



FREE AND FAIR ELECTION NETWORK

Due Diligence Process

FAFEN

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FAFEN BACKGROUND:

The Free and Fair Election Network (FAFEN) was established in 2006 as a coalition of 30 domestic non-governmental organizations to observe general elections and mobilize voters. The Asia Foundation facilitated the formation of the network. However, the purpose-based network continued its working even after February 2008 general elections and expanded its scope of work from election oversight and reforms to parliamentary oversight and reforms, governance oversight and reforms and political parties' oversight and reforms. FAFEN is supported by the Trust for Democratic Education and Accountability (TDEA).

FAFEN continues to implement robust programs in-between elections that include observation of all provincial and federal legislatures, connecting constituents to their elected representatives, observing performance of the public and elected institutions and advocating for electoral and democratic reforms. FAFEN also monitors political and electoral violence, peace activities and promote active citizenry through civic and electoral education activities in areas where female voter registration is less than their male counterparts.

Since its inception, FAFEN has had many successes. The impact of its work on the processes and conduct of elections has been acknowledged by the political parties, Election Commission of Pakistan, NADRA Judicial Commission, international observation groups, and domestic and international media.

FAFEN DUE DILIGENCE METHODOLOGY:

FAFEN's outreach and credibility has encouraged a wide variety of small, medium, and large non-governmental organizations to apply for its membership. In order to assess the institutional and management capacity of organizations applying for membership, FAFEN has initiated a Due diligence Process that has two parts: [1] Program Due diligence and [2] Finance/Administration Due diligence. This two-part process includes an analysis of the financial, corporate, legal and procedural documentation of an organization in order to ascertain that all the stated facts regarding the organization are transparently available and have been independently verified. An organization's ability to undertake certain tasks/programs/projects and an organization's reputation in the communities where it works are also assessed.

In some respects the FAFEN Due diligence Process is similar to an audit. An organization's documents are assembled and reviewed, the management (*and potentially other personnel*) is interviewed, and a thorough analysis is performed by an external team of financial experts, lawyers and accountants. The FAFEN Due diligence Form contains a broad range of questions regarding the organizational profile, and following aspects.

Organizational Structure and Governance	(Annexure A)
Financial Management	(Annexure B)
Procurements	(Annexure C)
Human Resources Management	(Annexure D)
Compliance and Data Management	(Annexure E)
Organizational Competitiveness	(Annexure F)

Timely and proper filling of the form and furnishing of required documents will enable FAFEN to complete the evaluation of the organization efficiently. Important instructions begin on the next page for filling out the FAFEN Due diligence Form. Minimum criteria for membership in FAFEN are listed on the following page.

FAFEN DUE DILIGENCE FORM INSTRUCTIONS

Please read the following instructions carefully before filling in the form:

1. For each question, you may either:
 - a. Reply to the question; or
 - b. Write 'not applicable', if that particular piece of information does not apply to your organization; or
 - c. Write 'information not available' and explain the reason briefly.
2. It is your responsibility to ensure that all information provided in this form by your organization is fully accurate and up-to-date.

3. If you face any difficulty/problem in completing this form, please feel free to contact us by telephone or email.
4. Please type or write your replies on the form in a clear and legible manner.
5. Please provide all financial figures in Pak Rupees.
6. Please tick the appropriate box wherever an option is provided.
7. Please type the full name/title before using any acronyms/abbreviations.
8. The declaration page must be signed by executive head of the organization, indicating his/her correct title (*'Executive Director' or otherwise*).
9. Please mark the envelope containing this form and other materials as "FAFEN Due Diligence Form" and send to the address given below.
10. Your organization will be informed of further steps within one to two months of the receipt of your complete Due-Diligence Form.

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ORGANIZATIONAL PROFILE

ORGANIZATIONAL INFORMATION			
Legal Name of the Organization			
Acronym/Abbreviation			
Address			
Telephone No(s)			
Fax No(s)			
Email Address(es)			
Web Address			
National tax number			
Number of Branches or sub-offices			
Address(es) of Branches or sub-offices			
Name of the head of the organization		Contact No:	
Name of the focal person For FAFEN		Contact No:	
Size of the Organization <i>[Number of staff members]</i>			

REGISTRATION INFORMATION		
Law(s) Under Which the Organization is Registered	Registration No.	Place and Date of Registration

ANNEXURE A: ORGANIZATIONAL STRUCTURE AND GOVERNANCE

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether detailed Organizational Chart is available*				
2	Whether organization has Governance structure i.e. Board of Trustees or Directors				
3	Whether Board has a future focused strategic plan which clearly defines the results aimed to further the objectives of the organization.*				
4	Whether Vision, mission and values of the organization are defined.				
5	Whether Board meetings held periodically in line with the charter of the organization.				
6	Whether Board has female representation to ensure gender equality.*				
7	Whether Organization has involved in lawsuits existing or in past. [If yes, provide details]				
8	Whether a proactive policy exists to deal with matters of any form of conflict of interest relevant to BOT members?*				
9	Whether conflict of interest disclosures are being regularly made by the BOT members?				
10	Whether Board appoints and renews the Contract of Head of the organization				
11	Whether Board approves any changes in the Organizational By-Laws				
12	Whether Board reviews and approves Annual Audit of the Organization				
13	Whether board approves Public positions on Issues of Organizational Concern.				
14	Whether organization has a no-remuneration policy for the members of the Board?				
15	What is the tenure of the members of the Governing Body*				
16	Does the head of your Governing Body elected periodically?				
17	Are minutes of the meetings recorded and circulated amongst the members?				

[Information marked with asterisk (*) must be supported with evidence, if yes.]

Other Details required in respect of Organizational structure and Governance

- When was the last election of the head of the Board held? _____
- What is the date for the last Board Meeting? _____
- Any other Role of Board [please provide as attachment]
- List and Description of Current Programs/Projects/Activities [please provide as attachment]
- List of Sources of Funds/Donors [please provide as attachment]
- Listing and Description Subsidiaries/Joint Ventures/Partnerships/Network Memberships [please provide as attachment]

ANNEXURE B: FINANCIAL MANAGEMENT

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether organization has compatible financial policies, systems, procedures and delegations that are regularly reviewed to ensure safe, efficient and accountable financial management.*				
2	Whether organization prepares annual budget aligned to its strategic plans and activities duly approved by the Board.				
3	Whether Board reviews financial reports, address financial issues, emerging trends and challenges and opportunities periodically				
4	Whether organization records, manages and monitor financial liabilities, and monitor as a regular part of financial reporting				
5	Whether organization keeps an accurate up-to-date inventory of assets and planning and budgeting annually for asset maintenance and replacement.				
6	Whether organization has maintained Fixed assets registered to trace Assets.				
7	Whether organization has the system of delegation of financial authorities*				
8	Whether organization has maintained bank account/s operated by Joint signatories.				
9	Whether chart of accounts is available covering all head of accounts.*				
10	Whether organization has managed its accounts in accounting software.				
11	Whether organization prepares reconciliation statement on monthly/quarterly basis to reconcile its accounts.				
12	Whether organization deducts withholding taxes as per the given tax deductions rates and schedules.* <i>[if yes, please provide monthly statements of preceding three months]</i>				
13	Whether organization submits its income tax statements and annual income tax returns.* <i>[if yes, please provide copy of latest filed tax statement and return]</i>				
14	Whether organization prepares annual accounts/financial statements within a reasonable time and become available for external audit?* <i>[if yes, please provide audited financial statements of preceding two years]</i>				
15	Whether employees of the organization are registered with EOBI and deductions are made accordingly.				
16	Whether organization use a shared cost allocation plan, to allocate direct cost such as; rent, utilities, administrative supplies, consistently between all funders funding the particular project. (if applicable, e.g. Organization is managing the multiple grants)				

[Information marked with asterisk () must be supported with evidence, if yes.]*

ANNEXURE C: PROCUREMENTS

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether organization has procurement policy in line with best standards of procurement practices.*				
2	Whether organization prepares Annual/quarterly and monthly procurement plans.				
3	Whether organization uses procurement requisition form for the initiation of procurements ¹				
4	Whether organization clearly articulate all of required specification in procurement documents, e.g. RFP, RFQ, PRF etc. ¹				
5	Whether organization follows goods receipt and inspection processes and documentation is available. ¹				
6	Whether organization ensures Competitive procurement processes. ¹				
7	Whether All procurements are being approved by the procurement authority. ¹				
8	Whether organization has policy to address urgent/emergency procurement requirements*				
9	Whether procurement committees are being formed to make the process transparent.*				
10	Whether organization has prequalified vendors list.				

[Information marked with asterisk () must be supported with evidence.]
Sample voucher justifying above assertions (3-7) should be attached.*

ANNEXURE D: HUMAN RESOURCES MANAGEMENT

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether the organization has a written personnel/ HR policy that is regularly reviewed and updated.*				
2	Whether the organization follows non-discriminatory hiring practices.				
3	Whether staff performance management and evaluation process exists and in practice.				
4	Whether salary scales and staff grades are available with the organization and in practice.*				
5	Whether written employment contracts for all employees are available with organization as well as with staff				
6	Whether written job descriptions for all employees are available with organization as well as with staff				
7	Whether organization maintains staff personnel files with all the relevant record and documents. <i>[if yes, please provide sample personnel file]</i>				
8	Whether organization maintains attendance records for all the staff.				
9	Whether organization use time sheets signed by staff and the supervisor for payroll processing. <i>[if yes, please provide sample time sheet]</i>				
10	Whether organization use employee's time sheets for charging salaries to multiple projects.				
11	Whether organization transfer salaries in employee's bank account. <i>[if no, then specify other way]</i>				
12	Whether organization provides provident and gratuity fund to staff.				
13	Whether organization plans and organizes staff development programs such as On-the-job and other training programs.				
14	Whether organization considers female representation on staffing and in senior management. <i>[Please provide composition of senior management and other staff in terms of gender]</i>				
15	Whether organization has in place Sexual harassment policy and sexual harassment committee is formed.*				
16	Whether organization addresses all the concerns of female staff and maintains conducive environment such as •Maternity and paternity leaves.* •Daycare facility* •Pick and drop facility*				
17	Whether organization has in place conflict of interest policy for all employees. <i>[Please provide form]</i>				

[Information marked with asterisk () must be supported with evidence, if yes.]*

ANNEXURE E: COMPLIANCE AND DATA MANAGEMENT

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether organization has an independent internal audit function.				
2	Whether internal audit policies and charter are in place* and are periodically reviewed				
3	Whether audit committee has been constituted according to the best practices? (e.g. number of members, chair, secretary, majority non-executives)*				
4	Whether Internal auditor reports directly to the audit committee (functionally) and chief executive officer (administratively)?				
5	Whether annual internal audit plans are being formulated and approved and execution takes place accordingly <i>[If yes, please provide prior year audit plan and its implementation]</i>				
6	Whether internal audit reports are available and have been presented to the audit committee/BOT. <i>[If yes, Please provide prior year internal audit report along with audit committee/Board comments]</i>				
7	Whether key data and programs on LANs or desktop computers are appropriately backed up and maintained & Off-site storage is adequate considering possible risks of loss <i>[if yes, please provide data backup and risk management policy]</i>				
8	Whether IT System and operations are appropriately documented and software <i>[if any]</i> is appropriately acquired and maintained*				
9	Whether management reporting system exists and Data is summarized to facilitate decision making.				

[Information marked with asterisk () must be supported with evidence, if yes.]*

ANNEXURE F: ORGANIZATIONAL COMPETITIVENESS

Sr. No	Information	Response			Evidence Attached
		Yes	No	N/A	
1	Whether organization has the appropriate staff to write effective proposals.				
2	Organization has identified potential funding sources and developed a plan of response. <i>[if yes, Please provide list of identified potential sources and organizational plan for it]</i>				
3	Whether organization has regularly competed for funds, tenders, proposal or contracts.*				
4	Whether organization has identified its programs and work areas. <i>[If yes, Please provide list of such programs and work areas]</i>				
5	Whether organization has maintained reserves /endowment fund to cover its liabilities and in the eventuality that funding sources for any service or program cease. <i>[if yes, please provide volume of such fund]</i>				
6	Whether organization has set and met key performance measures in the past two years.*				
7	Whether organization has conducted annual review and assessment of the previous year's activities and outcomes <i>[if yes, please provide such review report(s)]</i>				
8	Whether organization has developed innovative services program or strategy.*				
9	Organization has received consistently positive feedback from Donors/contractor and other stakeholders.*				

[Information marked with asterisk () must be supported with evidence, if yes.]*

Other Information related to Organizational Competitiveness:

- List of funds, tenders, proposal or contracts that organization has won.
- List of active programs and work areas of organization.

DECLARATIONS/DISCLOSURES

The head of the organization must sign the following Declarations/ Disclosure. If any information declared or disclosed is proven false, it will automatically disqualify your organization's membership form from the selection process;

DECLARATION

I, [name of designated person], CNIC# _____ hereby declare that the accompanied information is correct and accurate of [_____] (name of organization), in the letter and spirit.

Signature: _____

Name: _____

Designation: _____

DECLARATION

I, [name of designated person], CNIC# hereby declare that the following staff members of [name of organization] has a policy not to recruit immediate relation among staff and is following it, in the letter and spirit

Signature: _____

Name: _____

Designation: _____

DISCLOSURE

I [name of designated person], CNIC# hereby declare that the following staff members of [name of organization] are related to each other or my self

Sr. No.	Name	Relationship
1.		
2.		
3.		
4.		
5.		
6.		