financial reporting and monitoring.	Low	• DOE uses iGFMAS to record, process and manage financial transactions and reports[36] and SAP Graphical User Interface ("SAP GUI") to monitor the finance of DOE and its state offices. Both systems interface with one another. • DOE is responsible for the record of daily transactions in the accounting system, iGFMAS and MOF based on the record, preparing the financial statements on a yearly basis. • Financial statements of DOE are subject to be audited in accordance with the Financial Procedure Act 1957 (Laws of Malaysia Act 61). It shall be carried out/ performed by the NADM on a yearly basis. **Conclusion**: Controls are in place with no exception was noted.
7.	Procurement and contract administration.	Low	• DOE is required to adhere to federal procurement policies, as documented in *'Kaedah Perolehan Kerajaan'* and *'Punca Kuasa, Prinsip dan Dasar Perolehan Kerajaan'*[37], for procurement planning, budgeting, sub-contracting, acknowledgment of Integrity Pact, preparation of specification, etc.

[36] *Laporan Belanja/ Hasil* (Expense/ Revenue Report), *Laporan Kedudukan Vot* (Financial Position Report), *Penyata Penyesuaian Bank* (Bank Reconciliation Statement), etc. are among the reports to be procuced via iGFMAS.

[37] The document number for *'Kaedah Perolehan Kerajaan'* is PK 2.1 and PK 1 for *'Punca Kuasa, Prinsip dan Dasar Perolehan Kerajaan'* (effective date: 15 January 2020). Both policies were established by MOF.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			• *Seksyen Kewangan dan Pembangunan* (Finance and Development Section) of BPK is responsible for overseeing the procurement process in DOE[38]. • A robust yet federally centralized electronic procurement system, *ePerolehan* has been brought into use by DOE since its establishment in 2000[39]. • According to the *'Perolehan Secara Elektronik'*, all suppliers are required to register with MOF through Supplier Registration Module within the *ePerolehan* system. Registration can be made either with *Akaun Asas* (Basic Account)[40] or *Akaun Pendaftaran* (Registration Account)[41]. • The procurement process starts with the Requestor preparing a *Nota Minta* (Proposition Note) for items and/or suppliers to procure. The note will then flow to Approver[42] for his discretion to either approve, return or decline. Only with approval can Requestor issue a *Pesanan Kerajaan* (Purchase Order) to the supplier within the *ePerolehan* Fulfilment Module. Item fulfilment responsibility then goes to *Penerima Barang* (Receiver), who will verify delivery and submit Delivery Order to *Pegawai Pengesah* (Verifier) for verification. • There are three (3) key procedures involved in the selection of suppliers, as follows: a) Direct purchase for procurement up to RM20,000 through catalogues and price offers; b) Through price quotations for procurement exceeding RM20,000 up to RM500,000; and c) Through tenders for procurement above RM500,000.

[38] As all government officers are allowed to access the procurement system, *ePerolehan*, the execution of the purchasing request shall be made by respective departments/ state offices/ PTJs. *Seksyen Kewangan dan Pembangunan* only comes into place to provide consultation on purchasing issues faced by the officers.

[39] An improved version of the system is currently employed beginning 2018. Improvement made was in the areas of computerized end-to-end flow, automation of rules and procedures, single sign-on and digital certificate, centralized notification and descriptive as well as predictive reporting and analysis.

[40] *Akaun Asas* is an account with simple registration requirement designed for small suppliers with participation in contract not more than RM20,000 per year.

[41] Registration for *Akaun Pendaftaran* requires submission of application and verification process by MOF. This type of account is participation in contracts exceeding the value of RM20,000.

[42] The approval for the *Nota Minta* shall be made in pursuant to *'Lampiran A1 Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal - PTJ'*, which are officers with Grade 41 and above.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			• From review of *'Perolehan Secara Elektronik'*[43], the authorization thresholds are as follows: a) For direct procurement with an amount less than RM20,000, approval shall come from the appointed approver for *Nota Minta*. b) For amount RM20,000 to RM500,000, approval shall be obtained from appointed *Jawatankuasa Sebut Harga* ("JKSH", Quotation Committee)[44]; c) For the amount more than RM500,000, approval shall be obtained from *Lembaga Perolehan* ("LP", Procurement Board)[45]. • For tendering process, it starts with DOE sending out an invitation to manufacturers/ suppliers/ contractors that are registered with either MOF or Construction Industry Development Board ("CIDB")[46]. DOE shall also post bid announcements and notice on the public board for the whole bid duration (generally 7 days). A safe is deployed for the receipt of a bid. Opening of bid safe will be handled by *Jawatankuasa Pembuka Sebut Harga* (Bid Opening Committee) the soonest after bid closing. Bid evaluation by Bid Evaluation Committee, which comprises Technical Committee and Financial Committee will then ensue before submitting to Quotation Committee/ LP for final approval. • According to *'Kaedah Perolehan Kerajaan'*, a contract is evaluated and awarded to a bidder on a pre-defined basis as follows: a) bid condition is met; b) past projects, experiences and performance; c) price analysis with consideration of duration; and

[43] The policy, with a document number of PK 5.1, was developed by the MOF.

[44] JKSH is a committee formed for the purpose of reviewing and approving tendering process. JKSH consists of Chairman (Grade 48 and above), Secretary (Grade 41 and above) and members (Grade 41 and above).

[45] LP is a higher committee designed for reviewing and approving tendering process which is chaired by the *Pegawai Pengawal*. LP also includes Secretary and members who shall hold the position of Grade 41 and above.

[46] CIDB was established to develop the capacity and capability of the construction industry through enhancement of quality and productivity.

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			d) financial capability. • Based on the samples of *Pemenuhan Kontrak* (Contract Fulfillment) for two (2) procurements[47], it is noted that both *Pemenuhan Kontrak* were approved by the *Akauntan Gred WA41* (Accountant Grade WA41) before signing a contract. • Integrity Pact[48] is a mandatory declaration pact that is required to be acknowledged by all procurement parties, *i.e.* procurement officers, vendors/ suppliers/ contractors, etc. on a periodical basis[49]. • Evaluation of supplier[50] is the responsibility of *Penerima Barang* (Receiver) and shall be fulfilled in the *Modul Pemenuhan* within *ePerolehan* prior to the approval of *Nota Penerimaan Bekalan* (Goods Receipt Note) by *Pegawai Pengesah* (Verifying Officer). • DOE could submit a report of wrongdoing for vendors/ suppliers/ contractors to MOF using the designated form, *'Borang Aduan Ke Atas Syarikat/ Firma Perunding Yang Berdaftar Dengan Kementerian Kewangan'* and relevant supporting documents. • DOE does not involve in the procurement of goods and services from international companies/organization/entities nor does it procure any individual experts.

[47] They are *Perolehan Menyewa dan Menyelenggara Mesin Penapis Air Di JAS Bagi Bulan September 2021* (Procurement To Rent and Maintain Water Filter Machines In DOE For September 2021), signed with Coway (Malaysia) Sdn Bhd and *Perolehan Penyelenggaraan Dan Operasi Stesen Pengawasan Kualiti Udara Total Volatile Organic Compounds* ("TVOC") *Di Pasir Gudang Bagi Bulan Oktober 2021* (Procurement for Maintenance and Operation of Air Quality Monitoring Station In Pasir Gudang For October 2021) which was collaborated with Tay Scientific Instruments Sdn Bhd.

[48] By signing the Integrity Pact, it interprets that signee agrees to disclose any corruption scheme to Malaysian Anti-Corruption Commission ("MACC") or the police, not disclose any confidential information as to not offend Act 88, declare any conflict of interest, etc.

[49] Procurement Division/ Finance Division/ Agency(ies) involved in the registration of vendors/ suppliers/ contractors, etc., is required to sign the Integrity Pact at the outset of employment and then every year whereas procurement committee's member, i.e. Tender/ Quotation Opening Committee, Evaluation Committee, etc. needs to sign on appointment and after each of procurement process.

[50] Based on a sample *Laporan Prestasi Pembekal* (Supplier Performance Report), evaluation criteria include quality, timeliness and support service. Suppliers shall be given rating from 1 (unsatisfactory) to 5 (very satisfied).

No.	Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
			Conclusion: Exception was noted. Please refer to Section ***3: Detailed Micro Assessment Findings and Recommendations*** for the details.
	Overall Risk Assessment	**Low**	Responses to the questionnaires indicate a low risk to the effective functioning of the IP's control framework and a low likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives. The HACT Micro Assessment for DOE was last conducted by an Independent Consultant; *i.e. Moore Stephens LLP Chartered Accountants* in 2016 (the Report was issued on 5 July 2016). We noted that there was no identified issue throughout the assessment.

3 Detailed Micro-Assessment Findings and Recommendations

3.1. Implementing Partner

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.2. Programme Management

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.3. Organizational Structure and Staffing

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.4. Accounting Policies and Procedures

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.5. Fixed Assets and Inventory

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.6. Financial Reporting and Monitoring

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
	N/A				

3.7. Procurement and Contract Administration.

Question Ref.	Description of Finding	Risk Rating	Recommendation	IP Response	Target Date
7.21 & 7.22	**Enhancement to the Procurement Management** DOE is governed by the written Policies and Procedures[51] which are regulated by the MOF in conducting procurement activities. DOE uses a computerised procurement system, known as the *ePerolehan* system to facilitate the procurement process and also ensure its transparency. Currently, all vendors are subject to be registered in the Supplier Registration Module under the *ePerolehan* system. MOF is responsible for selecting, evaluating and registering the approved supplier into *ePerolehan*.The system will send invitations to all vendors who meet the procurement criteria (set by DOE in the *ePerolehan* system) for bidding. DOE involves mostly in the procurement of goods and services with vendors registered in the Supplier Registration Module. Nonetheless, the current system does not avail to international suppliers/vendors/contractors who are greatly required/involved in UNDP-supported projects. Aside from that, the *ePerolehan* system does not	Medium	In view of the possible project funded by multilateral / international funds/ donors and supported by UNDP, DOE should consider the following: • Exploring the opportunity to procure the goods and services from international suppliers and not limited to the domestic suppliers. • Discussion with MOF on the possibility of procurement from the international supplier/ individual consultant/ expertise.	Currently, procurements for projects, HPMP II and IS13 were implemented by UNDP and opened to both domestic and international suppliers. Other procurements funded by Government are required to follow the procurement procedure set by MOF. Should it be necessary/ required, the Government will consider opening the bidding process to international suppliers.	30 June 2022

[51] They are, but not limited to, *Perolehan Secara Elektronik, Kaedah Perolehan Kerajaan, Perolehan Perunding, Pengecualian Daripada Tatacara Perolehan Kerajaan*, etc. ('Electronic Procurement, Government Procurement Methods, Consultant Procurement, Exemption from Government Procurement Procedures').

	allow procurement of individual experts, neither domestic nor international.				

Annex

Annex I: Risk Rating Guide Used in Micro-Assessment Questionnaire

(Source: UNICEF Micro-Assessment Terms of Reference)

1. Questions in the micro-assessment questionnaire are answered by selecting 'Yes', 'No' or 'N/A' (for 'not applicable') from the drop down menu in the appropriate column.

2. The risk ratings as used in the micro-assessment questionnaire are:

   - **High -** Response to question indicates a risk to the effective functioning of the IP's control framework that has a high likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;
   - **Significant** – Response to question indicates a risk to the effective functioning of the IP's control framework that has a significant likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;
   - **Moderate** – Response to question indicates a risk to the effective functioning of the IP's control framework that has a moderate likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives; or
   - **Low** – Response to question indicates a low risk to the effective functioning of the IP's control framework and a low likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.
   - **N/A** – The specific question is not applicable for the IP and therefore no risk rating is assigned.

3. Based on responses in 2 above, risk points are automatically assigned to each question that correlate with the level of risk.

4. Points are assigned as below:

Risk rating	Points: non-key questions	Points: key questions
H – High risk	4 points	8 points
S – Significant risk	3 points	6 points
M – Moderate risk	2 points	4 points
L – Low risk	1 point	1 point

5. **Calculation of risk rating per subject area section** - For each subject area, the risk points are totaled and divided by the number of applicable questions in that area, to give a risk rating for the subject area. The method of calculation is weighted average, where key questions have double the weight of non-key questions.Key questions in the micro-assessment questionnaire are in bold.

6. Calculation of overall risk rating - For all the questions in the questionnaire, the risk points are totaled and divided by the number of applicable questions, to give an overall average score. The method of calculation is weighted average, where key questions have double the weight of non-key questions.

Method of assigning risk ratings to risk scores

Key questions are assigned double the risk points, resulting in a weighted average method for calculating the overall and by subject area risk rating. Therefore, the risk rating assigned to the key questions have twice the weight in determining the risk rating.

Assume the following two scenarios with the same risk rating for the questions.

1. Scenario 1: There are three non-key questions having equal weight
2. Scenario 2: The first question is key and the remaining two questions are non-key.

Scenario 1	*Risk Rating*	*Points*
Question 1	High	4
Question 2	Low	1
Question 3	Low	1
Total Risk Points:		6
Overall Risk	Moderate	2

Scenario 2	*Risk Rating*	*Points*
Key Question 1	High	8
Question 2	Low	1
Question 3	Low	1
Total Risk Points		10
Overall Risk	Significant	3.3

7. The 'Remarks/ comments' column next to each question is to be used provide details of the assessment or to highlight any important matters.

The Excel spreadsheet automatically assigns the risk rating by using the following algorithm:

3. Only the applicable questions are taken into consideration
4. The minimum possible points for the subject area are calculated, that is if all questions are assigned low risk rating
5. The maximum possible points for the subject area are calculated, that is if all questions are assigned high risk rating
6. The ranges for each risk rating are calculated by evenly distributing between the lowest and highest applicable points
7. The actual risk points are matched with one of the four risk ranges to determine the overall risk category.

The same algorithm is applied when calculating the overall risk rating for the IP.

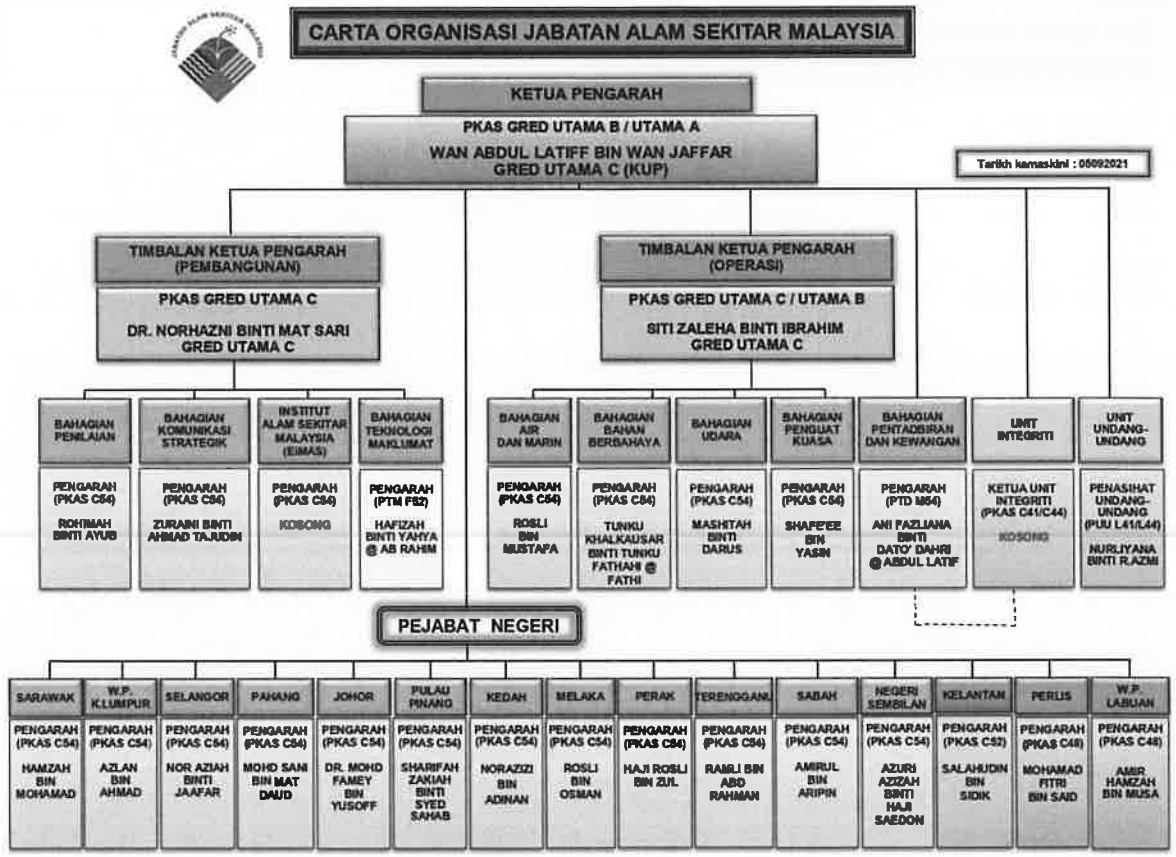
Annex II: Implementing Partner and Programme Information

Implementing partner name:	Department of Environment/ Jabatan Alam Sekitar (DOE)
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A
Implementing partner contact details (contact name, email address and telephone number):	• **Address:** Level 1 – 4, Podium 2 & 3, Wisma Sumber Asli, No.25, Persiaran Perdana, Precint 4, Federal Government Administrative Centre, 62574 Putrajaya, Malaysia • **Contact Number:** +603 8871 2000/ 2200 • **Email:** N/A
Main programmes implemented with the applicable UN Agency/ies:	1) HCFC Phase-out Management Plan (31 July 2017 – 31 December 2021) 2) Institutional Strengthening Project (Phase XIII) (January 2020 – December 2021)
Key Official in charge of the UN Agency/ies' prorgamme(s):	• Mr. Ryan Ooi Chean Weai *(Ketua Penolong Pengarah Kanan)* (Senior Principal Assistant Director) • Ms. Amy Charlene Wong *(Pegawai Kawalan Alam Sekitar)* (Environmental Control Officer)
Programme location(s):	Level 1 – 4, Podium 2 & 3, Wisma Sumber Asli, No.25, Persiaran Perdana, Precint 4, Federal Government Administrative Centre, 62574 Putrajaya, Malaysia
Location of records related to the UN Agency/ies' prorgamme(s):	Putrajaya, Malaysia
Currency of records maintained:	US Dollar ($)
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US$);	HPMP II: $3,781.29 IS13: $2,560.52 **Total: $6,341.181**[52]
Cash transfer modality/ies used by the UN agency/ies to the IP	FACE form payment (Direct voucher payment to vendors)
Intended start date of micro assessment:	29 November 2021
Number of days to be spent for visit to IP:	Ten (10) days, offsite / remotely. Micro Assessment activities were conducted virtually, where no field visits were conducted due to the current health situation, i.e. COVID-19

[52] The expenditures were made for the salary for four (4) contract staff who are recruited by DOE.

	Pandemic and quarantine protocol implemented across the country.
Any special requests to be considered during the micro assessment:	No

Annex III: Implementing Partner Organizational Chart



Annex IV: List of Assisting Persons

No.	Name	Unit/Organization	Position
1	Ms. Amy Charlene Wong	DOE	*Pegawai Kawalan Alam Sekitar Kanan (Bahagian Udara)*
2	Mr. Ryan Ooi Chean Weai	DOE	*Ketua Penolong Pengarah Kanan (Bahagian Udara)*
2	Ms. Nor Hamirah binti Mahayudin	DOE	*Ketua Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)*
3	Ms. Nor Hayati binti Mohd Rais	DOE	*Pegawai Kawalan Alam Sekitar (Bahagian Pentadbiran dan Kewangan)*
4	Ms. Nurul Amalina binti Rosji	DOE	*Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)*
5	Ms. Anisah binti Kamarulzaman	DOE	*Penolong Akauntan (Bahagian Pentadbiran dan Kewangan)*

Annex V: Micro-Assessment Questionnaire

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	Department of Environment ("DOE") is a department established under the Ministry of Environment and Water of Malaysia/ *Kementerian Alam Sekitar dan Air* ("KASA"). There are 16 state offices, 27 branch offices across Malaysia and the headquarter ("HQ") is located in Putrajaya. There are eight (8) divisions within the HQ to ensure smooth and sustainable operations of DOE, they are: (i) Administrative and Finance; (ii) Enforcement Division; (iii) Assessment Division; (iv) Hazardous Substances Division; (v) Water & Marine Division; (vi) Strategic Communication Division; (vii) Air Division; and (viii) Information Technology Division. DOE is responsible for the stewardship of sustainable development within national progress and ensuring environmental prosperity. DOE also serves as a disseminator of information, skills and ideas to educate the public and instill a continuous appreciation for the environment. This includes promoting self-regulation among industry and the public. As a federal agency, DOE is naturally in compliance under the jurisdiction of the Government of Malaysia.
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.		No		Low	1	Based on the assessment, it was noted that there are two (2) ongoing programmes supported by UNDP, namely: (i) HCFC Phase-out Management Plan ("HPMP") Stage-II (ii) Institutional Strengthening Project (Phase XIII, "IS13") Per the Project Documents, the resources received for each project are as follows: (i) HPMP II Montreal Protocol - USD 6,138,063 Government of Malaysia - USD 300,000 Total Resources - USD 6,438,063 (ii) Institutional Strengthening Project (Phase XIII) Montreal Protocol - USD 357,760 Based on the relevant documents provided for the above-mentioned programmes, there have not been any significant issues reported in managing the resources.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	DOE is required to adhere to the statutory reporting requirements by submitting a list of documents to KASA for tabulation before routing to the Government of Malaysia for review and approval. For instance, it is noted from '*Tatacara Pengurusan Akaun Amanah*', (Document No.: WP 10.4/2013) which was established by MOF Under Section 9 of the Financial Procedure Act 1957, stipulates that four (4) copies of *Penyata Terimaan dan Bayaran* shall be produced by appointed *Akaun Amanah* ("AA")/ *Kumpulan Wang Amanah* ("KWA") officer for a year term ending on 31st of December. Submission of these reports must be made to *Ketua Audit Negara* before or on the 28th of February the next year. MOF and *Jabatan Akauntan Negara Malaysia* ("JANM") must also be notified at submission. It was further noted that the appointed AA/ KWA officer is required to send in a copy of the audited statement with audit findings (if any) to the MOF and JANM within 30 days upon receiving the statement. Based on the *Penyata Terimaan dan Bayaran* 2021, it is noted that it comprises the following items: a) Beginning year balance; b) Detailed year transaction of debit and credit with supporting documents i.e. journal entries; c) Ending year balance; and d) Penyata Pelaburan dan Simpanan Tetap (Investment Note) Further noted that the ending balance for receipt (*terimaan*) and payment (*bayaran*) aligns with each other, at RM1,834872.78.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	Based on the written response from DOE and the sample meeting minutes for the *Mesyuarat Direktorat Jabatan Alam Sekitar Malaysia Bilangan 3 Tahun 2021* (DOE Directorate No.3 Year 2021) *Meeting and Mesyuarat Direktorat Jabatan Alam Sekitar Malaysia Bilangan 4 Tahun 2021* (DOE Directorate Meeting No.4 Year 2021), it is noted that the governing bodies meet on a quaterly basis to perform oversight functions for the project, which include directorates of DOE and other departments, i.e. *Ketua Pengarah JAS* (Director General of DOE), *Timbalan Ketua Pengarah (Operasi)*/ Deputy Director General (Operations), *Timbalan Ketua Pengarah (Pembangunan)*/ Deputy Director General (Development), *Pengarah Bahagian Pentadbiran dan Kewangan*/ Director of Administration and Finance Division, *Pengarah Bahagian Teknologi Maklumat*/ Director of Information Technology Division, *Pengarah Institut Alam Sekitar Malaysia (EiMAS)*/ Director of Malaysian Institute of Environment (EiMAS), *Pengarah Bahagian Penguatkuasa*/ Director of Enforcement Division, *Pengarah Bahagian Udara*/ Director of Air Division, etc. Following are the details of the sampled meetings requested by Deloitte: 1) Bilangan 3 Tahun 2021 (No.3 Year 2021) on 12 July 2021 at 2:30 pm 2) Bilangan 4 Tahun 2021 (No.4 Year 2021) on 13 October 2021 at 9:00 am Further noted that meeting discussions include preparation and status on cabinet memorandum, reporting and active measures of divisions, achievement status of divisional enforcement

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						inspections and actions, internal administration and management measures such as departmental repair works, reporting review, proposed terms of reference ("TOR") for upcoming coordination meeting, etc.
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?	Yes			Low	1	According to *'Garis Panduan Pengukuran Pencapaian Program/Projek Pembangunan Melalui Penilain Outcome'*, which was established by the *Unit Penyelarasan Pelaksanaan* (Implementing Coordination Unit), Prime Minister's Department on 19 October 2012 for the management of project/ program/ research, a committee shall be formed to ensure quality implementation and outcome. A committee may be formed internally or with external offices/ entities as needed. However, it was stated that such a committee shall be led by the federal agency that owns the project or key results area ("KRA"). The structure shall be as follows: 1) Chairman/ *Pengerusi* -- project or KRA owner from the federal agency involved; 2) Coordinator -- project manager; and 3) Committee members -- appointed stakeholders from the project. The document further delineates the responsibilities of the committee, which are: a) to identify project objective and scope; b) to identify the methodology used; c) to identify sampling approach and respondent; d) to produce a questionnaire, *Borang Soal Selidik* as necessary; e) to perform data analysis; and f) to produce a report.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) ***Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.***	Yes			Low	1	As a government ministry, financial stability is guaranteed as DOE receives funds through an allocation in the national budget from the MOF. According to the *'Penyata Kewangan Kerajaan Persekutuan 2019'*/ 'Federal Government Financial Statements 2019' and *'Penyata Kewangan Kerajaan Persekutuan 2020'*/ 'Federal Government Financial Statements 2020', it is noted that the financial statistics are shown (in RM million). as follows: <u>2020</u> (i) Total assets - 66,094 (ii) Total liabilities - 96,497 (iii) Total revenue - 225,075 (iv) Total expenditure - 313,979 <u>2019</u> (i) Total assets - 59,230 (ii) Total liabilities - 55,509 (iii) Total revenue - 264,415 (iv) Total expenditure - 317,516

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	1	As a government-administered agency, DOE is exposed to minimal risk in getting/ sourcing funds from the Government of Malaysia. It was further solidified from the *Pegawai Kawalan Alam Sekitar* (Environmental Control Officer), Ms. Amy on 8 December 2021 that there were no major problems encountered in the past in the receipt of funds.
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? *If so, provide details and actions taken by the IP to resolve the legal action.*		No		Low	1	It is noted that the last legal actions made against DOE was in 2019 and had been settled on 26 October 2021. The details of the litigation could be found in the *'Laporan Keputusan Kes Mahkamah, Kesalahan Di Bawah Akta Kualiti Alam Sekeliling, 1974 Bulan Oktober 2021'* , as follows: (a) Innotech Textile (Malaysia) Sdn Bhd (i) Wrongdoing date: 26 November 2019 (ii) Violation of: *Peraturan-Peraturan Kualiti Alam Sekeliling 1974 (Efluen Perindustrian) 2009* (iii) Description: Release industrial effluent beyond the authority given (iv) Date of decision: 26 October 2021 (v) Sentence: Court sentenced to a fine of RM60,000 (b) Lee Tyre & Oil Sdn Bhd (i) Wrongdoing date: 29 July 2019 (ii) Violation of: *Seksyen 25(1) Akta Kuliti Alam Sekeliling 1974* (iii) Description: Release industrial effluent into inland waters without approval from the General Director of DOE (iv) Date of decision: 26 October 2021 (v) Sentence: Court sentenced to a fine of RM25,000
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Low	1	Being a federal agency, DOE is subject to a centralized anti-fraud and corruption policy, 'Guideline on Adequate Procedures', which was established pursuant to subsection (5) of section 17A under the Malaysian Anti-Corruption Commission Act 2009. The policy delineates five (5) main principles, TRUST which shall be abided by the organization, they are: (a) Top Level Commitment; (b) Risk Assessment; (c) Undertake Control Measures; (d) Systematic Review, Monitoring and Enforcement; and (e) Training and Communication. It is also worth noting that a department-specific Organizational Anti-Corruption Plan ("OACP", JAS 2020-2024) for JAS was also developed by the *Unit Integriti* (Integrity Unit), aligned with National

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						Anti-Corruption Plan's ("NACP" 2019-2023) vision and commitment. The OACP JAS 2020-2024's focus areas are on the following three (3) aspects: a) enforcement operations; b) sustainable development input; and c) administrative management Implementation and monitoring mechanism is further noted for the aforementioned aspects.
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Yes			Low	1	DOE is subject to Act 711 Whistleblower Protection Act 2010 which confers protection to the whistleblower as the following: a) protection against confidential information; b) immunity from civil and criminal activity; and c) protection against detrimental action. Integrity Unit receives a disclosure of improper conduct/ complaint of detrimental action shall conduct its investigation and prepare a report to which contains the following: (a) the finding of the investigation; and (b) the recommendations for further steps to be taken, if any, based on the finding of the investigation. If the report makes a finding that: (a) The disclosure of improper conduct is not substantiated, Integrity Unit shall inform the whistleblower; (b) The improper conduct constitutes a disciplinary offense, the Integrity Unit shall make a recommendation to appropriate disciplinary authority; (c) The improper conduct constitutes a criminal offence and in the case where: (i) the Public Prosecutor decides to prosecute, the Integrity Unit shall obtain from the Public Prosecutor periodical reporting until the matter has been duly disposed of; or (ii) the Public Prosecutor decides not to prosecute, the Department shall inform the whistleblower. Further, based on the written response from DOE, the Integrity Unit directly reports the results of the investigation to the *Ketua Pengarah* (Director General) of DOE in the *Mesyuarat Jawatankuasa Anti Rasuah* (Anti-Corruption Committee Meeting). However, issues that fall under the jurisdiction of other government bodies such as the *Suruhanjaya Pencegahan Rasuah Malaysia* ("SPRM", Malaysian Anti-Corruption Commission) will be handled by them accordingly. Whistleblower Protection Act 2010 10(6) also delineates the penalty for whistleblowing retaliation, which, on conviction, is a fine not exceeding one hundred thousand ringgit or to imprisonment for a

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						term not exceeding fifteen years or to both. Whistleblower Protection Act 2010 is available to the public and could be referred by the employees, beneficiaries and other recipients at any time.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. *Examples: foreign exchange risk; cash receipts.*	Yes			Low	1	Based on the '*Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor*' issued in May 2018, it is noted that the following risks were highlighted: (i) Operational risk - Documentation for office upgrade was found to contain insufficient information; and - Poor management of departmental vehicles where information on vehicle maintenance was not recorded in the *Buku Log Kenderaan Jabatan* (Department Vehicle Log Book). (ii) Internal Control risk - Direct procurement was implemented for the wrong group of contractors (Grade G1 Contractors with procurement value less than RM20,000); and - Enhancement to the monitoring on the enforcement of contract clause.
1.12 Does the existing circular and controls for partnership/collaboration agreement with CSO/NGOs or non-profit organizations, in particular, the terms and conditions pertaining to deliverables, payment/fund disbursement, assurance and refund process function effectively?			N/A	N/A	-	Based on the written response from *Pegawai Kawalan Alam Sekitar* (Environmental Control Officer), Ms. Amy Charlene Wong, it is understood that there has not been any contract made between DOE and NGO.
Total number of questions in subject area:	12					
Total number of applicable questions in subject area:	11					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	11					
Risk score	1					
Area risk rating	Low					
2. Programme Management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Low	1	DOE has an internal committee, i.e. *Jawatankuasa Pembangunan Peringkat Jabatan* ("JPPJ", Departmental Development Committee) for managing, evaluating, and overseeing project expenditure, performance, mplementation and procurement planning. Based on the sample meeting minutes, the following meetings for *Mesyuarat* JPPJ took place in 2020 and 2021, on a monthly basis: 1) *Bilangan 11 Tahun 2020* (No.11 Year 2020) on 18 December 2020 at 10:00 am;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						2) *Bilangan 7 Tahun 2021* (No.7 Year 2021) on 30 July 2021 and 16 August 2021 at 9:30 am; and 3) *Bilangan 8 Tahun 2021* (No.8 Year 2021) on 27 August 2021. Further, it is noted from the sample presentation slides that the discussion on project progress involves the presentation of the following documents: (i) *'Unjuran Perbelanjaan Bagi Tahun 2021 Di Bawah Racangan Malaysia Ke-12 ("RMK-12")* (Projected Expenditure for 2021 Under RMK-12); (ii) *'Jadual Pelaksanaan Projek'* (Project Implementation Schedule); (iii) *'Ringkasan Laporan Projek'* (Project Summary Report); (iv) *'Jadual Perancangan Projek'* (Project Planning Schedule); and (v) *'Penghasilan Dokumentari'* (Documentary Production List).
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	Looking into sample Annual Work Plan ("AWP") provided for HPMP II and Institutional Strengthening Project (Phase XIII), it is noted that the following details have been tabulated: (i) Expected Outputs; (ii) Planned Activities; (iii) Targets for Planned Activities; (iv) Timeframe; (v) Budget Description; and (vi) Budget Allocation. Further noted that both AWP has been reviewed and approved by the National Project Director of DOE and President Representative of UNDP.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	According to the Project Documents for HPMP II and IS13, it was noted that potential risks have been delineated in the documents, as follows: <u>HPMP II</u> (i) Procurement and decision-making process UNDP support will improve outreach to potential consultants and consultancy firms, as well as speed up procurement processes. Close and regular coordination between UNDP, DOE and other government departments and agencies will make the decision-making process faster. (ii) Management and coordination between key government agencies and ministries, as well as other stakeholders The project will make use of the management arrangement established under the HPMP Stage-I and close and regular coordination between UNDP, DOE and other government departments and agencies will be maintained. (iii) Insufficient awareness, technical knowledge, data availability, availability of alternative technologies Improved project management through regular monitoring of enterprise-level activities. Regular consultations with technical experts and closely monitoring technological developments.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(iv) Timely disbursement of funds and any short-fall in funds Cost-effectiveness will be closely monitored and completion of activities such as verification as planned. IS13 (i) The value of US Dollars foreign exchange against the Ringgit may reduce during the project cycle. There will be a need to regularly monitor the exchange rate to ensure that it does not affect the budget of the project. If there are major changes, the budget will be adjusted accordingly to ensure that expenditures do not exceed the allocated budget. (ii) Low take-up rate by project proponents Awareness programmes may lack 'buy-in' from targeted stakeholders. National Ozone Unit ("NOU") will need to monitor stakeholders' perceptions and take the appropriate steps to reduce this risk.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	1	According to the Project Documents for HPMP II and IS13, monitoring and evaluation are undertaken in compliance with UNDP Programme and Operations Policies and Procedures ("POPP") and UNDP Evaluation Policy. UNDP MY shall work with the relevant project stakeholders, i.e. DOE, Project Manager, Project Board, etc. to ensure the requirements are met in a timely fashion and to high-quality standards. Following are the exampled checklists for monitoring and evaluation: a) Inception Workshop ("IW"); b) Annual Work Plan; c) Multi-year Work Plan (including the comparison of budgets across the project's timespan); d) Progress Report (outline main updates in project progress, e.g. quarter, annual and mid-year); e) UNDP ATLAS Monitoring Reports (Combined Delivery Report - project expenditures summary include the issue log, the risk log and lessons learned log); f) Project Terminal Report (reports include all activities, achievements and outputs, lessons learned, objectives met or not and recommendations); g) Technical Reports (detailed report covering specific areas within the overall project); h) End-of-project Review (held by the Project Steering Committee); i) Audit; and j) Visit field sites (if necessary).
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?	Yes			Low	1	It is identified that a monitoring and evaluation framework is established. The framework could be divided into four (4) parts: 1) Inception Workshop The objective of IW is to assist the project team to understand their goal and objective, prepare and finalise the annual work plan, introduce project staff and detail their roles and responsibilities. IW also delineates budgetary planning, reviews and mandatory rephrasing, and sets up a project review meeting. More importantly, IW allows the development of targets for first-year implementation progress indicators together with their mean of verification.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						2) Project Reporting The framework also outlines the responsibility of the core project management team in the preparation and submission of the reports that form part of the monitoring process. It was mentioned that the first six reports are mandatory and strictly related to monitoring, whereas the last two are broader and will be defined during implementation. 3) Independent Evaluations The framework also calls for two independent external evaluations. The first evaluation, The Mid-Term Review which will be undertaken at the mid-point of the project lifetime, shall determine progress being made towards the achievement of outcome with a focus on effectiveness, efficiency and timeliness. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. 4) Learning and Knowledge Sharing Results from the project will be disseminated within and beyond the project intervention period through a number of existing information-sharing networks and forums.
2.6 Does the IP carry cut and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	According to the Project Documents for HPMP II and IS13, it is noted that the frequency and mechanisms of monitoring and reporting are as follows: 1) Annual review and reporting (e.g. review and implementing corrective actions and Annual Progress Report); 2) Periodic project reporting (i.e. Mid-Year Progress Report); 3) Periodic project meetings (e.g. Project Steering Committee Meetings and National Steering Committee Meetings); 4) Financial monitoring and quality assurance activities (e.g. Bi-Annual Combined Delivery Report, audit at least once in the project's lifetime); and 5) Tracking tools (e.g. indicators, baselines and targets via the Results Framework to facilitate monitoring on the achievement of expected project outputs).
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	In the Project Document for HPMP II and IS13, a series of data collection and reporting are used to measure the achievement of project results. They are noted as the following: a) Mid-Year Progress Report; b) Annual Progress Report; c) Combined Delivery Reports (prepared by UNDP, at a minimum of bi-annual basis); and d) HACT Audit (at least once in its lifetime)**. *** The Auditor-General's Office may undertake the audits of Government Implementing Partners. If the Auditor-General's Office chooses not to, such audits will be commissioned by UNDP to be undertaken by private sector audit services.*

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						It is identified that this reporting mechanism strategically measures data in shapes of progress, time frame, lessons, issues, risks, milestones, oversight, scientific specialisation, dissemination of results and others; to ensure the collaborative success of the project.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?			N/A	N/A	-	As one of the monitoring and evaluation requirements outlined in the UNDP POPP and UNDP Evaluation Policy, an independent assessment had been conducted by Moore Stephens LLP Chartered Accountants ("Moore Stephens"), which was reported on 5 July 2016. Per the Harmonised Approach to Cash Transfers ("HACT") Micro Assessment Report, the assessment covered seven (7) subject areas, namely implementing partner, programme management, organizational structure and staffing, accounting policies and procedures, reporting and monitoring, information systems and procurement. Risk ratings of 'Low', 'Moderate', 'Significant' and 'High' shall be assigned by Moore Stephens for each subject area based on the assessment results. It is noted that there were no management control findings and as a consequence, no follow-up action is required from DOE.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	7					
Risk score	1					
Area risk rating	Low					
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	DOE adheres to the policies established by the Federal Government, as follows: (i) 'Public Officers (Appointment, Promotion and Termination of Service) Regulations 2012' [Document No.: P.U.(A) 1/2021], published by the Attorney General's Chamber, effective on 1 January 2012 - *Ketua Perkhidmatan* (Head of Service) shall inform the *Suruhanjaya Perkhidmatan Awam* ("SPA") of the following details for every opening: (a) number of empty jobs to fill; (b) number of candidates needed; (c) special conditions (if any); and (d) roles and responsibilities of the job vacancies. - The recruitment of public service officers must be advertised in at least one (1) Malay newspaper and is required to have the following information: (a) name of position and status of appointment;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(b) name of scheme of service; (c) details of employment; (d) academic qualification and other qualifications required; (e) citizenship status of the applicant; (f) closing date of application; and (g) address in which the application should be submitted. - Public service officer must be Malaysian. Any exception is subject to the approval of *Yang di-Pertuan Agong*. - SPA is responsible to make the offer of appointment to the successful candidates directly or via the *Ketua Perkhidmatan* (Head of Service) or *Ketua Jabatan* (Head of Department). Unsuccessful candidates shall also be notified. - The successful candidate is entitled to make a statutory declaration in accordance with the Statutory Declaration Act 1960 [Act 13]: (a) Does not have any criminal record; (b) Have never been dismissed; (c) Not a drug addict; (d) Have no foreign nationality; (e) Have not declared bankruptcy; (f) Have not disposed of for health reasons; and (g) Never terminated service and has never been terminated. (ii) *'Garis Panduan Permohinan Pengisian Kekosongan Jawatan'*/ Guidelines on The Application of Filling of Vacancies [Document No.: SPA:U/2400/Jld.5(12)] - Application for a job vacancy by the Ministry could be made directly online via *ePengisian sistem*. - As an effort to ensure the integrity of the recruitment process, SPA uses MyRecruitment to verify, filter, assess and interview the candidates. - SPA conducts an evaluation to source for the most suitable candidates in the aspects of skills, knowledge, personality, attitude as well as physical and fitness before calling for an interview. The appraisal includes: (a) Aptitude test; (b) Competency evaluation test; (c) Psychometric test; (d) Talent test; and (e) Physical test - As the core process of the recruitment, the interview session involves *Pengerusi LTD* and representative(s) of the department. The above-stated methods embrace transparency and competition in the recruitment and employment process.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	Based on the job description ("JD") provided for *Akauntan Gred WA41* (Accountant Grade WA41), it is noted that the JD is clearly defined and includes but is not limited to information as follows: - Job title; - Grade; - Job-status, i.e full-time, contract, temporary, etc.; - Reporting department; - Preparer of the JD; - Reviewer of the JD; - Approver of the JD; - Accountabilities and main tasks; - Qualification; - Skills and Criteria; and - Experience.
3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	Yes			Low	1	Organizational structure is thoroughly charted for *Bahagian Pentadbiran dan Kewangan* ("BPK", Administration and Finance Division), with distinct demarcation between four (4) underlying sections (Administration and Innovation, Asset Management, Development, Financial Management and Human Resource). In each four (4) section further division is noted, with each subdivision focusing on a certain function. For example, the *Seksyen Kewangan Mengurus* (Financial Management Section) and *Seksyen Pembangunan* (Development Section) are under the *Seksyen Kewangan* (Finance Section) which are headed by *Penolong Pengarah Kewangan (Mengurus)*/ Assistant Director of Finance (Management) Grade WA41 and *Penolong Pengarah Kewangan (Pembangunan)*/ Assistant Director of Finance (Development) Grade M41 respectively. Further, based on the JD provided for *Penolong Pengarah Gred M41* (Assistant Director Grade WA41) of BPK, it was noted that the said position requires a Bachelor's Degree and the responsibilities, as well as competencies, are as follows: <u>Responsibilities</u> (i) To prepare budgets related to the implementation of projects to ensure that the Department can carry out activities in line with the direction and policies of the Government of Malaysia; (ii) To manage and control provisions related to the implementation of projects to ensure that the Department can carry out activities in line with the direction and policies of the Government of Malaysia; (iii) To provide advisory services on the implementation of projects to ensure that the Department can carry out activities in line with the direction and policies of the Government of Malaysia; (iv) To facilitate the issuance of tenders and quotations in the procurement to ensure that the Department can carry out activities in line with the direction and policies of the Government of Malaysia; and

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(v) To assist in coordinating and administering Trust Accounts to be in line with the government's current direction and policies. Competencies (i) Analytical and Critical Thinking; (ii) Consultancy Skills; (iii) Creative and Innovative Thinking; (iv) Strategic Planning; (v) Ability in using Microsoft Office software; (vi) Adaptive skills to the new environment; and (vii) Leadership skill.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Low	1	Employment within BPK is at a total of 65 personnel excluding directorate heads and their assistants (count: 68) as of 28 February 2022. The breakdown is as follows: i) 29 personnel in the *Seksyen Pentadbiran dan Inovasi* (Administrative and Innovation Section), ii) 4 in the *Seksyen Pengurusan Aset* (Asset Management Section), iii) 5 in the *Seksyen Pembangunan* (Development Section), iv) 11 in the *Seksyen Kewangan Mengurus* (Finance Management Section), v) 16 in the *Seksyen Sumber Manusia* (Human Resource Section). Further breakdown of *Seksyen Kewangan* (Finance Section) is sighted, it has a total of 16 personnel in employment excluding directorate heads with 11 under *Mengurus* (Management) and 5 under *Pembangunan* (Development). Thus, it is noted that both BPK and *Seksyen Kewangan* is adequately staffed.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	Yes			Low	1	It is noted that a training program for DOE staff is provided by the Environment Institute of Malaysia ("EiMAS"). These programs include introductory courses for new officers and other DOE-specific service training. Applications to attend programs by EiMAS must be submitted to the Director of EiMAS, DOE. Upon approval, a Training Registration Form is required to be filled out seven (7) days before the training and a confirmation email will be issued to participants along with Zoom's invitation link. Participation is based on those who register in advance. EiMAS reserves the right to select participants based on a course's eligibility and the applicant's suitability. Looking at the 2020 course schedule for EiMAS DOE, it is identified that courses provided include: 1) Certification & Competency; 2) Air Quality Management; 3) Environmental Management and Impact Assessment;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						4) Scheduled Waste Management; 5) Water Quality Management; 6) Environmental Legislation; 7) Quality Management; 8) Information and Communication Technology; 9) Library and Information Centre; and 10) Administration and Finance Unit. The courses provided are a combination of existing courses that have been updated based on participants' feedback and new courses based on identified needs.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	According to *'Pindaan Pelaksanaan Tapisan Keselamatan Bagi Pengawai Yang Dilantik Dalam Perkhidmatan Awam'* [Document No.: JPA.BK(S) 256/6/26 Jld.2 (18), revision 6, year 2011], which was approved by the General Director of Public Service on 20 April 2011, public service officers are required to have two (2) background assessments conducted by the SPA before and after their employment. *Ketua Jabatan* (Head of Department) shall ensure that the officers submit information within 30 days from the date of reporting to duty and preferably undergo the assessment before being confirmed. Officers who fail to carry out the background verification will be terminated from the services in accordance with the *Peraturan 49, Peraturan-Peraturan Pegawai Awam (Kelakuan dan Tatatertib)* 1993.
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	Based on the written response from DOE, it is understood that there has been no significant turnover reported in previous years. This is mainly due to the benefits provided by the Government of Malaysia to the public officers.
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	Yes			Low	1	It is understood that DOE follows internal control frameworks established by the Federal Government. They are properly documented in the shape of policy guidelines, flowcharts and forms. The documents are found to adequately address internal control items such as, in following non-exhaustive list, two (2) background checks before and after the employment, annual acknowledgment of Integrity Pact ("IP"), training requirements stated by the Ministry of Education ("MOE"). Due to a centrally-managed nature, the framework is accessible from a government portal that is made available to the public. Any update on the framework is announced in *'Makluman Terkini'* section within the portal.
Total number of questions in subject area:	9					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of applicable questions in subject area:	9					
Total number of applicable key questions in subject area:	4					
Total number of risk points:	8					
Risk score	0.889					
Area risk rating	Low					
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Low	1	DOE uses Government Financial Management Accounting System ("iGFMAS") as the accounting system. Revenues, expencitures, assets and liabilities are properly recorded in accordance with the respective accounting codes and the said system allows for recording of financial transactions from non-government organizations, *i.e. United Nations agencies.*
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Low	1	Direct costs are assigned straight to the project, while indirect costs and overhead expenses shall not be factored into the aggregated project costs. For instance, staff salary is fixed and paid by the MOF on a monthly basis. The cost incurred from the involvement of DOE's officers, i.e. Account, Administration, Finance, etc. will not be accounted for in the project's overall budget. Nonetheless, should there be specialised personnel, temporary/ contractual staff hired specifically for the project, the staff costs for this specified personnel will be charged in full to the respective projects.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	Based on the evidence picture provided by DOE on filling storage, it is noted that the physical storage of accounting and supporting documents are labelled with the name of departments/ agencies, reference numbers and the respective years. Further, DOE's accounting officers who wish to access iGFMAS shall fill out the *'Borang Permohonan Capaian Pengguna Dan Had Kuasa Pusat Tanggungjawab'* and obtain approvals from the Account Director/ Head of Accountant/ Head of Department and Director/ Deputy Director/ Head of Department. Based on the sample provided, it is noted that the *Pembantu Akauntan, Gred W22* (Assistant Accountant, Grade W22) requested access to iGFMAS on 22 March 2021. The request was authenticated by the *Ketua Pengarah* (Director General) of DOE and is understood from the written response from DOE that the approval from *Ketua Akauntan* (Chief Accountant) is at KASA's level. The applicant will receive an email with regards to the access to iGFMAS upon approval.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						The limit of access to iGFMAS for the *Pembantu Akauntan, Gred W22* was also clearly delineated in the attachment.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	As a subsidiary of KASA, DOE is required to submit monthly balances of *Akaun Terimaan* (Monthly Collection), *Akaun Amanah* (Trust Fund Account) and reconciliation of the above-stated accounts should there be any variance. Based on the sample monthly balance provided for *Akaun Amanah* for May 2021, it is noted that four (4) trust fund accounts were reconciled against general ledgers, they are: a) *Akaun Amanah Perlindungan & Pemuliharaan Alam Sekitar;* b) *Akaun Amanah Tabung Pusingan Selat Melaka Dan Selat Singapura;* c) *Akaun Amanah Projek - Projek Protokol Montreal Dan Inventori Gas Rumah Kaca Sektor Sisa Buangan;* and d) *Akaun Amanah Kesedaran Dan Pendidikan Alam Sekitar.* Reconciliation statements for such accounts were prepared by *Penolong Akauntan Gred W29* (Assistant Accountant, Grade 29) and approved by *Penolong Akauntan W32* (Assistant Accountant, Grade W32) in May 2021. Further, *Sijil Pengesahan Penyata Amanah* and *Sijil Pengesahan Baki* shall be completed to ascertain the results of the reconciliation. Approval from *Penolong Pengarah (Pembangunan)*/ Assistant Director of Development have been noted before circulating to *Jabatan Akuantan Negara Malaysia* ("JANM").
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	Yes			Low	1	From the *'Lampiran A1 Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal - Pusat Tanggungjawab ("PTJ")',* it is noted that the following functional responsibilities are performed by the following units/ individuals: (a) **Authorization to execute a transaction** - Respective divisions/ personnel (requestor) as all officers are allowed to make purchases; (b) **Recording of a transaction** - Account Assistant/ Senior Account Assistant/ Account Assistant Grade W22/ Account Assistant Grade W19; and (c) **Custody of Assets** - *Pegawai Aset* (Asset Officer) is responsible for the handling and safeguarding of DOE's assets.
4.6 Are the functions of ordering, receiving, accounting for and paying for	Yes			Low	1	Based on the review of '*Lampiran A1 Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal* - PTJ' and written response from DOE, the following processes are carried out by the departments/ personnel as follows:

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
goods and services appropriately segregated?						(a) **Ordering** - Preparation of *Pesanan Kerajaan* (Government Order) shall be carried out by respective departments, state offices and PTJ and to be approved by their respective Heads; (b) **Receiving** - *Pegawai Penerima* (Receiving Officer) shall perform receiving and update the goods received in the *ePerolehan;* (c) **Accounting for** - Account Assistant/ Senior Account Assistant/ Account Assistant Grade W22/ Account Assistant Grade W19 (d) **Payment** - *Seksyen Kewangan Mengurus* (Finance Management Section) is responsible for carrying out the payment via iGFMAS.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	1	Based on the sample Bank Reconciliation Statements, it is noted that that bank reconciliations are prepared by the *Penolong Akauntan Gred W29 (Seksyen Kewangan)*/ Assistant Accountant Grade W29 (Finance Section), reviewed by *Penolong Akauntan Gred W32 (Seksyen Kewangan)*/ Assistant Accountant Grade W32 (Financial Section) before submitting to National Audit Department Malaysia ("NADM") for approval. Based on the policy, *'Tatacara Pengurusan Penetapan Kuasa Dan Tugas Pegawai Pengawal Kepada Pegawai Perakaunan Di Bawah Kawalannya (Arahan Perbendaharaan 11)'*, established by JANM, it is noted that payments issued via *Arahan Pembayaran* (Payment Instruction) must be verified by *Peraku I* (role to check/ verify financial documents) before being approved by *Peraku II* (check/ certify/ approve financial documents). As per the *'Lampiran A1 Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal - PTJ'*, the authorised limit of approval within DOE is as follows: (i) Up to RM99,999,999,999.99 (a) *Pengarah Pentadbiran dan Kewangan* (Director of Administration and Finance); (b) *Ketua Penolong Pengarah* (Head Assistant of Director); (c) *Penolong Pengarah Gred 44* (Senior Assistant Director Grade 44); (d) *Penolong Pengarah Gred 41* (Assistant Director Grade 41); and (e) Akauntan (Accountant). (ii) Up to RM1,000,000.00 *Penolong Akauntan, Gred W32* (Assistant Accountant, Grade W32) (iii) Up to RM500,000.00 *Penolong Akauntan, Gred W29* (Assistant Accountant, Grade W29) (iv) Up to RM50,000.00 *Ketua Pembantu Tadbir* (Kewangan)/ Chief Administrative Assistant (Finance)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	According to the MOF's policy '*Anggaran Perbelanjaan Persekutuan 2021*' (Document No.: PB 1.2), the agencies are required to submit '*Laporan Belanjawan Program dan Prestasi Tahun 2022*' for 2022's budget requisition. It shall include the summary of the agency's achievements in the past two (2) years, 2019 and 2020. The said report shall be submitted via *Sistem MyResults* and to be deliberated in *Jawatankuasa Khas Penetapan Key Performance Indicator ("KPI") Perkhidmatan Awam KPI (Tier 1)*, chaired by *Ketua Setiausaha Negara* (Chief Secretary of the Country). Upon approval, a letter, *Surat Kebenaran Belanja* will be issued by MOF with the approved amount to be used in the upcoming year. Based on the official letter, '*Waran Peruntukan Belanja Pembangunan Bagi Bahagian/Jabatan/ Agensi Di Bawah P33 Kementeriaan Alam Sekitar Dan Air (KASA) Tahun 2021*' (Warrant for Development Budget) issued by KASA on 6 January 2021, DOE among other agencies of KASA were given allocation of the budgetary amount of RM71,000,000,000.00 for developmental and functional purpose.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	The actual expenditures are calibrated against the budget projection quarterly as required by the MOF's Policy, '*Anggaran Perbelanjaan Persekutuan 2021*'. The control over budget monitoring for government agencies was further enhanced by the requirement of submitting *Laporan Prestasi* to *Pejabat Belanjawan Negara* (NBO, National Budget Office) of MOF via *Sistem MyResults*. A hardcopy of the form is to be submitted by: (i) Quarter 1 - 30 April 2021 (ii) Quarter 2 - 31 July 2021 (iii) Quarter 3 - 31 October 2021 (iv) Quarter 4 and Year 2021 - 31 January 2022 Proper explanation shall be provided if the variation between budget and actual expenditure exceeds 20%. Based on the review of the sample provided on '*Laporan Prestasi Perbelanjaan Projek Pembangunan RMKe-12 Jabatan Alam Sekitar Hingga 13 Disember 2021*' and '*Laporan Baki Belanjawan (Perbandingan Dengan Jumlah Tanggungan Dan Belanja) (Ringkasan) Bulan 12 Tahun Kewangan 2021 Seperti Pada 27.12.2021*', it is noted that the actual expenditures have not exceeded the amended budget amount for all departmental projects.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	As per policy, '*Tatacara Anggaran Perbelanjaan Tambahan Bagi Tempoh Darurat*' (Document No.: PB 1.4), which was developed by MOF, it is noted that '*Anggaran Perbelanjaan Mengurus Tambahan*'/ '*Anggaran Perbelanjaan Pembangunan Tambahan*' shall be filled for budget amendments in relation to day-to-day operation/ project development. The submission shall be reviewed and to be approved by MOF/ *Menteri Besar* (Chief Minister of Malaysia)/ *Ketua Menteri*

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(Chief Minister). Should it be approved, a letter will be sent to DOE with the allocated amount for each breakdown. The additional funds will then be credited to the DOE's account by *Akauntan Negara* (General Accountant of the Country)/ *Akauntan Negeri* (General Accountant of State)/ *Bendahari Negeri* (State Treasurer). Based on the sample *Surat Permohonan Kelulusan Pindah Peruntukan* (Application Letter for Approval of Transfer of Allocation), it is noted that DOE must gain approval from MOF for budgets amendment. Valid reasoning must be provided as the letter contains an explanation on changes in the budget amount that is a reduction of RM150,000 in allocation for *Harta Model dan Kelengkapan Yang Lain* (Other Model Properties and Equipment) which is to be added to the allocation for *Aset Tak Ketara* (Intangible Assets) for purpose of renewing DOE's anti-virus license. Further noted from the *Surat Cadangan Pindah Peruntukan* (Letter of Proposal for Transfer of Allocation) that MOF approved for the budget amendments in a written reply stating the amount to be changed in the allocation that is RM150,000 with validation given by *Pejabat Belanjawan Negara, Ketua Setiausaha Perbendaharaan* (National Budget Office, Secretary General of the MOF).
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	From the review of *'Anggaran Perbelanjaan Persekutuan 2021'*, the government agencies are required to submit *'Laporan Belanjawan Program dan Prestasi tahun 2022'* via *Sistem MyResults*. The requisition shall be brought to the deliberation in *Jawatankuasa Khas Penetapan KPI Perkhidmatan Awam KPI* (Tier 1). The budget allocation shall be informed by the MOF via *Surat Kebenaran Belanja*.
4d. Payments						
4.12 Do invoice processing procedures provide for: **· Copies of purchase orders and receiving reports to be obtained directly from issuing departments?** **· Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received?** **· Checking the accuracy of calculations?**	Yes			Low	1	Based on the sample Invoice issued for Yes Events and Branding Sdn Bhd on 15 October 2021 for server rental service for a departmental program, it was noted that the quantity, i.e. 1 service unit and other terms with those indicated in the *Pesanan Kerajaan (Bekalan/ Perkhidmatan)*/ Purchase Order were adequately received. Further noted from the invoice that the transaction was amounted to RM10,000 and sighted to be indifferent from the Purchase Order, *Pesanan Penghantaran*/ Delivery Order and *Nota Penerimaan Bekalan/ Perkhidmatan* (Goods/ Service Received Note). However, it is noted from the *Arahan Pembayaran*/ Payment Instructions that the final payment was made as follows: - RM9,920 to Yes Events and Branding Sdn Bhd; and - RM80 to Commerce Dot Com Sdn Bhd (0.8% one-off service charge for utilising *e-Perolehan* system).
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low		Based on the policy, *'Tatacara Pengurusan Penetapan Kuasa Dan Tugas Pegawai Pengawal Kepada Pegawai Perakaunan Di Bawah Kawalannya (Arahan Perbendaharaan 11)'*, established by JANM, it is noted that payments issued via Arahan Pembayaran must be verified by *Peraku I* (role to check/

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						verify financial documents) before being approved by *Peraku II* (check/ certify/ approve financial documents). DOE follows the payment verification and approval thresholds enacted by the MOF, *"Lampiran A1 - Format Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal - PTJ"* which the payments in DOE are authorised as follows: (i) Up to RM99,999,999,999.99 (a) *Pengarah Pentadbiran dan Kewangan* (Director of Administration and Finance); (b) *Ketua Penolong Pengarah* (Head Assistant of Director); (c) *Penolong Pengarah Gred 44* (Senior Assistant Director Grade 44); (d) *Penolong Pengarah Gred 41* (Assistant Director Grade 41); and (e) *Akauntan* (Accountant). (ii) Up to RM1,000,000.00 *Penolong Akauntan, Gred W32* (Assistant Accountant, Grade W32) (iii) Up to RM500,000.00 *Penolong Akauntan, Gred W29* (Assistant Accountant, Grade W29) According to the sample *Arahan Pembayaran* (Payment Instruction) provided, it is noted that DOE has made a server rental service amounting to RM10,000 from Yes Events and Branding Sdn Bhd on 15 October 2021. The transaction was approved *Penolong Akauntan Gred W29* (Accountant Assistant Grade W29).
4.14 Are all invoices stamped *'PAID'*, approved, and markec with the project code and account code?	Yes			Low	1	Based on a sample received, it is noted that the *Arahan Pembayaran* (Payment Instruction) was marked "PAID". The details of the *Arahan Pembayaran* are as follows: (i) Payment to: Yes Events and Branding Sdn. Bhd. (ii) Document No.: 12001319 (iii) Date of document: 15 October 2021 (iv) Description: Server Rental Service for DOE Pahang Ozone Day Celebration Program (v) Amount: - RM9,920 to Yes Events and Branding Sdn Bhd; and - RM80 to Commerce Dot Com Sdn Bhd (0.8% one-off service charge for utilising *e-Perolehan* system)
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	The preparation of payroll expenditure is executed via iGFMAS. Based on the sample Payroll Master Listing for December 2021 provided, it is noted that the said listing comprises the non-exhaustive details as follows: (a) Officer's name; (b) Identity Card number;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(c) Department; (d) Position; (e) Employee Provident Fund ("EPF") number; and (f) Computation of net salary, including basic salary, allowances, deductions. Further noted that the monthly payroll was prepared by *Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division), Grade W22 and above and approved by Grade W32 and above. *Borang Perubahan Gaji* shall be filled and submmited by *Bahagian Pentadbiran dan Kewangan* for any changes made to the payroll. Per the sample *Borang Perubahan Gaji* for *Pegawai Kawalan Alam Sekitar Gred C48* (Environmental Control Officer Grade C48), Mr. Azhar Bin Saran, it is noted that changes have been made on the salary's information and the amendments were reviewed by the *Penolong Akauntan Gred W29 (Seksyen Kewangan)*/ Assistant Accountant Grade W29 (Finance Section), Mrs. Noor Azlina Binti Abd Rahman and approved by Penolong Akauntan Gred W32 (Seksyen Kewangan)/ Assistant Accountant Grade W32 (Finance Section), Mrs. Anisah Binti Kamarulzaman on 14 January 2022.
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Low	1	There is no cost tracing mechanism for staff costs. For government and external projects, *e.g. UNDP-supported*, staff salaries will not be reflected/ charged to the respective project except for the specialised worker or temporary/ contract worker hired specifically for the development of the project. Therefore, the staff salaries are paid by the Government funds and the costs are deemed as operating expenses in DOE.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	According to the *'Kadar Dan Syarat Tuntutan Elaun, Kemudahan Dan Bayaran Kepada Pegawai Perkhidmatan Awam Kerana Menjalankan Tugas Rasmi (Tidak Termasuk Tentera Dan Polis)'*, it is understood that all officers are entitled to reimbursement and/ or allowance, if they are assigned to places other than their reporting offices. This includes food and beverages, daily allowance, accommodation, fixed replacement allowance, travel vehicle, medical, etc. The submission of *Arahan Pembayaran* (Payment Instructions), *Borang Senarai Semak* (Checklist Form) as well as *Borang Tuntutan Elaun Perjalanan Dalam Negeri WP1.4 Bagi Bulan* (Domestic Travel Allowance Claim Form WP1.4 for Months) and supporting documents are required to facilitate the reimbursement/ claiming process. Based on the review of a sample provided, it is noted that the above-mentioned documents have been raised for the claim from the *Penolong Pegawai Kawalan Alam Sekitar* (Assistant

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						Environmental Control Officer) in January 2022. The *Arahan Pembayaran* was verified by the *Penolong Akauntan W29* and approved by the *Penolong Akauntan W32* which are in line with the *"Lampiran A2 - Format Jadual Penetapan Kuasa Dan Tugas Pegawai Pengawal - PTJ"*. Apart from that, it is further noted that the *'Borang Tuntutan Elaun Perjalanan Dalam Negeri WP1.4 Bagi Bulan Januari 2022'* was submitted on 8 February 2022 and authenticated by the *Pegawai Kawalan Alam Sekitar* (Environmental Control Officer) on 8 February 2022. Other than that, the sample was affixed with "PAID" and supported with *Memo Perhubungan Bahagian Komunikasi Strategik* (Strategic Communications Division Liaison Memo), *Senarai Nama Pegawai dan Kakitangan Terlibat Kerja Lebih Masa Bagi Memantau Kerja-Kerja Menaiktaraf Perpustakaan Dan Ruang Pameran Jabatan Alam Sekitar* (List of Names of Officers and Staff Involved in Overtime To Monitor Upgrading Works of the Department of Environment), *Laporan Kehadiran Individu (Bulanan) - Azlin Binti Ahmad* (Attendance Report of Individuals (Monthly) - Azlin binti Ahmad), travelling distance from the Google Map, etc..
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Low	1	DOE prepares the financial statements on a cash basis accounting for Federal Government. Transactions shall be recorded in the accounting system, iGFMAS upon issuing and receiving supporting documents such as Invoice and Delivery Order. Further noted from DOE's written response that the agency is in the midst of a transition from cash basis accounting to accrual basis accounting approach.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	Government agencies are subject to follow policies and procedures ("P&P") established by the Government of Malaysia. Below is the non-exhaustive list of policies and procedures which could be found on *https://ppp.treasury.gov.my*: (i) Public Officers (Appointment, Promotion and Termination of Service) Regulations 2012 (established by *Jabatan Peguam Negara*/ Attorney General's Chambers, effective from 1 January 2012); (ii) *Garis Panduan Pelaksanaan Jawatankuasa Pengurusan Kewangan Dan Akaun* (established by MOF); (iii) *Tatacara Pengurusan Bayaran* (established by *Jabatan Akauntan Negara Malaysia*, effective year: 2018); (iv) *Anggaran Perbelanjaan Persekutuan 2021* (established by MOF, effective year: 2021); (v) *Garis Panduan Penyediaan Cadangan Anggaran Perbelanjaan Persekutuan Tahun 2022* (established by MOF, effective year: 2022); (vi) *Tatacara Pengurusan Terimaan* (established by *Jabatan Akauntan Negara Malaysia*, effective year: 2019);

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(vii) *Bajet Berasaskan Outcome* (established by MOF); (viii) *Kadar Dan Syarat Tuntutan Elaun, Kemudahan Dan Bayaran Kepada Pegawai Perkhidmatan Awam Kerana Menjalankan Tugas Rasmi (Tidak Termasuk Tentera dan Polis)* (established by MOF); and (ix) *Pelaksanaan Audit Dalam Di Kementerian Atau Jabatan Persekutuan Dan Kerajaan Negeri* (established by MOF). As the P&P are published online, hence they are accessible to the public, including the government officers.
4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Low	1	It is noted that an official letter was sent by *Ketua Pengarah* (Director General) of DOE to KASA on 28 June 2021 with the *Kuasa Tetap (Borang AK52)* attached for the update of authorization for the bank account, *'Akaunan Negara Malaysia-KASA-RU'* under Bank Mualamat. The authorization for payment confirmation and release are as follows: Payment Confirmation (i) *Penolong Pengarah Kanan* (Senior Assistant Director), Rozhana binti Mahat; and (ii) *Penolong Pengarah* (Assistant Director), Nurul Amalina binti Rosji Payment Release (i) *Penolong Akauntan Kanan* (Senior Assistant Accountant), Aminah binti Mawardi; (ii) *Penolong Akauntan Kanan* (Senior Assistant Accountant), Anisah binti Kamarulzaman; (iii) *Penolong Akauntan* (Assistant Accountant), Syahfiqah Izzati binti Abdul Wahab; (iv) *Ketua Pembantu Tadbir* (Chief Administrative Assistant), Asmah binti Muslim; and (v) *Pembantu Akauntan* (Assistant Accountant), Mysarah binti Alias.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	It is understood that DOE is required to submit *Penyata Pengesahan Dokumen Akaun Terimaan* (Statement of Document Confirmation of Account Receivables) to the governing body, KASA on a monthly basis to ensure the recording receipts is adequate and up-to-date. Based on a sample *Penyata Pengesahan Dokumen Akaun Terimaan Bagi Bulan Januari 2022* provided, it is noted that the statement comprises different-purpose reports such as *Laporan Resit Terperinci* (Detailed Receipt Report), *Laporan Buku Tunai Cerakinan* (Cash Book Report), *Laporan Penyata Pemungut* (Receivables' Statement Report), etc.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and		No		Low	1	Based on the written response from DOE, it was noted that there is no involvement in any micro-finance advances.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
recording of receipts at each collection location?						
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	Based on JANM's SOP, '*Manual Prosedur Kerja iGFMAS Modul* Cash Management', which was last revised on 30 June 2019, it is understood that bank reconciliation shall be carried out by all government agencies on a monthly basis which is started by obtaining/ downloading monthly bank statement from the bank. The statement shall subsequently be uploaded onto iGFMAS and the system shall diligently reconcile it against the bank ledger report. Should there be any discrepancies, a *Laporan Penyata Penyesuaian Bank* (Bank Reconciliation Statement Report) will be generated in delineating the discrepancies and is subject to be submitted to NADM. Further understood from the written response by *Ketua Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)/* Head Assistant of Director (Administration and Finance Division) of DOE that the above-stated process is carried out by the governing Ministry, KASA on a monthly basis as DOE does have an independent or shared banking account. Therefore, permission must be requested from KASA before bank transactions are carried out within DOE.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	Yes			Low	1	Based on the written response from DOE, the agency is only subject to cash payment for any transaction not above RM500 per receipt. It is normally used for emergency and trivial payments. Further understood that *'Borang Kew 50E'* shall be submitted and will be recorded in the *'Panjar Wang Runcit Module'* under the iGFMAS upon approval.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	Based on the *Buku Wang Runcit Dari 13.04.2021 sehingga 08.09.2021* (Petty Cash Book), DOE maintains its petty cash at approximately RM1,600. Based on the written response from DOE, it is understood that reconciliation will be carried out at least once a month by the Finance Unit to ensure that the cash hold agrees with the amount stated in the system.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Low	1	Based on the written response from DOE, *Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division) is responsible for safekeeping cash and cheques. There are ten (10) people who have the authority to manage cash, namely: (a) Three (3) personnel of *Penolong Akauntan, Gred W29* (Assistant Accountant, Grade W29); (b) *Ketua Pembantu Tadbir, Gred W22* (Chief Administrative Assistant, Grade W22); (c) *Pembantu Akauntan, Gred W22* (Assistant Accountant, Grade W22); (d) Two (2) personnel of *Pembantu Tadbir Kewangan, Gred W22* (Financial Administrative Assistant, Grade W22); (e) *Pembantu Tadbir Kewangan, Gred W19* (Financial Administrative Assistant, Grade W19); and (f) *Pembantu Akauntan, Gred W19* (Assistant Accountant, Grade W19).

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						There are two (2) people with authority to verify the cheque payments, namely: (a) *Penolong Pengarah Kanan, Gred M44* (Senior Assistant Director, Grade M44); and (b) *Penolong Pengarah, Gred M41* (Assistant Director, Grade M41). There are five (5) people with authority to cash in cheques, namely: (a) *Penolong Akauntan Kanan, Gred W32* (Senior Assistant Accountant, Grade W32); (b) *Penolong Akauntan Kanan, Gred W32* (Senior Assistant Accountant, Grade W32); (c) *Penolong Akauntan, Gred W29* (Accountant Assistant, Grade W29); (d) *Ketua Pembantu Tadbir, Gred W22* (Chief Administrative Assistant, Grade W22); and (e) *Pembantu Akauntan, Gred W22* (Assistant Accountant, Grade W22) Further noted from the sample photos provided that the petty cash box and cheque books are kept in a metal steel safe.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?	Yes			Low	1	Based on the written response from DOE, it is noted that electronic fund transfer ("EFT") is the primary mode of payment in DOE. An EFT number will be generated in the iGFMAS and a payment file will be created and subsequently transmitted to the bank account via a secured web method connected.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes			Low	1	Based on the written response from *Ketua Penolong Pengarah Pentadbiran dan Kewangan, Gred M48* (Chief Assistant Director of Administration and Finance, Grade M48) Nor Hamirah Binti Mahayudin and sample *Laporan Prestasi Perbelanjaan Projek Pembangunan 2021 RMke-12 Jabatan Alam Sekitar Sehingga 13 Disember 2021* (Development Project Expenditure Performance Report 2021 RMke-12 Department of Environment Until 13th December 2021) prepared monthly by the Seksyen Kewangan (Finance Section), it is noted that DOE monitors project budgetary expenditure for departments i.e., *Bahagian Udara* (Department of Air), *Bahagian Komunikasi Strategik* (Department of Strategic Communications), *Bahagian Seksyen Industri Hijau* (Green Industry Section), *Jabatan Alam Sekitar Terengganu* (DOE Terengganu), *Bahagian Air Marin* (Department of Water and Marine), *Bahagian Penguatkuasa* (Department of Enforcement) , *Bahagian Penilaian* (Department of Valuation), and *Bahagian Teknologi Maklumat* (Department of Information Technology). Further noted from the sample meeting minutes for the *Mesyuarat Verifikasi Bagi Penyelenggaraan Stesen TVOC Di Pasir Gudang, Johor Bagi Bulan Oktober 2021* (Verification Meeting for Maintenance of TVOC Stations in Pasir Gudang, Johor For October 2021) that DOE and the contractor, Tay Scientific Instruments Sdn Bhd met during project progression to discuss the maintenance of

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						twenty-five (25) TVOC stations in October 2021, invoice payments made and project implementation updates. It is also sighted that the meeting was conducted on 10 November 2021 at 10:00 am
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes			Low	1	From the review of federal document '*Pelaksanaan Audit Dalam Di Kementerian Atau Jabatan Persekutuan Dan Kerajaan Negeri*' (Document No.: PS 3.1, established by the MOF), it is stipulated that all government agencies shall have an internal audit department. *Ketua Jabatan Persekutuan* (Executive Head) must ensure human resource needs for the internal audit department are appropriate with the size and operation of the agency. Should an agency does not have an internal audit department, an audit shall be performed by the internal audit department from the ministry under which the agency is subject to. Based on the written response from DOE, it is understood that the government agency does not have an internal auditor. The audit shall be conducted by the governing body, KASA based on the *Rancangan Audit Tahun* which may not necessarily be every year. *Penubuhan Jawatankuasa Audit Di Peringkat Kementerian Persekutuan Dan Kerajaan Negeri* (Document No.: PS 3.2, established by the MOF) also describes the establishment of audit committee on federal and state level. The committee's objective is to discuss audit issues raised and ensure preventive and corrective action is taken by the auditee. The audit committee's responsibility further includes: a) ensuring sound internal control and information system; b) reporting to Ministry/State Authority about the effectiveness of accounting and financial management c) planning and approving annual audit plan, and suggesting scope and focus before approval from KSU/SUK and review from MOF; d) ensuring audit access; e) meeting human resource needs of the internal audit department; f) looking into audit reports and ensuring issues are solved; and g) suggesting audit function improvement. The synergic arrangement above allows for internal audit independence to make critical assessments.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes			Low	1	Based on sampled JD for KASA's *Unit Audit Dalam* (Internal Audit Department), it was noted that the qualifications and experience requirements for internal audit department staff are stated as follows: (i) *Ketua Unit Audit Dalam Gred W54* (Chief of Internal Audit Unit, Grade W54) - Bachelor's Degree

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(Honours) in Accounting or Bachelor's Degree in Accounting. The officer must have the ability to lead and at least 15 years of experience in the field of auditing, financial management and governance. (ii) *Ketua Juruaudit, Gred W48* (Chief Auditor, Grade W48) - Bachelor's Degree in Accounting. The officer shall possess leadership, analytical, critical, creative and communication skills and have experience of at least 8 years in the field of auditing, financial management and governance. (iii) *Juruaudit, Gred W44* (Auditor, Grade W44) - Bachelor's Degree in Accounting. The officer needs to have analytical, critical, creative, communication, writing and Microsoft Office skills and have at least 8 years in the field of auditing, financial management and governance. (iv) *Juruaudit, Gred W41* (Auditor, Grade W41) - Bachelor's Degree in Accounting. The officer needs to have analytical, critical, creative, communication, writing and Microsoft Office skills. (v) *Penolong Juruaudit, Gred W32* (Audit Assistant, Grade W32) - Certificate from Business Studies and Accounting in local polytechnic/ Certified Accounting Technician ("CAT")/ diploma holder in Business Studies, Banking and Finance or Accounting. The officer is required to have analytical, critical, creative, writing and Microsoft Office skills. (vi) *Penolong Akauntan, Gred W29* (Account Assistant, Grade W29) - Certificate from Business Studies and Accounting in local polytechnic/ Certified Accounting Technician ("CAT")/ diploma holder in Business Studies, Banking and Finance or Accounting. The officer needs to possess analytical, critical, creative, writing and Microsoft Office skills.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?		No		Moderate	2	Based on KASA's *'Rancangan Audit Tahunan'* for year 2020 and 2021, it is found that only DOE Negeri Sembilan opted for the audit in 2021. Further noted therein that the audit conducted by KASA's UAD covers areas such as *Pengurusan Kewangan* (Finance Management), *Perolehan* (Procurement), *verifikasi baki awal aset dan liabiliti* (verification of the initial balance of assets and liabilities), etc. Nonetheless, the activities financed by the agencies, i.e. UNDP is not found to be included in the work programme.
4.32 Does the IP act on the internal auditor's recommendations?	Yes			Low	1	Based on the notice sent on the 8 June 2018 regarding the *'Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor'* issued by KASA on May 2018, it is noted that DOE Selangor has provided responses and corrective measures on the issues found from the audit findings to KASA's UAD in twenty-one (21) days from the notice issued to date.
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	32					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of applicable key questions in subject area:	**19**					
Total number of risk points:	**33**					
Risk score	**1.031**					
Area risk rating	**Low**					
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	DOE follows policy *'Pengurusan Aset Kerajaan'* (Document No.: AM1.1), which was established by the MOF, in implementing *Sistem Pemantauan Pengurusan Aset* ("SPPA")/ Asset Management Monitoring System to transfer, verify and record assets and inventories of DOE. SPPA contains two (2) modules; (i) *Sistem Pengurusan Aset* ("SPA") - The process of managing movable assets includes receipt, registration of asset, movement of assets (incoming and withdrawal/loss), asset inspection, maintenance, disposal, or write-off of an asset. (ii) *Sistem Pengurusan Stor* ("SPS") - The process of managing the store includes the receipts, stock recording, stock movements (inbound and outbound), production, stock inspection, safety and hygiene, disposal and write-off of stock.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	Quarterly reporting and reconciliation of assets and inventories shall be carried out by the subsidiaries/ PTJs, which are to be presented and submitted to DOE. Based on the sample meeting minutes for the *'Mesyuarat JKPAK Bil. 4 Tahun 2021 JAS'* dated 13 January 2022, it is noted that the meeting had been attended by DOE and its subsidiaries/ PTJs to discuss the following: i) presentation on assets and inventories reports submitted by PTJs; ii) plans for maintenance and disposal of assets and stock; iii) overall reports of iGFMAS and SPPA data; iv) issues involving asset and store management; and v) other matters relating to recording and reporting of assets and inventory.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	According to the sample reports provided, reporting and reconciliation of assets and inventory are updated quarterly while reporting on stock verification is done annually in accordance with the MOF circular *'Pengurusan Aset Kerajaan'*. It consists of 24 reports which the following samples have been provided to support the assessment: i) *'Laporan Kedudukan Semasa Aset Alih Suku Tahun Sehingga Tahun 2021'*; ii) *'Laporan Pemeriksaan Aset Alih Suku Tahun Bagi Tahun 2021'*; iii) *'Laporan Penyelenggaraan Aset Alih Suku Tahun Bagi Tahun 2021'*; iv) *'Laporan Pindahan Aset Alih Suku Tahun Bagi Tahun 2021'*; v) *'Laporan Pelupusan Aset Alih Suku Tahun Bagi Tahun 2021'*; vi) *'Laporan Hapus Kira Aset Alih Suku Tahun Bagi Tahun 2021'*;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						vii) *'Laporan Kedudukan Semasa Aset Tak Ketara Suku Tahun Bagi Tahun 2021'*; viii) *'Laporan Pemeriksaan Aset Tak Ketara Suku Tahun Bagi Tahun 2021'*; ix) *'Laporan Kedudukan Stok Suku Tahun Bagi Tahun 2021'*; x) *'Laporan Pelupusan Stok Suku Tahun Bagi Tahun 2021'*;and xi) *'Laporan Verifikasi Stor Bagi Tahun 2021'*.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Low	1	The assets of DOE are insured by the Government of Malaysia.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	Yes			Moderate	4	Based on the written response from DOE, it is noted that there are two (2) storage rooms/ warehouses for DOE. They are located in and used for the following purpose: (i) Putrajaya - to safe keep apparatus and equipment for enforcement activities such as bottles, stickers, gloves, etc. (ii) Bangi, Selangor - to store office-used items, e.g. A4 papers, pens, pencils, files, etc. Further understood that both facilities are physically secured with the station of security guards, however, there is no Closed Circuit Television ("CCTV"). Based on the photos provided, it is noted that they are secured with a padlock and guarded by security officers. The keys are currently held by the *Penolong Pegawai Kawalan*/ Assistant Control Officer, Jasmin bin Alias from *Seksyen Pengurusan Aset* (Asset Management Section) and *Pembantu Tadbir (Unit Stor)*/ Administrative Assistant (Store Unit), Noor Maziah from the *Seksyen Pentadbiran dan Inovasi* (Administration and Innovation Section). Further, the sample pictures show that the doors are tinted to increase privacy and obscure inventories from unauthorised personnel.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	1	In *'Tatacara Pengurusan Stor Kerajaan'* (Document No.: AM 6.1), which was established by the MOF, it is understood that: (i) The arrangement of the inventories should ensure easy movement for staff. (ii) Inventories shall be stored in accordance with categories, sizes, ingredients/ materials, etc. (iii) Each stock area shall be labelled with names and codes of the inventories in the order of the level they are located at. (iv) Inventories that are fragile, flammable, chemical, etc. shall be handled with care and labelled appropriately to provide awareness to other users. (v) Bulky stocks shall be stored at the bottom shelf for safety reasons. (vi) Inventories stored on the top shelf should be 50cm away from the ceiling for safety purposes. Based on the sample photos provided, it is noted that inventories are arranged in an identifiable manner and properly labelled with names at the cabinet, which allows easy access for the users.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	Yes			Low	1	DOE follows policy *'Pengurusan Aset Kerajaan'* in implementing *Sistem Pemantauan Pengurusan Aset* ("SPPA")/ Asset Management Monitoring System to transfer, verify and record assets and inventories of DOE. SPPA contains two (2) modules; (i) *Sistem Pengurusan Aset* ("SPA") - The process of managing movable assets includes receipt, registration of asset, movement of assets (incoming and withdrawal / loss), asset inspection, maintenance, disposal, or write-off of an asset. (ii) *Sistem Pengurusan Stor* ("SPS") - The process of managing the store includes the receipts, stock recording, stock movements (inbound and outbound), production, stock inspection, safety and hygiene, disposal and write-off of stock.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Low	1	Based on the written response from DOE, the segregation of duties are in place for the following processes: (i) Purchase requisition of new inventory - *Pengarah Bahagian* (Director of each department); (ii) Approval of the requisition - *Ketua Pengarah* (Director General)/ *Pengarah* (Director) of *Bahagian Pentabdiran Kewangan* (Finance and Development Section); (iii) Purchase order - *Penolong Pengarah* (Assistant Director) and *Akauntan* (Accountant) of *Bahagian Pentadbiran dan Kewangan*; (iv) Receiving - *Pegawai Penerima* (Receiving Officer) from the requesting department/ state office; and (v) Store management Putrajaya *Pembantu Tadbir (Unit Stor)*/ Administrative Assistant (Store Unit) from *Seksyen Pentadbiran dan Inovasi* (Administration and Innovation Section) Bangi, Selangor *Penolong Pegawai Kawalan/* Assistant Control Officer of *Seksyen Pengurusan Aset* (Asset Management Section)
5.9 Are regular physical counts of inventory carried out?	Yes			Low	1	According to the sample reports provided, reporting and reconciliation of assets and inventory are updated quarterly while reporting on stock verification is done annually in accordance with the MOF circular *'Pengurusan Aset Kerajaan'*. It consists of 24 reports which the following samples for physical counts of inventory have been provided to support the assessment: (i) *'Laporan Kedudukan Stok Suku Tahun Bagi Tahun 2021';* (ii) *'Laporan Pelupusan Stok Suku Tahun Bagi Tahun 2021';* and (iii) *'Laporan Verifikasi Stor Bagi Tahun 2021'.*
Total number of questions in subject area:	9					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of applicable questions in subject area:	**9**					
Total number of applicable key questions in subject area:	**2**					
Total number of risk points:	**12**					
Risk score	**1.333**					
Area risk rating	**Low**					
6. Financial Reporting and Monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	DOE follows centralised policy *'Garis Panduan Pelaksanaan Jawatankuasa Pengurusan Kewangan dan Akaun'* (Document No.: PS 5.1) which was established by the MOF for financial reporting activities. It is noted from the policy therein that *Jawatankuasa Pengurusan Kewangan dan Akaun* ("JPKA") shall be established in each Ministry, Federal Department at Head Office and State level and the PTJ. Following are the non-exhaustive responsibilities of JPKA, as follows: (I) To ensure vot books are maintained according to *'Tatacara Penyelenggaraan Buku Vot'*. (ii) To ensure the adjustment/ reconciliation of vot book with the expenditure statement is done on a monthly basis. (iii) To ensure that Ministry's *Kumpulan Wang Amanah* (Trust Fund), *Akaun Amanah* (Trust Accounts), *Akaun Deposit* (Accounts Deposits) are managed in accordance with the policies enacted by the MOF. (iv) To ensure that *Akaun Panjar Wang Tunai* (Cash Range Account) is managed in accordance with the policies enacted by the MOF. Further understood from the written response from DOE that *'Laporan Jawatankuasa Kewangan dan Akaun'* is required to be submitted to *Bahagian Strategi Korporat Dan Komunikasi* (Corporate Strategy and Communications Division) of MOF. The said report includes details of the budget, accounting, procurement, assets and inventories, which shall be submitted quarterly, 15 May, 15 August, 15 November and 1 March (following year).
6.2 Does the IP prepare overall financial statements?		No		Low	1	It is understood from the written response from DOE that the preparation of financial statements shall be handled by the MOF through iGFMAS. DOE is responsible for the record of daily transactions in iGFMAS, i.e. recording of operational expenses are done by *Penolong Pengarah Kewangan (Mengurus) Gred WA41/* Assistant Director of Finance (Management) Grade WA41, Ms. Norshafawati Binti Hamzah from *Seksyen Kewangan* (Finance Section).

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	Yes			Low	1	It is understood that the financial statements for the government agencies are subject to be audited in accordance with the Financial Procedure Act 1957 (Laws Of Malaysia Act 61). It shall be carried out/ performed by the National Audit Department Malaysia ("NADM") on a yearly basis.
6.4 Were there any major issues related to ineligible expenciture involving donor funds reported in the audit reports of the IP over the past five years?		No		Low	1	It is noted from the latest audit conducted for DOE and its state office, *'Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor',* no exception was recommended by KASA's UAD in relation to ineligible expenditure involving donor funds.
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	Yes			Moderate	2	Based on the sample report for *Mesyuarat Jawatankuasa Pengurusan Kewangan dan Akaun Bilangan 4* (Financial Management and Accounts Committee Meeting No.4) for year 2020 and 2021, it is noted that members meet on a quarterly basis to present findings from financial reporting and discuss other related internal affairs. The following are five (5) issues discussed which were found to be resolved with recommended solutions: (i) *Perolehan Sewaan Kenderaan Penguatkuasaan Di Bawah Peruntukan KASA* (Procurement for Rental of Enforcement Vehicle Under KASA Provisions) KASA concluded to absorb the rental cost of vehicles needed with a limit on the number of vehicles being rented. The current status requires DOE to implement the procurement with the budget amount provided by KASA. (ii) *Peruntukan Bertugas Luar* (Budget for External Duties) BPK concluded that the budget amount for this allocation will be coordinated at the ministry level, KASA. DOE is required to request for any other further claims using the *Borang Permohonan Peruntukan Luar Negara* (Overseas Budget Allocation Application Form) that has been approved by the *Pegawai Pengawal* (Controlling Officer). (iii) *Pembayaran Elaun Pelajar Latihan Industri* (Payment of Industrial Training Student Allowance) BPK concluded that allocation for the Industrial Training Student Program 2021 of RM35,000 is insufficient to cover all the required payments for the student intake so intake will be limited. Further, funds will be allocated for purpose of payments to students who have completed their industry training. (iv) *Perkhidmatan Mesin Penyalin Kontrak Baharu JAS Ibu Pejabat* (New Contract for Photocopying Machine Services at JAS Headquarters) BPK concluded that the penalty charges imposed on a supplier of malfunctioning photocopying

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						machines due to a contract breach have been calculated and consolidated. Further, a new replacement has been given and delay of replacement has also been accounted for in the penalty charges. (v) *Permohonan Cadangan Perolehan Pembelian Peralatan Pengintipan Keperluan Segera* (Application on Procurement for Purchase of Surveillance Equipment for Urgent Needs) *Bahagian Bahan Berbahaya* (Hazardous Substances Department) concluded that the purchase of surveillance equipment for case requirements is done using the *Tuntutan Panjar Wang Runcit* (Petty Cash Claim) before the end of the final account closure for 2021. Further noted that one (1) issue relating to *Cadangan Stor Simpanan Dan Pengangkutan Bagi Pengurusan Simpanan Barang-Barang Kes* (Proposed Storage and Transportation Store for Storage Management of Case Goods) has yet to be resolved as the size of available land does not fulfill the required construction space needed of 4.5 acres.
6.6 Is the financial management system computerized?	Yes			Low	1	Besides using iGFMAS in recording, processing and managing financial transactions, a centralised accounting system SAP GUI is also used to monitor the finance of the Ministry as a whole (including all the Departments and PTJs). SAP GUI is a portal that was established by the Federal Government to standardise the financial recording with other agencies. Further understood that both iGFMAS and SAP GUI interface with one another.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	The centralised accounting system, iGFMAS allows agencies to produce necessary financial reports, i.e. *Laporan Belanja/ Hasil* (Expense/ Revenue Report), *Laporan Kedudukan Vot* (Financial Position Report), *Penyata Penyesuaian Bank* (Bank Reconciliation Statement), etc.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? *E.g. password access controls; regular data back-up.*	Yes			Low	1	Authorised users require a password to access financial data stored in SAP GUI and iGFMAS. Officers from *Bahagian Akaun* (Account Department) are required to fill out *'Borang Permohonan Capaian Pengguna Dan Had Kuasa Pejabat Perakaunan'* to grant access to the accounting systems. The completed form shall be verified by the Local Administrator and approved by the Account Director/ Head of Accountant/ Head of Department and Director/ Deputy Director. Personnel from other departments who wish to access to iGFMAS, he/she shall accomplish the *'Borang Permohonan Capaian Pengguna Dan Had Kuasa Ibu Pejabat'/ 'Borang Permohonan Capaian Pengguna Dan Had Kuasa Pusat Tanggungjawab'* and obtain approvals from the Account Director/ Head of Accountant/ Head of Department and Director/ Deputy Director/ Head of Department. Besides that, the above-mentioned systems are under the surveillance of the *Jabatan Akauntan Negara Malaysia* ("JANM", Accountant General's Department of Malaysia). Thus, JANM is

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						responsible for the backup of financial information, which is uploaded and synced onto the Cloud upon saving.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	9					
Risk score	1.125					
Area risk rating	Low					

7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	As a government agency, DOE is required to adhere to federal procurement policies, as documented in '*Kaedah Perolehan Kerajaan*' (Document No.: PK 2.1) and '*Punca Kuasa, Prinsip dan Dasar Perolehan Kerajaan*' (Document No.: PK1, effective date: 15 January 2020), produced by MOF. '*Kaedah Perolehan Kerajaan*' describes federal procurement procedures such as procurement planning, budgeting, sub-contracting and preparation of specification. The document also outlines the process for direct purchase, vendor appointment, quotation, tendering, ICT procurement, amount limit and approval threshold. It was noted that some rules are also stipulated to avoid procurement fraud schemes such as, among others, spending excess budget before the new accounting year or splitting contracts to avoid tender. '*Punca Kuasa, Prinsip dan Dasar Perolehan Kerajaan*' further supplements federal procurement practice by delineating, among others, public procurement principle, procurement category and Integrity Pact acknowledgment. It was also found that this document explains in detail the *Dasar Perolehan Kerajaan* (National Procurement Policy), which includes several political-centric policies such as importing, currency exchange, Bumiputera-owned company privileges, remanufacturing, and others.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	Based on the written response from DOE, exceptions to procurement are done in accordance with the guidance of MOF's policy '*Pengecualian Daripada Tatacara Perolehan Kerajaan*' (Document No.: PK 7/2013). Following are the 14 types of exceptions covered in the above-mentioned policy: (i) *Perolehan Perkhidmatan Kemudahan Latihan Secara Pakej* (Procurement of Packaged Training Facilities Services); (ii) *Tatacara Perolehan Bagi Penganjuran Majlis/ Acara Rasmi Kerajaan dan Jamuan Keraian Rasmi Kerajaan* (Procurement Procedure for Government's Official Functions/ Events and Celebrations); (iii) *Perolehan Kenderaan* (Vehicle Procurement); (iv) *Perolehan Bekalan Surat Khabar Dan Majalah Tempatan Secara Pembelian Terus* (Procurement of Local Newspapers and Magazines by Direct Purchase); (v) *Perolehan Bekalan Dan Penghantaran Buku Cetakan Dan Terbitan Luar Negeri* (Procurement of Supply and Delivery of Printed Books and Overseas Publications); (vi) *Perolehan Secara* Cost, Insurance and Freight ("CIF") *Bagi Peralatan Latihan, Penyelidikan Dan Perubatan Yang Diimport* (CIF Procurement for Training Equipment, Research And Imported Medicine); (vii) *Perolehan Ubat-Ubatan Secara CIF* (Procurement of Medicines by CIF); (viii) *Perolehan Diesel/ Diesel Bersubsidi Di Semenanjung Malaysia* (Subsidised Diesel/ Diesel Procurement in Peninsular Malaysia); (ix) *Perolehan Berkaitan* Information and Communications Technology ("ICT") *Dan Rangkaian Internet* (Procurement of ICT-related and Internet Network); (x) *Pengecualian Penggunaan Sistem ePerolehan ("eP") Bagi Bayaran Sewaan Bangunan* (Exemption for Use of eP for Building Rental Fee); (xi) *Pengecualian Fi Perkhidmatan Ke Atas Beberapa Perolehan Melalui Sistem eP* (Waiver of Service Fee on Some Procurement through eP); (xii) *Perolehan Percetakan Warta Kerajaan* (Procurement of Printing Government Gazettes); (xiii) *Garis Panduan Permohonan Perolehan Secara Rundingan Terus* (Guidelines for Procurement Application in Direct Consultation); and (xiv) *Garis Panduan Rundingan Harga Bagi Rundingan Terus* (Price Negotiation Guidelines for Direct Negotiations). Further exceptions which are not covered in the policy shall be referred to MOF.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.	Yes			Low	1	From the review of the policy, *'Perolehan Secara Elektronik'* (Document No.: PK 5.1), which was established by the MOF, it is found that DOE follows a robust and federally centralized electronic procurement protocol. The system, *ePerolehan*, is used since 2000, however, an improved version is currently employed beginning in 2018. Improvement made was in several areas: a) computerized end-to-end flow; b) automation of rules and procedures; c) single sign-on and digital certificate;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						d) centralized notification; and e) descriptive and predictive reporting and analysis. In terms of access control, *ePerolehan* requires users to register with their official agency ID with Identity Card as a username. For any purpose that requires a signature, *ePerolehan* deploys the use of a digital certificate in the shape of a USB token, which is granted by *Unit Permodenan Tadbiran* (Administrative Modernisation Unit) and Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU") to the authorised personnel. A separate list of the role that doesn't require token is also produced with their respective responsibilities delineated, e.g. *Pentadbir Gred 41* (Administrator Grade 41) and above, *Urus Setia Gred 22* (Secretary Grade 22) and above, etc. It is also noted that all procurement process documents and forms such as invitation form, quotation form and supporting documents must fully go through the ePerolehan system. Manual form submission is not allowed. From the review of the process flowchart, it is found that duties are properly segregated between entering purchase orders, approval, and receipting of goods. The requestor will prepare a *Nota Minta* (Proposition Note) for items and/or suppliers to procure. The note will then flow to the approver for his discretion to either approve, return or decline. Only with approval can the requestor issue a *Pesanan Kerajaan* (Purchase Order) to the supplier within the *ePerolehan* Fulfilment Module. Item fulfillment responsibility then goes to the receiver, who will verify delivery and submit Delivery Order to verifier for verification, then to the approver for the next step in fulfillment. *'Perolehan Secara Elektronik'* further describes details of these procurement players, e.g. requestor is someone with Grade 19 and above whereas approver, Grade 41 and above. This demarcation indicates segregation of duty.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	Based on the *Laporan Perolehan* (Procurement Report) for October 2021, November 2021 and December 2021, it is noted that reports are generated monthly by *Pembantu Tadbir Kewangan, Gred W19* (Finance Administrative Assistant, Grade W19) that is reviewed by *Penolong Akauntan, Gred WA32* (Assistant Accountant, Grade WA32) and approved by *Penolong Pengarah Kewangan, Gred WA41* (Finance Assistant Director, Grade WA41) via the *Sistem MyGPIS* (MyGPIS system). Further, the reports include details as follows: (i) Ministry; (ii) Agency; (iii) *Pusat Tanggungjawab* ("PTJ"); (iv) Procurement Name; (v) Supplier Company Name; (vi) Name of Service or Item ; (vii) Item Code;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						(viii) Number of Items; and (ix) Overall item value.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	Based on the written response from DOE and BPK's organisation chart, the *Seksyen Kewangan* (Finance Section) functions as the procurement unit which is headed by the *Pengarah Pentadbiran dan Kewangan Gred M54* (Director of Finance and Administration Grade M54). Further noted that *Seksyen Kewangan* is divided into two (2) sections: (i) *Seksyen Kewangan (Mengurus)/* Financial Management Section - manages procurement relating to internal operations expenditure (ii) *Seksyen Pembangunan/* Development Section - manages procurement for development programme in pursuant to *Rancangan Malaysia*. There are eleven (11) personnel under *Seksyen Kewangan (Mengurus)* and five (5) personnel under *Seksyen Pembangunan*.
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IP's procurement rules and regulations?	Yes			Low	1	Based on the written response from DOE, the procurement officers within DOE do not possess related professional certifications. However, the procurement staff under the *Seksyen Kewangan dan Pembangunan* (Finance and Development Section) undergo adequate training which takes place annually where upcoming training is sighted to be scheduled in March 2022. Based on the sample itineraries for procurement courses conducted throughout the months of January, February and March 2021, it is noted that the following topics are made the focal point during the sessions: (i) *ePerolehan*; (ii) *Prinsip, Dasar, Kaedah dan Isu Ketidakpatuhan dalam Perolehan Kerajaan* (Government Procurement Principles, Policies, Guidelines & Issues of Non-compliance); (iii) *Pengurusan, Pentadbiran dan Penyediaan Spesifikasi Kontrak* (Management, Administration and Specification Preparations of Contracts); (iv) *Pengecualian daripada 'Tatacara Perolehan PK 7'* (Exemptions to MOF's policy *'Tatacara Perolehan PK 7'*); (v) *Tatacara Pembelian* (Policy for Procurement); and (vi) *Tatacara Perolehan Sebutharga, Tender dan Surat Setuju Terima* (Procurement Policy for Quotation, Tender and Acceptance Letter).
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit		No		Low	1	Based on the *'Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor'* issued in May 2018, it is noted that below are the non-exhaustive procurement risks highlighted for DOE's state office, DOE Selangor:

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
reports and/or management letters over the past five years and have not yet been implemented?						(i) Documentation for office upgrade was found to contain insufficient information; (ii) Direct procurement was implemented for the wrong group of contractors (Grade G1 Contractors with procurement value less than RM20,000); and (iii) Enhancement to the monitoring on the enforcement of contract clause. Further noted from the *'Laporan Pengauditan Baucar Bayaran Perolehan Tahun 2017 Di JAS Selangor'* that DOE Selangor had provided their responses for the following-up action to be performed in pursuant to the recommendations made by the UAD.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	From the review of *'Perolehan Secara Elektronik'*, it is noted that DOE employs system authorization for purchase. All procurement must go through the *ePerolehan* system, including the use of digital form. For any purpose that requires a signature, *ePerolehan* deploys the use of a digital certificate in the shape of a USB token, which is granted by *Unit Permodenan Tadbiran* (Administrative Modernisation Unit), Malaysian Administrative Modernisation and MAMPU to authorised personnel. Identified in the same document is the authroization threshold as follows: a) For direct procurement with a contract amount less than RM20,000, approval shall come from appointed *Pelulus Nota Minta* (Gred 41 and above). b) For amount RM20,000 to RM50,000, approval shall be obtained from appointed *Jawatankuasa Sebut Harga* ("JKSH", Quotation Committee); c) For amount RM50,000 to RM100,000, approval shall be obtained from appointed JKSH; d) For amount RM100,000 to RM500,000, approval shall be obtained from appointed JKSH; e) For the amount more than RM500,000, approval shall be obtained from *Lembaga Perolehan* (Procurement Board). JKSH is a committee formed to review and approve tendering process. It was noted that JKSH consists of a chairman (Grade 48 and above), secretary (Grade 41 and above) and members (Grade 41 and above). On the other hand, *Lembaga Perolehan* ("LP") is a higher committee designed for reviewing and approving tendering process.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	It is noted from the Appendix section of *'Surat Setuju Terima, Pesanan Kerajaan Dan Inden Kerajaan Bagi Perolehan Kerajaan'* (Document No.: PK 4.2, effective date: 16 August 2021), which was developed by MOF, the vendors/suppliers/contractors are subject not only to the terms and conditions, *Surat Setuju Terima*, but also *Surat Akuan Sumpah Syarikat* (Company Statutory Declaration) to safeguard the interest of the government agencies. The information is delinated as follows: (i) The company does not misrepresent or submit false information in dealing with the government

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						agency for the procurement or to do any other acts, such as falsifying information in the Company's Registration Form or other documents that are false or that have been changed; (ii) The company does not allow Company Registration Form to be misused/abused by another individual/company; (iii) The company is not involved in making price arrangements with other companies or any alliances throughout the process of quotation/tender until the contract document is signed; and (iv) The company/owner/partner/director does not convict of criminal offences within or outside Malaysia. Should the above-stated clauses be violated at any time, the agency reserves the right to withdraw the contract offer or terminate the services for the project. The declaration is conducted in accordance with the Statutory Declarations Act 1960. In addition to that, Integrity Pact shall also be signed by all parties involved in the procurement process.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	Based on the samples of *Pemenuhan Kontrak* (Contract Fulfillment) for two (2) procurements, it is noted that sufficient approvals have been obtained, as follows: (1) *Perolehan Menyewa dan Menyelenggara Mesin Penapis Air Di JAS Bagi Bulan September 2021* (Procurement To Rent and Maintain Water Filter Machines In DOE For September 2021) (i) *Penolong Akauntan Gred W29* (Assistant Accountant Grade W29), Azrina Binti Mohd Lajis - Peminta (Requestor) (ii) *Akauntan Gred WA41* (Accountant Grade WA41), Shafawati Hamzah - Pelulus Pemenuhan (Fulfillment Approver) (2) *Perolehan Penyelenggaraan Dan Operasi Stesen Pengawasan Kualiti Udara Total Volatile Organic Compounds "TVOC" Di Pasir Gudang Bagi Bulan Oktober 2021* (Procurement for Maintenance and Operation of Total Volatile Organic Compounds Air Quality Monitoring Station "TVOC" In Pasir Gudang For October 2021) (i) *Penolong Akauntan Gred W29* (Assistant Accountant Grade W29), Nurrulhuda Binti Abdul Wahab - Peminta (Requestor) (ii) *Akauntan Gred WA41* (Accountant Grade WA41), Shafawati Hamzah - Pelulus Pemenuhan (Fulfillment Approver) Further noted that contracts for procurement (1) was signed by *Penolong Pegawai Tadbir JAS Malaysia, Gred N36* (Assistant Administrative Officer of DOE Malaysia, Grade N36), Noor Azma Binti

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						Muhammad and procurement (2) was signed by Former *Ketua Pengarah* (Director General), Norlin Binti Jaafar.
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	DOE is required to align with the federal procurement initiative of Integrity Pact, a signing of a pact between all procurement parties. Integrity Pact delineates the government's anti-fraud policy and other details as stipulated in the following non-exhaustive list: a) signee to disclose any corruption scheme to the Malaysian Anti-Corruption Commission ("MACC") or the police. Failure to do so is an offense under Act 694; b) signee to not disclose any confidential information as to not offend Act 88; c) signee to declare any conflict of interest. It is also stated in the policy '*Punca Kuasa, Prinsip dan Dasar Perolehan Kerajaan*' that the signing of the Integrity Pact's declaration is periodically done in a designed frequency for the respective party. For example, *Penjawat Awam* (civil servant), including Procurement Division, Finance Division, Agency(ies) involved in the registration of suppliers/ contractors/ firms, etc., is required to sign the Integrity Pact at the beginning of employment and then every year whereas procurement committee member, i.e. Tender/ Quotation Opening Committee, Evaluation Committee, etc. needs to sign on appointment and after each of procurement process. This periodic declaration means conflict of interest is constantly identified, monitored and dealt with.
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Low	1	According to '*Perolehan Secara Elektronik*', all suppliers are required to register with MOF through Supplier Registration Module within the *ePerolehan* system. Registration can be made either with *Akaun Asas* (Basic Account) or *Akaun Pendaftaran* (Registration Account) MOF. *Akaun asas* is an account with a simple registration requirement designed for small suppliers with participation in the contract of not more than RM20,000 per year. Registration for *Akaun Pendaftaran MOF* on the other hand requires submission of application and verification process by MOF. This type of account is participation in contracts exceeding the value of RM20,000. Further noted in the Supplier Selection Module within ePerolehan are the three key procedures involved in the selection of suppliers. They are: a) Direct purchase for procurement up to RM20,000 through catalogues and price offers; b) Through price quotations for procurement exceeding RM20,000 up to RM500,000; and c) Through tenders for procurement above RM500,000. From the central document '*Kaedah Perolehan Kerajaan*', it was noted that formal procurement methods include wide broadcasting of procurement opportunities. For example, bid announcement

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						and notice is posted on the *ePerolehan* system, official website and public board for viewing by all parties.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	From the review of the sample document provided, it is noted that the supplier evaluation mechanism is integrated into *Modul Pemenuhan* within *ePerolehan*. According to *'Perolehan Secara Elektronik'*, evaluation of supplier is the responsibility of *Penerima Barang* (Receiver) and shall be fulfilled prior to the approval of *Nota Penerimaan Bekalan* (Goods Receipt Note) by *Pegawai Pengesah* (Verifying Officer). Further identified are the evaluation criteria which include quality, timeliness and support service. Suppliers shall be given rating from 1 (unsatisfactory) to 5 (very satisfied). As all federal procurement is centralized and suppliers are registered under MOF, a database of suppliers and their rated performance is maintained through *ePerolehan*. Based on a sample *Laporan Prestasi Pembekal* (Supplier Performance Report) on the *ePerolehan*, it is noted that the vendor, Nazatul Naem Binti Azizan obtains a score of 4.59 for quality of service provided.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	DOE follows a well-defined procurement process as stipulated in document *'Kaedah Perolehan Kerajaan'*. Under article *Sebut Harga*, it is noted that the policy delineates in detail the procedures for bid and evaluation. Agency shall send out invitation and bid documents to manufacturers/ suppliers/ contractors that are registered with either MOF or Construction Industry Development Board ("CIDB"). Agency shall also post bid announcements and notice on the public board for the whole bid duration (generally 7 days) without any intermission. Agency shall deploy a safe for receipt of bid. The safe shall be labeled properly and locked by two different keys that are accessible only by two (2) of the Agency's top officers. Based on the written response from DOE, these two (2) officers are *Penolong Pengarah Kewangan (Mengurus), Gred WA41*/ Assistant Finance Director (Management), Grade WA41, Norshafawati Binti Hamzah and *Penolong Pengarah Kewangan (Pembangunan), Gred M41*/ Assistant Finance Director (Development),Grade M41, Nurul Amalina Binti Rosji. Opening of bid safe will be handled by *Jawatankuasa Pembuka Sebut Harga* (Bid Opening Committee) the soonest after bid closing. Bid evaluation by Bid Evaluation Committee, which comprises Technical Committee and Financial Committee, will then ensue. Noted therein is the basis of bid evaluation as follows: a) bid condition is met; b) past projects, experiences and performance;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						c) price analysis with consideration of duration; and d) financial capability.
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Low	1	According to '*Kaedah Perolehan Kerajaan*', a contract is evaluated and awarded on a pre-defined basis as follows: a) bid condition is met; b) past projects, experiences and performance; c) price analysis with consideration of duration; and d) financial capability. Based on the written response from *Ketua Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)*/ Head Assistant Director (Administration and Finance Division) of DOE, it is noted that the specifications for bids are made available and the bidding process is carried out via the *ePerolehan*. Also, no formal invitation is issued as registered suppliers will be notified via email for open bidding upon entering a MOF given code in the system. Further noted from the sample screenshot provided, registered suppliers can view the dateline, status and validity of open tenders via the *ePerolehan* system.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	Yes			Low	1	From '*Kaedah Perolehan Kerajaan*', it is noted that: **For procurement of Supplies and Services *(Perolehan Bekalan dan Perkhidmatan)*** a) For contracts amounting from RM50,000 to RM100,000, the policy stipulates that invitation to quote shall be sent to at least five (5) suppliers with Bumiputera status that are registered with MOF. b) For direct contracts amounting from RM100,000 to RM500,000, the policy stipulates that invitations to quote shall be sent to at least five (5) suppliers that are registered with MOF. Suppliers can include a non-Bumiputera company, but price consideration shall be given to the Bumiputera company. **For procurement of Work *(Perolehan Kerja)*** a) Minor and non-structural work or repair that is within the range of RM20,000 to RM500,000, shall follow procedures as follows: - For contracts amounting from RM20,000 to RM200,000, the policy stipulates that invitation to quote shall be sent to at least five (5) *Gred* G1 local contractor that is registered with CIDB and is *Sijil Perolehan Kerja Kerajaan* ("SPKK") certified; - For contracts amounting from RM200,000 to RM500,000, the policy stipulates that invitation to quote shall be sent to at least five (5) *Gred* G2 local contractor that is registered with CIDB and is SPKK certified. b) For procurement for electrical work amounting from RM50,000 to RM500,000, the policy states

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						that invitation to quote shall be sent to at least five (5) local electrical contractor that is registered with CIDB and is SPKK certified.
7b. Contract Management - To be completed only for the IP managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?	Yes			Low	1	It is noted from *'Perolehan Secara Elektronik'* that management of contract is the responsibilty of *Pentadbir Kontrak Kementerian* (Ministry Contract Administrator). Further noted are other responsibilities of *Pentadbir Kontrak Kementerian* (Ministry Contract Administrator) as the following non-exhaustive list below: a) creation/ modification of fulfilment details, contract terms and/or extensions; b) acknowledgment of receipt of contract documents from suppliers or reminder notice; c) closing or suspension of contract; d) bank account changes; and e) input of fulfilment bond. *'Perolehan Secara Elektronik'* also describes the use of *Modul Pengurusan Kontrak* (Contract Management Module) within *ePerolehan* for all matters pertaining to contract management such as: a) recording of fulfilment bond; b) preparation and uploading of contract documents; c) contract extension; d) addition of quantity supplied; and e) recording of fine or liquidated and ascertained damage ("LAD"). It is found that *Modul Pengurusan Contract* provides facilities such as automated notification for *Pentadbir Kontrak Kementerian* on the timeline for contract, agreement, fulfilment bond, remedy, preparation or receipt of documents, and others.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?	Yes			Low	1	
7.19 Does the IP have a policy on post-facto actions on contracts?	Yes			Low	1	DOE subscribes to federal policy on post-facto actions on contracts as stipulated in *'Ketidakpatuhan Dalam Perolehan Kerajaan'*. Listed therein is a type of non-conformance as the following: a) Breach of registration requirement (e.g. failure to comply with registration's requirements, incorporate during the registration process); b) breach of tender/contract (e.g. counterfeit information/ documents, failure to comply with contract's terms, etc.); and c) criminal conviction and civil action. It is further noted that the actions taken for non-conformance are as follows: a) warning letter; b) recall of issued procurement code;

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						c) suspension; d) dismissal; e) blacklisted; and f) recall of Bumiputera status. As the contractor must be registered with MOF, the agency could submit a report of wrongdoing to MOF using the designated form, *'Borang Aduan Ke Atas Syarikat/ Firma Perunding Yang Berdaftar Dengan Kementerian Kewangan'* and relevant supporting documents.
7.20 How frequent do post-facto contract actions occur?		No		Low	1	Post-facto contract actions rarely occur in DOE. This is because suppliers are required to register with MOF, and performance is monitored through the Supplier Evaluation Module. Centralized contract management through *ePerolehan* also allows for a more convenient conformance monitoring and filtering of poorly conforming contractors.
7.21 Does existing government procurement (e-Perolehan) policies and procedures allow for procurement of goods and services including professional services from international companies/organization/entities? If yes, how effective is the procurement process in terms of timeliness/turnaround time, internal control framework, etc.?	Yes			Low	1	DOE is subject to *'Kaedah Perolehan Kerajaan'* Article 12 which outlines the policies and procedures for goods and services including professional services from international companies/organizations/entities. The document stipulates that all procurement shall be managed by the owning Agency after priorly discussing with either *Duta Besar* (Ambassador), *Pesuruhjaya Tinggi* (High Commissioner), *Kuasa Usaha* (Diplomatic Agent), *Konsul Jeneral* (General Council), or *Konsul (Ketua Perwakilan)* [Council (Chief Of Mission)]. Where overseas procurement is for professional services/consultants, *Ketua Perwakilan* shall be responsible for the appointment of said services. The professional services must also be from a registered company within their country, and payment shall follow the country's rate. It is understood that DOE does not involve in the procurement of goods and services from international companies/organization/entities, only if the international companies/organization/entities are registered with MOF.
7.22 Does existing government procurement (e-Perolehan) policies and procedures allow for procurement of individual experts (equivalent to UNDP Individual Contractor contractual modality) either international or national (domestic)? If yes, how effective is the procurement process in terms of timeliness/turnaround time, internal control framework, etc.?	Yes			Low	1	Procurement of individual experts is allowed provided that they are registered in the Supplier Registration Module in the *ePerolehan* system. Nonetheless, based on DOE's written response, it is understood that there had not been any involvement of individual experts in the procurement process.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of questions in subject area:	22					
Total number of applicable questions in subject area:	22					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	24					
Risk score	1.091					
Area risk rating	Low					

Totals	
Total number of questions:	100
Total number of applicable questions:	98
Total number of applicable key questions:	40
Total number of risk points:	104
Total risk score	1.061
Overall risk rating	Low

Annex V: GEF & GCF Procurement Assess

Partner Capacity Assessment Tool: Procurement Capacities for Partners who will implement projects funded by Global Environment Facility (GEF) and Green Climate Fund (GCF)
Purpose: This worksheet is designed to assess the Partner's procurement capacity for all projects funded by Global Environment Facility (GEF) or Green Climate Fund (GCF). It is separate and distinct from the HACT micro-assessment and **should be performed for all Partners that will implement GEF or GCF-funded projects**, even where a HACT assessment has already been performed on the Partner.
Responsibility & Timing: The Procurement capacity assessment should be completed jointly by the Project Manager and the Country Office procurement team as soon as possible in the **Project Design Phase.**

Background Information (carried forward from 'Partner Pre-requisites' worksheet)					
Region	**Asia Pacific**	**Comments: N/A**	**Procurement Information for this Partner for this GEF or GCF project: (Enter information here)**		
Office	**Malaysia**		Procurement Budget that will be implemented by this Partner:	*N/A*	Currently, there is no upcoming programme with UNDP
Programme Start	**N/A**		Procurement Type(s):	Combination of the above	*Procurement among others is hiring of project staff, purchase of equipment and goods, consultancy services, other services to support events and production of knowledge products.*
Programme End	**N/A**		Any high risk/high exposure categories planned? (Y/N)	*N/A*	Currently, there is no upcoming programme with UNDP
Partner Name	**DOE**		UNDP has prior experience wth this Partner and its procurement capacities (Y/N)	*Yes*	The HACT Micro Assessment for DOE was last conducted by an Independent Consultant; *i.e. Moore Stephens LLP Chartered Accountants* in 2016 (the Report was issued on 5 July 2016). We noted that there was no identified issue throughout the assessment.

Partner budget for this Project (USD)	$ N/A		Will the Partner outsource or refer any elements of the budgeted procurement for this project to an another entity?	*N/A*	Currently, there is no upcoming programme with UNDP
			Other relevant remarks on planned procurement activities or Partner capacities (optional)	*N/A*	
			Procurement Risk Management Resources to consider	Risk Radar	The Procurement Risk Management Radar provides a country-based rating for macro variables, for example, inflation, political risk, corruption index, transparency, etc. and is a useful reference point for understanding the environment the Partner is operating in.

Procurement Capacity Assessment - PART A: Quantitative					
Quantitative Risk Elements	Select your response from the drop-down list	Assigned rating based on your response *(based on PSU rating system)*	Relative importance of each capacity *(based on PSU weighting system)*	Risk Score based on Response (out of 5) 1=Very Low Risk 2=Low Risk 3=Medium Risk 4=High Risk 5=Very High Risk	Remarks/Comments
Partner's total procurement volume managed per year (all activities)	Less than US $5 Million	1	20%	0.2	
Year-to-Year total procurement volume variation	Less than 100%	#N/A	15%	#N/A	

Procurement Review Committee compliance rate	100 % of required cases were reviewed by the PRC	1	25%	0.25	
Consolidated procurement plan exists	IP has a Consolidated Procurement Plan	1	20%	0.2	
What was the risk rating for the Procurement Section of the most recent HACT micro-assessment? *(Note: HACT assessments are valid for a 4 year period).*	Low risk	1	20%	0.2	
			100%	**#N/A**	

Procurement Capacity Assessment - PART B: Qualitative						
Procurement capacity area	Guidance on elements of a well-functioning procurement capacity to review & evaluate during your assessment	Responses to Capacity Questions (select the most appropriate response from the drop-down list in each box below based on your discussions with the IP and your review of documentation)	Remarks/ comments	Assigned rating based on your assessment (out of 5) 1=Very Low Risk 2=Low Risk 3=Medium Risk 4=High Risk 5=Very High Risk	Relative importance of each capacity (based on PSU weighting system)	Risk score based on response
1. Procurement strategy	1.1 Does a procurement strategy exist and is it properly documented?	No - no strategy exists	There is no specific procurement strategy established by DOE as it involves mainly the purchase of stationery, consumable goods, IT equipment, etc. Nonetheless, the annual budget shall be prepared by *Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division) to ensure items to procure and the costs thereto are properly planned and subject to the approval of MOF.			
	1.2 Do staff & management appear to be familiar with the procurement strategy?	N/A - no strategy exists	There is no specific procurement strategy established by DOE as it involves mainly the purchase			

		of stationery, consumable goods, IT equipment, etc. Nonetheless, the annual budget shall be prepared by *Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division) to ensure items to procure and the costs thereto are properly planned and subject to the approval of MOF.			
1.3 Does the procurement strategy include tools & mechanisms to categorize and prioritize high risk/high exposure procurement activities?	No - no tools & mechanisms	There is no specific procurement strategy established by DOE as it involves mainly the purchase of stationery, consumable goods, IT equipment, etc. Nonetheless, the annual budget shall be prepared by *Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division) to ensure items to procure and the costs thereto are properly planned and subject to the approval of MOF.			
1.4 Does the IP have LTAs / Framework agreements in place and if so, what is the percentage of spend channeled through LTAS or similar?	No LTAs are used	Based on the written response from DOE, it is understood that there is no LTA/ Framework agreement in place.			
CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement strategy capacity from the drop-down list.	**VERY GOOD procurement strategy, with strong capacity in all areas.**	**There is no procurement strategy and LTA in place as the procurement is generally common purchases.**	**1**	**20%**	**0.2**

2. Functions & organization of the procurement unit	1. Is the procurement unit well structured, with clear leadership, appropriate resourcing for its current procurement profile and volume, and well defined and assigned roles and responsibilities for the entire procurement cycle (including contract management)? *Note: For assessing appropriate resourcing, a good benchmark is considered to be US$ 5 million procurement spend handled by each procurement staff member.*	Good structure	Based on the written response from DOE and organization chart of *Bahagian Pentadbiran Kewangan*, the *Seksyen Kewangan* (Finance Section) functions as the procurement unit which is headed by the *Pengarah Pentadbiran dan Kewangan Gred M54* (Director of Finance and Administration Grade M54). Further noted that *Seksyen Kewangan* is divided into two (2) sections: (i) *Seksyen Kewangan (Mengurus)*/ Financial Management Section - manages procurement relating to internal operations expenditure (ii) *Seksyen Pembangunan*/ Development Section - manages procurement for development programme pursuant to the *Rancangan Malaysia*.	
	2. Are delegations of authority and procurement thresholds clear, documented, and set at appropriate levels given existing competencies and capacities.	Yes - good & mostly aligned	*Jadual Penetapan Kuasa* indicates that delegation of authority and threshold are clear and appropriate with agency needs.	
	3. Does the IP have and routinely use electronic procurement systems and associated data analytics?	Always	It is identified that all procurement processes must go through a centralized system, *i.e. ePerolehan*.	
	4. Is there an active permanent Procurement Review Committee with alternative members? *Note: this may include Procurement Review Bodies that are external to the Partner, such as a central tender board.*	Yes - very active	Based on the written response from DOE, it is noted that *Jawatankuasa Sebut Harga* (Quotation committee) functions within DOE for reviewing procurements in the quotation process while the	

			Lembaga Perolehan (Procurement Board) functions within the overall ministry, KASA for reviewing procurements in the tender process. *Jawatankuasa Sebut Harga* (Quotation Committee) is headed by *Pengarah Pentadbiran dan Kewangan Gred M54* (Director of the Finance and Administration Division Grade M54) who is appointed by the *Ketua Setiausaha* (Secretary General) of KASA which is done on a semi-annual basis.			
	CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement functions & organizational structure from the drop-down list.	**VERY GOOD procurement unit functions and organization**	**The functions and organization of the procurement unit are working effectively**	**1**	**15%**	**0.15**
3. Human resources & capacity of the Procurement Unit	1. Are there clear job descriptions and do actual staff functions appear to be aligned with them?	Yes - very clear & aligned	Based on the written response from DOE, part of the functions of *Bahagian Pentadbiran Kewangan* (Finance and Administration Division) is to handle/ manage procurement which aligns with the sample job description for *Penolong Pengarah Gred M41* (Assistant Director Grade M41).			
	2. Are staff competencies aligned with procurement complexity? *(In assessing competency consider: Do staff have experience in conducting international procurement? Are trainings or certification available and have they resulted in sustainable technical & institutional knowledge? Are annual performance reviews done? Do staff have a reputation for professional, knowledgeable, and efficient procurement performance?)*	Competencies good & mostly aligned	Based on the written response from DOE, procurement staff undergoes adequate training which takes place annually where upcoming training is scheduled in March 2022. Further noted from the			

			sample itineraries for procurement courses conducted, procurement staff training focuses on the following: (i) *ePerolehan*; (ii) *Prinsip, Dasar, Kaedah dan Isu Ketidakpatuhan dalam Perolehan Kerajaan* (Government Procurement Principles, Policies, Guidelines & Issues of Non-compliance); (iii) *Pengurusan, Pentadbiran dan Penyediaan Spesifikasi Kontrak* (Management, Administration and Specification Preparations of Contracts); (iv) *Pengecualian daripada 'Tatacara Perolehan PK 7'* (Exemptions to MOF's policy 'Tatacara Perolehan PK 7'); (v) *Tatacara Pembelian* (Policy for Procurement); and (vi) *Tatacara Perolehan Sebutharga, Tender dan Surat Setuju Terima* (Procurement Policy for Quotation, Tender and Acceptance Letter).
	3. What percentage of staff in the procurement unit (or those responsible for performing the IP's procurement function) have undergone procurement certification, acreditation, training, etc	<25%	Based on the written response from DOE, three (3) to five (5) percent of total staff (count: 1450) attend the annual procurement training. Further understood that the officers in DOE do not possess any procurement certification and accreditation.
	4. Is there is a strong local market for procurement expertise that the IP could tap into to easily expand procurement unit staff to manage new projects?	Very good expansion possibility	The government officers are awarded good benefits and allowances, thus DOE has a strong market/ incentives in

			tapping into/ attracting the procurement expertise.			
	5. Is the work of the Procurement Review Committee performed by members who are qualified to conduct procurement reviews and is their performance evaluated and recognized?	Good PRC	It is understood from policy, *'Peraturan Perolehan Badan Berkanun Persekutuan'* that the members are appointed by *Lembaga Pengarah* (Board) and will be selected from *Badan Berkanun Persekutuan* ("BBP", Federal Statutory Bodies)			
	6. Has the IP experienced frequent turnover of senior management and senior procurement specialist staff within the past 5 years?	Minimal turnover	Based on the written response from DOE, there is no significant turnover or resignation in key procurement positions reported in previous years.			
	CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement human resources capacity from the drop-down list.	**VERY GOOD procurement human resources capacity**	**There are sufficient controls over the resources and capacity in the Procurement Unit**	**1**	**15%**	**0.15**
4. Procurement cycle management	**A. Planning: 1.** Are procurement plans developed and regularly updated in a cross-functional manner (programmes & finance) and are they reviewed and endorsed by management?	**Often**	According to *'Perolehan Secara Elektronik'*, each federal agency shall develop a procurement plan annually through the use of the Procurement Plan Module in the ePerolehan system. It is noted from the sample provided by DOE that it contains details such as title, category, method, lead time and deadline, amount and status.			
	A. Planning: 2. Do procurement plans contain sufficient detail, realistic lead times and deadlines, accurate costings, and options for external support if in-house capacity does not exist?	**Very good plan content**	Procurement Plans in the *ePerolehan* shows that plans contain sufficient details such as title, category, method, lead time and deadline, amount and status.			

A. Planning: 3. Are procurement plans uploaded to an electronic platform/system?	Always	The procurement plan is developed through the use of the Procurement Plan Module in the *ePerolehan*, as stated in *Perolehan Secara Elektronik*.
B. Sourcing: 1. Does the procurement unit conduct market analysis for high complex/high expenditure categories using established and/or commonly accepted good practices?	Often	Based on the sample document provided, it is noted that DOE conducted a market analysis on potential suppliers for the *Perolehan Perkhidmatan Membekal Toner Dan Drum Printer Di Ibu Pejabat Jabatan Alam Sekitar Bagi Tahun 2022 & 2023* (Procurement of Toner and Drum Printer Supply Services At Department of Environment Headquarters for 2022 & 2023). Further noted that the departmental estimation and overall expected indicative price differed by RM16,674.00
B. Sourcing: 2. Is pre-qualification used in relevant cases and are pre-qualification documents clear and complete, including all requirements for evaluation?	Not at all	Based on the written response from DOE, no pre-qualifications are used in the procurement process.
C. Solicitation documents: 1. Are standard solicitation documents available and used? *(For example, do they use standard TORs/Requirements/Specs? Are documents tailored for project requirements and the procurement activity? Do they include all relevant information to prepare an offer? Do they establish clear evaluation criteria (and sub-criteria where relevant) and how they will be applied? Do they include KPIs where relevant? Do they include templates for the submitting companies? Do they allow receipt of comparable offers? Do they properly apply bid securities and performance securities?)*	Mostly	Based on the written response from *Ketua Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)* of DOE, it is noted that all specifications for procurements including supplier details, tenders and bids are documented and carried via the *ePerolehan*. In regards to the bidding process, registered suppliers will be notified via email for open bidding upon entering a MOF given code in the system. Further noted from

		the sample screenshot provided that registered suppliers can view the dateline, status and validity of open tenders via the *ePerolehan* system.
C. Solicitation documents: 2. Is there good collaboration between procurement staff and the requesting units when developing TORs and requirements to ensure that they are developed efficiently and accurately?	Mostly	*Bahagian Pentadbiran dan Kewangan* (Administration and Finance Division) acts as a secretariat for procurement matters and often provides advice to DOE's officers as necessary. They are also responsible for giving out scores in relation to technical and financial matters.
D. Communication between bidders and the procurement unit: 1. Does the procurement unit include in the bidding documents a debriefing conference or on-site visit when applicable and they are properly managed and documented?	Not often	Based on the written response from *Ketua Penolong Pengarah (Bahagian Pentadbiran dan Kewangan)* of DOE, it is noted that debriefings are only conducted when necessary for certain procurements. As per require for certain biddings, the secretariat will make attendance compulsory, and bidding documents are accessible to attendees only.
D. Communication between bidders and the procurement unit: 2. Are bidder's clarifications replied to quickly, with complete information and in writing, and is the information shared with all bidders to ensure equal and timely information?	Always	Email correspondence for *Tender: Membekal 9 unit Kenderaan Pacuan Empat Roda CKD Untuk Jabatan Alam Sekitar* (Supply 9 units of CKD Four-Wheel Drive Vehicles For Department of Environment) was provided,

		it is noted that the BPK attended to the vendor's query in an efficient manner. The email had been received from the vendor on 22 April 2021, at 9.47 p.m. and was reverted on the next day at 10.58 a.m.
E. Offers receipt and opening: 1. If the IP is not using electronic procurement systems, are offers kept safe & locked before the submission deadline?	Always	Based on the sample photos provided and the written response from DOE, a tender box is used specifically for storing any hardcopy data. The tender box is secured with a lock and only managed by two (2) personnel under the *Bahagian Pentadbiran Kewangan* (Administration and Finance Division i.e., *Ketua Penolong Pengarah Gred M48* (Assistant Director-General Grade M48) and *Penolong Akauntan Gred W32* (Assistant Accountant W32).
E. Offers receipt and opening: 2. Does a permanent bid opening committee exist and does it operate on a rotational basis?	Always	Based on the written response from DOE, the *Jawatankuasa Sebut Harga* (Quotation Committee) functions as the bid opening committee which is headed by an officer within DOE who is appointed by the *Ketua Setiausaha* (Secretary General) of KASA which is done on a semi-annual rotational basis. The *Pengarah Pentadbiran dan Kewangan Gred M54* (Director of the Finance and Administration Division Grade M54) is currently heading the Committee.

E. Offers receipt and opening: 3. Does the IP follow good bid receipt and opening practices? *(For example, is the normal time lag between offer submission deadline and bid opening reasonable? Are public bid openings conducted when applicable? Are invitations to bid openings appropriate? Is relevant information read during the bidding ceremony and it is recorded in a bid opening record?)*	Mostly	Based on the sample *Surat Setuju Terima* (Acceptance Letter) and *Dokumen Pelawaan Tender* (Tender Invitation Document), it is noted that receipt and opening practices are good. Deadline and bid opening is appropriate. Terms and conditions regarding contract breach are disclosed in the acceptance letter which includes misinterpretation of information, misuse of *Sijil Akuan Pendaftaran Syarikat* (Company Registration Declaration Certificate), failure in adhering to instructions in a quotation, etc. further leading to the cancellation of the acceptance letter.
F. Evaluation of Offers: 1. Is the evaluation process (including technical) conducted appropriately? *(For example, is the process is conducted within the validity of the offers? Is the evaluation done in a systematic manner that follows evaluation criteria specified in the bidding documents? Do evaluation sheets include all relevant information, including reasons for offer disqualifications? Are evaluations are properly documented?)*	Always	Based on the written response from DOE, the *Jawatankuasa Sebut Harga* (Quotation Committee) is in charge of technical and price evaluation where members are appointed by the *Ketua Pengarah Gred Utama C* (Director General Main Grade C) of DOE. The committee presents evaluation findings through the ePerolehan system.
F. Evaluation of Offers: 2. Does the evaluation include screening of ineligible/sanctioned/suspended bidders?	Always	It is noted that the evaluation of offers is done during the *Jawatankuasa Sebut Harga* (Quotation Committee) meetings. Further, a thorough screening of bidders is done by MOF and will be reflected in the *ePerolehan* system.

G. Contract Award: 1. Are contracts awarded based on lowest evaluated offer or cumulative score (if applicable) and are negotiations (if any) conducted within procurement rules?	Always	It is noted that contracts are awarded based on an overall assessment on specifications such as lowest price, timeline, rate, implementation area, net worth, experience and past performance. Such specifications are found on the *ePerolehan* and justification for the award will be supplied.
G. Contract Award: 2. Do contract awards respect established thresholds?	Always	Based on the written response from DOE, it is noted that contracts shall be prepared for procurements valuing RM500,000 and above. Formal contracts will also be prepared for periodic procurements with an accumulative value lower than RM500,000.
G. Contract Award: 3. Does the Procurement Review Committee receive good quality submissions, and are they systematically analyzed, with documented minutes and recommendations that are routinely followed up?	Mostly	The quality for the submission received varies in accordance with factors such as product/ service, available suppliers, market situation, etc. Despite not having control over the submission received, Evaluation Committee, i.e. Technical and Finance shall ensure that all submissions will be systematically analyzed before routing to Tender Board for decision making.
H. Contract Management & Administration: 1. Does a contract management & administration system exist (manual or electronic) to properly monitor contract implementation (including communications with contractors/vendors on contract management & administration issues)?	Yes - very good	It is noted that there is a Contract Management Module in *ePerolehan* for contract management and implementation. Further, the contract draft will be sent to *Penasihat Undang-Undang* (Legal Adviser) for review

		before being signed and uploaded to the *ePerolehan*.
H. Contract Management & Administration: 2. Do technical and procurement staff have clearly defined roles and responsibilities regarding contract management & administration?	Yes - good	It is noted that technical and procurement staff have clearly defined roles and responsibilities. Staff may refer to relevant policies should necessary.
H. Contract Management & Administration: 3. Are KPIs defined early on in the contract management process for complex contracts and are contracts, in general, executed in time and within the agreed original price?	Mostly	It is understood that contracts must be signed within four (4) months after being approved. If the process is not completed within four (4) months, the *ePerolehan* system will automatically block the submission of the contract which will require MOF's approval to unblock it from the system.
H. Contract Management & Administration: 4. Is there a documented procedure for acceptance and quality control of goods/ works/ services and does the IP pay suppliers timely?	Yes - good	It is noted that acceptance and quality control of goods and services supplied must be done with adherence to MOF guidelines namely *'Tatacara Pengurusan Stor Kerajaan (TPS) Penerimaan'*. Further noted from the sample meeting minutes for the *Mesyuarat Verifikasi Bagi Penyelenggaraan Stesen TVOC Di Pasir Gudang, Johor Bagi Bulan Oktober 2021* (Verification Meeting for Maintenance of TVOC Stations in Pasir Gudang, Johor For October 2021) that invoice payments are made in an orderly and timely manner.

	H. Contract Management & Administration: 5. Do contract amendments comply with procurement rules?	Always	Based on the sample provided, contract amendments do comply with procurement rules such as changes in contract value is documented and disclosed using an official written notice and agreement which includes signatures from suppliers and representatives of DOE's procurement unit.			
	H. Contract Management & Administration: 6. If the Partner will route/channel any elements of procurement for this project to another entity, does that entity have a proven track record of satisfactory procurement delivery?	N/A - Partner will do all procurement directly	Based on the written response from DOE, it is noted that subcontracts are not undertaken.			
4. Conclusion: Procurement cycle management	**CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement cycle management capacity from the drop-down list.**	**VERY GOOD procurement cycle management capacity**	**The procurement cycle plan, including the management and administration of the contract, bid evaluation is in place**	**1**	**25%**	**0.25**
5. Documentation & filing	1. Does the procurement unit maintain complete documentation of procurement cases to provide proper traceability and are the documents retained for an established period of time in accordance with the IP's document retention policy? *(For traceability, consider how the IP documents the bidding process, including announcements, pre-qualification (if applicable), bidding documents, any applicable minutes (conference, on site visit), clarifications, opening records, evaluation records, copy of the offers, any complaints if applicable, copy of the contract, other documents as relevant to the procurement process)*	Very good documentation	It is sighted that the documents in relation to procurement are safely kept in labelled files, which are stored in secured cabinets located in the *Bahagian Pentadbiran Kewangan* (Administration and Finance Division)			
	2. Does the IP properly document its contract administration actions?	Very good documentation	It is noted that the *Bahagian Pentadbiran Kewangan* (Administration and Finance Division) is responsible for maintaining documentation of all matters related to the procurement process on the ePerolehan system.			
	CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement documentation & filing capacity from the drop-down list.	**VERY GOOD procurement documentation & filing capacity**	**Proper safekeeping of documents is carried out in KeTSA.**	**1**	**5%**	**0.05**

6. Handling complaints	1. Does the IP have a responsive process for handling complaints and is it consistently followed? *(Consider whether complaints are acknowledged and addressed in 48 hours, are properly documented, including claims and solutions; and whether the IP keeps a Complaints Log.)*	Good process	Any complaints with regards to DOE shall be made directly to MOF. MOF will conduct an investigation pursuant to the concern raised. Should it be necessary, DOE will be kept in the loop and asked for cooperation.			
	CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement complaint handling capacity from the drop-down list.	**VERY GOOD procurement complaint handling capacity**	**The process of handling complaints shall be done by the MOF.**	**1**	**10%**	**0.1**
7. Perception and/or reputation among stakeholders and business community	1.Does the procurement unit have a reputation for efficient and effective performance amongst stakeholders and/or the business community? *(Note: Stakeholder feedback needs to be viewed in context; however it can be a good indicator of efficiency and transparency combined with other capacity observations.)*	GOOD perception and/or reputation	Based on the written response from *Ketua Penolong Pengarah* (Bahagian Pentadbiran dan Kewangan) of DOE, it is noted that the procurement guidelines established by MOF enable effective and efficient workflow within the procurement unit when interacting with its stakeholders. Further noted that the procurement unit faces challenges with timeliness when handling several procurements simultaneously within a specific deadline.			
	CONCLUSION: Based on your responses to the questions above, please select the most appropriate conclusion regarding the IP's procurement perception and/or reputation among stakeholders and the business community from the drop-down list.	**VERY GOOD perception and/or reputation**	**The reputation for efficient and effective performance amongst stakeholders and/or the business community is perceived satisfactory as the payments from the IP are sometimes not aligned with the terms given.**	**1**	**10%**	**0.1**
		Overall Risk Score for the Qualitative Assessment Section				**1**
		Overall Risk Assessment for the Qualitative Section			**Very Low Risk**	

Conclusion on Procurement Capacity Assessment			
Overall Risk Assessment - Quantitative & Qualitative	Combined risk score (auto-calculated: adds H23 and L76, then divides by 2 to arrive at a risk score out of 5)	#N/A	#N/A
Select the risk mitigation strategies that will be employed (i.e. capacity building actions and/or enhanced monitoring and assurance activities)			Capacity building actions
Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document			Periodic monitoring and assurance activities to ensure compliance of procurement towards government's treasury circulars
Provide the estimated budget required for these activities (to be included in the Project Budget) ($US)			N/A
Comments on Overall Procurement Assessment: (Optional)			N/A

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