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THE LOCAL AUTHORITIES ORDINANCE, 1996

THE LOCAL AUTHORITIES FINANCIAL REGULATIONS, 1997

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ARRANGEMENT OF REGULATIONS

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PART I

PRELIMINARY

*Regulation*

1. Citation, commencement and application.
2. Interpretation.

PART II

FINANCIAL AND ACCOUNTING DUTIES  
AND RESPONSIBILITIES

3. Financial instructions.
4. Management, control and supervision.
5. Duties of Councillors.
6. Duties of Secretary.
7. Duties of Treasurer.
8. Duties of accounting officer.

*Regulation*

9. Duties of officers signing payment vouchers.
10. Liability of Councillors and employees of Council for negligence or dereliction of duty.

## PART III

## ESTIMATES OF REVENUE AND EXPENDITURE

11. General Warrant.
12. Submission of annual estimates for approval.
13. Variation, virement and supplementary estimates.
14. Applications for variations.
15. Economy required.
16. Lapse of authority.
17. Expenditure charged to proper subhead.

## PART IV

ACCOUNTS, ACCOUNTING PRINCIPLES  
AND PROCEDURES

18. Council to cause proper books of accounts to be maintained.
19. Council to follow generally accepted accounting principles and practices.
20. Form of annual financial statements.
21. Classification of accounts to accord with the budget.
22. Amounts to be expressed to the nearest ringgit.
23. Accounts to be prepared on comparative basis.
24. Book-keeping.
25. Grants.
26. Operating or maintenance grants.
27. Loans.
28. Overdraft.
29. Investments.
30. Trading accounts.
31. Reserve Fund.
32. Credits to Reserve Fund.
33. Transfer to Reserve Fund.
34. Renewals Fund.
35. Authority for withdrawals from Renewals Fund.
36. Investment of Reserve and Renewals Funds.

## PART V

SUBMISSION OF  
ANNUAL FINANCIAL STATEMENTS

37. Submission of annual financial statements for audit.
38. Extension of time limit for submission of annual financial statements.
39. Annual financial statements.
40. Treasurer to consult Auditor General on annual financial statements.

*Regulation*

41. Schedules and working papers.
42. Trial balance.
43. Bank certificates.
44. Bank reconciliation.
45. Confirmation of cash balances.
46. Reply to audit observations.
47. Submission of audited statements.
48. Availability of accounts for audit.
49. Responsibility not relieved by audit.
50. Report to Minister any case of misconduct.

## PART VI

CONTROL OF RECEIPTS, REVENUE FORMS  
AND COUNCIL'S MONEYS

## RECEIPTS

51. Receipt forms.
52. Notifying the public.
53. Alteration of receipt.
54. Counterfoil.
55. Responsibility of officers.
56. Custody and issue of unused receipt books.
57. Supply of controlled receipt and revenue forms.
58. Receipt books and revenue form register.
59. Safe keeping of receipt books in use.
60. Monthly check of receipt books, licence, etc.
61. Written authorization to receive money.
62. Custody of key of cash register.
63. Correction of error in cash register.
64. Examination of cash register audit rolls.
65. Retention of cash register audit rolls.
66. Opening mail.
67. Posting of receipts.
68. Recording of collections.
69. Balancing of collections.
70. Surplus and shortage.
71. Cheques to be crossed.
72. Foreign currency not accepted as payment.
73. Daily lodgement.
74. Lodgement to Bank.
75. Dishonoured Cheques Account.
76. Failure to account for collections to be reported.
77. Daily check of all entries in accounts.
78. Revenue received to be accounted in gross.
79. Council's money not to be made use of.
80. Expenditure credits.

*Regulation*

- 81. Analysis of debtors.
- 82. Authority for refunds of revenue.
- 83. Preparation of refund vouchers.
- 84. Accounting of refunds of revenue.

## PAYMENTS

- 85. The Secretary and authorized officers of the Council to control expenditure.
- 86. Vote book.
- 87. Date of transaction governs entry date.
- 88. Payment not to be made before due.
- 89. Expenditure not to be deferred.
- 90. Progress of expenditure to be monitored.
- 91. Payment for goods or services supplied in good faith not to be withheld.
- 92. Responsibility of Secretary and officers deputed by him.
- 93. Responsibility for unauthorized disbursements.
- 94. Moneys required for distribution.
- 95. Undistributed balance to be refunded.
- 96. Register of vouchers for distribution.
- 97. Payment by crossed cheques.
- 98. Payments from petty cash.
- 99. Vouchers to be supported by full particulars.
- 100. Claims for reimbursements.
- 101. Vouchers for goods purchased or works done.
- 102. Certificate on works done or goods received.
- 103. Payment for imported stores.
- 104. Voucher not to be in favour of more than one person or firm.
- 105. Payment to persons other than those named in the vouchers.
- 106. Recipients unable to read and write.
- 107. Travelling claims of officers.
- 108. Authority to sign vouchers.
- 109. Responsibilities of officers authorizing vouchers for payment.
- 110. Responsibility of authorizing officer for loss due to incorrect certification.
- 111. Deductions.
- 112. "Paid" stamp.
- 113. Bills to be paid promptly.
- 114. Register of bills.
- 115. Date of payment of salaries.
- 116. Salary deductions.
- 117. Last pay certificate.
- 118. Missing vouchers.
- 119. Use of journal.
- 120. Vouchers to be recorded in cash book.

## DEPOSITS

*Regulation*

- 121. Deposit accounts.
- 122. Responsibility of Treasurer over withdrawals.
- 123. Yearly balance.
- 124. Unclaimed deposits to be published in Gazette.
- 125. Claims to deposits.

## IMPRESTS

- 126. Authorizing imprests.
- 127. Imprests to be used for specified purpose.
- 128. Operation of imprests.

## LOANS

- 129. Loan accounts.
- 130. Repayments of loans.
- 131. Variations of loan estimates.

## ADVANCES

- 132. Salary advances.
- 133. Special advances.
- 134. Types of special advances.

## BANK ACCOUNTS, CHEQUES AND DRAFTS

- 135. Bank account.
- 136. Examination of cheque books.
- 137. Cheque book register.
- 138. Custody of cheque books.
- 139. Validity period for cheques.
- 140. Cheque not presented within ninety days.
- 141. Signature of cheques.
- 142. Specimen signature.
- 143. Responsibility of officers signing cheques.
- 144. Loss of cheques issued by Council.
- 145. Requests for drafts, telegraphic transfers or letters of credit.

## COMPUTER

- 146. Documentary control.
- 147. Access to computerised systems.
- 148. Computer back up files.

## SAFES

- 149. Council's safes.
- 150. Safe custody of cash, cheques, etc.
- 151. Council's safes not to contain other than Council's money.

*Regulation*

- 152. Custody of keys.
- 153. Safes with combination locks.
- 154. Loss of key.
- 155. Record of safe custody of duplicate keys.
- 156. Duplicate keys.
- 157. Checks by officers taking-over.

## TRANSPORT OF CURRENCY

- 158. Responsibility for cash in transit.
- 159. Transport of currency.

## DESTRUCTION OF RECORDS AND FORMS

- 160. Destruction of accounting records, forms, etc.

## PART VII

PROCUREMENT FOR WORKS, SUPPLIES  
AND SERVICES

- 161. Objectives.
- 162. Validity period of contract.
- 163. Most advantageous item to be purchased.
- 164. Casual purchases.
- 165. Emergency purchases.
- 166. Quotations for purchases of stores.
- 167. Procedure for handling quotations.
- 168. Quotations committee.
- 169. Tenders for stores exceeding RM50,000.
- 170. Tenders to be given widest publicity.
- 171. When advertisement may be dispensed with.
- 172. General conditions of tender.
- 173. Specifications.
- 174. When full specifications not possible.
- 175. Trade or brand names not to be used.
- 176. Earnest money or tender deposit.
- 177. Withdrawal of tender or default in contract.
- 178. Tenders committee.
- 179. Functions of tenders committee.
- 180. Tenders notices.
- 181. Tenders box.
- 182. Tenders opening committee.
- 183. Opening of tenders.
- 184. Observations by tenders opening committee.
- 185. Recommendations to the tenders committee.
- 186. Councillors and officers handling tenders should not have personal or vested interest in the tenders.
- 187. Submission to tenders or quotations committee.
- 188. Letter of acceptance.
- 189. Tenders committee minutes.

*Regulation*

- 190. Contract to be in writing.
- 191. Signatories of contracts.
- 192. Formal contract.
- 193. Security deposit.
- 194. Approved contract documents to be used.
- 195. Local purchase order.
- 196. Officers authorized to sign or approve local purchase order.
- 197. Payment of local purchases.
- 198. Loss of local purchase order and its replacement.
- 199. Quotations for works.
- 200. Tenders for works.
- 201. Registered contractors.
- 202. Services.
- 203. Appointment of consultants.
- 204. Duties of consultants.
- 205. Preparation of tender documents.
- 206. Invitation of tenders.
- 207. Consideration and acceptance of tenders.
- 208. Cost of variations to be prepared by consultants.
- 209. Provision not to be exceeded.
- 210. Contract payments.
- 211. Performance bond in works.
- 212. Contracts not to be sublet.
- 213. Defect liability period.
- 214. Limit and duration of defect liability period.
- 215. Variation orders.
- 216. Limits on variations.
- 217. Treasurer and Auditor General to be notified of all contracts and related documents.
- 218. Contract register.
- 219. Duties of Treasurer before effecting payment.
- 220. Auditor General to have access to all records including minutes.
- 221. Variation, modification or waiver of requirement.

## PART VIII

## ASSETS, STORES AND PROPERTIES

## GENERAL

- 222. Officer personally responsible.
- 223. Duties relating to Council's property.
- 224. Council's property to be marked.

## FIXED ASSETS

- 225. Fixed assets register.
- 226. Plant and vehicle register.
- 227. Plant and vehicle registers to be checked at least once in a year.

*Regulation*

- 228. Instructions for the use of vehicles.
- 229. Log book or log sheet.
- 230. Fuel consumption.
- 231. Officer to check log books and log sheets.
- 232. Furniture and office equipment.
- 233. Stationery.
- 234. Maintenance and repair of office equipment.

## STORES

- 235. Cost of stores to be charged to revolving fund.
- 236. Council to delegate duties.
- 237. Stock of stores.
- 238. Stores ledgers.
- 239. Unit of quantity.
- 240. Particulars to be shown on each ledger folio or card.
- 241. Store ledgers to be posted daily.
- 242. Additional charges to recover overhead charges.
- 243. Receipt of stores.
- 244. Corrections in store ledgers.
- 245. Requisition.
- 246. Authorization of issue.
- 247. Stores issued to be debited to vote.
- 248. Stores indent.
- 249. Erasures and alterations on vouchers.
- 250. Recipient not to amend vouchers.
- 251. Receipting of issue vouchers.
- 252. Bin or tally cards to be kept.
- 253. Accounting entries.
- 254. Sales of stores prohibited.
- 255. Credit not to be given.
- 256. Stores not to be issued on loan.
- 257. Weekly abstracts.
- 258. Balances to be reconciled.
- 259. Store stock account to be reconciled.
- 260. Cost of stores.
- 261. Issue rate.
- 262. Averaging of issue rate.
- 263. Issues made before value known.
- 264. Return of unused stores.
- 265. Return of used stores.
- 266. Petrol, oil and lubricant.
- 267. Casual stores.

## STOCK VERIFICATION

- 268. Classification of stores.
- 269. Stores verification.



*Regulation*

- 270. Stock verifiers to visit stores.
- 271. Stock verifiers to count stock.
- 272. Stock to be agreed with records.
- 273. Inspection report.
- 274. Decision on stock verification or inspection report.
- 275. Surpluses and deficiencies.
- 276. Officers to examine stores on taking over.
- 277. On change of storekeeper.
- 278. Responsibility of officer in charge.

## SALES

- 279. Sales of Council's properties.

## PART IX

BOARDS OF SURVEY, LOSSES AND  
WRITE-OFF PROCEDURES

- 280. Appointment of Boards of Survey.
- 281. Composition of Boards of Survey.
- 282. Emergency Boards of Survey.
- 283. Board of Survey reports.

LOSS OF RECEIPTS, REVENUE FORMS AND STORES  
OR ANY OTHER PROPERTY OF COUNCIL

- 284. Definition of the term "loss".
- 285. Action on discovery of loss.
- 286. Loss of or damage to revenue form.
- 287. Reporting of loss.
- 288. Report of losses not to be withheld.
- 289. Council to be informed of loss and initial report.
- 290. Final report on the loss.
- 291. Failure to report loss.
- 292. Minor loss in respect of which initial report may be dispensed with.
- 293. Interdiction of officer responsible for loss and temporary financial adjustment.
- 294. Joint investigation on major losses.
- 295. Write-off and recommendation for surcharge.
- 296. Authority for write-off.
- 297. Recovery of surcharge.
- 298. Write-off of unserviceable stores.
- 299. Loss through overpayments or payments in error.
- 300. Recovery of overpayments by instalments.
- 301. Report of overpayment.
- 302. Consideration of reports.
- 303. Recommendations for surcharge.
- 304. Report on debt or revenue to be abandoned.

*Regulation*

305. Authority to abandon debt or revenue.  
 306. Loss by seconded officers.

## PART X

## INTERNAL AUDIT

307. Internal Audit.  
 308. Internal Auditor.  
 309. Duties of Internal Audit Section.  
 310. Objectivity.  
 311. Internal audit programme.  
 312. Report of Internal Auditor.  
 313. Presence of Internal Auditor does not relieve responsibility of Heads of sections.  
 314. Internal Auditor of Ministry.  
 315. Chairman may seek services of Internal Auditor of Ministry.

## PART XI

## REVOCATION

316. Revocation.

FIRST SCHEDULE — Council Quotation/Tender Form.  
 SECOND SCHEDULE — Final Report on the Loss of Council's Money, Stores or Property.

THE LOCAL AUTHORITIES ORDINANCE, 1996  
 THE LOCAL AUTHORITIES FINANCIAL REGULATIONS, 1997  
 (Made under section 172)

In exercise of the powers conferred upon the Majlis Mesyuarat Kerajaan Negeri by section 172 of the Local Authorities Ordinance, 1996, the following Regulations have been made: Cap. 20

## PART I

## PRELIMINARY

1.—(1) These Regulations may be cited as the **Local Authorities Financial Regulations, 1997**, and shall come into force on the 1st day of January, 1998. Citation, commencement and application.

(2) These Regulations shall not apply to the Bintulu Development Authority.

## 2. In these Regulations—

Interpretation.

“accounting officer” means any officer who is entrusted with the receipt, custody or disbursement of Council’s moneys and stores and is required to keep one of the recognized cash books, or any officer whose duties involve responsibility in connection with Council’s moneys and stores;

“annual financial statements” means the balance sheet of the Local Authority Fund, the statement of revenue and expenditure, the statement of sources and application of funds, including notes to the accounts, and such other statements of accounts as may be deemed necessary from time to time;

“approved form” means the appropriate form approved by the Permanent Secretary;

“Auditor General” means the Auditor General of the Federation appointed under Article 105(1) of the Federal Constitution, and includes any person acting on his behalf or pursuant to authority issued by him;

“Chairman” shall have the same meaning as assigned to that expression by the Ordinance;

“Council” means a local authority named in the First Schedule to the Ordinance;

“Local Authority Fund” means the Local Authority Fund referred to in section 40 of the Ordinance;

“Minister” means, in the case of the <sup>Commissioner</sup> Commissioner of the City of Kuching North, the Chief Minister, and for other local authorities, the Minister in the State Government charged with the responsibility for local government;

Am. Cn  
 Ass

Cap. 20.

“Ordinance” means the Local Authorities Ordinance, 1996;

“Permanent Secretary” shall have the same meaning as assigned to that expression by the Ordinance;

“Secretary” means, in relation to a Council, the person appointed in accordance with section 35(1) (c) of the Ordinance to be its Secretary, or in the case of the City of Kuching North, an officer designated by the Commissioner of the City of Kuching North;

“Treasurer” means, in relation to a Council, the person appointed by that Council to be its Treasurer, or in the case of the City of Kuching North, an officer designated by the Commissioner of the City of Kuching North.

## PART II

### FINANCIAL AND ACCOUNTING DUTIES AND RESPONSIBILITIES

Financial  
instructions.

3. Every Councillor, officer and employee of a Council shall, in addition to complying with these Regulations, comply with such instructions relating to financial procedure as may be issued from time to time by the Minister.

Management,  
control and  
supervision.

4. The Council shall be responsible to the Minister for all its financial matters. The accounting operations of the Council shall be under the general management and control of the Treasurer and under the overall supervision of the Secretary.

Duties of  
Councillors.

5.—(1) In the exercise of their duties and responsibilities under the Ordinance the Councillors shall:

(a) conduct all affairs of the Council in an efficient, honest and trustworthy manner, thereby ensuring that the Council's interests are safeguarded at all times;

(b) assess the financial resources available to the Council and, if necessary, take action to increase Council revenues;

(c) allocate the financial resources according to priorities of the projects for inclusion in the estimates;

(d) pass detailed estimates of the revenue and expenditure of the Council in such form as may be required by the Minister;

(e) receive and consider the periodic reports from the Treasurer required under regulation 7;

(f) recover all moneys due to the Council in accordance with the laws;

(g) consider any report or observations raised by the Auditor General and initiate remedial action where necessary;

(h) ensure compliance with these Regulations and any other laws and with instructions relating to finance and accounts; and

(i) ensure that all cases of financial and accounting irregularity or other breaches of duty are investigated, and take appropriate action in respect thereof.

(2) Without prejudice to paragraph (1), the Councillors shall carry out such other duties and responsibilities as are reasonably necessary to achieve good order and government of the Council.

6. The Secretary shall maintain a register to record every occasion on which the common seal is used. The register shall provide the following information: Duties of Secretary.

(a) the purpose of the deed, document or other instrument which has been sealed;

(b) the date of such deed, document or instrument; and

(c) the particulars of the parties involved and the names, and addresses and the national registration card numbers of the signatories.

7. The Treasurer shall be responsible for the preparation and maintenance of proper accounting systems and procedures as specified by these Regulations to cover all operations of the Council, including an adequate system of internal checks to safeguard against losses of cash and stores by irregularity, negligence, theft or fraud. He shall therefore be responsible for— Duties of Treasurer.

(a) ensuring that adequate supervision is exercised over the receipts of revenue and as far as possible securing its punctual collection;

(b) bringing promptly to account under the proper heads and subheads, whether revenue or other receipts, paid to the Council or received on behalf of the Council;

(c) seeing that proper provision is made for the safe keeping of the Council's moneys, account books, revenue forms, cheque forms and other important documents;

(d) supervising the expenditure and other disbursement of the Council and taking care that no payment is made which is not sanctioned by proper authority, expressed or referred to on the voucher relating to it;

(e) charging promptly in his accounts under the proper heads, subheads and items all disbursements of the Council;

(f) preparing the annual financial statements and returns and such other statements and periodic reports as may be required;

(g) preparing the Council's draft estimates for the next financial year;

(h) drawing the attention of the Council to the likelihood of any vote being overspent;

(i) signing cheques for counter-signature by such other persons as may be authorized by the Council;

(j) ensuring that all duplicate keys of cash boxes, safes and strongrooms are deposited with the District Officer for safe custody and that such keys are exchanged yearly and receipts obtained therefor from the District Officer;

(k) ensuring that when safes with combination locks are used, the combination code shall be changed every six months or every time there is a change of operator, or at any time it is suspected that the combination code has been known to unauthorized persons and that the combination code shall be written and kept in a sealed envelope which shall be marked "Secret" and deposited with the District Officer;

(l) ensuring that, when a current account is operated—

(i) the monthly bank statement of account is received;

(ii) the bank balance is reconciled with the cash book balance at the close of each month;

(iii) a bank certificate of balance as at 31st day of December in each year is obtained;

(m) preparing and balancing monthly accounts and report for submission to the Auditor General;

(n) assigning and supervising the use of computer pass words for accounting application;

(o) supervising the use of computer for processing accounting information;

(p) ensuring that computer back-up files relating to the entire accounting system of the Council are stored off premises; and

(q) exercising adequate supervision over all officers entrusted with the receipt or expenditure of any of the Council's moneys, and taking precautions by maintaining efficient checks (including surprise inspections) to prevent the loss of any moneys due to irregularity, negligence, theft or fraud.

8.—(1) Every accounting officer shall be personally responsible for:

Duties of  
accounting  
officer.

- (a) the due performance of his financial duties;
- (b) the custody and control of all cash boxes, safes, strongrooms and keys entrusted to him;
- (c) the proper collection and custody of all Council's moneys received by him; and
- (d) the accuracy of the accounts rendered by him or under his authority.

(2) Without prejudice to the generality of the foregoing, every accounting officer shall, in so far as the following requirements may be applicable to him—

(a) keep watch on the receipt of Council's revenue and as far as possible secure its punctual collection;

(b) bring promptly to account under the proper heads, subheads and items all moneys, whether revenue or other receipts, paid or due to the Council;

(c) see that proper provision is made for the safe-keeping of the Council's moneys, accounts books, revenue forms, cheque forms and other important documents, for which he is responsible;

(d) exercise strict supervision over all officers under his authority entrusted with the receipt and expenditure of the Council's moneys and take precautions, by maintaining efficient checks (including surprise inspections), to prevent the loss of any moneys due to fraud, embezzlement or negligence;

(e) take care that no payment is made which is not sanctioned by proper authority, expressed or referred to on the voucher relating to it;

(f) at the close of business each day, check all cash in his charge and verify the amount with the balance shown in the cash book;

(g) bring promptly to account as revenue any cash found in his charge in excess of the balance as shown in the cash book;

(h) report promptly to the Treasurer any deficiency in cash for which he is responsible;

(i) bring promptly to account under the proper heads, subheads and items of the estimates all disbursements of the Council made by him;

(j) prepare promptly such financial statements as may be required from time to time by the Treasurer;

(k) see that all books of account under his control are correctly posted and are kept up to date;

(l) produce, when required by the Treasurer or by the Auditor General, all books, records and vouchers in his charge;

(m) reply promptly to any queries addressed to him by the Treasurer, giving fully the particulars of information sought;

(n) bring to the notice of the Treasurer any incompetence or repeated negligence on the part of any of his subordinates which affects in any way the discharge of the financial duties of such subordinates;

(o) acquaint himself with the laws, circulars and instructions (including Council's resolutions and standing orders) relating to his financial duties, and ensure that such laws and instructions are amended up to date and complied with.

Duties of  
officers signing  
payment  
vouchers.

9. Every officer shall, before signing any payment voucher, ensure—

(a) that there are sufficient funds in the approved estimates to meet the payment for which the voucher is made out;

(b) that any required authority quoted in the voucher has been obtained;

(c) that any service specified in the voucher has been duly performed, and in the case of purchase that the goods or stores have been correctly supplied and received;

(d) that any price charged is according to contract, quotation or approved scales, or is fair and reasonable having regard to current local rates;

(e) that all computations are arithmetically correct;

(f) that any stores or articles purchased have been taken on charge, or, if expendable, correctly issued and acknowledged;

(g) that the person named in the payment voucher is the person entitled to receive payment;

(h) that any deduction due to be made has been effected;

(i) that the payment is properly classified; and

(j) that the payment has been correctly taken in the ledger.



10.—(1) Every Councillor, officer and employee of the Council shall, on a resolution of the Council or on the direction of the Minister to that effect, be liable to refund to the Council all or any part of any loss or deficiency of cash, valuable consideration or stores attributable in whole or in part to the negligence of, or dereliction of duty by, such Councillor, officer or employee.

Liability of Councillors and employees of the Council for negligence or dereliction of duty.

(2) Whenever any Councillor, officer or employee of the Council is made liable, by a resolution of the Council, to refund to the Council all or any part of any loss or deficiency under paragraph (1), he may appeal to the Minister, who may confirm, revoke or vary the resolution.

(3) Whenever a refund has been decided, the Council shall at the same time decide on the method of refund.

### PART III

#### ESTIMATES OF REVENUE AND EXPENDITURE

11. The authority requisite for expenditure shall be the General Warrant issued annually by the Minister based on the approved estimates for the year in question, and no expenditure shall be incurred until that authority has been received.

General Warrant.

12. The Council shall, not later than the thirtieth (30th) day of November of each year, submit its draft annual estimates of the revenue and expenditure for the next financial year, in the case of the Commissioner of the City of Kuching North and the Council of the City of Kuching South, to the Majlis Mesyuarat Kerajaan Negeri for approval, and in all other cases, to the Minister for approval.

Submission of annual estimates for approval.

Commission  
(Am. Cap. 335)

13.—(1) Transfer of the approved estimates of recurrent expenditure by variation, other than the personal emoluments, from one item to another item within the same subhead may be effected by the Council, if—

Variation, virement and supplementary estimates.

(a) the total estimated expenditure under each subhead is not exceeded; and

(b) no new items are created.

(2) No transfer other than such as is authorized by paragraph (1) shall be made save with the prior written approval of the Minister.

(3) Where additional financial provision is required in any year, the Council may pass supplementary estimates showing the sources out of which any additional expenditure may be met. The provisions of regulation 12 shall apply to any supplementary estimates in like manner as they apply to the annual estimates.

(4) Notwithstanding paragraph (1), no variation of the approved estimates of loan expenditure or expenditure involving Government capital grant shall be made except with the prior written approval of the Minister.

Applications for variations.

14. A copy of every application for authority to vary the approved estimates and a copy of every reply thereto shall be sent to the Auditor General.

Economy required.

15. Every officer responsible for expenditure shall, in relation thereto exercise due economy and shall ensure that no money, even though voted, is spent save for a proper and legitimate purpose.

Lapse of authority.

16.—(1) Every authority for expenditure shall cease on the last day of financial year to which it relates.

(2) Notwithstanding paragraph (1), the balance of an expenditure subhead of a financial year that remains unspent at the close of that year, may be utilised to meet payments for works already carried out, or services already provided or goods already supplied and received before the close of that year, provided that such payments are made within the first month of the succeeding financial year.

Expenditure charged to proper subhead.

17. Every item of expenditure shall be classified strictly in accordance with the approved estimates, and no vote shall be applied except for the purpose for which it has been authorized.

#### PART IV

#### ACCOUNTS, ACCOUNTING PRINCIPLES AND PROCEDURES

Council to cause proper books of accounts to be maintained.

18. Notwithstanding the responsibility placed on the respective officers of the Council, it shall be the responsibility of the Council to ensure and to cause proper books of accounts to be maintained and true, complete and accurate records to be entered therein, including the maintenance of such accounting and other records as will sufficiently enable the Council to prepare annual financial statements that would present a true and fair view of its operations and state of affairs.

Council to follow generally accepted accounting principles and practices.

19. In maintaining proper books and accounts, the Council shall follow the generally accepted accounting principles and practices. However, if there is a conflict between legal provisions and generally accepted accounting principles and practices, the legal provisions shall take precedence.

Form of annual financial statements.

20. Annual financial statements shall be prepared in such form that significant information is readily discernable.

21. The classification of accounts in the annual financial statements of the Council shall accord with the approved budget for the year so as to correlate actual performance to the budget (wherever appropriate).

Classification of accounts to accord with the budget.

22. All amounts required to be shown in the annual financial statements shall be expressed to the nearest ringgit.

Amounts to be expressed to the nearest ringgit.

23.—(1) The annual financial statements shall be prepared on a comparative basis showing the corresponding figures of the immediate preceding period. Where changes have been made during the current period in the manner of presenting specific items in the accounts, the figures for the preceding period shall be adjusted to conform with the new basis. Where an item, which is required to be stated appears in a note to the accounts, the corresponding amount for the immediate preceding year shall also be shown.

Accounts to be prepared on a comparative basis.

(2) Where the accounts do not include an item corresponding to an item appearing in the accounts for the immediate preceding year, the amount for the earlier year should nevertheless be shown, except that where the item appeared in a note to the accounts for the immediate preceding year it may not be necessary to repeat the item unless its omission could cause the comparison of the two years' accounts to be misleading.

24. In maintaining an adequate system of books, the following procedures shall be observed:

Book-keeping.

(a) every entry in the books of accounts shall be supported by properly authorized receipts, vouchers and journals;

(b) no alteration or erasure of figures shall in any circumstances be made in cash books, vouchers or other documents of accounts: Provided that if any corrections are necessary, the original figures shall be crossed through by a line only so as to show clearly what the figures originally entered were, and the correct figures placed above the original ones. The corrections shall be initialled by the authorizing officer. Any payment voucher not complying with this regulation shall be rejected;

(c) entries in cash books and other principal books of accounts shall be made in the order in which they occur. Posting of these books shall not be delayed;

(d) in addition to the principal books of accounts (cash book, ledger and journal), necessary subsidiary or memorandum records shall also be maintained;

(e) at the end of each month, the cash book shall be checked against the bank statements and a reconciliation

statement be prepared. The reconciliation statement shall be checked and signed by the Treasurer. Outstanding items in the reconciliation statement shall be reviewed and necessary action taken.

Grants. 25. Where grants for purposes of enabling the Council to undertake or invest in specific projects or programmes are received from the Federal or State Government, the grants so received shall be accounted for as revenue.

Operating or maintenance grants. 26. Operating or maintenance grants received from the Federal or State Government for the operations or maintenance of the Council's activities shall be accounted for as revenue of the Council.

Loans. 27. The Council shall only raise loan in accordance with sections 41, 42 and 43 of the Ordinance.

Overdraft. 28. In obtaining bank advances by way of overdraft, a Council shall comply with section 44 of the Ordinance.

Investments. 29. The Council shall comply with the provisions of sections 40 and 45 of the Ordinance in the matter concerning investment.

Trading accounts. 30.—(1) No trading account shall be opened without the prior written approval of the Minister.

(2) When a Council is authorized to operate a trading account, provision shall be made in the Estimates under both revenue and expenditure.

(3) A trading account shall not be operated as a suspense, deposit or advance account and a separate Annual Statement shall be prepared in respect of any trading account in the approved form.

Reserve Fund. 31.—(1) A Council may establish a Reserve Fund.

(2) No withdrawals from any Reserve Fund which is not provided for in the approved estimates or which exceeds the provision therein shall be made without the prior written approval of the Minister.

Credits to Reserve Fund. 32. Credits to the Reserve Fund shall only consist of appropriations approved by the Minister and the interest earned from investments of balances of the said Fund.

Transfer to Reserve Fund. 33. Transfer to Reserve Fund, which shall be effected by journal entries, shall be made annually, after the accounts for each year have been balanced. It may then be possible to determine

the maximum sum available for transfer after allowance has been made for an adequate surplus to meet commitments in the early part of the following year.

34.—(1) A Renewals Fund may be opened with the prior written approval of the Minister to provide for the eventual replacement of any vehicle, plant, building or any other asset where the replacement value thereof exceeds ten thousand ringggit. Renewals Fund.

(2) The operation of a Renewals Fund shall be subject to instructions to be issued by the Minister from time to time.

35. No withdrawal from any Renewals Fund shall be made without the prior written approval of the Minister. Authority for withdrawals from Renewal Fund.

36. All Reserve Fund and Renewals Fund shall be fully invested on fixed deposit in any financial institutions as may be approved by the Minister or in any other manner as may be directed by the Minister. Investment of Reserve and Renewals Funds.

## PART V

### SUBMISSION OF ANNUAL FINANCIAL STATEMENTS

37. The Council shall prepare and present for auditing the annual financial statements of the preceding financial year of the Council within four months following the close of the financial year. The annual financial statements shall be accompanied by a statement signed by the Chairman and the Secretary stating that in their opinion— Submission of annual financial statements for audit.

(a) the balance sheet is drawn up so as to present a true and fair view of the state of affairs of the Council as at the end of the period covered by the accounts; and

(b) the statement of revenue and expenditure is drawn up so as to give a true and fair view of the transactions of the Council for the period covered by the accounts.

38.—(1) Where the Council is unable to submit its annual financial statements for auditing within the prescribed period, the Chairman shall, before the expiry of such time limit, formally report to the Council and apply in writing to the Minister for an extension thereof and shall also set out the reasons for having to apply for such extension. The Minister, if satisfied with the reasons for the application, may grant such extension of the time limit as may be deemed necessary, but such extension shall not exceed a period of three months. Extension of time limit for submission of annual financial statements.

(2) Where the Council fails to submit the annual financial statements within the extended period, the Chairman shall report to the Minister accordingly.

Annual financial statements.

39.—(1) The annual financial statements shall cover the following accounts—

- (a) the Annual Abstract Accounts;
- (b) the Statement of Assets and Liabilities;
- (c) the Detailed Statement of Revenue;
- (d) the Detailed Statement of Expenditure;
- (e) the Detailed Statement of Advances (by types);
- (f) the Detailed Statement of Deposits (by types);
- (g) the Statement of Reserve Fund;
- (h) the Statement of Renewals Fund;
- (i) the Statement of Trading Accounts (if any);
- (j) the Debtors' Accounts; and
- (k) any other accounts or records which may be called for by the Auditor General or the Minister.

(2) Every detailed statement of revenue shall reflect by subheads the actual and the estimated receipts and, if there is any difference exceeding 5% between any actual and the estimated receipts, it shall contain an explanation of the difference.

(3) Every detailed statement of expenditure shall reflect by subheads the actual and estimated expenditures, and, if there is any difference exceeding 5% between the actual and estimated expenditures, it shall contain an explanation of the difference and also references, under subheads, to all authorities for expenditure in excess of the approved estimates.

Treasurer to consult Auditor General on annual financial statements.

40. The Treasurer shall consult the Auditor General at least six months before the close of the financial year and agree on the format, notes and schedules to be prepared in respect of the annual financial statements.

Schedules and working papers.

41. The Treasurer shall furnish schedules and working papers in support of the annual financial statements. Adequate working papers shall be prepared wherever necessary to support or substantiate figures appearing in the annual financial statements. Listings of individual balances shall be prepared to prove the correctness of account balances shown in the annual financial statements. Schedules and working papers shall be given appropriate titles, type-written, dated and signed by the Treasurer.

42. The Treasurer shall prepare monthly trial balance of the Council's accounts and a copy thereof shall be submitted to the Auditor General before the end of the following month. Total balance
43. The Council shall request its banks to send direct to the Auditor General, within the first month after the close of the financial year, certificates showing the bank balances, deposits, securities, guarantees and charges held by them as at 31st December. Bank certificate
44. Bank reconciliation statements as at 31st December shall be prepared and submitted for auditing. Bank reconciliation.
45. Certificates of cash balances held by individual cash holders as at 31st December shall be prepared and similarly forwarded for auditing. Confirmation of cash balances.
46. The officers of the Council shall render expeditiously all assistance, explanations and reply to all queries and observations raised by the Auditor General in his audit. The Secretary shall ensure that all audit queries and observations are answered within one month or with the approval of the Auditor General in exceptional cases, within two months. Reply to audit observations.
47. The Council shall submit a copy of its audited annual financial statements through the Minister to the Majlis Mesyuarat Kerajaan Negeri for its approval to be laid before the Dewan Undangan Negeri. Submission of audited statements.
48. The Auditor General shall, at all times, have a right of access to all books, records and returns relating to accounts, and every accounting officer shall give the Auditor General every facility for inspecting such documents. Availability of accounts for audit
49. The responsibility of the Auditor General for checking and reporting any shortcomings in connection with the accounts or finances of a Council shall not absolve any Councillor, officer or employee of the Council from any responsibility imposed upon him by these Regulations. Responsibility not relieved by audit.
50. The Council shall report immediately to the Minister any case of general misconduct or inefficiency of any of its officers or employees that is likely to cause financial loss to the Council. Report to Minister any case of misconduct.

## PART VI

### CONTROL OF RECEIPTS, REVENUE FORMS AND COUNCIL'S MONEYS

#### RECEIPTS

51. An official receipt shall be issued to each individual from whom money is received by the officer or employee of the Receipt forms.

Council. The receipt shall be issued at the time of the transaction, and if the payer presents himself in person, the receipt shall be handed to him. When money is received by post or despatch, the receipt shall normally be sent on the same day.

Notifying the public.

52. There shall be clearly displayed a notice at each collection centre informing members of the public that they should demand receipts for all moneys paid.

Alteration of receipt.

53. There shall not be any alteration of the receipt. If for any reason a receipt form is spoilt and cannot be issued, it shall not be destroyed but shall be cancelled and made available for auditing.

Counterfoil.

54. When receipts or other forms of acknowledgements are issued from counterfoil books, the officer signing any such document shall initial the counterfoil which shall contain full details of the original, including the amount received and date. When multi-carboned forms are used, whether in a book or with an accounting machine, double-sided carbon paper should be used wherever possible.

Responsibility of officers.

55. Officers assigned with the duties of collecting moneys are responsible for the safekeeping and for the proper use of all receipt and revenue forms, licences and other documents. On change of collectors, the stock of all such documents shall be checked by both the officer handing-over and the officer taking-over and a statement of the number thereof showing the respective serial numbers shall be signed by both officers and a copy sent to the internal auditor of the Council.

Custody and issue of unused receipt books.

56.—(1) All unused receipt books in stock shall be securely locked up and be under the control of the Treasurer or an authorized officer who does not himself prepare receipts or make collections. The Treasurer or the authorized officer shall give out only such books as are actually required for immediate use after satisfying himself that the numbering is complete and correct. He shall insert and sign on the back of the office copy of the first leaf in the book, a certificate in the following form:

“Examined by me this day  
and found to contain .....  
receipt forms in duplicate/triplicate  
correctly numbered.

.....  
(Signature and Designation)”.



(2) Any book found defective shall either be cancelled and made available for audit or returned to the printer for replacement, whichever is more appropriate.

(3) Books shall be issued out for use in their correct numerical sequence.

57. The Council shall obtain its supply of controlled receipt and revenue forms from any printer approved by the Minister.

Supply of controlled receipt and revenue forms.

58.—(1) There shall be kept by the Treasurer or an authorized officer responsible for the custody of the receipt books, a revenue form register in the prescribed form showing all receipt books received and issued. Each entry of issue shall be signed by the officer to whom the issue is made; or in the case of issue to a branch officer, shall be supported by a receipted issue voucher.

Receipt books and revenue forms register.

(2) There shall be taken on charge in the register, immediately on receipt, all receipt books and revenue forms received from the printer.

59. All receipt books in use shall be kept locked when not actually in use.

Safe keeping of receipt books in use.

60. All receipt books, licences, revenue forms and other documents issued from stock shall be checked monthly to ensure that any of the same not yet brought to account are intact.

Monthly check of receipt books, licence, etc.

61.—(1) No officer of the Council shall receive Council's money, unless he is specifically authorized by the Council in writing to do so. The Treasurer shall maintain a record of authorizations so given.

Written authorization to receive money.

(2) If payment of any amount due to the Council is tendered to any officer who is not authorized to receive money, that officer shall direct the payer to make the payment to an officer authorized to receive money.

62. Where there is in use a cash register or other accounting machine, the key to the register or such other machine shall be kept by the Treasurer or an authorized officer other than the cashier or the operator.

Custody of key of cash register.

63. When a sum of money received is wrongly entered in the cash register, the sum so entered and printed on the audit roll shall be cancelled and initialled by the Treasurer or an authorized officer other than the operator. The correct sum received shall then be re-entered in the cash register.

Correction of error in cash register.

- Examination of cash register audit rolls. 64. The cash register audit rolls shall be examined daily and signed by the Treasurer or an authorized officer other than the operator. The audit rolls shall be forwarded to the Auditor General's Office together with the monthly accounts for auditing.
- Retention of cash register audit rolls. 65. The cash register audit rolls returned to the Council after audit examination shall be retained for a period equivalent to that specified for receipts under regulation 160.
- Opening mail. 66.—(1) There shall be maintained by every officer responsible for the opening of mail, a register for the purpose of recording the receipt of money, important documents or valuable articles received through the post or by despatch. This duty shall not be performed by the cashier or by the officer responsible for preparing receipts.
- (2) There shall be entered in the register all relevant details, such as date received, name of sender, registered package number, cheque number, amount and description of the document or article, and the receipt number where appropriate.
- (3) Any other officer who handles money, documents or articles from the time of opening of mail to the time of it being brought to account shall similarly initial the record in the register.
- (4) The register shall be checked daily with the cash book by a supervisory officer.
- Posting of receipts. 67. Receipts shall be posted individually into the cash book promptly and in any case before the end of the day.
- Recording of collections. 68. Collections shall be posted by an officer other than the cashier, except in cases where no second officer is available and the specific sanction of the Council has been obtained.
- Balancing of collections. 69. The cashier, at the end of the day shall count his collections and hand them over to the Treasurer or an authorized officer who shall acknowledge the collections. The Treasurer or the authorized officer shall then balance the collections received with the receipts issued for the day.
- Surplus and shortage. 70. Any surpluses found shall forthwith be credited to the revenue of the Council. Any shortages found shall be treated as a loss and action taken accordingly.
- Cheques to be crossed. 71.—(1) Officers of the Council may, subject by any direction that may be issued by the Council, accept cheques in payment. All cheques shall be made payable to the Council and crossed "Account Payee Only". Cheques not crossed shall be so crossed on receipt. The serial number of any cheque received shall be

noted on the receipt issued. The number of the receipt issued shall similarly be noted on the reverse of the cheque.

(2) No post-dated cheques shall be accepted.

72. Foreign currency shall not be accepted as payment. Should any foreign currency come into the possession of an officer of the Council, the matter shall be reported to the Treasurer forthwith for his instructions.

Foreign  
currency not  
accepted as  
payment.

73.—(1) Revenue collectors, other than those in sub-offices, shall pay collections daily to the Treasurer. In sub-offices, revenue collectors shall remit collections daily to the Council by purchasing Treasury drafts from the nearest Sub-Treasury.

Daily  
lodgement.

(2) The revenue collectors in sub-offices shall, without delay, send all Treasury drafts to the Council's bank for clearance.

74.—(1) The Treasurer or the authorized officer shall pay all collections daily to the Council's bank, and obtain an officially receipted paying-in slip. If the Council's bank is not situated locally, the Treasurer or the authorized officer shall remit the collections daily by purchasing Treasury drafts from the nearest Sub-Treasury.

Lodgement to  
bank.

(2) Paying-in slips shall be prepared when collections are to be lodged in the bank. If the lodgement consists of cheques, the number and amount of each cheque shall be shown on the counterfoil of the paying-in slip.

(3) Each bank lodgement shall be entered in the cash book on the day of lodgement.

(4) The Treasurer or the authorized officer shall check the date, the bank's stamp and the amount acknowledged by the bank on the paying-in slip after each lodgement.

75.—(1) Cheques received and not honoured by banks shall be posted to a "Dishonoured Cheques Account". The accounting entries shall be a debit to the Dishonoured Cheques Account and a credit to the Bank Account.

Dishonoured  
Cheques  
Account.

(2) If a dishonoured cheque is replaced with cash or a fresh cheque within two (2) months from the date it was received from the payer, the receipt of the cash or the fresh cheque shall be credited to the Dishonoured Cheques Account.

(3) If a dishonoured cheque is not replaced with cash or a fresh cheque within two (2) months from the date it was received from the payer, the posting to the Dishonoured Cheques Account shall be cleared by crediting the said account and debiting the revenue head or subhead to which the receipt was originally credited.

The sum outstanding from the debtor shall be recorded in the Council's outstanding revenue register and action shall be taken to recover the sum due.

(4) All debits to the Dishonoured Cheques Account in any financial year shall be cleared before that year's account is closed to adjustments. This will avert overstatement of revenue collected in any financial year.

Failure to account for collections to be reported.

76. Where there are a number of cashiers accounting for their collections to the Treasurer, he shall maintain a register to detect any delay or failure in the accounting of collections. Any delay or failure detected shall be reported to the Secretary for his action.

Daily check of all entries in accounts.

77. It shall be the duty of all officers maintaining the accounts to ensure that all their accounts are correct by examining and checking daily all entries made in receipt books, cash books and other books of accounts. In addition, their supervising officer shall also carry out similar checks and indicate with his initials and date the point to which the books have been checked by him.

Revenue received to be accounted in gross.

78. Revenue received shall be accounted for in the Council's account in gross. Deductions from the gross amount in respect of commission or duty paid shall be accounted for and supported by proper vouchers.

Council's money not to be made use of.

79. (1) No money belonging to the Council shall be made use of in any way whatsoever by any person between the time of receipt and the time of lodgement into bank.

(2) No officer shall advance, lend or exchange any sum of money for which he is answerable to the Council.

Expenditure credits.

80.—(1) Credits to expenditure votes are permissible only in adjustment of undistributed payments or of overpayments recovered, or of sums incorrectly charged in the accounts of the current year, or where authorized by the Minister to correct misallocations before the closing of the year's accounts.

(2) Recoveries in respect of overpayments in previous years shall be credited to revenue subhead "Miscellaneous".

Analysis of debtors.

81. The Treasurer shall prepare a statement analysing debtors' accounts as at 31st December and at such other dates as may be prescribed by the Minister. A copy of the statement shall be rendered by the Council to the Auditor General and the Minister together with the annual statement of accounts. The statement shall indicate the age of the arrears and, where appropriate, the action taken to recover the amounts outstanding. Comment shall also be made on the extent of debts not recoverable.

82. Refunds of revenue may be made only on the authority of the Treasurer.

Authority for refunds of revenue.

83. Refund vouchers shall state the reasons why the refunds are made. The reference of the receipt by which the revenue was originally collected shall be stated on the refund vouchers. To avoid double refund the reference of the refund voucher shall be quoted on the receipt (office copy).

Preparation of refund vouchers.

84.—(1) Refunds of revenue collected in the current year shall be debited to the revenue subhead originally credited.

Accounting of refunds of revenue.

(2) Refunds of revenue collected in a previous year shall be debited to the expenditure classified as "Refunds of Revenue of Previous Years".

#### PAYMENTS

85. The Secretary and officers of the Council who are authorized to incur expenditure shall exercise control to ensure that the approved expenditure estimates of the Council are not exceeded.

The Secretary and authorized officers of the Council to control expenditure.

86.—(1) Every officer to whom control over any portion of provision is entrusted, shall keep a vote book in such form as will show clearly, at any time in respect of such provision under his control—

Vote book.

(a) the total amount sanctioned for the service for the year, with deductions for amounts transferred to other subheads or items and with additions thereto for amounts similarly received;

(b) all debits and credits to the subheads or items as and when they occur, so that at any time the total expenditure and the balance available are shown;

(c) liabilities as they are incurred. Proposals for allocations, virements and transfers should be noted as liabilities. Liabilities shall be marked off to the extent that they are cleared. A running total of outstanding liabilities shall be entered which shall be adjusted as liabilities change.

(2) Whenever an officer certifies a voucher for payment or for adjustment, he shall also initial against the corresponding entry in the vote book and see that any liability is marked off or reduced.

(3) Vote books shall be reconciled by the officer entrusted with the control over expenditure with the Council's ledgers monthly. The reconciliation statement shall be examined and signed by the Treasurer and retained for audit purpose.

- Date of transaction governs entry date.
87. The date of transaction shall govern the date of the entry in the accounts record.
- Payments not to be made before due.
88. Payments shall not be made before they are due.
- Expenditure not to be deferred.
89. Expenditure which is chargeable to the account of a given financial year shall be charged to the account of that financial year and shall not be deferred for the purpose of avoiding an excess of the amount provided in the estimates.
- Progress of expenditure to be monitored.
- 90.—(1) All works, purchases and other activities involving expenditure shall be carried out expeditiously and in so far as is possible, within the time estimated for them.
- (2) In addition to paragraph (1), the Secretary shall keep proper watch on the progress of expenditure, and no price increase shall be incurred merely for the purpose of completion by the end of the financial year.
- Payment for goods or services supplied in good faith not to be withheld.
91. Payment of a bill duly submitted by any person for goods or services ordered and supplied in good faith to the Council shall not be withheld on account of any doubt whether the charge was properly incurred by an officer. Where the Council is satisfied that a contractual liability has been incurred, but is of the opinion that an officer may have been at fault in incurring it, the bill shall be promptly paid and charged in the first instance to an advance account in the name of the officer concerned, pending further investigation.
- Responsibility of Secretary and officers deputed by him.
- 92.—(1) The Secretary shall be responsible for disbursement of moneys held by the Council.
- (2) The Council may designate other officers to incur expenditure on behalf of the Council subject to such limits and for such purposes as may be specified.
- Responsibility for unauthorized disbursements.
93. Any Councillor or officer of the Council allowing or directing a disbursement without proper authority shall be held personally responsible for the amount.
- Moneys required for distribution.
- 94.—(1) Money or open cheques required for distribution shall be issued only on an order signed by an authorized officer in favour of the officer appointed by him to receive it.
- (2) Every order in paragraph (1) shall be accompanied by vouchers duly scheduled. The Treasurer, in order to ensure that the completed payments are in order, shall retain the receipted order pending the return of the perfected vouchers.
- Undistributed balance to be refunded.
95. If an officer appointed under regulation 94 finds it impossible to distribute the whole of the money or cheques drawn

from the Treasury within two weeks or such lesser period as may be prescribed by the Council, he shall at the expiry of the period, refund to the Treasury the undistributed amount for which a receipt shall be obtained. The receipt number and date shall be quoted on the voucher and the voucher shall be returned to the Treasury.

96. A register shall be kept in the Treasury showing the particulars of all vouchers in respect of undistributed cash or cheques at any time. The register shall be inspected at least once every month by the Treasurer or his authorized representative and shall be initialled and dated.

Register of  
vouchers for  
distribution

97. All payments, other than those in respect of petty cash imprests or salary distributions, shall be by cheques crossed "Account Payee Only" made out in favour of the persons entitled to receive the payments and despatched direct to the payees by the Treasury.

Payment by  
crossed  
cheques.

98. All payments of bills for sums not exceeding RM100 shall, as far as possible, be made from the petty cash imprest.

Payments from  
petty cash.

99.—(1) Every payment made shall be properly vouched. The voucher shall contain full particulars of goods or services, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any document other than those attached thereto. References to authorization for payments shall also be quoted, where applicable, on the vouchers. There is no need, however, to copy such particulars from a supporting document on to the voucher itself.

Vouchers to be  
supported by  
full particulars.

(2) A payment shall be considered as unvouched expenditure if it is not evident that it has been properly incurred, properly authorized and discharged.

(3) Where a payment is not properly vouched, the paying officer shall seek the approval of the Council for the payment to stand charged to the accounts. Applications for such approval shall be accompanied by the original, the office copies or the certified true copies of the vouchers and shall contain the following information:

- (a) date of voucher;
- (b) departmental order number and cheque number;
- (c) name of payee;
- (d) particulars of the service performed, goods purchased or works carried out;
- (e) amount;

(f) account charged; and

(g) the reason why the voucher or copy thereof is considered inadequate.

Claims for reimbursement.

100. Claims for reimbursement of payments made by any officer shall be accompanied by receipts, wherever practicable. When these cannot be obtained, the items referred to shall be marked with an asterisk, and the officer shall certify on the claim as follows:

"I certify that the charges marked thus\* amounting to RM. .... have been actually incurred and paid by me.

.....  
(Signature and Designation)".

Vouchers for goods purchased or works done.

101. In the case of goods purchased or works done at contract rates or prices, the rates or prices to be paid shall be of the same terms as those specified in the contracts. Where the contract rate is expressed in metric terms, the quantities in the vouchers shall also be expressed in the same manner:

Certificate on works done or goods received.

102. Vouchers for works or services shall bear a certificate that the works or services have been properly carried out and completed. In the case of a payment on account, there shall be a certificate that the payment is made against the value of the work so far performed or of materials actually supplied to the site. Vouchers for stores or supplies shall be supported by a certificate that the goods have been received and either duly brought on charge in the proper store records (quoting ledger folio or card number) or issued out for immediate use.

Payment for imported stores.

103. Where payment in respect of imported stores or supplies has to be made before the receipt of the goods, the vouchers shall be accompanied by a priced invoice and the relevant bill of lading or airway bill as evidence of despatch. In such a case, it is incumbent upon the authorized officer from the user department upon subsequent receipt of the goods to send a store certificate to the Treasurer for checking. Such certificates shall give clear reference to the payment voucher and the contract.



104. Voucher shall not be made in favour of more than one person or firm except where more than one are parties to the same contract or transaction or where specific authority in writing to do so has been given by the Council.

Voucher not to be in favour of more than one person or firm.

105. Where payments are to be made to persons other than those named in the vouchers, the authorizations under which the payments are to be made shall be attached to the vouchers; and in the case of powers of attorney and letters of administration, they shall be registered in the Treasury and a copy of such document shall be retained by the Treasurer.

Payment to persons other than those named in the vouchers.

106. Where the recipient is unable to read and write, the mark or signature in acknowledgement of receipt of the payment shall be witnessed and certified by two officers, one of whom shall be the officer making the payment.

Recipients unable to read and write.

107.—(1) Travelling claims for each month shall be presented not later than the last day of the succeeding month.

Travelling claims of officers.

(2) A voucher in respect of a travelling claim shall contain full details of dates, times, distances, rates applicable, the officer's designation and salary, mode of travel and nature of duty.

(3) Only one claim for mileage allowance may be made in respect of any one month.

(4) All mileage claims for a month whether on duty or transfer shall be included in one voucher.

(5) Claims in respect of transfer expenses other than mileage, shall be made on a voucher separate from claims for journeys on duty except when there are no journeys on duty in the month in which the transfer took place.

108. The Secretary or the officers to whom funds have been allocated shall forward to the Treasury the names of the officers who authorize the vouchers for payment together with their specimen signatures.

Authority to sign vouchers.

109. The signature of the authorizing officer shall attest to the accuracy of every detail on the voucher. He shall be responsible for seeing that:

Responsibilities of officers authorizing vouchers for payment.

- (a) the services specified have been duly performed;
- (b) goods specified have been delivered and acknowledged;
- (c) works have been satisfactorily completed;
- (d) the prices charged are either according to contracts or approved scales or fair and reasonable according to current local rates.

(e) the authority has been obtained as quoted;

(f) the computations and total have been verified and are arithmetically correct;

(g) the persons named in the vouchers are those entitled to receive the payments;

(h) the payment is a fair charge to the account named; and

(i) funds are available and not otherwise committed.

Responsibility of authorizing officers for loss due to incorrect certification.

110. The authorizing officer shall be held responsible for any loss of Council's funds resulting from an incorrect certificate.

Deductions.

111. The authorizing officer shall also be responsible for seeing that deductions due from an officer are deducted from his salary.

"PAID" stamp.

112. All vouchers and supporting documents when paid must be stamped or perforated with the word "PAID".

Bills to be paid promptly.

113. All bills shall be paid within one month from the date of receipt. For this purpose, all bills shall be sent to the Treasury not later than one week following the receipt of the bills. Money due to the Council from the payee shall be deducted from the payments. Any officer who is responsible for delaying payment beyond this period without any valid reason shall be liable to disciplinary action.

Register of bills.

114. The Treasurer shall ensure that each department or unit maintains a register showing the dates of receipt of bills, the reference of the voucher for the payment of the bill and the date of payment.

Date of payment of salaries.

~~115.~~ Payments of salaries and allowances may be made on the same dates as those authorized by the State Government in respect of State officers.

Salary deductions.

116. Salary deductions shall only be made in accordance with the practices sanctioned by the State Government in respect of State officers.

Last pay certificate.

117. Payment of salary of officer on transfer to the Council shall only be made upon receipt of the officer's last pay certificate.

Missing vouchers.

118. If for any reason an original payment voucher is lost, the office copy or a certified copy of the voucher showing

all the details that appeared on the original and accompanied by office copies or certified true copies of all documents attached to the original voucher, shall be produced. Evidence of receipt of the payment by the payee shall also be attached. A receipted cheque in the name of the payee may be accepted as evidence of receipt by him.

119.—(1) Transactions which do not involve the receipt or payment of cash shall be accounted for and supported by the approved journal voucher. Use of journal.

(2) Journal vouchers must be numbered consecutively throughout the year and posted daily in the Vote Service Ledger or General Ledger as applicable. Folio cross-references must be quoted in both the journal and the appropriate ledger.

(3) A brief description of each transaction must follow each journal entry. All journal vouchers shall be approved by the Treasurer.

120. Payment vouchers shall be entered in the cash book daily and numbered consecutively, a new series being started each month. Vouchers to be recorded in cash books.

#### DEPOSITS

121.—(1) The Treasurer shall be responsible for maintaining proper records of deposits received by the Council. Deposit accounts shall be opened according to the type of deposit received and subsidiary records shall be maintained for each type of deposit. Deposit accounts.

(2) When a deposit is received, a receipt shall be given to the depositor. The depositor shall be advised to safeguard the receipt as he may be required to produce it when the deposit is withdrawn.

122.—(1) When a person wishes to withdraw a deposit or part of the deposit, the Treasurer shall satisfy himself that such person is entitled to receive the money; and shall also refer to the subsidiary record and satisfy himself that the amount is actually on deposit. The officer certifying a journal voucher or transfer order in respect of such money shall bear similar responsibility. Responsibility of Treasurer over withdrawals.

(2) Vouchers for the repayment of deposits shall quote the number and the date of the receipt on which each deposit was received. The original receipt shall be attached and if not available, a statutory declaration or a letter of indemnity shall be obtained from the payee.

(3) A deposit shall not be refunded at any office other than at which the deposit was received, except on the authority

of the receiving station. An advice of payment shall be sent to the office at which the deposit was received.

Yearly balance.

123. The balance in the subsidiary records shall be totalled and agreed with the main account every month. A list of such balances on the 31st December in each year shall be sent to the Auditor General.

Unclaimed deposits to be published in *Gazette*.

Act 370.

124. All deposits which remain unclaimed after a period not less than twelve months after they have become payable shall be published in the Federal Government *Gazette* pursuant to section 10(2) of the Unclaimed Moneys Act 1965.

Claims to deposits.

125. Any person who claims to be entitled to any unclaimed deposit may make a request to the Treasurer that the amount be paid to him at any time before it is paid to the Federal Consolidated Trust Account under section 11 of the Unclaimed Moneys Act 1965 but not afterwards. The Treasurer, if satisfied that the claimant is so entitled, may authorize payment accordingly.

#### IMPRESTS

Authorizing imprests.

126. The Minister may sanction the issue of imprests where it is desirable for any officer to have money at his disposal for disbursement. He shall specify the purpose for which the imprest is to be used and the amount to be paid through the imprest account.

Imprests to be used for specified purpose.

127. Imprests shall be used only for the purpose for which they are issued.

Operation of imprests.

128.—(1) When replenishment of the imprest is required, a voucher supported by imprest vouchers for all payments made shall be sent to the Treasurer.

(2) Every officer who receives an imprest shall keep a petty cash book showing all amounts received and paid. All vouchers shall be numbered and entered on the day on which they are paid. The petty cash book shall be totalled daily.

(3) On any change of the officer operating an imprest, a statement as shown below showing how the imprest was made up at the time of handing-over, shall be prepared, signed by both the officer handing-over and the officer taking-over, and submitted to the Treasurer:

RM

cash in hand	.....
perfected vouchers on hand not yet sent to the accounts section for recoupments as per list attached	.....
vouchers paid but not yet perfected	.....
recoupment submitted to the accounts section but not yet reimbursed as per list attached	.....
	_____
total imprest:	..... _____

LOANS

129. The proceeds of any loan raised by Council shall be credited to a loan account in the general ledger. Expenditure upon purposes for which the loan was raised shall be charged to this account, and no loan shall be applied to any purpose other than for which it was raised. Loan accounts.

130. Repayment of loans shall be provided for under expenditure Head "Administration". Repayments of loans.

131. No variation of approved estimates of loan expenditure shall be made except as provided by regulation 13. Variations of loan estimates.

ADVANCES

132. Advances of salary may be approved by the Secretary to officers proceeding on leave or for special purposes having regard to Circulars from the State Secretary or the Ministry. Such advances shall be limited to the amount of one month's nett emoluments or as specified in the Circulars and shall be recovered in one instalment not later than the month following the month in which the advances are made or as may be specified in the Circulars. Salary advances.

133. Advances for special purpose shall only be approved when the applicants fulfil all requirements as may be stipulated in the Circulars. Special advances.

134. The types of advances for special purpose shall be similar to the types generally applicable to officers of the State Civil Service. Types of special advances.

## BANK ACCOUNTS, CHEQUES AND DRAFTS

- Bank account. 135. No officer shall open any official account in any bank without the authority in writing of the Council.
- Examination of cheque books. 136.—(1) The Treasurer or an authorized officer shall, immediately upon receipt of the cheque books from the bank, examine such cheque books to see that no cheques are missing.
- (2) The Treasurer or the authorized officer, after satisfying himself that no cheque is missing from the book, shall certify on the reverse of the last counterfoil that the book has been examined and found correct.
- Cheque book register. 137. The Treasurer shall maintain a cheque book register for recording the receipt and issue of cheque books. All cheque books shall be issued according to numerical sequence.
- Custody of cheque books. 138. Cheque books not required for immediate use shall be in the custody of the Treasurer and shall be kept in a safe. Cheque books in use shall be adequately safeguarded and shall be deposited in the safe at the close of business each day.
- Validity period for cheques. 139. Cheques issued by the Council shall be valid for ninety days and shall therefore be stamped accordingly.
- Cheque not presented within ninety days. 140.—(1) Any cheque which has not been presented at the end of ninety days from the date of issue shall be treated as cancelled.
- (2) A cancelled cheque account shall be maintained by the Council for the accounting of all unrepresented or cancelled cheques.
- (3) All cheques issued as replacement of cancelled cheques shall be charged to the cancelled cheque account.
- (4) The amount of any unrepresented cheque shall be credited to the revenue of the Council after a period of six years from the date of issue.
- Signature of cheques. 141. All cheques issued by the Council shall be signed by the Treasurer and another officer specifically authorized in writing to do so by the Council.
- Specimen signature. 142. The Council shall advise the banks of the name of the Treasurer and officers authorized to sign cheques together with their specimen signature.
- Responsibility of officers signing cheques. 143. Officers who sign cheques shall be jointly and severally responsible for ensuring that the amounts are due and payable.

144. A payee who has lost or misplaced a cheque before it is negotiated, may obtain payment by notifying the fact in writing to the Council. The Council shall take immediate action to stop payment of the cheque. After the bank has confirmed that payment has been stopped, the Council shall ascertain that the cheque has not passed through its bank account up to the date of such confirmation. The lost cheque shall be treated as cancelled and accounted for in the cancelled cheque account. A fresh cheque may then be issued to the payee, by debiting the cancelled cheque account.

Loss of cheques issued by Council.

145. Drafts, telegraphic transfers or letters of credit may only be requested in accordance with an authority issued by the Secretary or the Treasurer duly authorized by the Council in writing.

Requests for drafts, telegraphic transfers or letters of credit.

#### COMPUTER

146. When accounting information processing systems have been computerised, proper documentation of the computer systems, programs, operating, recovery and other related procedures necessary for a complete and accurate understanding of the computer processing activities shall be maintained.

Documentary control.

147. The Council shall use appropriate measures to prevent unauthorized access to computerised systems. When computer password is used to prevent unauthorized access, the password shall be controlled by the Treasurer and it shall be changed once every six months or sooner if necessary.

Access to computerised systems.

148. The "grandfather-father-son" technique shall be employed in maintaining a store of the computer master files. A duplication of all important computer files shall be created as back-ups and all back-up files shall be stored off-premises.

Computer back-up files.

#### SAFES

149. In the offices of the Council, only secure safes with reliable and separate locks shall be used for the custody of money and no money except petty cash advance shall be kept elsewhere after office hours. Such safes shall have two separate locks with different keys. The keys shall be kept respectively by two responsible officers who shall periodically verify and certify to the contents of such safes.

Council's safes.

150.—(1) All cash, cheques, stamps, revenue counterfoil books, documents and other articles of value received by the Council shall be deposited as soon as possible in a safe or strongroom, as the case may be, or in the case of cash and

Safe custody of cash, cheques, etc.

cheques, paid into the Bank. Cash or stamps kept for convenience in cash boxes shall be placed overnight in a safe or strong-room.

(2) In offices where there is no safe, all cash including petty cash shall be safeguarded in such manner as the Council may authorize.

Council safes  
not to contain  
other than  
Council's  
money.

151. Unless specifically authorized by the Council, no officer shall keep or allow to be kept in any Council's safe or strongroom under his charge any money except Council's money or such money as by virtue of his office he is bound to receive and account for.

Custody of  
keys.

152. Key-holders are at all times personally responsible for the safe custody and proper use of their keys. Officers guilty of negligence in connection with the custody of keys shall be liable to disciplinary action. If a key-holder becomes incapacitated, his key shall be collected by two responsible officers neither of whom is the holder of the other key, and these two officers together with the other key-holder must check the contents of the safe and report thereon to the Secretary. Pending authorization, the senior of the two collecting officers shall assume the key-duties of the incapacitated officer.

Safes with  
combination  
locks.

153.—(1) Where safes with combination locks are used, the combination code shall be changed every six months or every time there is a change of the operator, or at any time it is suspected that the combination code has become known to unauthorized persons. The combination code shall be written on a piece of paper and enclosed in a sealed enveloped which shall be marked "Secret". The name of the safe operator and the date the envelope was sealed shall also be written on its cover. There shall be no other written record of the combination code. This envelope shall be deposited with the District Officer and a receipt be obtained accordingly. This receipt shall not be kept in the safe to which it relates.

(2) Any departure from the requirement as specified in paragraph (1) may be approved by the Minister.

Loss of key.

154. In the event of loss of key of the Council's safe or a strongroom, the loss shall be reported immediately to the Secretary who shall withdraw the duplicate key from its place of custody, open the safe or strongroom, check the contents and where necessary make alternative temporary arrangements for the safe custody of the contents of the safe or strongroom, and arrange for the locks and keys to the safe or strongroom to be replaced as soon as possible.



155. A register shall be maintained by the Secretary to show the location of all safes or strongrooms for which duplicate keys or combination codes are deposited, with references to the receipts for their deposit.

Record of safe custody of duplicate keys.

156.—(1) Duplicate keys of each safe, chest, cash box or strongroom shall be enclosed in a sealed packet, on the outside of which shall be written the reference to the register mentioned in regulation 155. This reference shall be dated and signed by the Secretary or an authorized officer. This packet shall be deposited with the District Officer for which a receipt shall be obtained. This receipt shall not be kept in the safe to which it relates. The usage of keys shall be rotated every year.

Duplicate keys.

(2) Any departure from this requirement shall require the approval of the Minister.

157. Officers of the Council taking-over charge of a strongroom or safe used for the custody of the Council's money, stores, documents or other valuables shall satisfy themselves that the duplicate keys or combination code, if any, are on deposit in the manner provided by regulations 153 and 156.

Check by officers taking-over.

#### TRANSPORT OF CURRENCY

158. The Treasurer shall be responsible for the safe custody of cash in transit. If he considers a security escort is desirable, he shall make the necessary arrangements by giving at least three days' notice to the senior police officer in the vicinity. Where police security is not available, the Council shall make alternative security arrangements.

Responsibility for cash in transit.

159.—(1) The currency shall first be counted by the remitting officer in the presence of another responsible officer who shall receive it, and place it in boxes. A statement showing the denominations and amounts signed by both officers shall be enclosed in each box. The second copy of the statement shall be enclosed in a sealed envelope and handed to the officer who received the money for delivery to the ultimate recipient. A third copy shall be retained by the remitting officer.

Transport of currency.

(2) The officer who received the money shall issue a receipt to the remitting officer.

(3) The officer responsible for delivering the money shall obtain a written acknowledgement from the recipient of the money.

## DESTRUCTION OF RECORDS AND FORMS

Destruction of  
accounting  
records, forms,  
etc.

160. The following records may be destroyed after the expiry of the periods set out below:

- |  |  |
|--|--|
| (a) payment vouchers, paysheets and journal vouchers               | 7 years  |
| (b) duplicates of used receipt or revenue forms                    | with the written permission of the Auditor General   |
| (c) abstracts  | 7 years  |
| (d) cash books and subsidiary revenue, deposit and advance records | 20 years   |
| (e) ledgers and special records or registers                       | 20 years after final completion of all transactions and the closing of the last account therein. |

## PART VII

## PROCUREMENT FOR WORKS, SUPPLIES AND SERVICES

Objectives.

161.—(1) All transactions entered into by a Council shall be governed by the following objectives:

- (a) accountability;
- (b) economy, efficiency and effectiveness.

(2) To achieve these objectives, officers of the Council shall—

(a) purchase or procure to the best advantage, whether through public tenders, quotations, negotiations, or otherwise, all stores and services required by the Council and to pay for such stores;

(b) enter into period contracts for the purchase of stores or the securing of services upon such terms and conditions and for such periods, as is considered to be to the best advantage;

(c) hold, manage, operate, finish, assemble, repair and maintain and care for stores, and shall acquire land, buildings and equipment necessary for the purposes of the Council; and

(d) prepare and implement proper systems and procedures and arrange to review them from time to time.

162.—(1) In the case of contracts for the purchase of stores, provision of services or the execution of works, the validity period of the contract shall be specifically stated in the contract.

Validity period of contract.

(2) No contract enduring for a longer period than the time elapsing between the making of such contract and the end of the financial year shall be made without the prior written consent of the Minister.

163. An officer, in authorizing or recommending a purchase shall, after making reasonable enquiries, ensure that the item to be purchased is one which would be most advantageous to purchase taking into account price, quality, usage and other relevant factors including customs duties, freight and insurance. Preferential treatment shall only be given in accordance with the State approved practice.

Most advantageous item to be purchased.

164. Casual purchases involving an annual aggregate expenditure of not more than RM20,000 in respect of any item or class of related items may be made by placing orders directly with selected firms or suppliers known for consistent dealing at favourable prices. Adequate enquiries shall be made to obtain competitive rates.

Casual purchases.

165. For Municipal and District Councils, in cases of emergency where delay would be manifestly detrimental to the Council's service, the Secretary may, after consultation with the Resident or in his absence, the District Officer, authorize emergency purchases and such purchases shall be limited to the quantity of stores sufficient to cope with the particular emergency. A report detailing such purchases, amount involved and the circumstances for the emergency purchases shall, as soon as practicable, be prepared by the Secretary and submitted to the Council at its next meeting for endorsement. After endorsement, a copy of the report shall be transmitted to the Permanent Secretary and the Auditor General.

Emergency purchases.

166.—(1) Single purchases in respect of any one item or class of related items involving an aggregate annual expenditure of more than RM20,000 but not exceeding RM50,000 shall be made by inviting quotations in the form provided in the First Schedule.

Quotations for purchases of stores.

(2) The invitation to quote shall be sent by registered post or special despatch in every instance and evidence of such despatch shall be maintained. Quotations shall normally be received from at least five suppliers. Where there are fewer than five (5) quotations received, the quotations committee referred to in regulation 168 shall enquire and satisfy itself that there are no other interested suppliers.

- Procedure for handling quotations. 167. The quotations shall be submitted, received and scheduled in accordance with the procedures set out in regulations 180 to 184. The quotations shall be opened in the presence of the quotations committee.
- Quotations committee. 168. The quotations committee shall make all decisions pertaining to quotations and for this purpose, it shall be delegated with authority as provided for under section 26 of the Ordinance. The committee shall comprise the Secretary, the Treasurer and an officer from the user department. The committee shall accept the most advantageous offer, in terms of price and quality, having regard to regulation 163.
- Tenders for stores exceeding RM50,000. 169. Tenders shall be invited for the supply of all stores the annual expenditure of which is estimated to exceed RM50,000 per item or class of related items.
- Tenders to be given widest publicity. 170. When tenders are invited, the widest possible publicity shall be given so that all *bona fide* suppliers will be provided with an opportunity to tender to enable the Council to secure the most favourable terms available. Tender notices shall be advertised in at least one local newspaper.
- When advertisement may be dispensed with. 171. For District Councils, in cases where the recognized suppliers for a line of stores or equipment are limited and known throughout the State, public advertisement may, with the prior written approval of the Resident or in his absence the District Officer, be dispensed with. In such a case, the tender notices shall be despatched to at least three major known suppliers under registered cover or special despatch. Evidence of such despatch shall be maintained.
- General conditions of tender. 172. Tender forms including general conditions of tenders, as shown in the First Schedule shall be used in all cases. Where appropriate, specific conditions may be inserted in the tender form, provided that they do not conflict with the general conditions.
- Specifications. 173. Where tenders or quotations are invited, specifications shall be provided to enable the suppliers to have a clear idea of the Council's requirements before they reply. Where possible, quality specifications shall be provided and only items complying with the specifications shall be considered.
- When full specifications not possible. 174. In cases where it may not be possible or desirable for specifications to be given, other details shall be given to provide the suppliers with a fair basis for tendering.
- Trade or brand names not to be used. 175. Trade names or brand names shall not be used in tender specifications. Specifications shall also not be dovetailed to any particular brand or make. Where this cannot be avoided,

the words "or equivalent" shall be inserted after the trade or brand name on the tender specifications.

176.—(1) All tenders for works or supplies or services from local contractors who are not registered with the State financial authority or from foreign contractors shall be accompanied by earnest money or tender deposit equal to 2½% of the estimated cost of tender, subject to a maximum of RM10,000.

Earnest money  
or tender  
deposit.

(2) Earnest money or tender deposit shall be obtained in the form of a Council receipt for cash deposited, a banker's guarantee on a specified form issued by a bank operating in Malaysia.

177.—(1) It shall be a condition of any tender that if any tenderer withdraws his tender after the closing date and before a decision has been made, or refuses to sign a contract after his tender has been accepted, his tender deposit shall be forfeited. The tender deposit of unsuccessful tenderers shall be returned or refunded as soon as possible after the acceptance of the tender or after the expiry of the validity period of the tender, whichever is the earlier. The successful tenderer's deposit shall be returned after he has furnished in its place the necessary security deposit for the faithful performance of the contract.

Withdrawal of  
tender or  
default in  
contract.

(2) For those successful local tenderers who are registered with the State financial authority, who or which are found by the Council to have defaulted in carrying out a contract or to be likely to be unsatisfactory for any other reason, the Council shall recommend to the State financial authority to disqualify them from tendering or quoting in any tender or quotation or any other action deemed fit to be taken by the State financial authority.

178. Tenders for works, supplies and services shall be considered by the appropriate tenders committee whose composition shall be as decided, in the case of the City of Kuching North, by the <sup>Commissioner</sup> ~~Commissioner~~ of the City of Kuching North, and in the case of all other Councils, by the respective Councils in accordance with section 26 of the Ordinance.

Tenders  
committee.

committee  
(B85)

179.—(1) The tenders committee shall consider the tenders together with comments and the recommendations of the evaluation officer and shall decide as to the most advantageous purchase or offer for works, supplies and services taking into account the price, the quality, the service, the use to which the item will be put and any other relevant factors.

Functions of  
tenders  
committee.

(2) The tenders committee shall also—

(a) inspect copies of the advertisements or notices calling for tenders, the tender specifications, the schedule

of tenders prepared by the tenders opening committee, and whenever appropriate, the test and inspection report;

(b) satisfy itself that the recommended tenderer has the technical and financial capacity to perform satisfactorily the service for which he has tendered;

(c) ascertain that the tender procedures have been complied with and if there is suspicion of irregularities, recommend retendering or other methods of procurement;

(d) in respect of tenders received late, consider such tenders if it is satisfied that the delay was solely due to late postal delivery; and

(e) ensure that funds are available and budgetted in the estimates.

(3) Notwithstanding any provision to the contrary but subject to regulation 187, the tenders committee may be delegated by the Council and conferred with the authority to accept and approve any tender—

(a) in the case of a City Administration or Municipal Council, not exceeding RM1,000,000 in value; and

(b) in the case of District Council, not exceeding RM500,000 in value.

For tenders exceeding these values, the tenders committee shall recommend the tender for approval of the Council.

Tenders notices.

180. Tenders notices shall specify that the tenders submitted should be enclosed in sealed envelopes quoting the relevant reference on the envelopes. The notices shall also give the date and time for receiving of the relevant tender. Tender notices shall be not less than 14 days while notices for quotation shall be not less than 7 days.

Tenders box.

181. All tenders shall be received in the headquarters of the Council and all tenders shall be deposited unopened immediately on receipt in a locked tenders box on which shall be marked the closing date and time for the receipt of tenders. Two locks shall be provided for the box and the keys shall be separately held by two senior officers of the Council. During the currency of a tender, the box, if removable, shall be removed and stored after office hours in the office safe or some other equally secured place under the authority of a responsible senior officer.

Tenders opening committee.

182. The tenders box shall be opened only in the presence of a tenders opening committee whose composition shall be as decided, in the case of the City of Kuching North by the

(Am. Cap. AdS)

Commissioner

Commissioner of the City of Kuching North, and in the case of all other Councils, by the respective Councils in accordance with section 26 of the Ordinance.

183. The tenders opening committee shall open the tenders box at the closing time for the receipt of tenders. Where this cannot be arranged, the Chairman of the tenders committee or the Secretary shall arrange to have the tenders box sealed at the appointed closing time and have it opened by the tenders opening committee as soon as possible thereafter. Each tender shall be opened and numbered serially and shall be initialled by each member of the tenders opening committee. The names of the tenderers and the amounts tendered shall then be entered in a scheduled form. The tenders opening committee shall record on the form the time at which the tenders were opened and shall sign the form. In the case of lengthy tenders where it is not possible to enter all the details required on the scheduled form, the tenders opening committee shall—

Opening of tenders.

- (a) number each sheet of each tender in consecutive order;
- (b) initial such numbering; and
- (c) enter the number of sheets in respect of each tender on the scheduled form and sign the scheduled form.

Any material alterations or double typing in tenders shall be recorded in the schedule of tenders.

184. In exercising the functions under regulation 183, the tenders opening committee shall observe the following:

Observations by tenders opening committee.

- (a) the schedule, tenders and associated papers shall be handed to the Secretary or officer concerned who shall be responsible for their confidential custody until he produces them to the tenders committee;
- (b) every care shall be taken to ensure that all tenders received whether submitted in the manner specified or not, are dealt with in accordance with these Regulations. If, however, any tender is inadvertently opened, the officer responsible shall put up a certificate to that effect, recording the circumstances under which the tender was opened and the names of any persons to whom the contents of the tender may have become known as a result of the opening. The certificate and the original envelope shall then be sealed together with the tender in a fresh envelope and deposited in the tenders box;
- (c) any tender received after the appointed hour shall be retained by the officer authorized to receive the tenders,

but it shall not be opened and a note of the circumstances under which it was received shall be made and forwarded to the tenders opening committee together with the schedule of tenders. Should any tender be handed in by hand after the appointed hour, the same shall be rejected and returned to the person handing in the tender.

Recommendations to the tenders committee.

185.—(1) The officers handling the tenders or quotations shall study the tenders or quotations received and make recommendations thereafter to the tenders committee or the quotations committee, as the case may be. The officers shall recommend the tender that is most advantageous to the Council. In assessing the acceptability of an offer for supplies, consideration shall be given to the cost of purchasing, operating, and reselling the articles concerned; namely, the purchase price, freight, handling, packing, spare parts, servicing, maintenance, power, fuel consumption, raw materials, resale value, and any other cost pertaining to the article. These are to be costed according to the per unit rate of output and compared with similar costing of the other alternative offers. If necessary, advice shall be obtained from the appropriate Government technical departments or agencies.

(2) The Secretary shall ensure that sufficient funds are available and budgetted in the approved estimates.

Councillors and officers handling tenders should not have personal or vested interest in the tenders.

186.—(1) In processing the tenders, the Secretary shall ensure that neither he nor any other officer of the Council handling the tenders has any pecuniary interest, direct or indirect in the tenders. If he or such other officer has any such interest in the tenders then he or such other officer shall disclose the facts and withdraw from handling the tenders.

(2) In considering the tenders, the Chairman shall ensure that neither he nor any other Councillor considering the tenders has any pecuniary interest, direct or indirect, in the tenders. If he or any other Councillor has any such interest in the tenders, then he shall ensure that the provisions of section 29 of the Ordinance are complied with.

(3) "Tender" in this context is deemed to include quotations or offer to render services to the Council for consideration.

Submission to the tenders or quotations committee

187. Reference to a tenders or quotations committee shall be done by submitting—

- (a) a copy of the tender notice or newspaper advertisement;
- (b) a copy of the tender specifications;
- (c) the schedule of tenders or quotations received;



(d) the recommendation for acceptance of a particular offer with explanation for such a choice;

(e) any other information as may be required or stipulated by the tenders committee or quotations committee; and

(f) a statement from the Secretary that funds are available and budgetted in the approved estimates.

188. The decision of the tenders committee shall be submitted to the Secretary for compliance with regulation 190 and thereafter for issuance of letter of acceptance without undue delay. When the lowest offer is not accepted, the reasons for rejecting the lowest offer and for accepting the alternative offer shall be recorded separately in the minutes of the tenders committee.

Letter of acceptance.

189. The tenders committee shall maintain minutes of its meetings and record its decisions.

Tenders committee minutes.

190.—(1) No Council shall authorize the purchase of any store or equipment or the undertaking of any works or service exceeding RM50,000 in value without entering into a contract in writing.

Contract to be in writing.

(2) No District Council shall, except with the prior written approval of the Resident, enter into contract the value of which exceeds RM200,000. The approval of the Resident shall be indicated on the original and every copy of the contract.

(3) Before approving the contract, the Resident shall ensure that the Council has—

(a) complied with all the provisions of these Regulations relating to tenders;

(b) secured the necessary approval from the appropriate authority for the project to be implemented and that sufficient funds have been committed or allocated for it in the current estimates;

(c) in processing the tenders, complied with Government policy relating to tenders; and

(d) where appropriate, secured sitting approval from the relevant department.

191. Contracts shall be made in the name of the Council and shall be signed by the Chairman and the Secretary.

Signatories of contracts.

192. A formal contract for the supplies and services required shall be executed by the Council after the quotation or

Formal contract.

tender from the firm concerned has been accepted by the Council. A contract shall come into existence on acceptance by the Council of an offer of tender by a supplier. Before accepting an offer, the Council shall ascertain that the terms of the contract have been fully resolved and are clearly laid down. Particular attention shall be paid to the following matters, namely, a full description of the item, the agreed unit price, the number required, date, time and place of delivery, insurance and delivery charge, after sales service, availability of spares and other relevant matters and the damages for breaches of the contract by the contractor.

Security  
deposit.

193.—(1) Before any supply or service contract is executed, a security deposit shall be obtained in the form of cash deposit or a banker's guarantee on a specified form issued by a bank operating in Malaysia on the following basis:

- (a) Contract exceeding RM50,000 but not exceeding RM500,000 — 2½% of contract sum
- (b) Contract exceeding RM500,000 — 5% of the contract sum

(2) For term contract exceeding the period of one year, the security deposit percentage shall be based on the estimated value of the current year and not based on the total contract value.

(3) In the case of a supply contract—

(a) if the contract is of less than one year, the period of guarantee shall be 18 months;

(b) if the contract exceeds one year, the period of guarantee shall be 24 months or the period of the contract plus 6 months, whichever is the longer;

(c) for term contract, the period of guarantee shall be 24 months.

Approved  
contract documents to be  
used.

194. Contract documents as vetted by the State Attorney-General and those in use by the State Public Works Department, shall be used for the purposes of the Council where applicable with appropriate amendments to titles and designation. Prior legal advice in writing from the State Attorney-General shall be sought whenever material alterations in the form of contract, and amendment to the conditions of the approved contract documents are considered necessary. Whenever it is necessary to prepare new set of contract documents, the same shall be vetted by the State Attorney-General.

195. The purchase of stores and supplies shall be made by means of local purchase orders. These orders shall be prepared in quadruplicate at the time the goods are ordered. The original and duplicate shall be sent to the supplier. The duplicate may be retained by the supplier. The original order shall be returned by the supplier attached to his bill or invoice and payment may not be made unless the original order is so attached. The third copy shall be sent to the recipient of the stores. The original and third copy shall be acknowledged by the recipient of the stores, who shall fill the appropriate parts of the forms and return them to the issuer of the local purchase order. The third copy shall be attached to the fourth copy which shall remain in the book for office records.

Local purchase order.

196. Only officers who have been authorized by the Council to do so shall approve local purchases. All such local purchases shall be made through local purchase orders signed by authorized officers.

Officers authorized to sign or approve local purchase order.

197. The officer signing a local purchase order shall enter the total cost in words immediately below the last item, and initial this entry. Before payment is made, the original local purchase order shall be compared with the third copy. The number of the Council's payment voucher shall be entered on the third copy of the Local Purchase Order. The words "Entered in Stock Book/Inventory Folio ....." or where appropriate, the words "Received and issued for immediate use" shall be quoted on the payment voucher and the third copy of the local purchase order. The number of the local purchase order shall be quoted on the payment voucher.

Payment for local purchases.

198. Where it is represented in writing by the supplier that an original local purchase order has been lost, the Council may issue a certified true copy of the original order. The Council shall record on the third and fourth copy of the local purchase order, the loss of the original and the issue of a certified copy of the local purchase order. The certified copy of the local purchase order shall be attached to the bill from the supplier and a certificate to the effect that the order has not been paid for previously shall be inserted on the voucher before payment.

Loss of local purchase order and its replacement.

199. Quotations shall be invited for all works which are estimated to cost more than RM20,000 but not exceeding RM50,000 in each case and the preceding regulations relating to quotation procedure shall apply.

Quotations for works.

200. Tenders shall be invited for all works which are estimated to cost more than RM50,000 in each case and the preceding regulations relating to tender procedure shall apply.

Tenders for works.

Sub-dividing of works or contracts which in the aggregate will bring the cost of the transactions concerned below this limit is prohibited.

Registered  
contractors.

201.—(1) Only contractors with valid registration with the State financial authority shall be considered by the Council.

(2) For Municipal and District Councils, in cases where no such registered contractor is available for specific works, with the prior written approval of the Resident, contractors not registered with the State financial authority may be considered by the Council.

Services.

202. The services covered in this Part include the following:

- (a) architectural, engineering, and other technical services;
- (b) maintenance of, and repair to office equipment, including computers;
- (c) maintenance of, and repair to motor vehicles, and mechanical plant, including air conditioners;
- (d) cleaning of buildings and office premises;
- (e) canteen services; and
- (f) other maintenance services.

Except in the case of professional services where it may be inappropriate, quotations or tenders shall be invited when it is decided to obtain these services.

Appointment of  
consultants.

203. Where a Council requires the services of consultants the Secretary may recommend for the approval of the Council, the appointment of consultants in private practice. If the cost of the project or of the services is to be financed by State funds, or partly financed by State funds exceeding 50% of the project cost, the Council shall obtain prior written approval from the State Financial Secretary through the Permanent Secretary.

Duties of  
consultants.

204. A consultant on appointment shall be required to prepare, where applicable, the basic plans, such as sketch plans and general layout plans and submit these to the Chairman together with a preliminary estimates, covering the total cost of the proposed project, including professional fees and costs of installation of essential services. This preliminary estimates together with the comments from the Council's technical officer, shall be submitted to the Council for approval to initiate the project.

The consultant shall then be required to proceed with detailed working plans, which shall be submitted for approval by the Council.

205. In the preparation of tender documents, the consultant shall be required to show clearly prime cost items and provisional sums, the prime cost items to be estimated accurately and, wherever possible, to be tendered concurrently, if not earlier than the main works. Where details are available, tenders shall be invited for those specialist works covered by provisional sums in the bill of quantities. Professional fees, supervisory staff's emoluments and "contingencies" shall be shown as separate items in the detailed abstract.

Preparation of tender documents.

206. Tender documents shall be prepared by the consultants using the appropriate form of contract as specified in regulation 194 and related forms of tender and letter of acceptance. Tenders shall be invited from contractors registered with the State financial authority and shall be received at the main office of the Council. Tenders shall be opened and scheduled in the presence of the appropriate tenders opening committee. The tenders shall then be sent to the consultants for examination and comment and, where applicable, to the quantity surveyor for checking.

Invitation of tenders.

207. The consultants shall then submit to the Council the tenders, the schedule of tenders and their evaluations and recommendations on the tenders. These documents shall be submitted for consideration and approval of the tenders committee and the Council. On approval, and after complying with regulation 190, the Council shall authorize the consultants to initiate action to prepare the contract documents. The Council shall itself issue the letter of acceptance.

Consideration and acceptance of tenders.

208. If any additions or alterations to the works are required subsequent to the signing of the contract, the Council shall request the consultants to prepare an estimate of the variations proposed. If sufficient funds are available to meet the cost of variations, the Council may authorize the consultants to put the work in hand and in the case of a District Council, after authority has been obtained in accordance with regulation 216. Variation orders shall be signed by the consultant and countersigned by the officer of the Council who administers the contract.

Cost of variations to be prepared by consultants.

209. For the proper administration of the funds allocated for the works and for ensuring that the provision is not exceeded, the Council shall instruct the consultants in its letter of appointment that unless specific authority has been obtained, no commitments shall be entered into that which would cause the provision to be exceeded and that the consultants shall be held liable for any excess expenditure incurred or likely to be incurred.

Provision not to be exceeded.

Contract pay-  
ments.

210. Every voucher for payment on account of works done under a contract shall be supported by a certificate signed by the consultants or by the appropriate officer of the Council certifying that the works in respect of which payment is claimed has been properly done in accordance with the terms of the contract and the cost certified is due and payable.

Performance  
bond in works.

211. Before work commences on any works contract, a performance bond equal to 5% of the contract sum and valid for a period as specified in the guarantee, shall be obtained in the form of cash deposit or a banker's guarantee on a specified form issued by a bank operating in Malaysia. Any performance bond in the form of a banker's guarantee shall continue to remain effective for the duration as follows:

(a) if the works contract is for a period of less than one year, the duration to be covered by the guarantee shall double the period of contract plus the defect liability period;

(b) if the works contract is for a period exceeding one year, the duration to be covered by the guarantee shall be the contract period plus one year and the defect liability period.

Contracts not  
to be sublet.

212. No contract shall be assigned or sublet, either wholly or in part, without the prior approval of the Council and in the case of a District Council, of the Permanent Secretary.

Defect liability  
period.

213. Every works contract shall have a fixed defect liability period. During the defect liability period, the contractor shall make good any defects on the works performed. In the event that the contractor fails to make good any such defects during the said defect liability period, the Council shall arrange for the defects to be made good and the expenses so incurred shall be deducted from the performance bond and if insufficient, appropriate steps shall be taken against the contractor to recover the difference.

Limit and  
duration of  
defect liability  
period.

214. The length of the defect liability period shall in each case be determined by the size and complexity of the project as provided below:

(a) for contracts below RM100,000 in value, the defect liability period shall be not less than six (6) months from the date of practical completion of the works;

(b) for contracts below RM500,000 in value, the defect liability period shall be not less than twelve (12) months from the date of practical completion of the works;

(c) for contracts of RM500,000 and above in value, the defect liability period shall be not less than eighteen

(18) months from the date of practical completion of the works; and

(d) in specialized types of constructions, works or equipment, where the specialist contractor or supplier of equipment offers, or where the Council considers it necessary, the defect liability period shall be of a duration longer than twelve (12) months and shall be so specified.

215. A variation from a works contract means any departure from what is contained in the contract drawings, bills of quantities or specifications whether by way of alterations, addition or omission. Variation orders may be authorized only when the following conditions are satisfied:

Variation orders.

(a) the original contract has not been completed;

(b) the variations do not change substantially the character of the works originally contracted for; and

(c) the variations are within the scope of the original contract and the works specified in the original contract can be traced in the substituted works.

216. This regulation shall apply only to District Councils—

Limits on variations.

(a) Variation orders which may result in the increase not exceeding 20% or RM50,000 of the original contract value, whichever is the lower, may be authorized by the Council.

(b) Variation orders which may result in the increase not exceeding 20% or RM200,000 of the original contract value, whichever is the lower, may be authorized by the Permanent Secretary.

(c) In all other cases variations shall only be authorized by the Minister.

(d) Every approval for variation order shall be recorded in writing and countersigned by the officer of the Council who administers the contract.

(e) The original copy of every variation order shall be attached to the original copy of the contract in question.

(f) Variation orders which will result in the reduction or which will not increase the original contract value may be authorized by the Council.

(g) All variations that will give rise to additional expenditure shall be subject to the availability of funds in the approved estimates.

Treasurer and Auditor General to be notified of all contracts and related documents.

217. The officers responsible for the execution of contracts and related documents shall submit two certified copies of all contracts and related documents to the Treasurer who shall then forward one copy of the contract and related documents to the Auditor General.

Contract register.

218. For purposes of control over payments made under contracts entered into by the Council, the Treasurer shall maintain an up-to-date contract register which shall contain the following particulars in respect of each contract:

- (a) particulars of the contract, contractor and contract sum;
- (b) security deposit reference and references to insurance policies;
- (c) variation orders and amounts authorized;
- (d) delay and extension of time;
- (e) certificate of non-completion;
- (f) imposition of liquidated and ascertained damages;
- (g) date of actual completion;
- (h) Garnishment Order by Courts;
- (i) payments authorized and made to date;
- (j) retention fund deductions; and
- (k) amounts due from the contractor, if any.

Duties of Treasurer before effecting payment.

219. Before effecting any payment under a contract, the Treasurer shall ascertain by reference to the contract and contract register that—

- (a) the payment is actually due;
- (b) funds are available;
- (c) the voucher is properly authorized and supported by adequate certificates of works or supplies or services performed; and
- (d) all arithmetical calculations and computations are correct.

Auditor General to have access to all records including minutes.

220. All files, schedules of tenders, minutes of tenders or quotations committees, contracts and all other records pertaining to the contracts entered into by the Council shall be made available to the Auditor General as and when required.



221. The Minister may, under specific and exceptional circumstances only, vary, modify or waive any requirement or restriction under this Part.

Variation, modification or waiver of requirement.

## PART VIII

### ASSETS, STORES AND PROPERTIES

#### GENERAL

222. Every officer of the Council shall be personally and pecuniarily responsible for the Council's property under his control or custody.

Officer personally responsible.

223. Allocation of duties relating to acquisition, custody and disposal of Council's property shall be determined by the Council.

Duties relating to Council's property.

224. Whenever practicable, the Council's property shall be stamped or marked with the approved Council's mark. When stores are permitted to be sold to the public, the Council's mark shall be effaced by use of the standard cancelling mark.

Council's property to be marked.

#### FIXED ASSETS

225. There shall be maintained a fixed assets register to record all fixed assets including plants and vehicles, furniture, office equipment and fittings of the Council. The Secretary shall ensure that the fixed assets register is updated for all additions and deletions. At the end of each financial year, a summary of all fixed assets of the Council in appropriate order of classification shall be prepared.

Fixed assets register.

226. There shall be recorded in the plant and vehicle register, brief description of each item, date of purchase, inventory serial number, machine serial number, vehicle registration number, the cost and location to which each is issued. All accessories, additions and major repairs to the plant, vehicles and engineering equipment shall also be recorded in the respective registers. Deletion of an item from the plant and vehicle register shall not be made unless it is transferred to some other record, or until the item is disposed of in accordance with these Regulations. In the case of disposal, the authorizations shall be quoted in the register.

Plant and vehicle register.

227. The Secretary shall arrange for all plant and vehicle registers to be checked against the items held once a year. Officers carrying out such checks shall sign and insert the date of checking in the registers and submit a report to the Secretary.

Plant and vehicle registers to be checked at least once in a year.

Instructions for  
the use of  
vehicles.

228. The Secretary shall issue instructions for the proper use, maintenance and security of all plants and vehicles belonging to the Council.

Log book or  
log sheet.

229. There shall be maintained in respect of every plant and vehicle proper log book or log sheet and the following information shall be recorded therein:

(a) petrol, oil and lubricant issued to the plant or vehicle;

(b) journeys performed by the vehicle and the distance travelled or the number of hours worked by the plant; and

(c) purpose and authorization for the journey or work.

Fuel consumption.

230. There shall be prepared at the end of each month a summary of the total quantity of fuel issued to the vehicle or plant, the total mileage travelled or hours worked and the average mileage or average number of hours worked per litre.

Officer to  
check log  
books and log  
sheets.

231. The officer responsible for the plants or vehicles shall check monthly all the log books and log sheets and report any unsatisfactory matters to the Secretary.

Furniture and  
office equip-  
ment.

232.—(1) In making purchases of furniture and office equipment, care shall be exercised to effect economies, considering the use to which they are to be put, the duration for which they shall be required and the costs of their maintenance.

(2) When specialised or expensive office equipment are required, the Council shall first obtain the approval of the Permanent Secretary.

Stationery.

233. Every officer of the Council shall exercise control to prevent wastage in the use of stationery and other printing materials.

Maintenance  
and repair of  
office equip-  
ment.

234.—(1) The maintenance and repair of office equipment may be undertaken under an annual contract arranged by the Council and any such arrangement shall be notified by the issue of an appropriate circular.

(2) For the less expensive office equipment, any necessary maintenance and repair should normally be undertaken by the supplier.

(3) For the more expensive office equipment such as computers, photostat machines, electrical adding machines, calculating and accounting machines, and the like, the maintenance

and repair services provided by the supplier may be used and where possible an annual maintenance agreement may be entered into.

#### STORES

235. The cost of all stores shall be charged in the first instance to a revolving fund (stores purchases) created for the purpose by the Council. Where no such fund is created, the cost of all stores shall be charged to the appropriate subheads of the approved estimates.

Cost of stores to be charged to revolving fund.

236. The Council shall be responsible for delegating duties and for issuing specific instructions to cover procedures for purchases, issues, custody, determination of stock levels, accounting, costing and any other matter deemed necessary.

Council to delegate duties.

237. Stock of stores shall be determined on the basis of availability of each item, method of purchase, availability of contracted supplies and costs.

Stock of stores.

238. Stores ledgers shall be maintained for recording receipts, issues and balances on hand, and giving their quantities and value.

Stores ledgers.

239. The description of stores and unit of quantity shall be shown on each ledger folio and articles shall always be taken on charge and issued in such units.

Unit of quantity.

240.—(1) In addition, each store ledger folio or card shall record—

Particulars to be shown on each ledger folio or card.

(a) the maximum quantity of stock which may be held;

(b) the re-order level; and

(c) the minimum stock level.

(2) Except where self-indexing ledger cards or leaves are used, the ledger shall be indexed so as to permit ready reference to a particular stock account.

241. Every receipt of store shall be posted in the store ledger daily, and every receipt shall be supported by a voucher. However, if on any occasion daily posting of vouchers proves impracticable owing to shortage of staff or heavy issuing, the vouchers shall be posted within seven working days, and the circumstances reported by the storekeeper to the Secretary.

Store ledgers to be posted daily.

Additional charges to recover overhead charges.

242. Where necessary, additional charges may be imposed on all stores issued so as to recover overhead costs of maintaining and operating the stores. A separate overhead cost account shall be maintained to meet all overhead costs of the stores.

Receipt of stores.

243. Whenever stores are received from any source, the storekeeper or receiving officer shall open the packages and check the contents with the invoices in the presence of the supplier's representative, whenever possible. Any damage or discrepancies shall be noted by the storekeeper or receiving officer and another responsible officer as witness, and reported to the supplier without delay. When stores are received in excess of the quantities shown on the voucher, the surplus stores shall be returned to the supplier.

Corrections in store ledgers.

244. An erroneous entry in store ledger shall be corrected by making an amending entry immediately after the last entry in the ledger with a cross reference to the original wrong entry. Figures shall not be altered and erasures shall not be made. The amending entry in the ledger shall be initialled by the responsible officer.

Requisition.

245. Stores shall be issued only on requisition, which shall be signed by an authorized officer. In the case of store operated under a revolving fund as stated in regulation 235, the requisition shall indicate the vote to be charged and the value.

Authorization of issue.

246. Every issue shall be authorized by the officer-in-charge of the stores or by a responsible officer deputed by him. He shall ensure that a line is drawn below the last item on the issue voucher and that the number of items is recorded in words thereon. He shall sign the issue voucher to authorize the issue.

Stores issued to be debited to vote.

247. When stores are issued for use, the vote provided for the work or service in question shall be debited with the cost and the store purchases account shall be credited.

Stores indent.

248.—(1) Stores indent, a combination of requisitions and issue vouchers shall be prepared in quadruplicate; one copy of which shall be retained in the book and the remaining copies sent to the storekeeper who shall return one copy to be acknowledged by the requisitioning officer as having received the goods.

(2) The storekeeper shall send the original copy of the indent weekly to the Treasury and the extra copy shall be used to support the ledger entries.

(3) If the storekeeper is unable to satisfy either wholly or in part any item on a requisition, he shall amend the quantity in red and add as a footnote the reason for the amendment. A sub-indent shall then be issued for the actual stores supplied with a cross-reference to the original requisition.

(4) Where it is necessary to cancel any stores receipt or issue voucher, all copies thereof shall be retained.

249. There shall not be any erasure or alteration of figures and descriptions appearing on vouchers. Errors may be corrected by striking out the erroneous entries and writing above the corrected entries. Such corrections shall be initialled by the storekeeper, the recipient and the requisitioning officer.

Erasures and alterations on vouchers.

250. The recipient of stores may not himself amend the particulars on a stores issue voucher. In the event of any discrepancy being found, the recipient shall return the vouchers, qualifying his receipt and calling attention to the discrepancy in a memorandum or in appropriate cases, by the issue of a discrepancy note.

Recipient not to amend vouchers.

251. Stores issue vouchers shall be receipted by the requisitioning officer or his authorized representative.

Receipting of issue vouchers.

252. Bin or tally cards for recording receipts, issues and balances shall be kept. This regulation shall not apply to small stores where the storekeeper is responsible both for the stock and for store records.

Bin or tally cards to be kept.

253.—(1) Where a deficiency is written off, an entry shall be made in the store ledger supported by an issue voucher, or in appropriate cases, a discrepancy note and an authorization for the write-off.

Accounting entries.

(2) Where a surplus is taken on charge, an entry shall be made in the store ledger supported by a receipt voucher, or a discrepancy note.

254. No stores intended for the use of the Council may be sold without the prior sanction of the Council.

Sales of stores prohibited.

255. All sales of stores to the public shall normally be on a cash basis. Credit may be given only in exceptional cases and on the authority in writing of the Chairman.

Credit not to be given.

256. Except with the permission of the Council, no stores may be issued on loan. No articles may be removed from a Council store without the knowledge of the storekeeper.

Stores not to be issued on loan.

Weekly  
abstracts.

257. Weekly abstracts shall be prepared and forwarded to the Treasury showing the total cost of issues chargeable to the accounts affected. A journal voucher shall be prepared by the Treasurer from the abstracts and the total cost credited to the stores account.

Balances to be  
reconciled.

258. The balances of the stock account and the ledger account shall be reconciled at the end of June and December of each year.

Store stock  
account to be  
reconciled.

259. At the end of each financial year, a summary of the transactions under the stores stock account shall be prepared and the balances thereof shall be reconciled with the total of the balances in the store ledger account. Any material differences shall be investigated and reconciled.

Cost of stores.

260. The cost of stores for the purposes of accounting shall include invoice price plus, if applicable, freight, inspection fees, identifiable inward transport costs to the stores and any other authorized charges.

Issue rate.

261. Except where it has been authorized to adopt a fixed price vocabulary, the issue rate per unit of quantity shall be arrived at by dividing the total cost as defined in regulation 260 by the number of units of quantity, and unless otherwise authorized shall be fixed to the next ten sen.

Averaging of  
issue rate.

262. Whenever purchases are made to replenish stocks purchased at a different rate, the issue rate shall be averaged as follows:

- (a) the quantity and cost of the fresh supply shall be added to the quantity and value of the existing stock;
- (b) the total value shall then be divided by the total quantity.

Issues made  
before value  
known.

263. On receipt of stores which have to be issued before the cost is known, the stores shall be taken on charge at an estimated value and issues made in the usual manner. When the true value is known the difference, if any, shall be adjusted by supplementary charge or credit on the issue made or transferred to adjustment account.

Return of  
unused stores.

264. Unused stores returned shall be brought on charge with unused stock at the issue price. The account to which they were charged shall be credited and the revolving fund debited with the value. If however, the unused stores were originally charged to an expenditure vote and are returned in a year subsequent to that in which they were so charged, revenue shall be credited.

265. Stores which are returned in a deteriorated or partly worn condition shall not be taken on charge with the ordinary stock but shall be kept in a "Returned Store". Stores thus returned shall be inspected by a responsible officer or a Board of Survey if applicable, who shall decide whether they should be retained in the "Returned Store" or taken on charge in the stores account. In the event of the latter, they shall be taken on charge at a price recommended by the Board of Survey and in the event of the former, the Board of Survey shall decide on its disposal.

Return of used stores.

266. Purchases of petrol, oil and lubricant, in connection with various works or services, shall be charged initially to the stores account. The charge made on supply shall be debited to the appropriate vote and credited to the stores account.

Petrol, oil and lubricant.

267. Casual stores shall be charged out to the year's expenditure and for the purpose of accounting shall be treated as "consumed" and further financial accounts need not be maintained in respect of such stores.

Casual stores.

#### STOCK VERIFICATION

268. For purposes of stores verification, the Council shall classify stores under three heads:

Classification of stores.

- (a) non-attractive items;
- (b) attractive items such as clothing, tools, tyres or cutting edges; and
- (c) very attractive items such as electrical equipment or conveyance spare parts.

269. The Secretary shall arrange for an independent physical stock verification of all stores maintained by the Council. The Secretary shall select suitable officers who should not be employed within the stores organisation, to verify stores. Non-attractive items shall be verified not less than once every two years. Attractive items shall be verified annually and very attractive items shall be verified not less than twice a year.

Stores verification.

270. The stock verifiers shall visit the stores without warning and select a section of the stores for examination. They shall place pre-printed notices on the bins, stocks or shelves under examination to read:

Stock verifiers to visit stores.

"No receipts or issues to be made without the sanction of the stock verifier."

Stock verifiers  
to count stock.

271. The stock verifiers shall count and record the balance of each item in the section in the presence of the storekeeper. In order to detect complete suppression of an items, stock verifiers shall also list some items from the stores ledger for checking at the stores. On completion, the stock verifiers shall remove the pre-printed notices referred to in regulation 270.

Stock to be  
agreed with  
records.

272. The stock verifiers shall then check their figures against the stores ledger. If the figures agree, the balances in the stores ledger shall be signed and dated.

Inspection  
report.

273. Immediately after completion of each inspection, stock verifiers shall prepare an inspection report in duplicate in such form as may be required by the Minister, giving details of the inspection made. The report shall be supported by—

(a) reconciliation of physical stock with ledger balances where appropriate;

(b) a separate list of unserviceable and damaged stock with the stock verifiers' recommendation for disposal written against each item; and

(c) a comprehensive report with recommendations, if any, detailing defects in the store accommodation, untidiness, bad arrangement of stocks, failure to separate new, part-worn and unserviceable articles, inadequacy of protection from damage, loss, theft or fire, excessive or inadequate stocks, items not being used and deterioration through lack of proper protective measures.

The copies of the inspection report shall be forwarded to the Secretary who shall require an explanation from the officer in charge of the stores where necessary, and take action in accordance with these Regulations.

Decision on  
stock  
verification or  
inspection  
report.

274.—(1) The Council shall give due consideration to the recommendations in the stock verification report or inspection report and take appropriate action including write-off in accordance with Part IX, in respect of those items arising from normal wear and tear such as—

(a) loss involved in cutting, weighing and dispensing;

(b) loss due to shrinkage, leakage and evaporation;

(c) loss due to unavoidable deterioration of stock;

(d) loss due to accidental or unavoidable damage to the stores;

(e) breakage of or damage to stores while in transit;

and



(f) stock-taking deficiencies which, due to human error, are exactly offset by corresponding surpluses in other related sub-categories.

(2) A copy each of the stock verification report or inspection report together with the Council's approval for write-off and disposal shall be forwarded to the Treasurer and the Auditor General.

275.—(1) When stores are found to be in surplus or deficient on stock verification or departmental stock taking, the stock cards and stock account shall be adjusted immediately to bring them into line with the actual stock found, and a store receipt or issue voucher shall be prepared for the discrepancy. Financial adjustments in respect of the surpluses or deficiencies shall be made after necessary approval has been obtained.

Surpluses and deficiencies.

(2) Any loss or deficiency in the stores arising through negligence, fraud, theft or irregularity shall be dealt in accordance with Part IX of these Regulations.

(3) Stores that are obsolete, unserviceable or have become uneconomic for further use shall be disposed of in an appropriate manner, after having been determined as such by a Board of Survey. Where obsolescence or deterioration was due to negligence, action in accordance with Part IX of these Regulations shall be taken.

276. Whenever any officer relinquishes to another his responsibilities in respect of any store, the relieving officer shall examine the store records and satisfy himself that they are correctly maintained. He shall make a sample check of the stock on hand to ensure that the quantities held are in accordance with those shown in the stores records. A handing-over certificate shall be prepared and signed by both officers, to the effect that the stores and records have been found to be in order, or otherwise. A list of the items checked shall be appended to the certificate. The original certificate shall be sent to the Secretary with a copy to the Auditor General.

Officers to examine stores on taking over.

277. Whenever there is a change of a storekeeper or other officer responsible for store-keeping, both he and the relieving officer shall check all stores against the records and both officers shall sign the handing-over certificate. In cases where it is impracticable to check all stores, the extent of the check to be carried out shall be determined by the superintending officer and such extent shall be stated in the handing-over certificate and a list of the items checked shall be appended to the certificate.

On change of storekeeper.

Responsibility  
of officer in  
charge.

278. Stock verification does not in any way absolve the store officer and other officers in charge of stores of their responsibility for the supervision of stores and the safe-guarding of stocks. In particular, spot check of items shall be regularly made by the officers in charge.

#### SALES

Sales of  
Council's  
properties.

279.—(1) Tenders shall be invited in all instances where the estimated revenue or income of the sale of Council's property exceeds the reserved value of RM1,000.

(2) The regulations and procedures in respect of tenders and contracts for purchases shall also apply to tenders in respect of sales of Council's properties.

(3) In renting or leasing out property, apart from the general conditions, special care shall be taken to include in the conditions of contract matters relating to insurance against fire or loss, maintenance of the property, rates and taxes payable on the property, special penalty for failure to settle premium and rental within specified periods under the contract and sufficient deposit to cover at least two months' rental.

#### PART IX

##### BOARDS OF SURVEY, LOSSES AND WRITE-OFF PROCEDURES

Appointment of  
Boards of  
Survey.

280.—(1) Every Council shall appoint an Annual Board of Survey which shall be held after the close of business on the last business day of each year, or before the start of business on the first day of the new year; and this Annual Board of Survey shall examine the cash and bank balances of the Council.

(2) Every Council shall also appoint at least twice a year surprise Board of Survey to hold surprise surveys of the cash and bank balances of the Council.

Composition of  
Boards of  
Survey.

281.—(1) Every Annual Board of Survey shall consist of three members and the Chairman of the Board shall be an officer nominated by the Resident. The other members of the Board shall be appointed by the Council.

(2) The members of a surprise Board of Survey shall be appointed by the Chairman of the Council.

(3) The appointment of surprise Board of Survey shall be regarded as strictly confidential by the persons concerned.

282.—(1) If any store, plant or vehicle becomes excessive or unserviceable, an Emergency Board of Survey shall be appointed by the Chairman to determine whether they should be disposed of by the Council. Such survey shall be carried out as soon as practicable without causing loss of realizable value from their disposal.

Emergency  
Boards of  
Survey.

(2) Every Emergency Board of Survey shall, if possible, include at least one Councillor and two officers of the Council who are competent to assess the value and usefulness of the items being surveyed and who are not responsible for the physical custody of the stores to be surveyed.

283.—(1) At the conclusion of a survey, the Chairman of the Board shall complete the Board of Survey Form which shall be signed by all members of the Board.

Board of  
Survey reports

(2) The Chairman of the Board shall render the report, duly completed and signed, to the Chairman of the Council for his direction.

(3) A copy of the report shall be forwarded to the Auditor General upon completion of the disposal of the property or article.

#### LOSS OF RECEIPTS, REVENUE FORMS AND STORES OR ANY OTHER PROPERTY OF COUNCIL

284. In these Regulations, unless the context otherwise requires, the term "loss" includes loss of money, stamps, stores, receipt and revenue forms and any other property of value occasioned by theft, fraud, negligence, deficiency, overpayment, payment without authority, irrecoverable debt, irrecoverable revenue and nugatory expenditure.

Definition of  
the term "loss".

285. On the discovery of any loss of money, stores or other property of the Council, it shall be the duty of the head of the section or department to make an immediate report to the Chairman, and if the Chairman is satisfied, or has reasons to believe, that a criminal offence has been committed in connection with the loss, the Chairman shall direct that a report be made to the police immediately. Where stock verification or stock taking reveals deficiencies or shortages which are excessive or which give rise to a reasonable suspicion that a criminal offence has been committed, similar action shall be taken by the Chairman. A copy of the initial report shall be sent to the Auditor General and the Minister.

Action on  
discovery of  
loss.

286.—(1) Every accounting officer shall notify, without delay, the Secretary of any loss of, or damage to any used receipt or revenue form in his charge and the Secretary shall

Loss of or  
damage to  
revenue form.

notify the Council, the Minister and the Auditor General accordingly. The loss of such form shall not be written off except with the prior written approval of the Minister.

(2) The Council shall also inform the public through any local newspaper or other appropriate media of such loss.

Reporting of  
loss.

287. A report on all losses of cash or stores valued at two hundred and fifty ringgit or more shall be made immediately by the Secretary to the Council, the Permanent Secretary and the Auditor General.

Report of  
losses not to  
be withheld.

288. No officer shall withhold a report of any case in which the theft, fraud, misuse or loss of any of the Council's money or stores is known or suspected notwithstanding the fact that restitution may have been made; and no such report shall be deferred to enable restitution to be made.

Council to be  
informed of  
loss and initial  
report.

289. The Chairman shall inform the Council at the meeting following the discovery of the loss, the full extent of the loss that is then known, the action taken on the loss so far and the steps taken to prevent similar losses in the future. The initial report of the Chairman to the Council shall contain the following particulars:

- (a) nature of loss;
- (b) estimated amount of cash or current estimated value of the articles lost;
- (c) the place at which the loss occurred;
- (d) date and time the loss occurred;
- (e) manner in which the loss occurred;
- (f) name and designation of the officer who had custody of the lost money or articles immediately prior to the loss;
- (g) the officer prima facie considered responsible for the loss if any, and if so, his name and designation;
- (h) the officer, if any, who has been interdicted from duty;
- (i) the date the loss was reported to the police if this had been done, and if not, the reasons for not doing so;
- (j) the result of the police investigation (if any);
- (k) the precautions that had been taken prior to the loss;

(l) the precautionary measures that have been taken to prevent recurrence of the loss; and

(m) any other remarks.

290. When action on the loss has been completed, the Chairman shall submit a complete and final report as given in the Second Schedule on the loss of the Council which shall include, where applicable, a copy of the police report. A copy of the final report shall be extended to the Auditor General and the Minister.

Final report on the loss.

291. Failure on the part of the head of the section or department to make or report to the Chairman when a loss has been identified or failure on the part of the officer directed by the Chairman to make a police report without sufficient cause, shall render the officers concerned liable to disciplinary action.

Failure to report loss.

292.—(1) In the case of a minor loss in respect of which the initial report may be dispensed with, the Chairman shall submit a final report as given in the Second Schedule and recommend to the Council that appropriate action be taken accordingly.

Minor loss in respect of which initial report may be dispensed with.

(2) "Minor loss" in this context means loss of any property either through accident, breakage or other such like incident, provided the value of the article in any one case does not exceed RM1,000.

293.—(1) When a loss, either of cash or stores, has been established and if it is considered necessary to interdict from duty an officer concerned with the loss, the Secretary shall take immediate action in accordance with the regulations made under section 37 of the Ordinance to interdict the officer.

Interdiction of officer responsible for loss and temporary financial adjustment.

(2) When a loss, either of cash or stores, has been established, the Chairman shall authorize the equivalent amount to be charged to a personal account in the name of the officer responsible for the loss.

294. The Minister may nominate an officer or officers from his Ministry to participate in the investigation of any major loss of money or stores of the Council. In such a case, a joint report shall be submitted by the investigating officers.

Joint investigation on major losses.

295. The Council shall, after considering the final report under regulation 290, take appropriate action to write-off the loss. If the Council considers that the case warrants surcharge or disciplinary action against the officer held responsible for the loss, the Council shall direct that action be commenced under the appropriate provisions of the regulations made under section 37 of the Ordinance. The direction of the Council shall be extended to the Auditor General and the Minister.

Write-off and recommendation for surcharge.

Authority for write-off.

296.—(1) Subject to regulation 298, the Council may write-off any loss or deficiency of cash, valuable consideration or stores, not exceeding two hundred and fifty ringgit in value, so long as theft, fraud or negligence is not known or suspected.

(2) No write-off by a Council of losses in excess of two hundred and fifty ringgit shall be made without the prior written approval of the Minister.

Recovery of surcharge.

297.—(1) Responsibility for the recovery of any surcharge imposed by the Council in accordance with the regulations made under section 37 of the Ordinance rests with the Secretary. The surcharge when collected shall be credited to the revenue of the Council.

(2) In the event of the surcharge is to be recovered by instalments, the amount to be recovered shall be debited to an advance account in the name of the officer concerned.

Write-off of unserviceable stores.

298.—(1) Minor articles or equipment or stores not exceeding five hundred ringgit each in original value or one thousand ringgit in aggregate original value, which have been unserviceable may be written off in any one month by resolution of the Council so long as the deficiencies are not due to fraud or negligence on the part of any Councillor, officer or employee of the Council.

(2) All unserviceable stores in excess of the values referred to in paragraph (1) shall be examined by an Emergency Board of Survey appointed in accordance with regulation 282.

Loss through overpayments or payments in error.

299. In cases of overpayments or payments made in error, recovery shall normally be made from the payees. Where full recovery is effected, a report needs not be made to the Council unless the Secretary considers that disciplinary action should be taken against an officer for negligence of duty.

Recovery of overpayments by instalments.

300. Where the payee is an officer of the Council, the Council may permit the officer to refund the overpayment by monthly instalments provided full recovery is effected as early as possible and in any case, except with the approval of the Council, not later than six months after the discovery of the overpayment or before the officer leaves the service, whichever is earlier. Where refund by instalments is approved, the debt recoverable shall be debited to an advance account in the name of the payee concerned. The monthly instalments shall be credited to the advance account.

Report of over-payment.

301. Where full recovery cannot be effected or where the Secretary considers that an overpayment was made or accepted other than in good faith or that the amount overpaid could not or should not be recovered in full from the payee, an investiga-

tion shall be made and a report submitted to the Council stating precisely how the overpayment took place, which officer or officers were responsible for the overpayment, giving full reasons why any sum could not or should not be recovered from the payee. The Secretary shall also state whether the overpayment was due to negligence on the part of any officer, and if so, shall make recommendations with regard to surcharge or other disciplinary action.

302. On receipt of the report from the Secretary, the Council shall decide what amount, if any, should be recovered from the payee and whether any further action should be taken to recover the sum which the Secretary has been unable to recover. The Council shall then authorize any amount that cannot or should not be recovered to be charged on an appropriate provision in the accounts. Copies of such decisions shall be sent to the Minister and the Auditor General.

Consideration  
of reports.

303. If a loss warrants surcharge or other disciplinary action against an officer; the Council shall direct accordingly. The Secretary shall take appropriate action in accordance with the direction.

Recommendations  
for  
surcharge.

304.—(1) Where a debt or an amount of revenue cannot be collected and is intended to be abandoned, it shall be reported by the Treasurer to the Chairman and if the Chairman is satisfied that any further action to recover the debt or revenue would lead to further wasteful expenditure, he shall report the circumstances of the debt and the revenue to be abandoned to the Council.

Report on debt  
or revenue to  
be abandoned.

(2) The Treasurer's report on the debt or revenue to be abandoned shall contain the following particulars:

(a) the name and address of the person from whom the money is due;

(b) the nature and the amount of the debt and the date it became due for payment to the Council;

(c) the date the bill was sent or the date when intimation of the amount due for recovery was made;

(d) the action taken to obtain payment after the bill was issued or the intimation for recovery of the amount was made. If the procedure for notice and recovery is statutorily laid down, whether such procedure has been complied with;

(e) the name and designation of the officer responsible for collecting the money;

(f) the name and designation of the officer responsible in a supervisory capacity;

(g) whether the failure to collect is due to a failure to comply with any regulation or instruction or from any other cause on the part of the officers responsible for collection;

(h) whether disciplinary action is recommended against any officer and whether he is on the establishment, temporary employment or on contract;

(i) where no surcharge is recommended, reasons shall be given;

(j) any other reasons for the write-off of such debt or revenue.

Authority to  
abandon debt  
or revenue.

305.—(1) The Council, after considering the report shall, subject to regulation 296, authorize the Chairman to abandon the debt or revenue if it is decided that no further action to recover it should be taken. Copies of the authorization shall be sent to the Minister and the Auditor General.

(2) No abandonment of debt or revenue in excess of two hundred and fifty ringgit in aggregate in any one year shall be made without the prior written approval of the Minister.

(3) Where the Council considers that surcharge is warranted against any officer for negligence in the discharge of his duties resulting in the loss of revenue, the Council shall direct the Secretary accordingly and a copy of the order shall be sent to the Minister and the Auditor General.

Loss by  
seconded  
officer.

306. If, in the opinion of the Council, where any officers seconded to the Council were responsible for the loss of Council's moneys or stores, but because of insufficient evidence no action could be taken against them, the Council shall report all such cases, as soon as possible, to the agency from which the officers were seconded.

## PART X

### INTERNAL AUDIT

Internal Audit.

307. The need to establish an Internal Audit Section within any Council shall be determined by the Minister on the advice of the State financial authority. The Internal Audit Section shall be responsible for an independent appraisal and review of that Council's operations.



308. The Internal Audit Section shall be headed by the Internal Auditor who shall be responsible direct to the Chairman. He shall have full access to all records, books, vouchers, cash, stamps, securities, stores and any other property of the Council subject to his audit, to enable him to carry out his function.

Internal Auditor.

309. The Internal Audit Section shall have complete independence in carrying out its duties which shall include the following:

Duties of Internal Audit Section.

(a) to review and appraise the soundness, adequacy, and application of accounting, financial, and other operating controls and promote effective control at reasonable cost;

(b) to ascertain the extent of compliance with established policies, plans, procedures, laws and regulations;

(c) to ascertain the extent to which Council assets are accounted for and safeguarded from losses;

(d) to ascertain the reliability of management and accounting data developed within the Council;

(e) to appraise the economy, efficiency and effectiveness with which resources are employed;

(f) to review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and

(g) to identify problem areas and recommend improvements.

310. In order to maintain his independent status, the Internal Auditor shall not be responsible for the development of systems and procedures, the preparation of records, or participation in any other activity which he would have to review and appraise. He can, however, determine and recommend standards of control to be applied in the development of the systems and procedures.

Objectivity.

311.—(1) To discharge his responsibilities the Internal Auditor shall have an approved work programme designed to cover every aspect of the Council's financial transactions, and accounting and other records including selected programmes/projects undertaken by the Council within specific time period. A record of the progress of the internal audit programme shall be maintained and reviewed by the Chairman from time to time together with findings of the Internal Auditor.

Internal audit programme.

(2) The reports and observations, including findings, shall be copied to the Minister.

Report of  
Internal  
Auditor.

312. The Internal Auditor's report shall state the purpose, scope and results of the audit, and, where appropriate, shall contain an expression of the auditor's opinion and his recommendations where appropriate.

Presence of  
Internal Auditor  
does not relieve  
responsibility of  
Heads of  
sections.

313. The presence of the Internal Audit Section does not in any way relieve other officers of the Council of the responsibilities assigned to them or absolve any officer from his responsibility for securing compliance with instructions within the scope of his own authority. Heads of sections shall arrange for surprise checks on the performance of financial and accounting duties of the officers under their control to ensure proper compliance with the established procedures. The results of these checks shall be recorded in the surprise Survey Book to be maintained by every section of the Council.

Internal Auditor  
of Ministry.

314.—(1) For any Council not having its own Internal Audit Section, the Internal Auditor of the Ministry responsible for local government shall act as its Internal Auditor and shall enjoy the same status and independence as if he is the Internal Auditor appointed by the Council except that he shall report directly to the Minister the results of his work. Copies of all his written reports shall be extended to the Chairman.

(2) The Chairman of the Council shall, within one month after the receipt of the written report, advise the Minister of the action taken on the findings of the Internal Auditor.

Chairman may  
seek the  
services of  
Internal Auditor  
of Ministry.

315. The Chairman may, with the consent of the Minister, request the Internal Auditor of the Ministry to conduct an investigation into any financial or accounting matter of the Council. The result of such investigation shall be reported to the Minister with copies of the report extended to the Chairman.

## PART XI

### REVOCATION

Revocation.

316. The Local Authority Financial Regulations, 1961, together with the Local Authority Financial Instructions, the Kuching Municipal Council Financial Regulations and the Kuching Municipal Council (Renewal Fund) Regulations, are hereby revoked.

*Vol. X, p. 33.*

*Vol. X, p. 71.*

*FIRST SCHEDULE*  
(Regulations 166 and 172)  
**COUNCIL QUOTATION/TENDER FORM**

Invitation to quote issued by:

QUOTATION/TENDER FOR THE  
SUPPLY OF GOODS/SERVICES

Date: .....

In replying, please quote this  
number .....

Quotation  
Tender No. ....

1. Please quote for the supply of the goods/services listed below subject to the terms and conditions prescribed.
2. Terms of delivery .....
3. Date of delivery/completion desired .....
4. Consignment (by air/sea/road) .....
5. Payment .....
6. Quotations must reach the above address not later than (time) .....  
Tenders on ..... and are to stand good  
for ..... days thereafter.
7. Quotations must be enclosed in a sealed "Quotations No. ...."  
Tenders envelope marked Tender

Signature .....

Designation .....

Item No.	Description of Goods/Services and Special Conditions	Quantity	Rate	Amount
	Delivery Date Offered .....		TOTAL	

I/we hereby offer to supply the above goods/services at the price and terms shown above subject to the conditions hereon and on the back thereof.

Tenderer .....

Address .....

Date: .....

**IMPORTANT — SEE GENERAL CONDITIONS OVERLEAF**

## GENERAL CONDITIONS

Subject to any special conditions prescribed elsewhere in the invitation, the following general conditions shall apply, except to the extent to which they may be specifically excluded or varied by the tenderer.

A. *Conditions of Goods*

All goods shall be new and unused.

B. *Part Supplies*

Quotations/tenders may be submitted for individual items or for part quantities of items.

C. *Equivalents*

Quotations/tenders may be submitted for suitable equivalents provided full details are given.

D. *Acceptance*

- (i) The lowest of any quotation/tender will not necessarily be accepted.
- (ii) Each item will be considered as a separate quotation/tender.

E. *Inspection*

- (i) The right is reserved to have the goods inspected or tested during manufacture or at any other time before delivery by an officer appointed by the Council.
- (ii) The seller shall facilitate inspection or testing when required.

F. *Certificate of Compliance with Specification*

Tenderers are required to certify that the goods/services supplied by them are in accordance with the specifications or standards (if any) set out in the invitation.

G. *Rejection*

- (i) Goods which are of inferior quality to or in any other respect contrary to those for which quotations/tenders were accepted shall be rejected.
- (ii) The seller on request shall cause the rejected goods to be removed at his own risk and expense and shall reimburse the Council for all expenditure incurred on the rejected goods.
- (iii) Subclauses (i) and (ii) are without prejudice to any right to damages for breach of contract.

H. *Advertising*

No advertisement relating to the acceptance of any tender shall be published in any newspaper, magazine, journal or other advertising medium without the prior approval of the Council.

I. *Interpretation*

This quotation/tender and any contract arising therefrom shall be construed according to and governed by Malaysia law, and the seller agrees to submit to the exclusive jurisdiction of the Malaysian Courts in any dispute or difference of any kind which may arise concerning this quotation/tender or any contract arising therefrom.

## GOODS EX STOCK OR OF MALAYSIAN PRODUCTION

J. *Tax*

Unless separately shown, prices shall be read as inclusive of tax where applicable.

K. *Packing*

- (i) Unless separately shown, prices shall be read as inclusive of the costs of packages and packing.
- (ii) Any loss or damage resulting from insufficient or defective packages or packing is to be made good by the seller.

L. *Identification*

Maker's name, brand, trade or catalogue number and country of origin of goods are, as applicable, to be shown.

GOODS INDENTED FROM OUTSIDE MALAYSIA

M. *Tax*

Prices shall be read as inclusive of all taxes. The elements of taxation will have to be shown separately in the quotation/tender.

N. *Currency*

The quotation/tender is to be expressed in Malaysian ringgit.

O. *Source of Supply*

If the goods will not be purchased direct from the manufacturers quotations/tenders shall state the name and address of the buying house through which the goods shall be purchased.

P. *Packing*

- (i) Goods shall be suitably packed for export to Malaysia unless it is trade custom to export them unpacked.
- (ii) Unless separately shown, prices shall be read as inclusively of costs of packages and packing.
- (iii) Any loss or damage resulting from insufficient or defective packages or packing has to be made good by the seller.

SPECIFIC CONDITIONS

- 1. ....
- 2. ....
- 3. ....
- 4. ....

*Note: Tenderers are invited to acquaint themselves with the provisions of regulation 177 of the Local Authorities Financial Regulations, 1997, concerning withdrawal of tender or default in contract.*

## SECOND SCHEDULE

(Regulations 290 and 292)

FINAL REPORT ON THE LOSS OF COUNCIL'S  
MONEY, STORES OR PROPERTY

1. (a) State whether cash, cheques, postal or money orders etc.
- (b) For stores, state for each item (or group of items):
  - (i) date of purchase as far as can be ascertained;
  - (ii) original costs;
  - (iii) whether used or not;
  - (iv) estimated value at the time of loss.
- (c) For other property, state nature, cost, whether movable or plant *in situ*, etc., and other relevant particulars.
2. Has an advance been opened to cover the loss as required by regulation 293(2)? If so, state the amount and reference.
3. Exact place, date and time at which loss occurred.
4. Exact manner in which loss occurred. (A concise but complete and self contained account is required).
5. Date and manner of discovery and reference number of initial report.
6. (a) Name of officers—
  - (i) directly in charge of the money or stores or property;
  - (ii) responsible directly in a supervisory capacity;
  - (iii) in any other manner responsible for the loss.
- (b) In respect of each of the above officers state—
  - (i) substantive appointment at the time of loss;
  - (ii) permanent/temporary/on contract;
  - (iii) whether suspended or interdicted from duty/and date;
  - (iv) date of retirement or termination of service, if relevant and any moneys (salaries, allowances or pensions) due to him by the Council;
  - (v) any previous defaults or irregularities with relative punishments, giving brief details and reference in each case;
  - (vi) any other information.
7. (a) If a report has been made to the police, state the known result of police investigation at the time of writing this report.
- (b) If no report has been made to the police, state the reason.

8. State whether non-compliance with the precautions and security arrangements as required by the Regulations, official circulars, Ministerial directions and departmental instructions has contributed towards the loss:
  - (i) If so, state what regulations, circulars, etc., were contravened and by whom.
  - (ii) If not, what departmental arrangement was made to prevent the loss and who was responsible to see that arrangement was maintained.
9. What steps have been taken to prevent a recurrence.
10. Recommendation, if any, for revision of the regulations, circulars, etc., to safeguard against recurrence.
11. Recommendations for surcharge, giving reasons why a surcharge is or is not considered appropriate.

Investigating Officer

(Name [Printed] and Designation)

Reference No. ....

Date: .....

Comments and recommendations of Council.

Reference No. ....

Date: .....

Made this 6th day of November, 1997.

KIT SU LEN,  
*Clerk to Majlis Mesyuarat Kerajaan Negeri*

KAS/KT/100/4/T