



TDEA Compendium of Policies and Procedures

*Trust for Democratic Education and
Accountability*

*Free and Fair Election Network (FAFEN) is a network of
Pakistani civil society organizations, governed by the Trust for
Democratic Education and Accountability (TDEA).*

LIST OF MANUALS

TDEA Human Resources Manual

TDEA Procurement Manual

TDE Administration Manual

TDEA Internal Audit Manual

TDEA Grants Sub Award Manual

TDEA Rules and Procedures of Board of Trustees

FAFEN Manual

TDEA Financial Manual

TDEA Information Technology Manual



TDEA Human Resources Manual

As Updated on: October, 2014

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1. PURPOSE OF THE MANUAL

This manual summarizes all major human resources policies and procedures that are currently in force at the Trust for Democratic Education and Accountability (TDEA). Any terms and conditions of employment not covered, in part or in whole, in this manual shall be subject to the provisions of labour legislation effective in Pakistan.

The manual is intended to serve as a reference guide to all employees on human resources policies and procedures of TDEA as well as the rationale and principles of how they should be implemented and enforced. The provisions stipulated in this manual shall be subject to change from time to time at the discretion of TDEA's Board of Trustees.

1.1. Introduction

TDEA recognizes the contributions of its employees and treats each individual employee consistently and fairly in all matters with a uniform application of the following human resources principles:

- Human resources are best allocated to achieve optimum productivity and efficiency.
- Pay and benefits offered are fair, equitable and competitive.
- Employees are always encouraged to enhance their personal and professional capacities and qualities for the present job and future development of TDEA.
- Reward is based on merit. High performers are given priority to take up more responsible positions.
- Two-way communication between employees and their management is promoted as a means of building mutual understanding and trust.
- Workplace safety is given top priority for the sake of the protection of human health and enabling employees to deliver their best performance.
- Human rights are supported. Equal opportunities of employment are advocated. Employees' freedom of speech and association are respected as long as they are within the legal boundaries. There is no discrimination on the basis of race, color, ancestry, nationality, and ethnic origin, place of origin, creed, religion, age, disability, sex, sexual orientation, gender identity, marital status, family status, political belief, political association, and social condition.

1.2. Approval and Maintenance

The TDEA Board of Trustees can amend, delete, replace or add any HR policy in this manual through Board resolution.

The Unit of Human Resources maintains the Human Resource Manual to ensure its relevancy.

1.3. Communication/Distribution

The Human Resource Manual is published on the TDEA website. The Unit of Human Resources will provide copy of the manual to all TDEA units and projects. Copies of manual shall also be distributed to TDEA member organizations for reference. Occasionally, all employees may be notified through e-mail correspondence if new or substantial changes to practices are approved.

1.4. Non-Substantive Changes

The Chief Executive Officer is authorized to approve non-substantive changes to the manual, mostly comprising non-directive or procedure parts such as:

- Numbering
- Title pages
- Appendices/links containing examples or guides
- Table of contents
- References
- History section of individual sections
- Grammatical or style changes that do not affect meaning, content or interpretation
- Punctuation such as adding a comma or apostrophe
- Format of the document
- Changes to titles of staff, sections or divisions where the change affects only internal operations and does not impact employee or employer rights or responsibilities.

1.5. Review Cycle

Human Resource Manual sections are reviewed at least after two years, or earlier if required.

2. HUMAN RESOURCES PHILOSOPHY

TDEA recognizes the contributions of its employees and treats each individual employee fairly and consistently in all matters, with a uniform application of the following human resources philosophies:

- Human resources are best allocated to achieve optimum productivity and efficiency.
- Pay and benefits offered are fair, equitable and competitive.
- Employees are always encouraged to well-equip themselves for the present job and future development of TDEA.
- Reward is based on merit. High performers are given priority to take up more responsible positions.
- Two-way communications between employees and the management are promoted as a means of building mutual understanding and trust.
- Workplace safety is given top priority to protect human health and enable employees to deliver their best performance
- Human rights are supported. Equal opportunities of employment are advocated. Employees' freedom of speech and association are respected as long as they are within the legal boundaries.

3. EMPLOYMENT POLICY

It is the policy of TDEA to recruit the best qualified people and to maintain a pool of human resources according to the Human Resources requirement and planning of the organization.

It is also the policy of TDEA to transfer or promote well performing and capable employees to fill vacancies so that employees are provided with opportunities to widen their exposure and further their career development within the organization.

All applicants have equal opportunities of employment irrespective of their age, sex, marital status, pregnancy, family status, disability, race, nationality or religion (provided that these do not impede the abilities of the prospective appointees to carry out normal job duties or affect the health and safety of fellow employees).

Job applicants are treated fairly and equally. Employment is offered only to the best qualified applicants with reference to their merits and abilities to meet the requirements of the jobs irrespective of whether they are referrals or direct applicants.

The Human Resources Department provides recruitment advice and services to all Divisions/Departments and is responsible for the entire process leading to employment. TDEA will not be bound by offers of employment other than by the Human Resources Department.

4. HUMAN RESOURCES & CONTROL

4.1. Purpose

The aims of Human Resources planning of TDEA are:

- To ensure that TDEA acquires and retains the optimum number of employees with the required skills, expertise and competence;
- To exercise effective control of staffing and the associated cost; and
- To assist in optimum resources allocation so that potential Human Resources surplus or shortage can be anticipated and alleviated as much as possible.

4.2. Human Resources Plan

Directors and Managers are required to conduct a thorough review of the operations, structure and human resources of their Units each year, and furnish recommendations of human resources plan for the following financial year to the Human Resources Unit.

The Human Resources Unit is responsible for reviewing the recommendations and compiling a corporate human resources plan for the financial year. The plan sets out the number of posts by level and by Unit.

4.3. Changes to Approved Human Resources Plan

The Human Resources plan for the financial year, once approved by the Board of Trustees, is regarded as official. No change is permitted unless major developments or functional requirements emerge. Any requisition of unbudgeted headcount needs the approval of the Chief Executive Officer.

4.4. Human Resources Control

In order to optimize human resources utilization and to maintain cost effectiveness, stringent control should be exercised. Recruitment should only be carried out in accordance with the bases of operational needs and approved HR plan.

Whenever an employee leaves TDEA, the Head of Unit should assess the human resources of his Division/Department to see if a replacement is necessary. Where a replacement is required, internal transfer or promotion should be considered before pursuing external recruitment.

5. RECRUITMENT

5.1. Purpose

The purpose of recruitment of TDEA is to acquire, in a cost effective manner, the optimum number of best possible performing employees for the operations and development of TDEA. In order to appoint the most appropriate persons for the positions, it is crucial that potential candidates are drawn from a wide pool and equal opportunities are ensured for all candidates. The following guidelines seek to ensure transparency and fairness throughout the recruitment process and maximize the diversity of applicants.

5.2. Recruitment for the Chief Executive, the Senior Management Staff, the Company Secretary and the Head of Internal Audit

5.2.1. Definition of Senior Management Staff

Senior management staff herein refers to any staff to be recruited in Grade 4.5 and above. These may include Chief Executive Officer (CEO), Chief of Party (COP), Director, Chief Operating Officer (COO), Chief Technical Officer (CTO) and Chief Financial Officer (CFO).

5.2.2. Selection Committee for the Position of Chief Executive Officer

The Board of Trustees appoints the Chief Executive Officer through a majority vote for a period of three- years. Similar procedure is adopted in case of the extension of the tenure of the incumbent. The procedure for the termination also follows a similar procedure.

When post of CEO becomes vacant, recruitment procedures as laid in 5.2. shall apply as decided by the Chairperson of the Board of Trustees. The Board of Trustees will interview the shortlisted candidates and make a selection through majority vote.

5.2.3. Selection Committee for Positions in Senior Management

The Chief Executive Officer shall form the Selection Committees to shortlist and interview the prospective candidates for the positions of staff in Grade 4.5 and above. The Selection Committee shall consist of a minimum of three members to be appointed by Chief Executive Officer.¹

¹ **Repealed Clause: 5.2.3.Selection Committee for Positions in Senior Management:**

The Chief Executive Officer shall form the Selection Committees to shortlist and interview the prospective candidates for the positions of staff in Grade 4.5 and above. The Selection Committee shall consist of a minimum of five members.

Effective Date: October 22, 2014

Repealed Clause: : 5.2.3.Selection Committee for Positions in Senior Management:

For all Senior Management positions, the Selection Committee shall comprise:

- a. Chairman of TDEA Board of Trustees or any of his/her nominee;
- b. Two Trustees with relevant professional knowledge and background;
- c. External Subject Expert;
- d. Chief Executive Officer;
- e. Human Resources Representative

Effective Date: October 22, 2014

5.2.4. Sourcing Methods

Generally, one or more of the following recruitment approaches, to be decided by the Selection Committee, can be adopted to identify interested and suitable candidates.

5.2.4.1. Advertising the Post

Advertising the post helps communicate clearly and openly to the public the requirements of the position and the selection criteria which apply. The methods for advertising the post shall include:

- a. Advertising in the national press and journals; and/or
- b. Advertising on TDEA or its affiliated website and/or recruitment websites

5.2.4.2. Executive Search

Recruitment consultants can tap into private sector networks and are skilled at promoting opportunities to potential candidates. They can reach a wide pool of candidates, and can reduce the time burden on the Selection Committee. In using executive search, the following points shall be considered:

- a. In selecting the search consultant, only the firm with good reputation, extensive search experience and proven track record shall be considered;
- b. The consultant should show a commitment to diversity and equality, and demonstrate how such commitment is reflected in its practice and approach; and
- c. Precise job descriptions and person specifications should be agreed between the consultant and the Selection Committee.

5.2.4.3. Network Referrals

Referral is one of the widely used methods for identifying potential candidates in both the public and private sectors. Possible referral sources may include senior executives of other businesses and public organizations.

5.2.4.4. Internal Candidates

Given that having continuity at the senior management level can be beneficial to the operations of TDEA, internal candidates with relevant technical expertise and management experience may be recommended for the consideration of the Selection Committee by the Chief Executive Officer. For any internal recruitment, flexibility will be given to internal candidates for selection criteria. All internal candidates will be automatically short listed based on the Performance Appraisal. Any internal candidates will be evaluated on the same basis vis-à-vis other candidates. Where an internal candidate and an external candidate for the same position are deemed to have comparable qualifications, experience, and competencies, etc., the internal candidate will be given preference.

5.3. Selection Criteria

The following two sets of selection criteria shall be considered in the recruitment process:

5.3.1. Shortlist Criteria

The shortlist criteria shall focus on the factual requirements of the person specification. In short-listing candidates for interviews, the following factors shall be considered:

- a. Academic, professional and technical qualifications;
- b. Relevant work experience; and
- c. Leadership and management experience

There shall be no discrimination on the grounds of age, sex, marital status, family status, sexual orientation, disability, race, nationality or religion in any circumstances. All candidates shall be assessed fairly and equally irrespective of the sources they come from.

5.3.2. Final Selection Criteria

The final selection criteria are applied to evaluate the evidence gathered through interviews and discussions following the initial shortlisting. The final selection criteria shall focus on, inter alia, personal qualities, attributes and competencies, past performance, aspirations, potentials, communication and interpersonal skills, and professional and personal integrity.

The final selection criteria shall be determined by the Selection Committee prior to the recruitment process and shall be submitted to the Human Resources Unit. The following factors will be considered in evaluating the applicants:

Sr. No.	Criteria	Maximum Score
1.	Qualifications	20
2.	Relevant Experience	20
3.	Relevant Experience with TDEA-FAFEN	10
4.	Interview	50

5.3.3. Reference Check

Reference check shall be conducted at the final stage of the selection process with prior permission of the selected candidate(s) or shall be conducted immediately after the TDEA's offer of employment has been accepted by the candidate(s), whichever is practicable. All offers shall be subject to receipt of satisfactory references. If a candidate is found to have provided false information or have misrepresented any information or have not disclosed any material facts in his or her application, it shall be deemed to be sufficient grounds for TDEA to withdraw the offer or terminate his or her service summarily, as the case may be.

5.3.4. Offer and Approval

5.3.4.1. Offer

Remuneration packages for the senior management staff shall be negotiated by a representative appointed by the Selection Committee and set on an individual basis. However, the negotiations will be in the range approved by the Board of Trustees as mentioned in section 14.3. Offer letters are issued after the approval of the Selection Committee.

5.3.4.2. Requirements for Disclosure

To promote the culture of transparency and accountability, it is mandatory for staff Grade 4.5 and above to disclose the following information after signing the contract, TDEA reserve the rights to publish or upload the same on its website and/or any of its publications or public presentations. **(Disclosure Form Annex-1)**

- Annual Wealth Statement
- Annual Income Tax Return
- Disclose any association, membership or any other form of engagement with any government and/or non-governmental entity.

6. RECRUITMENT FOR THE OTHER STAFF

6.1. Selection Committee

Sr. #	Type of Committee	Members	Committee to be Nominated by
1.	Selection Committee for Senior Managers, Managers, Assistant Managers and Coordinators	CEO, at least two Directors and an HR Representative	CEO or his designate
2.	Selection Committee for Senior Officers, Officers, Junior Officers and Assistants and Support Staff	Relevant Director, at least two Managers and an HR Representative	Relevant Director

6.2. Staff Requisition

Where replacement or additional hiring of employee(s) is required, the manager of the concerned unit should complete and forward a **Personnel Requisition Form (Annex-2)** to the Human Resources Unit so that recruitment can be initiated. The form should specify clearly the job summary and job requirements of the vacant position, and it should be endorsed by the relevant Director.

If the request for additional employee(s) is unbudgeted, the Chief Executive Officer's approval has to be sought. For units which are reporting to the Chief Executive Officer, the request has to be endorsed by the Chairman of the Board of Trustees.

Where the headcount is approved, the Unit Manager should first consider internal transfer or promotion before pursuing external recruitment.

6.3. Sourcing

6.3.1. Internal Sourcing

The Human Resources Unit will issue an internal vacancy announcement to invite applications from employees. Employees may apply to the Human Resources Unit in accordance with the policy for Transfer as provided in Section 8 or Promotion as provided in Section 9.

6.3.2. External Sourcing

If it is decided that an external recruitment advertisement is necessary, the Human Resources Unit will adopt one or a combination of the following external sources of recruitment which is/are considered appropriate and cost effective. The manager of the requisitioning unit may also suggest other sources if he/she thinks appropriate.

a. Media

The Human Resources Unit will decide the distribution of recruitment advertisement in consultation with Finance, Operations and the relevant Unit Manager. The advertisement media may vary with the situation. However, some of them are listed

below:

- Job Opportunities Section of TDEA's website or its affiliated websites or other recruitment website(s) as appropriate; and
 - Most appropriate and effective newspaper(s) and/or other publication(s).
- a. **University/College Recruitment**
For fresh graduates or summer job vacancies, the Human Resources Unit will approach appointment services of universities or colleges.
 - b. **Recruitment Consultant**
Where there are genuine difficulties in finding suitable candidates, a recruitment consultant may be used with the approval of the Head of Human Resources Unit.

6.4. Selection Guideline and Criteria

6.4.1. Shortlist Criteria

In shortlisting candidates for interviews, the following factors should be considered:

- Academic, professional and technical qualifications;
- Work experience;
- Job knowledge and technical know-how; and
- Management experience for managerial positions.

There should be no discrimination on the grounds of age, sex, marital status, pregnancy, family status, disability, race, nationality or religion unless these will impede the prospective appointees' abilities to carry out normal job duties. All candidates will be assessed fairly and equally irrespective of whether they are referrals or direct applicants.

6.4.2. Assessment Process

The assessment process may comprise two steps as determined by the Selection Committee:

a. Written Test

The shortlisted candidates shall undergo a written test which will be a maximum two-hour test. The test will be designed to assess their subject comprehension, job understanding, general knowledge and language proficiency. The test shall be prepared and finalized by the Selection Committee and approved by the Head of the Committee in writing.

b. Interview

During the interviews, interviewers should only ask questions that relate directly to the job requirements. Where it is necessary to assess whether personal circumstances will affect job performance, interviewers should discuss these objectively without questioning the candidate(s) about their age, marital status, pregnancy, family status, race, nationality or religion.

In case of a disabled applicant, job-related information on disability and medical history can be asked to determine the applicant's ability, and the need for special

services and facilities to carry out normal duties. It is, however, unlawful to request medical information for the purpose of discriminating against applicants on the basis of pregnancy or disability.

Assessment of the candidates and due recommendation of the interviewers should be properly documented on the Interview Assessment Form after interviews. All forms and documents containing personal data of applicants should be returned to Human Resources Unit for further handling, irrespective of the status of applications.

The Interview schedule shall be prepared by the Selection Committee and shall be approved in writing by the Head of the Committee.

6.4.3. Final Selection Criteria

The final selection criteria shall be determined by the Selection Committee prior to the recruitment process and submitted to the Human Resources Unit. The following factors will be considered in evaluating the applicants:

Sr. No.	Criteria	Maximum Score
1.	Qualification	15
2.	Relevant Experience	15
3.	Relevant Experience with TDEA-FAFEN	10
4.	Written Test	30
5.	Interview	30

Judging from information gathered through interviews, the final selection criteria including desirable personal attributes, potential for further development, past performance, job expectation and career aspiration are applied to further evaluate the suitability of the candidates to the job.

If all things are equal, preference will be given to internal candidates taking into consideration the recommendation of their Managers in addition to all other criteria.

6.5. Offer and Approval

6.5.1. Offer

When a suitable candidate is identified, the Human Resources Unit will discuss with the relevant Director/Manager, as appropriate, on the terms and conditions to be offered to the candidate. In determining the entry grade and salary of a prospective employee, the following factors will be considered:

- Academic, professional and technical qualifications and working experience;
- Job knowledge and technical know-how;
- Recent earnings;
- Prevailing market rate of the vacant position;
- Availability of suitable candidates in the market;
- Job grade and salary range of the vacant position.

6.5.2. Approval

The selection process and approval authority for the recruitment of all positions should involve at least two levels to ensure that a fair selection process has taken place.

Positions	Approval Authority
Senior Managers, Managers, Assistant Managers and Coordinators	CEO or his designate
Senior program Officers, Program Officers, Junior program Officers and Program Assistants and Support Staff	Relevant Director and CEO or his designate

6.6. Employment Formalities

6.6.1. Vetting of Documents

Prior to confirmation of appointment, the Human Resources Unit will ensure that the candidates produce the original copies of their academic and professional credentials, reference letters from previous employers and other relevant documentation.

6.6.2. Employment Visa

For prospective employees who require an employment visa to work in Pakistan, the offer of appointments will be subject to their obtaining a valid employment visa from the Government of Pakistan. The Human Resources Unit will assist in the process of visa application when necessary.

6.6.3. Reference Check

With the written authorization of the new employees, TDEA will conduct reference checks with their previous employer as far as practicable, immediately after they have accepted TDEA's offer of employment. This is to ensure that the information provided by employees in their applications is correct. If it is impracticable to make a reference check with their latest employers, a reference check with their second latest employers will be conducted first while the reference check with the latest employers will be processed immediately after the employees have reported for duty.

If an employee is found to have provided false information, misrepresented or not disclosed any material facts in his application, it shall be deemed to be sufficient grounds for TDEA to utilize the right to terminate the employee's service immediately. **(Reference Check Form Annex-3)**

6.7. Reporting Duty

On their first day of employment, new recruits will usually report to the Human Resources Unit to complete the engagement formalities and attend a brief company induction before they report for duty to the designated Unit.

Heads of Unit should arrange for new employees' job induction once they have reported for duty. New employees will also be invited to attend a Staff Orientation Program conducted by

the Human Resources Unit to help them better understand the mission, objectives and organizational structure of TDEA as well as its rules and regulations and code of conduct.

6.8. Types of Employment

TDEA hires staff on in the following categories:

a. Long -Term Contract

Contract staff will be appointed for a minimum period of one year on a monthly salary basis. The Human Resources Policy and Procedure shall be applied to such employees in its entirety.

b. Short-Term Contract

All appointments for a period of less than one year shall be considered short-time contracts. Such employees shall be hired on a monthly salary basis. Short-Term Contract can also be hired on daily wage basis but the term of such contract should not exceed 22 working days. However, short-term contract employees shall not be eligible for benefits.

c. Consultants

For external technical assistance or expertise (of intellectual nature), TDEA may hire consultants as and when necessary. Authority of approving the Scope of Work (SOW) and hiring consultants lies with the Chief Executive Officer.

Consultants will be hired under detailed scope of work specifying work to be done within a certain time frame, quality parameters of work, total payment with payment schedule, and clearly stating the expected output(s). A focal person from within TDEA shall be nominated for the coordination with the consultant and to monitor progress as per the contract. For release of final payment the quality, quantity, and timeliness of the work shall be ascertained by the appointed focal person and/or the Chief Executive Officer, according to the criterion mentioned in the contract. The Chief Executive Officer has authority to withhold payment if work output is found unsatisfactory.

Provision of logistical support or assistance to consultants shall be subject to mutual understanding and as mentioned in the Scope of Work. Consultants will be expected to follow the Code of Conduct, the Code of Ethics, financial procedures, and any other section mentioned in the contract.

d. Interns

TDEA may recruit individuals as interns, volunteers or part time staff on as and when necessary. The Chief Executive Officer is authorized to make such hiring. Interns, volunteers or part-time staff will follow the rules and procedures set in the TDEA

Compendium (such as office timings, days of work, code of conduct, code of ethics etc.), except provisions of Salary and Entitlements. Part-time staff will follow working days and hours as mentioned in the contract of employment.

For interns, volunteers and part time staff, letter/contract of engagement shall include: work to be done, remuneration/honorarium if any, number of daily or weekly working hours etc. along with other standard items. The TORs for interns and volunteers shall be developed by the relevant program or department.

i. Definition:

An intern is a person who is primarily working for his/her own benefit in order to gain experience as well as for the organization's benefit.

Prior to hiring an intern the following administrative procedure must be completed:

ii. Personnel Requisition Form (PRF)

Requests for interns must be made in writing by the immediate supervisor along with a job description (scope of work) outlining the expected outcomes and the expected professional growth objectives of the internship. A copy of these documents must be submitted to HR. Once approved by the next level supervisor and the relevant Director, recruitment can begin.

Interns with the appropriate qualifications will be referred to the supervisor by HR. The supervisor then recommends the intern candidate to the PM/National Coordinator or Director for approval.

iii. Scope of Work (Terms of Reference):

- The SOW/TOR discussed and agreed upon by HR in consultation with the respective PM/Director and the intern, outlines the allowed leave time, stipend, responsibilities, duties, and all other conditions of the internship.
- The intern and supervisor should discuss the SOW/TOR before hiring the intern in order to ensure the intern is getting the professional development opportunities that will benefit him/her.
- The intern is not a regular, full-time employee and therefore does not receive regular staff benefits unless otherwise specified in the contract.

iv. Engagement and responsibilities

1. Interns are to be paid an amount of Rs.10,000-15,000/- per month as stipend. In addition interns are allowed a maximum of 5 leaves during their 6 months internship period.

2. Expenses to be paid by TDEA, other than stipend (if any).
3. Working papers, obtainable from the intern's academic institution.
4. The start and end dates of the assignment
5. Duly completed Test/Interview Evaluation forms.
6. The maximum period of internship is 6 month and will require approval from CEO for further extension.

Human Resources will identify, select and engage the intern after receipt of duly filled out and approved PRF in line with requirements (if any) identified by the hiring department. HR will also prepare the contract/internship letter and will send it, with other necessary documents/ forms, to the intern.

v. Process:

- Interns may be hired locally either directly or by arrangements with academic institutions.
- HR will maintain data for internships applications.
- Selection of interns should be based on both program need and the opportunity for professional experience for the intern
- Supervisors desiring to retain an intern should make a written request (PRF) to the CEO.
- Upon approval, the request should be sent to HR for recruitment.
- Competitive hiring procedures should be followed and results sent to HR along with other required documents.
- Interns may not become a regular employee or consultant at the end of internship period other than through formal evaluation and widely competitive process.

Interns will be required to follow all employment rules and regulations as prescribed by the TDEA policies and procedures.

e. Permanent

An appointment shall be 'permanent' if it is so stated in the letter of appointment, subject to the completion of a prescribed probation period and continuity of the work for which the appointment is made.

6.9. Levels of Appointments

Following are the different levels of appointments in accordance with the level of seniority and responsibility.

Categories	Level	Suggested Minimum Education and Experience requirements	Grades of Employment
Senior Management	Chief Executive Officer	Masters relevant field with 16 years' experience, out of which 10 years at senior management level of relevance to Trust programs	G-5
Management	COP/COO/Project Head	Master's or above in relevant field with 12 years' experience, out of which eight years at senior management level of relevance to Trust programs	G-4.75

	Director	Master's degree in relevant field with 10 years' experience, out of which 3 years at senior management level of relevance to Trust programs	G-4.5
	Manager	Master's degree in relevant field with 8 years' experience, out of which 2 years at management level of relevance to Trust programs	G-4
	Assistant Manager/Coordinator	Masters' degree in relevant field with 6 years' experience, out of which 1 year at management level of relevance to Trust programs	3.75
Mid-level Management	Senior Officers	Masters' degree in relevant field with 6 years' experience in relevant field or exceptional performance at TDEA-FAFEN-Secretariat as Program Officer	G-3.5
	Officers	Masters' degree in relevant field with 4 years' experience in relevant field or exceptional performance at TDEA-FAFEN-Secretariat as Junior Officer	G-3
Junior Management	Junior Officers	Masters' degree in relevant field with 2 years' experience or a bachelor's degree with three years' experience in relevant field and/or exceptional performance at FAFEN-Secretariat as Assistant	G-2.5
	Assistants	Fresh Masters in relevant field, or graduation with minimum of 2 years' experience in relevant field	G-2
Support Staff	Drivers, Key Punch Operators, etc.	Matriculation and prerequisite skills, experience, certification, licensing documents, etc. In case of drivers, at least 5 years' experience of driving professionally.	G-1.5
	Chowkidars, Office Cleaners, Gardeners, Office Boys, Custodians, etc.	Ability to read and write and relevant experience.	G-1

6.10. Record of Service

Service record/personal files of all the staff members shall be maintained and updated by the HR Department. **(Personal File Check List-Annex 4)**. The documentation must include:

- I. Application for employment **(Job Application Form Annex- 5A, 5B)**
- II. CV of the employee, supported with all the necessary documentation including copies of educational testimonials, experience certificates, and record of other achievements
- III. Comparative sheet duly signed by all interview panel members **(Comparative Sheet-Annex 6)**.
- IV. Interview Evaluation Form **(Annex 7)**
- V. Duly filled employment form **(Annex -8)**
- VI. Acknowledgement of Policies and Procedures **(Annex -9)**
- VII. Conflict of Interest- Form A& B **(Annex -10 A, 10 B)**
- VIII. Joining Report **(Annex - 11)**
- IX. Designation of Beneficiary Form **(Annex 12)**
- X. Copy of National Identity Card
- XI. Copy of contract/letter of employment duly signed by the staff member
- XII. Record of yearly performance evaluation, promotions, increments, etc. as and when applicable

- XIII. Record of training etc. acquired during period of employment
- XIV. Disciplinary action proceedings along with detail of penalties imposed, if any
- XV. Copy of driving license (for authorized drivers only); and
- XVI. Any other relevant documentation (**New Email ID Form Annex-13**)

Although each personal file will be treated as confidential it will be accessible to the Chief Executive Officer, the HR Focal Person, and the concerned staff member.

7. PROBATIONARY PERIOD

7.1. Purpose

The purpose of the probationary period is to allow time for new employees and TDEA to ensure their expectations on employment and job performance are met.

7.2. Policy

7.2.1.

Unless otherwise stated in the contract of employment, all employees are required to undergo a probationary period of maximum one month.

7.2.2.

If a resigned employee re-joins TDEA in the same unit or in a capacity in which the job nature is similar to his previous position with TDEA, the probationary period may be waived at the discretion of the CEO. However, if an employee re-joins TDEA in a different unit or in a position where the job nature is different from his previous position, a probationary period may be required in order to ensure that the employee is suitable for the job.

7.2.3.

Subject to satisfactory performance, employees will be confirmed after the probationary period as full-time contractual employees of TDEA and eligible for employee benefits as appropriate.

7.2.4.

During the probationary period, the notice period required to terminate employment by either TDEA or the employees may not exceed a week.

7.3. Extension of Probationary Period or Termination of Employment

If the Manager of the Unit considers that the performance or working attitude of a new employee is not satisfactory and a longer period of observation is required, the employee will be requested to undergo an extended probationary period which may not exceed a total of two months since joining. Employees who perform unsatisfactorily or are not suitable for the job may be terminated at any time in accordance with the policy for termination.

It is the responsibility of the relevant Manager to communicate within two days of the joining of the new employee the tasks, deliverables or any output against the post-probation on the basis of which appraisal shall be conducted. At the end of the probation, the Manager will fill out the Post-Probation Appraisal Form with his/her recommendation of appointment, termination or extension of the probationary period.

8. TRANSFER

8.1. Purpose

Internal transfer is encouraged by TDEA as it gives employees opportunities to widen their exposure and pursue development in other streams within TDEA. It also enables TDEA to deploy employees to areas where they can best contribute to and meet the human resources requirement and planning of TDEA.

8.2. Policy

8.2.1.

It is the policy of TDEA to consider internal transfer for existing employees whenever a suitable job opportunity arises. When all attributes are equal, preference will be given to the internal candidates so that employees are provided with opportunities to widen their exposure and further their career development within TDEA.

All employees should have equal opportunities for transfer. It should be non-discriminatory and based on job-related factors. Age, sex, marital status, pregnancy, family status, disability, race, nationality or religion should not be considerations for transfer.

8.2.2.

Employees may be transferred from one post to another or from one Unit to another for career development or operational/structural reasons. Requests for transfer may be made either by relevant Managers or by employees. Transfer should not, however, be used as a means to shift undesirable or problem employees to another Unit. Neither should it be used for internal staff poaching. **(Internal Transfer Request Form-Annex 14)**

8.2.3.

Transfer can only be successful if agreed upon by both the releasing and the recruiting Managers. A waiting period is normally required to enable the releasing Manager to find a replacement.

8.2.4.

In principle, no probationary period is necessary for transfer. Termination notice will be adjusted, if applicable, to the employment conditions of the new position. If a probationary period is deemed necessary and the termination notice differs from that of the previous position, the new termination notice will apply only upon completion of probation.

8.2.5.

As one of the main reasons for transfer is career development, frequent transfer is not encouraged. Employees should remain in their positions for at least one year before any transfer is considered.

8.2.6.

Transfer from one project to another project in similar grade will not, however, require a change in salary or terms in the employment. Neither will it affect the level of fringe benefits an employee is entitled to.

8.2.7.

All transfers are subject to the willingness of the relevant Managers, approval of relevant Directors and the CEO.

8.2.8.

All transfer cases will be documented on Transfer Form and attached in personal file.

8.2.9.

Transfer from one project to another will require the project clearance of the employee being transferred through **Project Clearance Form (Annex-15)**. The form will establish the termination of an employee in terms of his/her assets, workload and all fiscal terms and conditions pertaining to the previous donor.

8.2.10.

Provident fund, gratuity, medical insurance and leave balances of all employees being transferred will continue on the same terms and conditions.

8.2.11.

TDEA will prefer the retention of its existing employees by transferring them to a new project from a project near its completion or from a position near its termination. This will only be allowed if their existing job descriptions and responsibilities match the new positions, and if they meet the required set of expertise. If an employee does not fulfil the required criteria, he/she may be shortlisted for the position as an internal candidate and processed through the defined recruitment process.

8.2.12.

In case of a transfer, employees will be offered new salaries on the basis of their experience, expertise and documented performance at TDEA. However, it will not be binding on TDEA to re-negotiate salaries every time a transfer is made.

9. PROMOTION

9.1. Purpose

TDEA aims to provide career advancement opportunities for employees to develop and utilize their potential whenever possible, while at the same time recognizing their outstanding performance.

9.2. Policy

9.2.1.

It is in the interest of TDEA that employees are encouraged to seek and gain advancement within the organization. Whilst the management reserves the right to appoint the most suitable person to any particular post, whether an internal candidate or external one, it is the TDEA's policy to promote from within the organization whenever and wherever possible.

9.2.2.

The basic factors that may lead to promotion in TDEA include, but are not limited to, the fact that the organization provides equal opportunities, promotes non-discriminatory behaviours and acknowledges performance-based promotion for any job. Selection for promotion should be based on merit with due consideration of the following factors as well:

- Job knowledge and technical know-how;
- Competence and potential;
- Performance and quality of work;
- Academic/professional/technical qualifications;
- Honesty, integrity and commitment to work;
- Working attitude and interpersonal skills; and
- Personal attributes and tact.
- Tenure at TDEA
- Age, sex, marital status, pregnancy, family status, disability, race, nationality or religion should not be considerations for promotion.

9.2.3.

Promotion based on merit provides pathways or potential avenues for employees to aspire for higher grades, so as to maintain a clear and stable career development structure enabling advancement and retention of quality staff.

9.2.4.

Whenever vacancies arise, the relevant Managers should consider the possibility of promoting existing employees from within before recruiting externally.

9.2.5.

Under normal circumstances, Managers may recommend promotion for their employees, if they meet the requirements of and are suitable for the vacant positions.

9.2.6.

Alternatively, employees who fulfil the requirements of and consider themselves suitable for the vacant positions may apply for the positions by responding to internal vacancy announcements.

9.2.7.

Under exceptional circumstances, promotions driven by business/operational needs, individual merit and competency, and/or added responsibilities will be considered on a case-by-case basis. Managers should provide full justifications when making recommendation of the promotion on **Salary Revision Request Form (Annex-16)**.

9.2.8.

To be eligible for promotion to the next higher grade, employees should have demonstrated potential for further development and possess relevant experience, qualifications and attributes prescribed for the position. As a general rule, they should have served in their present job for a minimum of 24 months.

9.2.9.

In general, promotion driven by vacancy is subject to approval of the Managers. In the case of employees reporting directly to the Managers, approval from both the relevant Director and CEO has to be sought. Promotions other than vacancy driven are subject to approval of the Chief Executive Officer.

9.2.10.

Normally, employees will be promoted to positions which are one grade higher than their current ones, and their new job titles have to be in line with TDEA's titles.

9.2.11.

On promotion to a higher grade, employees will normally receive the entry pay of the new grade or a promotional increase which is equitable to other employees of the new grade. They will also be eligible for benefits applicable to the new grade.

9.3. Procedure**9.3.1.**

For promotion recommendation, the Manager should complete and forward a **Salary Revision Request Form (Annex-16)** with full justification to the Human Resources Department. The Form has to be duly approved by the relevant Director.

9.3.2.

The Human Resources Department will review the recommendation and ensure that appropriate approval is granted.

9.3.3.

Upon approval of the promotion, the Human Resources Department will prepare a letter incorporating all changes in terms and conditions of employment and send the letter to the promoted employees. They are required to sign and return a copy of the letter to the Human Resources Department, signifying acceptance of the new terms and conditions.

10. RESIGNATION

10.1. Purpose

This policy sets out the conditions and procedures related to the termination of employment with TDEA. It aims to ensure that TDEA is in line with good employment practices and complies with the statutory requirements.

10.2. Resignation

10.2.1. Notice Period

A contract of employment may be terminated by either party giving notice in writing or payment in lieu as specified in the contract of employment. Unless otherwise specified in the contract of employment, the notice or payment in lieu to be given by either party for termination of employment is as follows:

Grade	Notice Period
CEO, Directors, Chief of Party	One Month
Senior Managers, Managers, Assistant Managers, Coordinators	One Month
Senior Officers, Officers, Junior Officers, Assistants and Support Staff	One month

Employees who fail to fulfil the required notice period will have their final payment deducted in proportion to the period of short notice.

Employees may not extend their notice period to take advantage of rest days or public holidays falling immediately after the expiry of their required notice period. Extended notice is only accepted with valid reasons and the approval of their Line Supervisor/Manager and Head of Human Resources department.

Employees are not allowed to use outstanding compensation leave or annual leave in lieu of notice period without the approval of their Managers and Head of the Human Resources. Similarly, maternity leave cannot be served as notice for termination of employment.

If an employee has applied for annual leave prior to submission of his resignation and the approved leave falls within the notice period, he must obtain re-approval from his Manager.

Any request to waive the whole or part of the termination notice must be provided with justification and recommended by the Manager for the approval of the Chief Executive Officer through the Human Resources Department.

10.2.2. Procedure

10.2.2.1. Submission of Resignation

- An employee who wishes to terminate his employment must submit a letter of resignation or email resignation to the Human Resources Unit with a copy to his Manager. The Manager should endorse the letter/email to signify his acknowledgement of the resignation and send his copy to the Human Resources Unit.

- Upon receipt of the letter of resignation, the Human Resources Unit will acknowledge the resignation in writing and confirm with the employee the last working day and the effective date of his resignation with a copy to his Manager.

10.2.2.2. Return of Company Property

- Upon leaving the service with TDEA, the employee must handover to his Manager or designated officer all accounts, contacts, data, records and documents, whether in paper, or electronic form, related to his/her job.
- On the last working day, the resigning employee is required to return all company property to the Unit Manager, the Administration Unit and/or the Human Resources Unit as appropriate. TDEA reserves the right to deduct from the resigned employee's final payment an amount equivalent to the value of any property which is not returned or is damaged and any amount due to TDEA. The **Employee Exit Form (Annex-8)** will be signed by all relevant officials to issue clearance to the exiting employee that he/she has returned all TDEA property. The determination of monetary value of any damaged property will also be included in the form. The assessment shall be made by the Admin Officer and agreed to by the exiting employee. Human Resources Unit shall transit the Exit Form to the Finance Unit for the processing of outstanding dues of the employee.

10.2.2.3. Exit Interview

The Human Resources Unit may conduct an exit interview with the resigning employee to obtain a better understanding of his needs and to solicit his feedback in TDEA's policies and procedures so as to improve the overall working environment and conditions. (**Exit Interview Form-Annex -17**)

10.2.2.4. Final Payment

- Upon receipt of the complete **Employee Exit Form (Annex-18)**, Finance unit shall process the final payment including basic salary, job related payments or reimbursements, payment in lieu of accrued annual leave, Contributory Provident Fund and any other amount of money due to the employee, if any, within seven days from his effective date of resignation. The payment will be transferred to the bank account of the resigned employee.

10.2.3. Calculation of Salaries

10.2.3.1.

Salary payment in lieu of termination notice (calculated on the basis of calendar days).

$$\frac{\text{Monthly Gross Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Working Day(s) in lieu of Notice}$$

10.2.3.2.

Final salary payment (calculated on the basis of calendar days)

$$\frac{\text{Monthly Gross Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Day(s) Worked}$$

10.2.3.3.

Salary payment in lieu of accrued annual leave or salary deduction for advanced annual leave (calculated on the basis of working days)

$$\frac{\text{Monthly Basic Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Annual Leaves}$$

10.2.4. Reference Letters

Reference/Experience letters and tax deduction certificates will be issued by the Human Resources Unit in collaboration with the Finance Unit to former employees at the time of the clearance of their final dues.

10.2.5. Withdrawal of Resignation

Withdrawal of resignation must be made in writing by employees and approved by their Line Supervisors/Managers. A copy of the approved withdrawal should be sent immediately to the Human Resources Unit in form of email/letter.

10.3. Termination

While the law recognizes an employer's right to terminate the employment of an employee with legitimate reasons, Managers must cautiously exercise the right in order to minimize the adverse impact on other employees, their Units or TDEA.

Unless the subject matter is of a very serious nature where termination of employment is inevitable, Managers are advised to adopt the disciplinary procedures as specified in Section 16.

10.3.1. Approach

If a Manager wishes to terminate the employment of an employee, he/she should consult the Human Resources Unit about the approach to be adopted.

10.3.1.1.

Termination by Notice or Payment in lieu

If an employee's performance is unsatisfactory or not up to the required standard; or his working attitude is poor; or he is found to be unsuitable for the job; or under any other circumstances other than those specified for Summary Dismissal in Clause 10.3, TDEA may lawfully terminate his contract of employment with notice in writing or payment in lieu as specified in the contract of employment.

This is the most common approach to termination of employment by an employer for minor and/or trivial transgressions. **(Termination Request Form Annex -19)**

Approach

10.3.1.2.

10.3.2. Suspension of Employment

If an employee is suspected of a violation that could lead to summary dismissal, TDEA may, during the investigation, suspend his employment for a period not exceeding 14 days. However, where the investigation is of a criminal nature and proper criminal proceedings cannot be concluded within 14 days, the suspension may be extended till the conclusion of the criminal proceedings.

During the period of suspension, the employee will be paid salary as normal and will be given an opportunity to state his case. During the hearing of the case, he/she may be accompanied by a colleague if he so wishes. In exceptional cases, suspension without pay may be warranted but such a decision can only be made by the approval of the Manager and Head of Human Resources Unit.

10.3.3. Prohibition against Termination

The Employment Ordinance imposes the following limitations on termination:

10.3.3.1. *Maternity Protection*

After a female employee's pregnancy has been confirmed by a medical certificate and has served notice of her pregnancy, termination of employment, on grounds other than summary dismissal due to the employee's serious misconduct, is prohibited from the date on which she gives notice of her intention to take maternity leave until the date on which she is due to return to work.

If a pregnant employee is dismissed before she has served notice of pregnancy, she may serve notice immediately after being informed of her dismissal. Under these circumstances, the dismissal or notice of dismissal must be withdrawn.

Where it has been explicitly agreed that the employment is on probation, dismissal during the probationary period is not prohibited. However, the employee cannot be dismissed by reason of her pregnancy.

10.3.3.2. *Sick Leave Protection*

An employer shall not dismiss an employee whilst the employee is on paid sick leave. This restriction does not apply to summary dismissal due to the employee's serious misconduct.

10.3.3.3. *Annual Leave*

When an employee is not taking accrued statutory annual leave, TDEA nor the employee is permitted to terminate employment by giving the other party notice of termination during the period which is being taken as annual leave. This restriction does not apply to annual leave which is in excess of the provisions under the Employment Ordinance.

10.3.3.4. Giving Evidence or Information to the Labour Department

An employer shall not dismiss an employee for giving evidence or information in any proceedings or inquiry in connection with the enforcement of labour legislation, industrial accidents or breach of work safety regulations.

10.3.3.5. Injury at Work

An employer shall not dismiss an injured employee before having entered into an agreement with the employee for his compensation or before the issue of a certificate of assessment.

10.3.4. Procedure

This approach of termination of employment by an employer should only be applied to cases where an employee has committed very serious misconduct or fails to improve himself after the employer's repeated warnings.

Before any dismissal decision is made, the concerned Unit Manager is advised to study all the facts leading to the dismissal and seek advice from the Human Resources Unit in regards to the approach and action to be taken. If dismissal is deemed necessary, the Manager should complete and forward an **Employee Termination Request Form Annex - 19** with reason(s) to the Human Resources Unit. The Manager shall provide substantial evidence in writing to the Human Resources Unit, which must include record of verbal and written warnings issued to the employee over time.

Human Resources Unit will probe the evidence and shall forward the case to the Termination Committee with his/her recommendation. The committee will comprise:

1. The Chief Executive Officer
2. All Directors

The Committee may decide prima facie or may decide to interview the complainant Manager and the employee being considered for termination.

Notwithstanding any provision in **Sections 10.3 and 16** of the TDEA Compendium of Policies and Procedures, the Board has vested powers to terminate the services of any employee in the Chief Executive Officer, who may instruct any procedure as may be described in the policy or any other process that is transparent, accountable and efficient without compromising the right to a due process of an employee for the time being so long as a thorough revision of the relevant policies is not made and approved by the Board.²

² Added Clause in Seventeenth Meeting of Board of Trustees, Resolution No: bot17-10/2014-08

Effective Date: October 22, 2014

11. HOURS OF WORK

11.1. Working Hours

The normal office hours of TDEA are Monday to Friday, between 9:00 a.m. and 5:00 p.m. with half an hour lunch break from 1:00 p.m. to 1:30 p.m. and two tea break of 15 minutes each from 10:30-10:45 and from 3:30 pm to 3:45 p.m. Employees are required to complete minimum of 35 working hours in a week. Any shortfall in daily working hours shall be deducted from their salary on an weekly basis.

TDEA Project Offices can schedule their working hours as per the agreed terms and conditions with respective donors. However, the maximum working hours shall not exceed 40 hours and shall not be less than 35 hours.

11.2. Shift Duties

Employees who are required to work on shift owing to the nature of their duties should refer to their Managers for their shift schedules and should comply with the duty roster. Managers should inform the Human Resources Unit in advance of change of shift of any employee. However, such request will accompany a justification to be approved by the relevant Director.

11.3. Overtime Work

Employees may be required to work additional hours when operational or contingency needs arise. The policy and procedure governing overtime compensation are detailed in Section 13.

11.4. On-call Duties

In exceptional cases, there may be a need for employees to be on-call outside normal working hours to handle operational or contingency matters. If the matters cannot be dealt with over the telephone, TDEA may require the employees to return to the workplace for emergency action. Extra hours worked may be compensated in accordance with the policy and procedure governing overtime compensation as detailed in Section 13.

11.5. Late Arrivals

It is the responsibility of Manager to manage Unit staff time and discipline. The Manager will communicate the late comings to Human Resource Unit. If the concerned Manager fails to communicate late comings to the Human Resource Unit, he/she will be accountable in front of Director/COP/CEO.

11.6. Work from Home/Telecommuting Policy

Telecommuting is the practice of working at home or at a site near home on an agreed-upon, scheduled basis instead of physically traveling to a central workplace. It is a work alternative that TDEA may offer to some employees when an employee has valid reasons to work from home in certain cases and it would benefit both the TDEA and the employee. Telecommuting is an alternative method of meeting the needs of the organization and is not a common employee benefit. An employee employed for working from home is bind to follow

the TDEA Compendium of Policies and Procedures except the waivers provided under this policy for the purpose of regulating working from home mechanism.

Telecommuting or working at home is sometimes allowable and doable within certain job functions. Therefore, working from home should never be taken lightly or be a spur of the moment decision. The decision to work from home must be made with (and approved by) an immediate supervisor. TDEA has the right to refuse to make telecommuting available to an employee and may terminate a telecommuting arrangement at any time for any reason.

Either an employee or a supervisor can suggest telecommuting as a possible work arrangement. Employees who believe telecommuting can enhance their ability to get the job done should complete self-nomination and eligibility forms and make their case to their direct supervisor. Occasional work-at-home arrangements are considered informal arrangements and are approved at the discretion of the CEO on recommendation of the supervisor. Forms can be obtained from the Human Resources Officer.

The decision to approve a telecommuting arrangement will be based on factors such as the following:

- Nature of position and job duties
- Performance history
- Related work skills
- Impact of proposed telework arrangement on the organization
- Appropriateness of telework site

Both the employee's supervisor and the HR Personnel will make the recommendation, and CEO will approve the work from home, the arrangement will be reviewed periodically.

The employee will establish an appropriate work environment within his or her home for work purposes. TDEA will not be responsible for costs associated with initial setup of the employee's home office such as remodeling, furniture or lighting, nor for repairs or modifications to the home office space. Employees will be offered appropriate assistance in setting up a workstation suitable for safe, data-secure, and comfortable work.

The employee's compensation, benefits, work status, work responsibilities, and the amount of time the employee is expected to work per day or per pay period will not change due to participating in the telecommuting program (unless otherwise agreed to in writing).

An employee's at-home work hours will conform to a schedule agreed upon by the employee and his or her supervisor. Changes to this schedule must be reviewed and approved in advance by the employee's supervisor.

Exempt employees will be compensated on a salaried basis for all time worked while telecommuting. Non-exempt employees are required to record all hours worked while telecommuting. Overtime (work in excess of 40 hours per week) is not to be worked unless the employee receives prior written authorization to work overtime from his or her supervisor. Employees who fail to obtain written proper authorization before working overtime will be subject to corrective action, up to and including termination.

12. PUBLIC HOLIDAYS

Employees are granted paid public holidays as gazetted by the Government of Pakistan. These gazetted holidays are inclusive of statutory holidays. Employees working on gazetted holidays shall have a day added to their casual leave balance. Gazetted holidays falling on weekends will be added to employees casual leave balance.

TDEA may announce a workday on a weekend or public holiday during times of work pressure such as General Elections or any other incident as seen fit by the Senior Management. However, all such days will be compensated as leaves or as addition to Casual leave balances.

Similarly, TDEA may announce a holiday off in light of organizational requirements, on account of a special event such as new year's etc.

13. JOB RELATED PAYMENTS & REIMBURSEMENTS

13.1. Purpose

This section sets out the compensation to eligible employees for hours worked in excess of normal working hours as specified by management in the form of compensation leave, or job related payments and reimbursements when granting of compensation leave is not feasible.

13.2. Policy

It is the management's responsibility to ensure that overtime work is only performed when necessary and unavoidable. Regular or perpetual overtime is discouraged and considered inappropriate. Management should review the circumstances leading to regular overtime and should look for other means to improve the situation. Consideration should be given to "shift" or staggered working hours. Prior approval from supervisors of grade 4 or above is required for performance of overtime work with compensation. Overtime work should be compensated by compensation leave whenever situation permits.

13.3. Overtime Compensation

13.3.1. Compensation Leave

Compensation leave is calculated on a one-to-one basis. Eligible employees may apply for compensation leave provided that they work for at least one hour beyond normal working hours and without overtime payment or meal allowance claim. Employees shall be eligible to take as many hours of compensation as they have worked extra. However, Employees shall fill out a **Compensatory Leave Claim Form (Annex-20)** for the extra hours worked and submit to the Human Resources within 48 hours of the work done. All such forms shall be approved by the Manager and relevant director and will specify the need for working extra. Late submissions shall not be entertained.

Human Resources Unit will add the compensatory leave to the employee Casual Leave Balance which has to be used before the 1st of July of the on-going year. The casual leave balance expires at the end of the fiscal year.

13.3.2. Overtime Payment

Eligible employees of Grade 1 and 1.5 may be compensated by overtime payment whenever compensation leave cannot be granted. Eligible employees may apply for overtime payment provided that they work for at least one hour beyond the normal working hours. However, the relevant supervisors shall seek prior approval of payment of overtime for employees in Grade 1 and 1.5. Any ex-post-facto claim shall not be approved.

13.3.3. Meal

Employees who are required to work on off days or beyond working hours for more than six hours shall be entitled to reasonable meal. However, prior information to administration unit should be given by the relevant Unit members. The Administration Unit shall arrange food for all employees who are falling in this category. Employees who do not own a vehicle and are required to work beyond 8:30 p.m. shall be entitled to either taxi fare to their home or home

drop by the official vehicle. However, the reimbursement will be subject to the **Late Sitting Claim Form (Annex-21)** duly approved by the relevant Manager.

14. SALARY AND FRINGE BENEFITS POLICY

14.1. Purpose

TDEA aims to provide employment which offers fair and equitable remuneration in relation to responsibility and performance. The salary policy of TDEA is designed to attract, motivate and retain a high-calibre workforce.

This policy sets out the guidelines for salary administration in TDEA. It should be noted that while the Human Resources Unit formulates the salary policy and oversees the salary administration, it is primarily the responsibility of Directors/Managers to execute the policy in accordance with the principles set out.

14.2. Principles

TDEA salary policy is governed by the following principles:

14.2.1. External Competitiveness

TDEA aims to pay salaries which are competitive in the market for similar jobs. Consideration is given to the market pay levels, pay trend and supply and demand in the labour market.

14.2.2. Internal Equity

All jobs are categorized into job grades with reference to the job contents and job sizes. The same salary range should apply to individuals of the same job grade.

14.2.3. Individual Profile

Salary should commensurate with the individual employee's qualifications and experience.

14.2.4. Performance

Results achieved and personal efforts are prime factors in determining the salary progression of individual employees.

14.2.5. Cost Efficiency

TDEA aims to achieve these principles at a reasonable cost and within budget.

14.2.6. Minimum Wage

TDEA shall not pay any employee a salary that is below the minimum wage determined by the Government of Pakistan.

14.3. Salary for new Recruits

The salary ranges to new recruits have been approved by the TDEA Board of Trustees. Any negotiation shall be confined in line with the approved ranges.

The ranges are reviewed after every three years keeping in view the cumulative inflation and market competition.

The salary-break down for every employee includes:

Category	Percentage
Basic Salary (BS)	A
House Rent (HR)	$45\% \times A/100$
Transportation (TP)	$10\% \times A/100$
Utilities (U)	$12\% \times A/100$
Total	$BS+HR+TP + U$

14.4. Salary on Transfer and Redeployment

Employees transferring between divisions/departments on the same grade or to a different professional business stream without taking up a higher level of responsibility will not receive a salary increase.

14.5. Salary on Promotion

On promotion to a higher grade, a promotional increase which is equitable to other employees of the new grade, or a salary progression scheme will be worked out by their Manager and the Human Resources Unit.

14.6. Salary for Temporary Appointments

The salaries to be offered for temporary appointments such as student trainees, temporary assistants, part-time employees or seconders, do not fit into the salary structure for permanent employees. Their salaries will be determined by taking into consideration the prevailing market rates and cost-planning of TDEA.

14.7. Cost of Living Allowance (COLA)³

On first of July every year, TDEA may give COLA which may be equivalent to the inflation rate as determined by the Government of Pakistan for the outgoing fiscal year but not more than 7 percent of the Basic Salary to all employees who have completed one year of service with the organization. Cost of Living Allowance (COLA) shall not be part of the salary and shall be treated as a separate allowance.

14.8. Annual Salary Increments⁴

The annual salary increments may be given to employees of TDEA and its projects, who have completed one year of employment on June 30 of a fiscal year. Annual Increments shall not exceed more than 10 percent of the Basic Salary of any employee and shall be approved by the Chief Executive Officer.

14.9. Confidentiality of Salary Information

Salary information of all employees is strictly confidential. Only the individual employee, the concerned Manager or the designated officer and employees who process salary and benefit administration will have access to the employee's salary information. However, the salary information of all staff in Grade 4.5 and above shall be posted on TDEA or its affiliated websites along with their annual income and wealth tax returns as part of the institutional transparency. Other staff may choose to be part of this initiative.

³ **Repealed Clause:** On first of July every year, TDEA shall increase the salary of all employees who have completed one year of service with the organization by a maximum of 10 percent or equivalent to the inflation rate as determined by the Government of Pakistan for the outgoing fiscal year, whichever is lower. Cost of Living Allowance (COLA) will be calculated on the basis of the basic salary but will be added as an allowance to the gross salary.

For all long-term employees (employees who have a contract of more than one year) but have not completed one year on July 01, COLA will be granted on a pro-rata basis according to the following formula:

Inflation Rate or 10% (whichever is lower)/12 Months X Months of Service

If an employee's salary has been increased owing to a promotion or increment during the last fiscal year, COLA will be granted on a pro-rata basis from the day after the date of the increase in salary.

Effective Date: July 01, 2014

⁴ **Repealed Clause:** The Annual salary increments are applicable only for 'Permanent' and 'Contract' employees, who either have contracts of more than one year or continue their employment upon expiry of yearly contract without break, and without any significant change in responsibilities. Salaries of other staff will be reviewed/re-negotiated at the time of renewal of contract based on performance appraisal.

Following are the eligibility criteria's for the increments based on performance appraisals:

Eligibility Criteria 1: Tenure with TDEA should be 6 Months as on end of fiscal year

Eligibility Criteria 2: There is no promotion in the current year

Eligibility Criteria 3: There is no substantive salary raise in the last fiscal year

Eligibility Criteria 4: Employment is long-term

Effective Date: July 01, 2014

14.10. Fringe Benefits

TDEA offers its employees recruited for at least one year the following fringe benefits:

14.10.1. Contributory Provident Fund

The Trust/FAFEN provides Contributory Provident Fund (CPF) scheme to its permanent and contract staff members; CPF can only be withdrawn at the end of employment after deduction of any out-standing dues. The Trust/FAFEN and a staff member will make equal contributions to CPF at the end of each month; contribution from each party will be equivalent to 4.17% of basic monthly salary (both contributions shall add up to one salary per year). The contributions of staff members will be deducted from monthly salaries with their consent. **(CPF Form Annex-22)**

The Management shall form a Provident Fund Committee that shall be responsible for the management of the Fund. The composition, tenure and functions of the Committee are defined in the Provident Fund Deed and Rules registered with Joint Sub-Registrar Islamabad attached as **Annex 18-D.**

14.10.2. Long-Term Disability Benefits

The Trust shall ensure that long-term disability benefits are available to its permanent and contract employees as part their life and accidental insurance plan. However, such arrangement shall be made when the funds are available.

14.10.3. Gratuity Fund

TDEA will establish a Gratuity Fund for the benefit of its Permanent and Contractual employees. The fund will be titled "Trust for Democratic Education and Accountability Gratuity Fund". The Gratuity Fund will be managed in line with the Gratuity Fund Deed and Rules attached as **Annex-18-F.**

A) Eligibility

All Permanent and Contract staff who has completed a continued service of minimum period of 6 months will be entitled for Gratuity Fund.

Separate Bank Account

The Trust shall maintain a Savings Bank Account to manage its Gratuity Fund. The Gratuity Fund bank account shall be operated by Joint Signatories duly authorized by the Board of Trustees. The Bank account shall be operated by three persons from amongst a panel of seven persons to be authorized by the Board of Trustees. All cheques of the value of Rs.25,000 or above shall be signed by at least one of the authorized members from each panel. All cheques of the value of Rs.24,999 or less shall be signed by at least one of the authorized members from Panel 2 and Panel 3.

Panel-1	Panel-2	Panel-3
Nominated BoT Member -1	TDEA-CEO	TDEA-Director Operations
Nominated BoT Member -2	TDEA-Manager Finance	TDEA-Nominated Manager
Nominated BoT Member -3		

14.10.4. Health Insurance

The Trust/FAFEN shall provide health insurance to Permanent and Contract staff from the very first date of their joining. TDEA/FAFEN insurance policy also covers the dependents of employee including spouse, children and children (legally adopted) to be referred to as eligible family members in document.

Hospitalization (IPD):

Hospitalization insurance up to a certain prescribed limit as provided in the Insurance Letter is provided to all regular full time staff (Long Term) Employees or any other employee who is eligible for benefits as written on his/her contract. Its terms and conditions are available with Human Resources department in form of Insurance Policy provided by Insurance Company for year. Insurance company may vary from time to time and will be notified by Human Resources department to all employees if any change in policy occurs.

In situation where employee wants to avail medical facility from Non-Panel Hospital and prior payment by the employee may result in hardship or delay of essential treatment, TDEA may make payment directly to an approved medical centre, registered medical practitioner or other competent authority, provided appropriate documentation along with **TDEA Medical Treatment Payment Form (Annex-23)** setting out the need for treatment and the cost is provided earlier. Employees found to be misusing the facility will be subject to disciplinary action. Employee availing this facility will fill the Medical Treatment Advance Payment form (available with Human Resources department) and will submit to Human Resources after got signed from Director Finance for budget availability and CEO for final approval. Finance will pay inform of Cross cheque in favour of concerned Medical centre or Hospital etc.

OPD Facility

For OPD facility the eligibility of employee is same as mentioned in hospitalization above. Out-patient medical treatment expenses incurred during that calendar year will be included. The OPD allowance for all eligible employees will be announced every year by Human Resources Department.

Employees who joined TDEA later in the year or leave the organization after receiving outpatient expense allowance, will be provided/reimbursed this allowance facility on prorated basis during that year up to their contract tenure or Insurance Policy tenure whichever comes first. Outpatient expenses of employees or their families that exceed OPD allowance amount limit (20,000/-) during that calendar year will not be a liability of TDEA in any case.

Medical Claim Processing:

Human Resources department will be the processing unit for all medical claims regardless of nature of claim whether IPD (Non-Panel) or OPD. It's up to employee for which ever option of hospital (panel or Non panel) he/she goes for. For claims of non-panel hospital, employee should submit all medical bills, lab investigations, discharge slip, doctor's prescriptions, and reports or any other relevant document needed for processing of claim to Human Resources HR focal person for insurance so that complete documentation could be sent to insurance company. Employee will have to submit all claims at earliest convenience to Human Resources department to avoid any problem or objection from Health Insurance Company later on.

Life Insurance

As a policy, the Trust/FAFEN supports insurance coverage for the Permanent and Contract staff under a Group Insurance scheme. Subject to the availability of adequate funds, the insurance coverage shall be provided in consultation with the staff and with the approval of the Board of Trustees.

14.10.5. Bonus

All employees of Grade 1 and 1.5 shall be given at least one bonus equivalent to at least one month of their last drawn basic salary, subject to the availability of funds. Such bonus may be given to the employees before religious festivals. The Board of Trustees may allow bonus to other staff of the Trust on the recommendation of the Chairperson of the Trust, but such bonus shall only be subject to the availability of funds.

14.10.6. Advance Salary

Salary advances will only be made in exceptional circumstances. A confirmed staff member can request for maximum up to two months' salary in advance, by making a written request along with two guarantees of office colleagues of at least a grade higher and/or members of Loan Approval Committee. All such requests shall be approved by the Chief Executive Officer. A confirmed staff member can request for maximum up to two months' salary in advance, by making a written request on prescribed form as attached in Annex 23 along with two guarantees of office colleagues of at least a grade higher. All loans shall be recovered in equal instalments or within the contractual year of the employee, whichever is applicable.

(Salary Advance Form Annex 24)

15. LEAVE

15.1. Policy

The objectives of providing leave benefits by TDEA are to release its employees from the pressure of work and to provide them time-off under circumstances such as sickness, marriage and pregnancy. The leave benefits set out in this section is applicable to full-time permanent employees. Application for leave is subject to the approval of TDEA and must be supported by relevant documents proving the eligibility of the employee to the satisfaction of TDEA.

Details of the leave policy are set out in the following paragraphs. The policy shall be subject to change from time to time at the discretion of the TDEA Board of Trustees.

15.2. Annual Earned Leave

15.2.1. Entitlement⁵

An employee earns 0.083 day for every working day; 1.83 days for every 22 working days and 22 days for 264 working days, calculated on pro-rata basis.

However, employees having at least a yearlong contract may avail annual earned leaves in advance subject to the approval of the CEO. If such an employee resigns or is terminated before the completion of his contract, salary deduction in lieu of advanced annual leave is calculated on the basis of working days in accordance with the following formula:

$$\frac{\text{Monthly Basic Pay}}{22} \times \text{Number of Annual Leaves}$$

All earned leave shall be approved in advance by line supervisor, relevant director and the CEO.

⁵ **Repealed Clause: 15.2.1.Entitlement:** An employee earns 0.083 day for every working day; 1.83 days for every 22 working days and 22 days for 264 working days, calculated on pro-rata basis.

However, employees having at least a year-long contract may avail annual earned leaves in advance subject to the approval of the CEO. If such an employee resigns or is terminated before the completion of his contract, salary deduction in lieu of advanced annual leave is calculated on the basis of working days in accordance with the following formula:

$$\frac{\text{Monthly Basic Pay}}{22} \times \text{Number of Annual Leaves}$$

Effective Date: October 22, 2014

15.2.2. Duration of Leave⁶

Employees may take their earned annual leave for as many days as they want but advance approval from line supervisor, relevant director and the CEO is required.

15.2.3. Accumulation or Encashment of Earned Leave⁷

Employees are only eligible for Annual Leaves upon successful completion of their probation period.

15.2.3.1. Accumulation of Earned Leave

The maximum annual leave employees (having at least a yearlong contract) can carry forward to the following year will be their one year's entitlement. Leave balance carried forward will be forfeited if it is still not taken by the end of the following year.

6 Repealed Clause: 15.2.1. Duration of Leave

Employees must take their annual leave for a minimum of five consecutive days, including weekends and public holidays, at one time and the remaining days either consecutively or separately at other times. Supervisors should ensure that their subordinates take leave in this manner. Nevertheless, annual leave shall be taken at such time(s) as approved by Managers.

If an employee is sick during the approved period of annual leave, the sick days will be counted as part of the annual leave.

To help arrange work schedules, at the beginning of the year, an employee is requested to input his provisional annual leave schedule. The annual leave planner will be available for viewing by Line Supervisor, approving Manager and Human Resources Unit. Annual leave should be taken according to the leave planner as far as practicable.

Under following situations an employees may take their Annual Leave for less than 5 days:

1. Family Emergency such as Death, Accident or Illness of Immediate Family Member/Blood Relation
2. Education Leave (Refer to Section 15.5)

Effective Date: October 22, 2014

7 Repealed Clause: 15.2.3, Accumulation or Encashment of Earned Leave: Employees are only eligible for Annual leaves upon successful completion of their probation period. The maximum annual leave employees can carry forward to the following year will be their one year's entitlement. Leave balance carried forward will be forfeited if it is still not taken by the end of the following year.

Alternatively, employees can acquire encashment in lieu of their unused earned leaves at the end of fiscal year, at the end of contract or at the time of exit on the basis of basic salary. However, the encashment shall not be more than one year's entitlement i.e. 22 days. In case of encashment, all earned leaves stand lapsed.

Notwithstanding the above, employees should be encouraged to clear their annual leave as far as possible during the year. Accumulation of annual leave should be due to work-related reasons such as:

- The employee is required to work on a major or special project with a deadline to meet and cannot be released.
- The superior(s), subordinate(s) of the employee or several employees within the same Unit are on leave or absent from the office for a long period and the presence of the employee is required in the office.
- The workload at the Unit is particularly heavy which makes the employee indispensable.

Effective Date: October 22, 2014

15.2.3.2. Encashment of Earned Leave

Employees having at least a yearlong contract up to Grade 2.0 can acquire encashment in lieu of their unused earned leaves at the end of fiscal year, at the end of contract or at the time of exit on the basis of basic salary. However, the encashment shall not be more than one year's entitlement i.e. 22 days. In case of encashment, all earned leaves stand lapsed. **(Leave Encashment Form-Annex 25)**

Notwithstanding the above, employees should be encouraged to clear their annual leave as far as possible during the year.

15.2.3.3. Condition for Accumulation or Encashment of Earned Leave

Accumulation of annual leave should be due to work-related reasons such as:

- The employee is required to work on a major or special project with a deadline to meet and cannot be released.
- The superior(s), subordinate(s) of the employee or several employees within the same Unit are on leave or absent from the office for a long period and the presence of the employee is required in the office.
- The workload at the Unit is particularly heavy which makes the employee indispensable.

15.2.4. Leave Balance upon Termination of Employment⁸

Employees, upon submitting their resignation letters, are not allowed to use their outstanding annual leave in lieu of termination notice. An employee shall not be allowed to serve his resignation notice during his/her annual leave. If an employee terminates his employment with TDEA before the completion his contract, s/he shall not be paid salary in lieu of any accrued annual leave.

If an employee terminates his employment and has availed his/her annual leaves in advance, he is required to compensate TDEA for any advance leave taken in excess of his annual entitlement, calculated in accordance with the following formula.

⁸**Repealed Clause: 15.2.4. Leave Balance upon Termination of Employment**

Employees, upon submitting their resignation letters, are not allowed to use their outstanding annual leave in lieu of termination notice unless approval is obtained from their managers in charge of the department and duly approved by the relevant Director and Chief Executive Officer.

If an employee has applied for annual leave prior to submission of his/her resignation letter and the approved leave falls within the period of termination notice, he must re-obtain approval from his Manager in charge of the department or above before taking leave.

If an employee terminates his employment with TDEA after completion of at least three months' service, he will be paid salary in lieu of any accrued annual leave. Calculation of salary payment in lieu is as follows:

$$\frac{\text{Monthly Basic Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Annual Leaves}$$

If an employee terminates his employment and has availed his/her annual leaves in advance, he is required to compensate TDEA for any advance leave taken in excess of his annual entitlement, calculated in accordance with the above formula.

Effective Date: October 22, 2014

$$\frac{\text{Monthly Basic Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Annual Leaves}$$

15.3. Casual Leaves⁹

An employee having a contract of at least one year can avail 10 casual leaves during the year. However, following rules shall apply on the use of casual leaves:

- a. More than three casual leaves at a time shall not be granted.
- b. A maximum of three casual leaves can be availed in a month. An extra leave shall be marked as absent and equivalent salary shall be deducted.
- c. Employees are responsible to communicate to the designated Human Resource person and their Manager/Line Supervisor in case they are taking a casual leave. **Leave Application Form (Annex-26)** duly approved by the line supervisor/Manager shall be submitted to the Human Resources Department before the 25th of every month, failing which an absent shall be marked and equivalent salary deducted.
- d. There is no sandwich rule on Casual leaves. i.e leaves taken on Friday and Monday will be counted as 2 Casual Leaves.

15.4. Sick Leave¹⁰

In cases of major sickness, a maximum of fifteen working days' fully paid Sick Leave is allowed in a year to employees having a contract of at least one year. In case of prolonged sickness, any extension to this quota of Sick Leave may be allowed by Chief Executive Officer, which may not exceed fifteen additional days' sick leave with full pay. In case of the sickness continues, the Chief Executive Officer may also allow a maximum of three-month leave with full basic salary, subject to availability of resources.

⁹ **Repealed Clause: 15.2.3. Casual Leave**

An employee having a contract of at least one year can avail 10 casual leaves during the year. However, following rules shall apply on the use of casual leaves:

- a. More than three casual leaves at a time shall not be granted.
- b. A maximum of three casual leaves can be availed in a month. An extra leave shall be marked as absent and equivalent salary shall be deducted.
- c. Casual leaves sandwiching a weekend are not allowed.
- d. Employees are responsible to communicate to the designated Human Resource person and their Manager/Line Supervisor in case they are taking a casual leave. **Leave Application Form** duly approved by the line supervisor/Manager shall be submitted to the Human Resources Department before the 21st of every month, failing which an absent shall be marked and equivalent salary deducted.

Effective Date: October 22, 2014

¹⁰ **Repealed Clause: 15.4. Sick Leave** In cases of major sickness, a maximum of fifteen working days' fully paid Sick Leave is allowed in a year to employees having a contract of at least one year. Any extension to this quota of Sick Leave shall be allowed under very special circumstances and with approval of the relevant Director or Chief Executive Officer. A maximum of fifteen additional days' sick leave with full pay may be allowed. If the illness extends beyond this period, a maximum of three month leave with full basic salary may be granted, subject to availability of resources.

The Trust may continue the employment of the concerned staff if the illness continued beyond three months without any salary. However, the Trust will continue the payment of premium towards medical insurance of the concerned employee, if applicable, for a maximum of one year. The Trust/FAFEN may extend possible assistance in terms of long term disability benefits, if applicable, subject to the availability of resources.

Effective Date: October 22, 2014

The Trust may continue the employment of the concerned staff if the illness continued beyond three months without any salary. However, the Trust will continue the payment of premium towards medical insurance of the concerned employee, if applicable, for a maximum of one year. The Trust/FAFEN may extend possible assistance in terms of long term disability benefits, if applicable, subject to the availability of resources.

15.5. Education/Examination Leave

15.5.1. Eligibility

Employees who have completed one year of service with TDEA can avail their annual earned leave for less than five days for either preparation or appearing in an examination upon submission of adequate evidence to the effect as required by the Human Resources Unit. The leave shall be approved by the Manager.

15.6. Maternity Leave

15.6.1. Eligibility

Paid maternity leave will be granted to female employees who

- a. Have completed one year of service with TDEA immediately before the commencement of maternity leave;
- b. Have properly given notice of pregnancy to their Managers;
- c. Have produced a medical certificate issued by a registered medical practitioner specifying the expected date of confinement; and
- d. Have expressed the intention to continue their job with TDEA after the maternity leave. Staff members not intending to return are entitled to 6 weeks Maternity Leave with full gross pay.

15.6.2. Entitlement

Paid maternity leave should be a maximum period of three months:

- a. With the agreement of her Manager, a female pregnant employee may decide to commence her maternity leave from two to four weeks before the expected date of confinement. The employee should, as soon as possible, reach a mutual agreement with her Manager on the commencement date of her leave so that appropriate work arrangement during her absence can be made in advance;
- b. If the employee does not decide on the date, or the date is not agreed between the employee and her Manager, the employee shall commence her maternity leave four weeks before the expected date of confinement;
- c. Apart from the three months paid leave, if confinement occurs later than the expected date of confinement, the employee may apply annual leave or unpaid leave for a further period equal to the number of days from the day after the expected date of confinement to the actual date of confinement. In addition, the employee may apply unpaid leave for a further period of not more than four weeks on grounds of illness or disability due to the pregnancy or confinement.

15.6.3. Procedure

Application for maternity leave must be made as soon as the expected date of confinement is known but not later than 12 weeks prior to the expected date of confinement. The employee must produce a medical certificate issued by a registered medical practitioner, specifying the expected date of confinement. A copy of the birth certificate must be submitted to the Human Resources Unit upon resumption of duty for enrolment for employee benefits.

15.6.4. Breastfeeding Breaks

Breastfeeding mothers are entitled to 2 half-hour Breastfeeding Breaks daily until the baby is 1 year old and 1 half-hour break until the baby is two-years old.

15.6.5. Childcare

The Trust/FAFEN will provide an adequately equipped Childcare facility until the baby is two-years old. If an employee is availing the day-care facility, she will not be eligible for breastfeeding breaks. The facility shall be availed as per the guidelines developed by and available with the Human Resources.

15.6.6. Prohibition of Harmful Work

TDEA will ensure that a pregnant employee shall not be exposed to any work that is injurious to pregnancy.

15.7. Paternity Leave

A male employee who is the expectant father or father to a new born child will be granted a maximum of five working days' paid paternity leave subject to the following criteria:

- The male employee has completed one year of service with TDEA immediately before the expected date of birth of the child.
- Application for paternity leave must be supported by documents proving the eligibility of the employee to the satisfaction of TDEA. The supporting documents include a medical certificate issued by a registered medical practitioner specifying the expected date of birth of the child, a medical certificate issued by a registered medical practitioner specifying the date of birth of the child if so required by TDEA and a copy of the birth certificate of the child showing that the employee is the father of the child.
- The period within which paternity leave must be taken is one month immediately before the expected date of birth of the child up to one month immediately following the birth of the child. Leave can be taken in one single block or in blocks of day or days during the eligible period.

For the avoidance of doubt, an employee who has submitted notice of resignation is not eligible to apply for paternity leave. If an employee's application for paternity leave has been approved prior to his submission of notice of resignation and the approved leave falls within his notice period, the approved leave will be subject to cancellation.

15.8. Unpaid Leave

Employees are not encouraged to apply for no pay leave unless they have valid reasons. In addition, unpaid leave will only be granted provided that there is sufficient human resources

in their Division/Departments during their absence and approval is obtained from their supervisors of grade 4 or above. However, if unpaid leave exceeds 14 consecutive days, including rest days and public holidays, further approval from their Head of Department is required.

Unpaid leave taken will result in a salary deduction, calculated on the basis of working days, in accordance with the following formula:

$$\frac{\text{Monthly Gross Pay}}{\text{Number of Working Days in Month}} \times \text{Number of Day(s) Unpaid}$$

15.9. Leave Balance upon Transfer between Projects

Any employee who is assigned from one project to another will have all their leaves continued on the basis of their confirmed employment with TDEA.

16. DISCIPLINARY PROCESS

All TDEA employees are required to observe high standards of performance, discipline, norms and customs of service, and behaviour appropriate to their employment. All staff members shall observe and abide all lawful orders and directions issued by the respective line supervisors. Staff members will never violate the fundamental principles of good human conduct, and the dignity of beneficiaries. At all times information, publicity and advertising activities shall recognize the TDEA beneficiaries as dignified human beings, not hopeless objects deserving alms. Any breach of the expected code of conduct will result in a written warning to the employee by the relevant Manager or the Human Resources Unit.

The following table details the acts of misconduct and penalties. All referrals by HR and terminations, will, however, be approved by the Internal Disciplinary Committee within five days. The Internal Disciplinary Committee will comprise the following:

1. IDC head of grade 4 or above to be nominated by CEO
2. Any Director to be nominated by CEO
3. Senior most female staff member or
4. One female member to be nominated by female employees
5. One HR Representative

The IDC shall meet every second Monday of the month and review the disciplinary report furnished by the Human Resources Unit. The report will comprise details of all warnings issued and list of all warnings that need to be decided by the IDC.

Sr. #	Act of Misconduct	Issuing Authority	Evidence	First Instance	Second Instance	Third Instance	Fourth Instance
Category 1							
1	Habitual Tardiness	HR	Attendance Record, Working Hours, Leave Records	If there are more than 5 late arrivals in a month, per day basic salary will be deducted for every additional late arrival			
2	Not completing required working hours	HR	Attendance Record, Working Hours, Leave Records	Deduction of Gross Salary of Short Hours calculated on Weekly basis			
3	Repeatedly leaving job or work area during the office timings without informing or taking authorization from concerned official or taking short leave	HR	Working Hours, Leave Records	Verbal Warning	Written Warning	Written Warning	Termination
4	Habitual absence without leave or absence from duty	HR	Working Hours, Leave Records	Written warning	Termination		

	without approved leave for more than 5 days						
5	Misuse of staff members and/or office resources including utilizing to carry out personal work without official consent	HR	Eyewitness'	Written Warning	Deduction of equivalent amount spent by an employee from the salary	Deduction of twice the amount spent by an employee from the salary	Deduction of thrice the amount spent by an employee from the salary
6	Intentional faulty complaints	HR	Evidence	Written Warning	Written Warning	Termination	

Category 2							
7	Conviction by a court of law for any criminal offence or offenses of turpitude	HR after finding records of conviction	Conviction Record	Termination			
8	Smoking in the enclosed premises of the Trust	HR after verifying the complaint	Eyewitness' Account	Deduction of Rs. 1,000 from salary on advice of Human Resources Unit	Deduction of Rs. 5,000 from salary on advice of Human Resources Unit	Deduction of Rs. 10,000 from salary on advice of Human Resources Unit	Deduction of Rs. 25,000 from salary on advice of Human Resources Unit
9	Reporting for work or being on duty with intoxication	HR after verifying the complaint	Eyewitness' Account	Written Warning	Termination		
10	Gambling or promoting gambling in the office	HR after verifying the complaint	Eyewitness' Account	Termination			
11	Wrangling/brawling	HR after verifying the complaint	Eyewitness' Account	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
12	Deliberate falsification of the Trust/FAFEN records	HR after verifying the complaint	Evidence of Falsification	Termination with withholding of gratuity			
13	Giving wrong information about personal particulars and previous service(s)	HR after verifying the complaint	Evidence of Falsification	Termination with withholding of gratuity with possibility of legal proceedings			
14	Undertaking private paid work of any nature without taking prior approval	HR after verifying the complaint	Evidence of Paid Work	Written Warning	Termination		
15	Taking or giving of bribes or any illegal gratification	HR after verifying the complaint	Evidence of Bribe	Termination			
16	Unauthorized media appearance	HR after verifying the	Evidence of Representation	Written Warning by	Written Warning	Written Warning	Termination

	or statements, or approaching any business firm, Government or private organization, without following the procedures set by the organization or obtaining necessary approvals	complaint		Manager notified to Human Resources Unit			
17	Taking or accepting any gift or award from any individual or institution whatsoever, in connection with the official work, without prior approval of authority; or accepting hospitality while working outside the office beyond cultural norms of the area, which may place an unreasonable burden on the host or expose the staff member(s) and/or the Trust/FAFEN to future liabilities	HR after verifying the complaint	Evidence	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
18	Deliberately giving confidential or restricted information to unauthorized person(s);	HR after verifying the complaint	Evidence	Termination			
19	Misuse of office premises/equipment and facilities or personal use out of the limits set by the organization or without prior approval from the Administration Officer	HR after verifying the complaint by Admin Officer or Network Administrator	Evidence	Written Warning	Written Warning	Termination	
20	Watching restricted content such as pornographic materials on office computers	HR after verifying the Complaint by Network Administrator	Evidence	Written Warning	Termination		
21	Malicious/wilful damage or destruction of TDEA property	HR on after verifying Complaint to be submitted by Admin Officer	Written Affidavit by Admin Officer of the damage, estimation of damage and eyewitness' account	Deduction of amount equivalent to damage as determined by the Admin Officer and	Deduction of twice the amount equivalent to damage as determined by the Admin	Termination	

				Written warning	Officer and Written warning		
22	Theft, fraud or dishonesty in connection with TDEA funds or property/valuables of other colleagues;	HR on Complaint by Admin Officer, Internal Auditor	Written Affidavit by Admin Officer/internal auditor of the damage , estimation of damage and eyewitness account	Termination with withholding of gratuity			
Category 3							
23	Work output is not in accordance with the standard set in the work-plan and job description	Relevant Manager	Manager's Correspondence with Employee	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
24	Excessive defective work due to staff members own errors;	Relevant Manager	Manager's Correspondence with Employee	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
25	Gross/wilful insubordination or disobedience, misbehaviour to any lawful and reasonable instructions by Manager	Relevant Manager	Manager's Correspondence with Employee and eye witness account	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
26	Gross misbehaviour with immediate subordinate	Relevant Manager on the complaint of subordinate	Eyewitness Account	Written Warning by Manager notified to Human Resources Unit	Written Warning	Written Warning	Termination
Category 4							
27	Harassment of all kinds, especially sexual harassment of all types as per organizational policy;	Sexual Harassment Committee		Termination with withholding of gratuity			

Complaints Procedure

Category of Misconduct	First Warning			Second Warning	Third Warning	Termination	Enquiry procedure
1	HR Fills out the form and furnishes the evidence	Warning 1 Issued		Same procedure as Step 1	Same procedure as Step 1	IDC to Approve Termination on Fourth Instance	IDC is not an investigation body. Its mandate is to only verify that the
2 and 3	HR receives	HR verifies	Warning Issued	Same procedure	Same procedure	IDC to Approve	

	the complaints	the evidence				e as Step 1	e as Step 1	Termination on Fourth Instance	misconduct has been committed and penalize according to the defined procedure. Any referral to the IDC shall be by the Friday of the week it meets.
		HR rejects the evidence	Complainant Informed and in case complaint found to be intentional and frivolous, complainant issued warning 1			Same procedure as Step 1	Same procedure as Step 1	IDC to Approve Termination on Fourth Instance	
		HR forwards the evidence to IDC	IDC takes up the evidence at its fortnightly meeting	IDC verifies the evidence	Warning Issued	Same procedure as Step 1	Same procedure as Step 1	IDC to Approve Termination on Fourth Instance	
				IDC rejects the evidence	Complainant Informed and in case complaint found to be intentional and frivolous, complainant issued warning 1	Same procedure as Step 1	Same procedure as Step 1	IDC to Approve Termination on Fourth Instance	
4	HR or complainant forwards complaint to sexual harassment committee								

17. PERFORMANCE MANAGEMENT & DEVELOPMENT

17.1. Performance Management Process

Performance Management is a systematic approach to maximize both individual and organizational performance. TDEA defines performance as a combination of outputs (against defined tasks and terms of references) plus competencies (defined in two categories, employment competencies and leadership competencies).

17.2. Ranking Scale

TDEA ranks performance on the basis of established expectations and measures them on a scale from 1 to 3 as follows:

Factor/Task or Competency			
1	2	3	Evidence
Below Expectations	Meets Expectations	Above Expectations	Provide evidence or quote critical incident if ranking is 1 or 3

If a task or competency is rated 2 (by self or supervisor, in both cases), it means that the employee has performed exactly as expected. It is up to the supervisor to monitor on regular basis and identify good performers as well as under performers, both of whom can be verified by substantial evidence.

17.3. Task-Based Performance Appraisals

TDEA Task-Based Performance Form tracks and assesses the work done against the Terms of Reference (TORs) in an employee's job description. The form has the following components:

I. Terms of Reference

Derived primarily from the designated job description, this section assesses how well the employee met his/her expected objectives. It is important to include the work done out of the job description as well, so that an accurate status of the employee's performance and skill set can be determined. The TORs and associated tasks performed against them are mutually agreed upon between the line supervisor and the subordinate.

TORs are compulsory for assessment, given the fact that at times TORs do not accurately define tasks for a post, and in certain cases additional tasks are assigned to a particular employee while the job description remains unchanged. Under such a scenario, it is important that a prior agreement is reached between the employee and the line supervisor. As soon as conditions permit, the TORs should be amended if the change is of permanent nature.

II. Work Done against TOR (Tasks)

Tasks performed against every TOR, while being comprehensive, should be in a summarized form. Identical tasks should be combined but identified clearly and reported accordingly. Extreme care is required in combining the tasks as tasks should be clearly identified as predecessor and subordinate task.

Supervisors are authorized to add a task against a TOR and can point to the employee if the task is not included in the performance appraisals.

III) Means of Verification (MOV)

MOVs (Means of Verifications), where provided, should be precise but comprehensive for an employee to be assessed fairly.

MOVs should ideally be a log or a system of tracking the task, which can be verified by Supervisor, Auditor or Human Resources. The Human Resources Unit can verify an MOV and if it cannot be furnished, it should be reported to the supervisor and an overall deduction of two marks will be made from the employee's overall score.

IV) Misreporting and Disagreements

List of TORs, tasks and MOVs should be mutually agreed upon between the supervisor and the subordinate prior to start of new evaluation period. Any additional tasks should be agreed upon as and when required. If there is a redundant task, it should be notified immediately and appropriate changes to TORs should be communicated to Human Resources Department.

During the performance appraisal exercise, the line supervisor may mark a task as misreported where applicable. However, this will be done after consultation with the employee as it leads to a deduction of 2 marks from the overall score of the employee. Misreporting can only be done on tasks and TORs, not on the rating and self-assessment.

V) Supervisor's Feedback

This section deals with the supervisors' feedback the options are:

- 1) Never submitted to supervisor
- 2) Submitted to supervisor but no feedback received
- 3) Submitted to supervisor and received timely feedback
- 4) Not required to be submitted to supervisor

This section neither contributes to the supervisor's performance rating, nor is used to penalize either party. The primary purpose of this section is to serve as a source for tracking unit workflows and work structures.

VI) Ratings

- a) The assessment will be done by the employee as well as the line supervisor on a scale from 1 to 3, where 1 = Below Expectations, 2 = Meets Expectations, 3 = Above Expectations
- b) If the task is rated 2 (by self or supervisor, in both cases), it means that the employee has performed as expected. However, if his/her performance is below expectations

(1) or above expectations (3), evidence needs to be documented and performance should be discussed.

- c) The evidence can be the quoting of an incident, an MOV or an example that establishes that the output was below or above expectations.
- d) Tasks that were reported to another senior in the organization will be rated by the immediate supervisor, in consultation with the person who has primary responsibility and reporting with the employee.

VII. Tools of Task Assessment

Task assessment has four major indicators: Technical Knowledge, Quality, Quantity and Time, as defined in the matrix below.

Relevant Technical Knowledge	
Definition	Behavioural Indicators
Applies and improves extensive or in-depth specialized knowledge, skills, and judgment to accomplish a result or to accomplish one's job effectively	Understands technical aspects of one's job and continuously builds knowledge, remaining up-to-date on the technical or procedural aspects of the job.
	Thinks of ways to apply new developments to improve organizational and departmental performance.
	Applies technical/procedural knowledge to correctly address a situation in a timely manner.
	Recognizes trends in theory and practice of one's own technical area and effectively prepares for anticipated changes.

With the passage of time, it is possible that technical knowledge of an employee exceeds expectations, but it must be supported by substantial evidence. Technical Knowledge should not be confused with quality.

Quality of Outputs and Deliverables	
Definition	Behavioural Indicators
Produces results or output that meets or exceeds standards.	Shows concern for quality, accuracy, and thoroughness of work activities.
	Personally seeks to add value in every work assignment.
	Notifies opportunities to improve quality and takes action to do so.
	Produces work that has little need of revision and improvement.

Quality can be measured in terms of number of errors, number of reviews by supervisor, and level of supervisory time invested to achieve the desired results.

Quantity of Outputs and Deliverables	
Definition	Behavioural Indicators
Produces a remarkable amount of work, meeting standards.	Understands how to produce more, increasingly producing more work than earlier.
	Is productive beyond job description by contributing to tasks at

	the team, departmental and organizational level.
	Can handle vast amounts of workload and meet tight deadlines without compromising standards.
	Works hard and works smart to overcome massive amounts of work.

Quantity assesses the amount of quality work handled by the employee. Excessive quantity of work does not translate into quality and should not be assumed as such.

Timeliness of Outputs and Deliverables	
<i>Definition</i>	<i>Behavioural Indicators</i>
Establishes a systematic course of action for self or others to ensure accomplishment of a specific objective. Sets priorities, goals, and timetables to achieve maximum productivity.	Develops or uses systems to organize and keep track of information (e.g., "to-do" lists, appointment calendars, follow-up file systems).
	Sets priorities with an appropriate sense of what is most important and plans with an appropriate and realistic sense of the time demand involved.
	Keeps track of activities completed and yet to do, to accomplish stated objectives.
	Keeps clear, detailed records of activities related to accomplishing stated objectives.

Meeting the deadlines is expected as part of the job, and only translates into meeting expectations. Anything above expectations must be a task finished consistently ahead of schedule.

17.4. Competency-based Performance Appraisals

Competencies are measurable and along with them applied knowledge, skill set and behaviour is important for the success of the organization, as well as personal performance and enhanced contribution to the objectives.

17.4.1.

TDEA's Competency Model branches into two categories; a set of competencies that are expected from an employee and a set of competencies expected from a supervisor e.g. management or leadership competencies. Both these sub-categories are translated across TDEA's grades, varying in complexity, nature and importance of a competency.

17.4.2.

The Competency based assessment is not a direct contributor to the appraisal score but instead is consolidated at the end of appraisal year for assessing the areas for training and development of employees.

a. Competencies as an Employee

The following competencies should be assessed by the line supervisor on the same ranking scale, though evidences may or may not be required for 1s and 3s, as deemed appropriate by the Management.

1. Communication
2. Teamwork
3. Professionalism
4. Integrity
5. Accountability
6. Commitment to continuous learning
7. Respect for diversity
8. Planning and organization
9. Knowing yourself/self-awareness
10. Flexibility

Behavioural Indicators for the above competencies are translated for the following management levels (and attached in Annex A):

1. Senior Management (Grade 4.5 to Grade 5)
2. Managers (Grade 3.75 to 4.25)
3. Officers (Grade 2.75? 3 to 3.5)
4. Assistants (Grade 1.5 to 2.5)
5. Support Staff (Grade 1)

This exercise will be confidential and all competency-based forms will be submitted directly to the Human Resources. The purpose is to ensure that training need assessments are determined. In case the employee has had more than one line supervisor during the period of assessment, the rankings will be mutually agreed upon and the form will be signed off by both, or all of them.

b. Competencies as a Leader/Supervisor

The following competencies should be assessed by the subordinates on the same ranking scale, though evidences may or may not be given for 1s and 3s, as deemed appropriate by the Management.

1. Motivating employees
2. Managing performance
3. Judgment/decision making
4. Building trust
5. Empowering others

6. Coaching and mentoring
7. Working strategically
8. Leadership
9. Holding people accountable
10. Vision

Behavioural Indicators for the above competencies are translated for the following Leadership levels (and attached in Annex B):

1. Senior Management (Grade 4.5 to Grade 5)
2. Managers (Grade 3.75 to 4.25)
3. Officers (Grade 2.75? 3 to 3.5)
4. Assistants (Grade 2 and 2.5)

This exercise will be confidential and the competency-based forms will be submitted directly to the Human Resources. The purpose is to ensure that training need assessments are determined. Supervisors will be assessed by everyone reporting to them or having reported to them during the appraisal period. In case multiple subordinates report to an employee, the average of all rankings of the subordinates will be considered the competency-based score of the supervisor.

c. Link of Competencies with TDEA Guiding Principles

Core Competencies have been selected keeping in view their relevance to the directly linked core values, vision and mission. By selecting competencies linked to TDEA guiding principles, TDEA ensures that employees are focused on mind-sets that represent the same value structure as the organization.

The following table establishes the link between TDEA Guiding Principles and the selected Core employee and Leadership competencies:

TDEA Guiding Principle	Core Employee Competencies	Core Leadership Competency
Inclusion	1. Communication 2. Teamwork	1. Motivating Employees 2. Empowering Others
Integration	1. Communication 2. Teamwork 3. Flexibility	1. Building Trust 2. Coaching and Mentoring 3. Leadership
Neutrality	1. Respect for Diversity 2. Flexibility	1. Managing Performance 2. Coaching and Mentoring
Transparency	1. Integrity	1. Judgment/Decision making 2. Knowing Yourself/Self-Awareness
Accountability	1. Accountability	1. Holding People Accountable
Robust Methodology	1. Professionalism 2. Planning and Organization 3. Commitment to Continuous Learning	1. Vision 2. Working Strategically 3. Leadership

17.5. Skill-based Assessments

A sub-section of the competency based assessment is the skill-based assessment. The mechanism developed for assessing the skill-set of employees is based on the same ranking scale and is not a contributor to the employee's performance appraisal score. In consultation with the Unit Manager, the Human Resources will develop a list of essential skills required for a position, selecting from but not limited to the skills listed in Annex C. These skills will be ranked by the line supervisors and submitted to the Human Resources for adding to the training needs repository. This section of the performance appraisal is optional and may be conducted along with the Annual appraisals, probation appraisals or initiated as directed by the Management.

17.6. Implementation

Performance appraisals of all long-term employees shall be conducted once a year at the end of the fiscal year on the prescribed forms or the customized online performance appraisal. Performance of staff on probation will also be evaluated at the end of the probation period. All appraisals will be initiated well before the assessment period ends. Probation appraisals and annual appraisals must be initiated at least one month prior to ending period.

Indicative Timelines for Performance Appraisal Process

Step	Responsibility	Function	Timeline for Probation Appraisals	Timeline for Annual Appraisals
1.	HR Focal Person	1. Advance Alert to initiate Task-Based Assessment to employee 2. Advance Alert to initiate Competency-Based Assessment to Line Supervisor 3. Advance Alert to initiate Competency-Based Assessment to Sub-ordinate (applicable on supervisors only)	Ten days prior to due probation appraisal	One month prior to due annual appraisal
2.	Concerned staff member	Submission of Competency-based of subordinates and Line Supervisor to HR Focal Person	Within two days of alert	Within five days of alert
3.	Concerned staff member	Submission of Self-assessed Task-based form to Line Supervisor Note: Failure of Timely Submission will result in warning letter to Supervisor	Within two days of alert	Within three days of alert
4.	Line Supervisor of concerned staff member	Submission of complete Task-based form to HR Focal person Note: Failure of Timely Submission will result in the loss of right to appraise	Within two days of alert	One day per subordinate, maximum within 5 days of alert
5.	Review Committee	1. Review Committee formation for checking of MOVs, evidences, form completion, misreporting and disagreements 2. Revise incorrect/incomplete forms and resolve issues	NA	Five days after submission of appraisals
6.	HR Focal Person	1. Calculation of final Task-based and Competency-based Scores and furnishing first draft of report 2. Forward to Management for approval	NA	3 days
7.	Senior Management	Review of ratings, implications and sign off by Senior Management	Before end of notice period	5 days
8.	HR Focal Person	Finalization and presentation of Performance Analysis Report and sharing scores with staff	Same day as approved by the Management	3 days
9.	HR Focal Person	Confirmation of Employment/Renewal of Contracts	Same day as approved by the Management	2 days

10.	HR Focal Person	Finalization and presentation of Training Needs Analysis	NA	15 days

17.7. Marking & Calculations

Apart from the assessments mentioned above, the following contributes to the scoring of an employee:

a) Collective Representation of Team's Task-Based performance

This is only applicable on supervisors in Grade 4 and above. Ten per cent of their overall performance appraisal score will be a representation of his/her team's score. This score will be calculated as the average of all his/her subordinate's task-based performances.

b) Human Resources

Twenty per cent of every employee's overall performance appraisal score will be calculated by the Human Resources as follows:

1	Punctuality	Required Score
	Complete Working Hours	10
	On-time arrivals	10
	TOTAL	20
2	Deductions	Rate of Deduction
	Action for minor offense	5
	Action for major offense	10
	Uninformed Absents	1
	TOTAL	20 minus deductions)

c) Overall Score Board

The following categories of assessment will be contributing to the score of an employee:

1. Task-Based Assessment – Self Assessment
2. Task-Based Assessment - Line Supervisor Assessment
3. Competency Based Assessment - Line Supervisor Assessment
4. Skill-Based Assessment - Line Supervisor Assessment(Optional)
5. Leadership Competency Assessment - Subordinate Assessment(Average)
6. Human Resources Score - As Per Human Resources Grid

The weightages for the above are as follows:

Assessment Form	Portions	Weight	
		Grade 4 and above	Grade 3.5 and below
Task-based	Self-Assessment	35	40
	Supervisor's Assessment	35	40
Competency-based	Supervisor's Assessment on Relevant Competencies	0	0

	Supervisor's Assessment on Relevant Skill (Optional)	0	0
Subordinates' Assessment	Leadership Competencies assessed by subordinates	0	0
	Collective representation of Team performance	10	0
Human Resources	Punctuality	20	20
	Deductions		
Total		100	100

The following deductions will be made from the overall score where applicable:

- I) 2 marks per MOV reported, but not furnished upon request
- II) 2 marks per misreported task

17.8. Review Committee

All rankings of 1 and 3 will require evidence. It is primarily the responsibility of the line supervisor to ensure that proper documentation is submitted. The Human Resources will not accept any incomplete form. Human Resources are available to guide employees and supervisors on establishing evidences. In case if the score is not substantiated by valid evidence it will be scored at 2.

A review committee will be set up to review the evidences, MOVs, incidents of misreporting and disagreements. This Committee may request to see Means of Verification mentioned on the form and investigate the stated evidences. In case the MOV has been listed and cannot be provided, 2 points per missing MOV will be deducted from the employee's final appraisal score. The Review Committee can only reject the evidence if it does not qualify as a justification or cannot be seen as a quantifiable reason for an extreme response. The members of the committee are neither responsible nor accountable for ensuring that these incidents are true, and will not reject or accept any of the evidences in context of their own perception of the work done. This Committee will also be responsible to resolve disagreements and review cases of misreporting.

17.9. IMPLICATION

The 3-point ranking system aims to ensure that the assessment exercise provides maximum benefit to employees who have performed above what was merely required i.e. they have more than just met expectations. The rating of 2 or an overall rating of a hundred per cent performance (which will be the case if ranking was 2 for all TORs) is a good ranking; however, it means having fulfilled no more and no less than what was expected, and the contractual obligations.

Ratings of 1 and 3 will be treated as exceptional circumstances which have been well above or below what was expected of the employees. An overall rating above a hundred per cent will be commendable performance while a rating of below a hundred per cent requires improvement.

17.10. CONSEQUENCE¹¹

TDEA may reward best performing employees. The top five highest scoring employees shall receive a shield and a certificate at the meeting of Board of Trustees. The highest scoring employee may also receive a cash award.

Employees may also receive an increment to their salaries as defined under Section 14.8 of this Manual. All

appraisal-based increments shall be effective from July 1.

¹¹**Repealed Clause: 18.10. CONSEQUENCE**

TDEA rewards best performing employees. In addition to the Cost of Living Allowance, Eligible employees who have scored more than 100 marks i.e. above expectations in their annual appraisals will be given increments according to the following schedule:

Appraisal Score	Increment
90-100	Only COLA
100-110	5 Per cent of Basic Salary
110-120	7.5 Per cent of Basic Salary
120-130	10 Per cent of Basic Salary
130-140	15 Per cent of Basic Salary

Additionally, the highest-scoring employee shall receive a shield and a certificate along with a cash award of Rs.50,000.

All appraisal-based increments shall be effective from July 1. In case the Appraisal Process is delayed beyond August, employees shall receive arrears with effect from July 1 in their subsequent salary. Performance-based increments shall not be admissible to employees who have not completed at least 6 months of service with the organization on 1st of July. No salary increment shall be granted through the year unless it is justified by a transfer to a higher grade or promotion. For eligibility, please refer to Section 14.8. Annual Salary Increments.

Effective Date: July 01, 2014

18. TRAINING AND DEVELOPMENT GUIDELINES

18.1. PURPOSE

The main objective of training and development in TDEA is to help develop key competencies which enable individuals to perform current or future jobs successfully.

In this regard, all training and development programs organized by the Human Resources Department will be geared towards the following objectives:

- Strengthening the job skills/knowledge of employees;
- Improving operational efficiency and productivity; and/or
- Developing the potential of employees for maximizing mutual benefit to individuals and TDEA.

18.2. POLICY

The basic policy in administering and implementing any type of training or development activity is in accordance with the strategic business objectives of TDEA. The Human Resources Department will work closely with Heads of Department in assessing areas that need training and development support.

The Trust emphasizes the development of its staff for pursuance of its both short-term and long-term objectives. TDEA encourages and allows its staff to avail opportunities for new learning and developments in the relevant fields to keep their knowledge and skills updated. Staff development also attains importance as the Trust's work, strategy, and approach is unique in the country which requires development of human resource at its own. At the same time TDEA acknowledges that capacity building is a legitimate need of staff members for their career growth.

Capacity building is a process in which staff members are expected to take proactive responsibility for their development, which also benefits the organization by expanding its work, improving efficiency, and effectiveness. To formalize the staff development program, a procedure has been introduced to assess capacity assessment of each staff member at the time of performance appraisal which is carried out twice a year. Actions undertaken in such instances will mutually be agreed upon. Updated progress on capacity building efforts will also be reported in the next performance appraisal. The Human Resource (HR) focal person will coordinate and facilitate capacity building efforts.

18.3. GUIDELINES

- I. For staff capacity building, all possible means must be considered and used as appropriate. Various methods include reading reference materials (books, reports of similar work done by other organization in other countries etc.), establish reading groups, making presentations and/or leading discussions on topics/functions agreed for capacity building, website reviews, distant learning, formal or informal trainings, workshops, seminars, joining and contributing in relevant e-mail groups, participation in relevant meetings, exposure visits, sending staff to other CSOs or departments for short-term assignments, enhancing academic qualifications (studying part time) etc.

- II. For all new appointments the capacity need assessment will be done at the time of completion of probation period and required actions will be agreed between the staff member, the supervisor, and the HR focal person.
- III. The Trust invites all the staff members and their respective supervisors to propose capacity needs, preferably at the time of performance appraisal in relation to the specific job objectives and functions. However, due to several limitations including financial constraints, the Trust may not be able to fulfil all needs. Proposing capacity building needs is not restricted to performance appraisal, it can also be indicated at any time by the staff member and/or the supervisor;
- IV. The HR focal person will facilitate the staff members in execution of capacity building plans, through identifying available opportunities, prompting follow ups of agreed actions to the concerned staff and the respective supervisors. The Focal Person will also facilitate staff in availing identified and approved capacity building opportunities.
- V. Staff members themselves are primarily responsible for ensuring that their capacity building needs are reflected in their performance appraisal forms. The immediate supervisor is expected to take active part and pursue staff for their capacity building plans including identification of capacity building needs, planning, implementing and evaluating the impact of capacity building.
- VI. Staff Development Application Form attached as Annex 27 may be used to identify, get necessary approval, document benefits and details, and carryout/attend capacity building activities/opportunities.
- VII. Capacity buildings opportunities shall not and must not be viewed as perk or break from work and must be utilized for the benefit of the Trust.
- VIII. Several unknown but relevant capacity building opportunities turn up during the year which are not only cost efficient but also allow interactive learning. The Trust/FAFEN shall utilize the relevant opportunities for the relevant staff subject to the availability of funds, suitability of timing, and as per the criteria given below.
- IX. For external capacity building opportunities, the Secretariat staff, Members of Board of Trustees, staff members of member organizations shall be considered. All invitations/announcements for capacity building opportunities shall be received at the Secretariat for nomination(s) from the Trust. All capacity building opportunities, whether in country or abroad, will be decided by the Chief Executive Officer as per the nature of opportunity. If an opportunity is decided for the Secretariat staff (Ref. Section 12), it will be circulated to the relevant staff members for nominations.
- X. If the relevant staff member already have availed a similar opportunity, the next opportunity shall be offered to the next relevant person. However, any staff member will not be barred from attending successive opportunities relevant to his/her field of work.
- XI. Keeping in view the possible conflict of interests, the Chief Executive Officer will decide the nature of capacity building opportunity (for Members or staff). In case of self-nomination, the Chief Executive Officer will obtain approval from the Board of Trustees.

- XII. All training and other capacity building invitations received shall be forwarded to the Chief Executive Officer. After deciding the nature of opportunity, the invitation shall be circulated to the relevant staff, who can apply for the capacity building opportunity by filling the Staff Development Application Form (Annex 27).

18.4. TYPES OF TRAINING/DEVELOPMENT ACTIVITIES

- 19.4.1. Staff training/development activities can be initiated by the employer or employee. In either case, it has to be approved by the manager in charge of the department or above with additional endorsement from the Human Resources Department or the Chief Executive Officer.
- 19.4.2. Employee-initiated training/development activities may include external programs that are organized by external training institutes or by TDEA or with other institutes for the general public.
- 19.4.3. Employer-initiated programs may take the form of offering sponsorship or employees to attend external programs or organizing such programs in-house.
- 19.4.4. Depending on the nature of needs and operational requirements, training/development programs may also be implemented as job induction, job rotation, on-the-job coaching, counselling, individual or group projects, and inter-project transfer.

18.5. ANNUAL TRAINING NEEDS ASSESSMENT

The Human Resources will be responsible for conducting an analysis of the competency and skill-based assessments of all employees and identify areas of improvement as *Critical*, *Room for Improvement* and *no need for training*. Once the areas have been identified, the Human Resources will raise the need for proposed trainings in the required areas and may develop a priority-based annual calendar that can be forwarded to the Capacity Building Unit for implementation.

18.6. CONDITIONS FOR SPONSORSHIP

Employees are eligible to apply for sponsorship under the following conditions:

18.6.1. External Training Programs

- a) **Identification:** If the available training/option has relevance to the aspects identified in the capacity building needs of the staff member or is considered relevant to the staff member work objectives by the relevant supervisor; private interest or personal career aspirations are not sufficient reasons for seeking training sponsorship.
- b) **Credibility of the training event:** The training is offered by a credible institution, the credibility shall be assessed by the HR focal person and the Chief Executive Officer;
- c) **Length of service:** The applying staff member is confirmed (not on probation). However, exception can be made if an employee on probation is highly recommended by his Unit Manager to attend a program urgently required for his job. Seniority of staff members shall be considered in cases where more than one relevant staff members have applied for any specific opportunity.
- d) **Redundancy:** They have not previously been sponsored for the same or similar programs. Refresher programs will normally not be sponsored.

- e) **Positive action:** Preference will be given to the women staff and the ethnic minorities to help them prepare for senior positions and others roles in which they are under-represented; and
- f) **Line manager support:** The line manager of the applying staff member agrees to and approves of the application form.
- g) **Opportunity:** They will normally be sponsored for only one program at a time unless the additional program is a luncheon or short seminar, an in-house program or a sit-in securities/derivatives-related program that is highly recommended by their Unit Managers and urgently required for their jobs.
- h) **Personal endeavours:** If the program is initiated and implemented by the employees themselves and takes place within office hours, they are required to apply for annual leave to cover their absence.
- i) If training is conducted after office-hours, the time taken to attend training will not be considered as overtime.
- j) If their release to attend the program will not adversely affect the operation of their division/departments.

18.6.2. Overseas Training

Overseas training will be granted subject to the following conditions:

- The training is genuinely required and not available locally;
- Confirmation of employment;
- Flight passage and hotel arrangement should follow TDEA Travel Policy.
- Prior written approval by Chief Executive Officer is required for all overseas travel.
- Overseas training should be approved by Heads of Department and Human Resources.
- Any exceptions to the above conditions should be approved by the Chief Executive Officer.

A completed Staff Capacity Building Form must be submitted to the Human Resources Department at least a week prior to the commencement of the program or its enrolment deadline, whichever is earlier. Failure to do so, the applications may not be approved or the applicants will be required to pay the institute first if the application is approved.

18.7. ACADEMIC PROGRAMS

The Trust/FAFEN may consider staff requests about supporting their academic advancement by giving time relaxation, financial assistance or other facilitation on case to case basis. Such requests must indicate the plan, any effect on the job and help required from the organization to be forwarded to the Chief Executive Officer through the respective line supervisor using the **Staff Development Application Form attached as Annex 27**. All such academic enrolments must be in the knowledge of the line supervisor, the Unit Manager, the Human Resources and the Chief Executive Officer. The Chief Executive Officer is the approving authority for such requests, after considering various aspects of the request and its impact on the staff member's job.

18.7.1. OBLIGATORY SERVICE

For all categories of programs, if the sponsorship exceeds **PKR 50,000** the employee will be required to serve an obligatory service period upon satisfactory completion of the whole program, counting from the calendar date after the last trainings assignor the issuance date of result/certificate, which ever comes later.

18.8. Trainee Programs for Fresh Graduates

TDEA's Trainee Program is designed to allow fresh graduates a learning start to their career and for TDEA to induct fresh blood into the organization. Fresh graduates may be recruited on an internship program with the expectation to be employed in the organization in a relevant position, after a necessary period of learning and development.

18.9. PROFESSIONAL MEMBERSHIP FEE REIMBURSEMENT

18.9.1. PURPOSE

TDEA encourages and assists employees to further their technical or professional standards by sponsoring them for professional membership.

18.9.2. POLICY

All applications for professional membership fee reimbursement will be considered on their degree of importance to employees' jobs and their direct relevance to the operational requirements of the employees' units. The application will be reviewed each year based on the prevailing situation. History of reimbursement of professional membership fee will not be valid grounds for receiving it again each year.

18.9.3. CONDITIONS FOR REIMBURSEMENT

- 19.5.3.1. They have satisfactorily passed the probationary period. Employees who have tendered resignation will not be eligible to apply for reimbursement, and the application they submitted before will be automatically cancelled if it has not been reimbursed.
- 19.5.3.2. The professional designation is related to their job and/or operation/development of their divisions/departments.
- 19.5.3.3. Annual subscription fee of one professional membership per calendar year can be applied for reimbursement.
- 19.5.3.4. The membership must be of a recognized professional institute.
- 19.5.3.5. Applications for reimbursement must be made within the subscription year, unless late application is due to the fault of the professional institute.
- 19.5.3.6. Applications received before the subscription year will not be processed until the first month of the subscription year.
- 19.5.3.7. Reimbursement for any two consecutive subscription periods that overlap in some months is permitted only on condition that the two periods concerned must designate different subscription years.
- 19.5.3.8. A completed Professional Membership Fee Reimbursement Form must be sent to Human Resources Unit. The application should have approval from the manager in charge of the department or above, and a copy of professional designation and original payment supporting documents

- 19.5.3.9. All reimbursements will be paid in Pakistani Rupees. If an employee has paid the professional institute in foreign currency, the exchange rate indicated on the bank receipt will be used as the conversion rate to Pakistani Rupees; otherwise the prevailing rate adopted by TDEA will be used.

18.9.4. AMOUNT OF REIMBURSEMENT

- 19.9.4.1. The amount reimbursed will include membership/renewal fee but will not include any penalty fee, bank charges, magazine subscription or other associated expenses, unless they are in separable in a lump-sum amount.
- 19.9.4.2. Reimbursement will be the full amount of the membership subscription fee except for the following cases:
- If the subscription period commenced before the employee joined TDEA, reimbursement will be pro-rated from the date of joining TDEA.
 - As specified in Clause 19.7, where the applications for two different subscription years have overlapping subscription periods, reimbursement for the second subscription will be pro-rated from the day after the expiry of the first subscription.

18.9.5. METHOD OF REIMBURSEMENT

Reimbursement will be by cheque or deposit in employee payroll account.

19. Succession Planning

19.1. Policy

TDEA is committed to ensuring its structure and people have the capabilities and capacity to meet its goals and objectives.

19.2. Purpose

Succession Planning is a process where TDEA seeks to understand its future capability needs, identify potential talent gaps and seek to remedy those gaps through the development and progression of staff. A structured process ensures leadership continuity in key positions, and aims to retain and develop institutional knowledge and relationships for the future. The process ranges from identifying and developing employees in specific positions to fill executive positions and to develop a talent pool with capacity to be effective leaders in any number of key positions in an organization.

19.3. Process

TDEA Human Resources unit will maintain a Succession Chart in collaboration with the TDEA Management. The chart would track succession planning for all leadership roles within the organization and address the following questions¹²:

1. Key Leadership Designation
2. Current Status (Employed/Vacant)
3. Date of Departure/Dissolution of post/End of Notice period
4. Priority (Urgent/High/Medium/Low)
5. Required Subject of Expertise
6. Successor Secured? (Yes/No)
7. Potential and Secondary Successor (Identified in accordance with task-based performance appraisal and management committee)
8. Readiness (Prepared/Minor gaps/Major Gaps/unfit)
9. Lacking Competencies (Identified in accordance with competency-performance appraisal)
10. Training Plan for Lacking Competencies

The Human Resources Unit will manage all areas of succession planning to support the organization in managing smooth transitions and unavailability of TDEA leaders. While the succession chart aims to focus on key leadership positions, the HR unit will also be required to maintain the chart for all employees on planned or unplanned leaves up to or exceeding a week.

19.3.1. Identifying TDEA Leaders: Critical Capacity

TDEA believes in building critical capacity in the organization in support for critical roles, this will provide flexibility when staff take leave or if staff take other roles. The Management Committee will identify all key leadership positions and share them with the Human

¹² Template attached (Annex 28)

Resources department. The HR department will map critical positions and maintain the succession chart for all identified positions.

The Management Committee compares the current and future capability needs against the current capability of the organization to determine gaps. All managers are required to document capability gaps for their department and complete this process after any change in the department and after Staff Performance appraisals. A completed Succession Chart is to be sent by all Unit Managers to the Manager Human Resources who will report the overall TDEA Succession Chart to the Management Committee for finalization and approval.

19.3.2. Emergency Succession Plan

In the event that an employee in an identified leadership position suddenly departs, either permanently or for an extended period of time (i.e. longer than three months), the organization should have the following information in hand:

- a. Identification of key daily activities of the position that need looking after
- b. Identification of priority functions of the position
- c. Written instructions for temporary/officiating replacement pre-written by the employee
- d. A list of people who should be notified about the absence immediately: subordinates, supervisors, team members, stakeholders etc.

19.3.3. Departure-Defined Succession Planning

Employers risk losing important skills and knowledge when employees retire or move on. Therefore, all TDEA employees serving their notice, expectation post dissolution or contract expiry within a month's time will be expected to adhere to the following handing/taking over process for the smooth transition of their key responsibilities and transfer of their institutional knowledge:

- a) Identification of a permanent replacement or acting substitute
- b) Updated work documentation that can be readily managed
- c) Training and orientation sessions during notice period (if applicable) to replacement
- d) In case of position expiry, organization of all data according to communication and IT policy
- e) List of pending tasks in consultation with line and senior management
- f) Contact list of key stakeholders

20. SEXUAL HARASSMENT POLICY

20.1. Purpose

The purpose of this policy is to set forth TDEA's procedures for preventing sexual harassment and for investigating and resolving allegations of sexual harassment, and also to ensure compliance with the Protection against Harassment at Workplace Act, 2010 as passed by the National Assembly of Pakistan on March 11, 2010, and as amended. The Trust/FAFEN strictly prohibits all forms of gender-based discrimination and sexual harassment and is committed to providing and promoting an atmosphere in which employees can realize their maximum potential in the workplace and engage fully in learning processes.

All employees are responsible for ensuring that the workplace is free from sexual harassment. Because of TDEA's strong disapproval of offensive or inappropriate sexual behaviour at work, all employees must avoid any action or conduct which could be viewed as sexual harassment.

The TDEA management is responsible for periodically conducting awareness sessions for the staff about sexual harassment and its consequences for victim/affected person and accused to ensure a positive and conducive environment to its employees.

20.2. Policy

a. Definition

Sexual harassment means any unwelcome sexual advance, request for sexual favours or other verbal or physical conduct of a sexual nature or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment, passing on pornographic material in print or electronic form, or passing on written offensive messages of a sexual nature. Any such act if made a condition for employment or to obtain certain job benefits (wage increase, promotion, training opportunity, transfer or the job itself) by a person in authority or the attempt to punish the complainant for refusal to comply with such a request is also sexual harassment.

Any expression that suggests superiority of one gender over the other should be avoided. Such expressions may include jokes that demean one gender, unwelcome references to a person's appearance or body, where they cause psychological harassment and serve to deny colleagues their dignity and respect and contribute to an atmosphere in which inequality is emphasized. Such expressions, if persistent, may constitute gender harassment.

Recurring acts which may have a cumulative effect or a single severe incident would be considered enough to establish gender harassment.

Gender harassment includes, but not limited to: verbal harassment or abuse, subtle pressure for sexual acts, sexual advances in the pretext of narrating sexual incidents, touching, patting or pinching, leering at a person's body, demanding sexual favours accompanied by subtle or overt threats concerning employment or advancement; and physical assault including rape.

The above mentioned forms of harassment are not always distinct from each other and can occur simultaneously. Additionally, harassment can happen to men and women at all levels of job hierarchy and between all relationships of equal and unequal power. The harassment can occur outside working hours and workplace. It is the access that a perpetrator has to the person being harassed by virtue of a job situation or relation.

b) Applicability

Provisions of this section are applicable to all secretariat and field staff of TDEA-FAFEN including temporary staff such as consultants, interns, volunteers, daily paid workers, data entry operators, etc. . Sexual harassment of any kind will be considered as 'misconduct' and strict action will be taken against the accused person as per the procedure given below. The provisions will also be applicable to visitors at the organization and representatives of member organizations of Trust-FAFEN while they interact with the Secretariat staff or attend a TDEA-FAFEN Secretariat activity and vice versa.

20.3. Inquiry Committee

A three member Inquiry committee consisting of following members will be constituted to receive complaints of sexual harassment and conduct further proceedings. It is mandatory that out of the three members, at least one member shall be a woman.

- i. A member from the senior management, elected by the female staff;
- ii. A female senior representative of employees or a senior female employee; nominated by management and elected by Female Staff
- iii. One or more members of the senior management or the Board of Trustees may be co-opted to complete the strength of the committee. An external member may also be co-opted in the case that one of the key members is accused or one of the key members reports directly or indirectly to the accused.
- iv. A Chairperson shall be designated from amongst the members of this committee.

Committee meetings will be convened on need basis and the committee members will be revised after a year. It is in the interest of the TDEA-FAFEN to create and maintain a work environment free of intimidation and abuse for collective productivity and individual job satisfaction. The Committee is expected to discuss and take necessary actions (training, awareness etc.) to prevent incidences of sexual harassment in the organization.

The inquiry committee will have the following powers;

- i. To summon and enforce attendance of any person and examine him on oath;
- ii. To require the discovery and production of any document;
- iii. To receive evidence on affidavits;
- iv. To record the evidence;
- v. To inquire into the matters of sexual harassment under this Act and recommend appropriate penalty against the accused as mentioned in.

- vi. To recommend to the Court of Law for appropriate action against the complainant if allegations levelled against the accused are found to be false and made with mala fide intentions;
- vii. To treat the proceedings, statements and other evidence as confidential;
- viii. To regulate its own procedure for conducting inquiry and for fixing place and time of its sitting;

20.4. Procedure

A complainant may find it difficult to report gender harassment because of fear of embarrassment, publicity, economic vulnerability, and fear of retaliation by the accused, co-worker or employer. Filing of sexual harassment complaint should not be seen as detrimental to the image of the organization, rather as an opportunity to deal with problem, to restore confidence of staff members and to indicate that management takes such complaints seriously and professionally.

Any victim of sexual harassment may bring the act in the notice of concerned supervisor or any of the Inquiry Committee members informally, if s/he feels appropriate, without making a formal complaint. Any such informal complaint may be resolved through mediation between the parties involved and by providing advice and counselling on a strictly confidential basis. Making an informal complaint does not affect staff member's right to make a formal complaint; s/he can launch a formal complaint at any time.

If the incident reported does constitute gender harassment of a higher degree and the mediator(s) feel it should be formally taken up for disciplinary action, with the agreement of complainant, the case can be taken as a formal complaint. **(Annex-29 Compliant Grievance Form)**

Any aggrieved staff member can launch a formal complaint through her/his supervisor, directly to any member of the inquiry committee, the HR focal person, or any member of the Senior Management they feel comfortable with, whereby the person approached is obligated to initiate the process of investigation, and not to cover up or obstruct the inquiry.

In case a complaint is launched against a member of senior management, to avoid the possibility of influencing the inquiry proceedings, no member of the inquiry committee should be in a position where they directly or indirectly report to the accused. Any such member of the inquiry committee shall not be part of the inquiry. In such cases the strength of committee shall be completed by inviting members from the Board of Trustees.

20.5. Inquiry

- i. Upon receiving a formal complaint, the inquiry committee will ask the complainant to prepare a detailed statement of incidents on the prescribed TDEA Complaint Grievance Form, in case the written complaint is not detailed. A statement of charges and allegations will be drawn by the Committee and sent to the accused within 3 days of receipt of complaint, the formal receipt of which must be given.
- ii. The accused will be asked to respond to the statement of allegations and submit a written response to the committee within the specified time (2 days) and upon his

failure to do so without reasonable cause, the committee shall proceed without his participation or input.

- iii. The statements and other evidence acquired in the inquiry process will be considered confidential. The committee will ensure confidentiality during the whole inquiry process.
- iv. Upon receipt of response from the accused, the committee may decide to organize verbal hearings of the complainant and the accused. Hearing(s) may be held either in presence of both the complainant and the accused, or separately, as deemed fit by the committee within 3 days of receipt of response from the accused.
- v. The committee will enquire into the charge and may examine such oral, electronic, and documentary or any other evidence in support of the charge or in defence of the accused as the committee may consider necessary and each party shall be entitled to cross-examine the witness against them. Care should be taken to avoid any retaliation against witnesses by giving necessary protection and/or maintaining confidentiality.
- vi. The investigation procedure should be completed as soon as possible. The inquiry and the implementation of the decision should not take more than two weeks.

The following provisions shall be followed by the committee in relation to the inquiry:

- i. An officer may be nominated to provide advice and assistance to each party, if considered necessary.
- ii. Both parties, the complainant and the accused, shall have the right to be represented or accompanied by a Collective Bargaining Agent representative, a friend or colleague.
- iii. No adverse action shall be taken against the complainant or the witness, given that the allegations levelled against the accused are found to be false or made with mal-intentions, as mentioned in 6.
- iv. The Inquiry Committee shall ensure that the employer or accused shall in no case create any hostile environment for the complainant so as to pressurize her from freely pursuing his/her complaint;
- v. The committee shall give its findings in writing by recording reasons thereof.

20.6. Conducive Environment for Inquiry

Respective supervisors of the two staff members involved should do their best to temporarily make adjustments so that the accused and the complainant do not have to interact intensely for official purposes during the inquiry period. The management can also decide to send the accused and/or complainant on leave, in accordance with applicable procedures for dealing with the cases of misconduct, if required.

Retaliation from either party should be strictly monitored. During the process of the inquiry, evaluations, daily duties, reporting structure, and any parallel inquiries initiated should be strictly monitored to avoid any retaliation from either side.

20.7. Evidence

It is common that gender harassment usually occurs between colleagues when they are alone; therefore it is difficult to produce typical evidence(s). It is strongly recommended that staff should report an offensive behaviour immediately to someone they trust, even if they do not wish to launch a formal complaint at the time. However, not reporting immediately shall not affect the merits of the case. Among others, following shall be considered as evidence:

- i. Detailed account of the complainant and the accused;
- ii. Witness statements;
- iii. Statements of persons with whom complainant might have discussed the incident, statements of persons from whom advice may have informally been sought; and
- iv. Any other evidence including, but not restricted to: documents, circumstantial, audio, video or electronic records.

20.8. Decision

The committee will take the decision after carefully reviewing the circumstances, evidence, and relevant statements in all fairness maximum within 30 days of the initiation of inquiry. If the accused staff member is found not guilty, the complaint will be dismissed. If found guilty, the committee shall recommend the imposition of one or more of the following penalties:

i. Minor Penalties:

- a) Verbal warning/reprimands that is noted in the person's employment record;
- b) Written warning noted in the employment record; and/or
- c) Written apology along with a statement of not repeating any such act; if one such apology has already been submitted, repeat act shall lead to termination of the staff member.
- d) Stoppage of promotion or financial increment for a specific period;
- e) Putting a confirm staff member on probation
- f) Recovery of the compensation payable to the complainant from pay or any other source of the accused;

ii. Major Penalties:

- a) Demotion to a lower post;
- b) Compulsory retirement;
- c) Termination from service with notice period or withholding notice period salary and/or other benefits as recommended by the authority; or
- d) Dismissal from service without notice or pay in lieu of the notice period.
- e) Fine; such that a part of the fine can be used as compensation for the complainant.

The competent is to impose the penalty recommended by the Inquiry Committee within one week of the receipt of the recommendations of the Inquiry Committee. If the competent

authority or the Board of Trustees has a reason to doubt the fairness of the decision, they must express their concerns in writing and re-open the investigation.

After its imposition, the inquiry committee is to meet on regular basis and monitor the situation until they are satisfied that their recommendations have been implemented. In case the victim of harassment is in trauma, the organization will arrange for counselling, medical treatment and additional medical leave as applicable. Compensation may also be offered to the complainant in case of loss of salary or other damages.

20.9. Appeal

In case any of the parties involved is not satisfied with the penalty awarded, an appeal may be filed with the relevant authorities.

21. CONFLICT OF INTEREST POLICY

21.1. Objective of COI Policy

Identifying and managing conflict of interest is central to shaping ethical culture in non-for-profit organizations such as Trust for Democratic Education and Accountability (henceforth TDEA). While TDEA recognizes the reality of people holding a wide range of legitimate interests outside work place, it is the duty of employees and all those associated with TDEA's work to ensure that these interests do not create a conflict of interest or a perception of a conflict of interest. TDEA's conflict of interest policy sets out guidelines on how to deal with such situations in order to protect its organizational interests /reputation and to prevent its work from being compromised as a result of filial or business connections of its employees and partners, ranging from donors, grantees and civil society organizations.

The aim and objective of this policy is to protect TDEA, its Board Members and its Employees from potentially damaging instance of impropriety arising from conflict of interest issues.

21.2. Scope

COI Policy establishes guidelines and procedures regarding timely and proper disclosure of potential conflict of interest issues which an employee or other party working with TDEA may face in relation to the performance of job and discharge of responsibilities. This early disclosure is necessary to enable the management and Board of Trustees to set in motion procedure to review conflict of interest issues on case-by-case basis in order to protect TDEA's reputation and institutional integrity.

While this policy is not intended to detail all situations giving rise to a potential conflict of interest, it is mandatory that each, real or perceived, conflict of interest issue is signposted to appropriate member of the TDEA in the management chain as outlined in Section 2 for appropriate advice and required action in line with set procedure.

COI policy applies to the Members of the Board of Trustees, Members of the Sub-Committees, Chief Executive Officer, Chief of Parties, Project Leads, Directors, Managers, Specialists and other Executives and Officers of TDEA. The policy provides for specific disclosure and approval procedures to address situations where involvement of the above-mentioned TDEA members may give rise to potential conflict of interest.

21.3. Defining Conflict of Interest

For the purposes of this document, an **interested person** is that person who is involved in a material or apparent conflict of interest situation.

A conflict of interest arises when an individual's private interests compete with his/her professional obligations to an organization which results in the exercise of partial and biased judgment with potentially damaging consequences for the integrity and reputation of the organization. This can arise when an individual's professional actions/decisions have the appearance of being influenced by considerations of personal financial gains. Thus conflict of interest can compromise an individual's ability to perform her/his duties and responsibilities objectively. A conflict of interest depends on a situation which poses serious

issue of ethics and impartiality in the exercise of decisions and judgments likely to be made by individuals concerned in such situations.

Though it is very hard to avoid conflict of interest in certain settings, TDEA is committed to putting in place a policy of identifying and disclosing conflict of interest early on to manage such situations according to set procedures.

If any employee is in any doubt about whether conflict of interest applies in a particular case, they should speak to immediate line supervisor at the earliest.

21.3.1. COI reporting lines in TDEA's hierarchy

Managers and employees below manager level report to the Director of the concerned department.

1. Directors report to the Chief Executive Officer.
2. The Chief of Party and Project Leads report to the Board of Trustees through CEO.
3. A member of the Board of Trustees should declare any potential conflict of interest in the meeting of the Board of Trustees with required quorum in attendance.

21.4. Annual Declaration of Interest

The declaration of interest applies not only to Members of the Board of Trustees, Members of the Sub-Committees, Executive Director, Chief Executive Officer, Directors, Managers and Specialists but also to any other employee who can potentially influence TDEA's decisions. For example, this holds valid for employees charged with making procurement decisions, proposal vetting, and management decisions at any level, or those with access to proprietary information affecting the interests and reputation of TDEA.

The declaration of interest should be filed every year and should cover the fiscal period from July 1st to June 30th of the following year. Human Resource Department should get all files updated within one month of the annual declaration, i.e., by the year-end which is July 31st.

21.5. Interest to be declared on a Case by Case basis

Conflict of interest situation may arise for Members of the Board of Trustees, Members of the Sub-Committees, Executive Director, Chief Executive Officer, Directors, Managers, Specialists and Officers of TDEA in relation to the following relationships:

21.5.1. Filial Relationship

1. Family members including an individual's spouse, siblings (whether of whole or half-blood), children (natural or adopted), parents, grandparents, spouses of siblings (i.e. brothers and sisters-in-law), children, grandchildren, great grandchildren, and any member living in the same home as the individual
2. Cousins including all blood relatives with whom an individual shares one or more common grandparents (other than those listed in point 1 above). The definition of cousin, for the purposes of this document, is restricted to "first cousin" as understood. The term covers children (natural or adopted) of the individual's parents' immediate families (i.e. siblings, whether of whole or half-blood) as well as the individual's parents' immediate families themselves (i.e. the individual's aunts and uncles).

21.5.2. Business Relationship

If an employee has shares in any of the following three business concerns, this constitutes conflict of interest and requires to be disclosed:

1. Persons/firms/companies receiving awards from TDEA
2. Persons/firms/companies supplying goods and services to TDEA
3. Persons/firms/companies from whom TDEA leases property and equipment

21.5.3. Donors, Grantees and Member Organizations

Any filial and contractual relationship which carries potential conflict of interest implications should be disclosed.

21.6. Nature and Examples of a Conflict of Interest

A conflict of interest may arise in relation to any persons, firms or companies mentioned in Section 4. This might arise out of filial relationship with a person directly working with/for TDEA, or on other TDEA's programs which involve donors, grantees, sub-grantees and Member Organizations. It may also arise from a business relationship with organizations competing with TDEA for projects.

21.6.1. Filial Relationship

Having a family member or a cousin as defined in Section 4 above, of any TDEA member in a managerial or decision making position (e.g. Member of BOT, CEO, Directors, Managers and Specialists), or in a key executive position within any organization that TDEA has a running program /or business dealings with.

21.6.2. Business Relationship

1. Owning stock, partnership share, owning a self-proprietor ship or other proprietary interests in a business that TDEA has a business relationship with.
2. Holding office, serving on the board, participating in management, or being otherwise employed with an organization that TDEA has running programs / business with.
3. Receiving remuneration for services from TDEA's competitors, grantees, vendors and business partners in an indirect capacity.
4. Receiving personal gifts or loans from third parties dealing or competing with TDEA.

21.7. Interpretation of this Statement of Policy

The situations and relationships which can give rise to a conflict of interest as listed in section 4 & 5 are by no means exhaustive. Therefore conflict of interest issue is likely to arise in others areas and relationships as well. It is expected that members of the Board of Trustees, Member of the Sub-Committees, Executive Director, Chief Executive Officer, Directors, Managers, Specialists and Officers of TDEA will be able to identify conflict of interest in areas and relationship not listed in the documents by drawing analogy with the listed areas and relationships.

When a conflict of interest appears to arise, it also means that it does not materially amount to conflict of interest. On the other hand, a perceived conflict of interest issues may turn out to be an actual conflict of interest issue upon disclosure of all material facts.

However, It is TDEA's policy that in case of any perceived or actual conflict of interest as stated in Section 4, there will be fuller disclosure before execution of any transaction.

It is incumbent on the Members of the Board of Trustees, Member of the Sub-Committees, Executive Director, Chief Executive Officer, Directors, Managers, Specialists and Officers of TDEA to continually assess their transactions, business interests and relationships for potential conflict of interest and to make appropriate disclosures where conflict of interest is remotely perceived.

21.8. Disclosure Policy and Procedure

Members of the Board of Trustees, Members of the Sub-Committees, Executive Director, Chief Executive Officer, Directors, Managers, Specialists and Officers of TDEA are mandatorily required to file annual declaration of interest by submitting disclosure form provided in **Annex 10 A and 10 B**. This disclosure declaration shall be updated and governed by the following procedures.

1. All Members of the Board of Trustees, Members of the Sub-Committees, Executive Director, Chief Executive Officer, Director, Managers, Specialists and officers of TDEA shall file in a declaration of interest form by July 31st of each year.
2. If new TDEA affiliations are formed that may have implications for conflict of interest issues ,a declaration of interest highlighting the specific conflict of interest arising out of the new situation should be filed for immediate review.
3. All newly hired employees, from the Chief Executive Officer down to the Officer level, are required to file the Annual declaration of interest from within 30 days of appointment. All new appointees shall be briefed on, and provided with a copy, of COI policy by HR and Admin departments.

21.8.1. Duty to disclose

In case of any actual or potential conflict of interest issue arising, a fuller disclosure of financial interests or all facts material to the case should be made to the relevant reporting officer in TDEA hierarchy as listed in Section 4.

More importantly, employees and members of TDEA are required to thoroughly acquaint themselves with COI policy and certify in writing annually that they have read and understood the policy and undertake to fully comply with the policy.

TDEA also may provide copy of COI policy to outside parties and obtain from them a written commitment to comply where applicable. The outside parties for the purpose of this document include consultants, partners, sub-recipients, vendors and any other party defined as such by TDEA from time to time.

In case of gross violation of COI policy disciplinary action will be initiated which may result in termination in extreme cases. All employees' inquiries regarding any aspect of COI policy should be directed to the HR.

21.9. Determining whether a Conflict Exists

In case of a clear filial or business conflict of interest, the person will declare the interest and remove him or her from the decision-making process. This shall be duly recorded in the minutes, note for record or other appropriate record-keeping documents.

In case of an ambiguity, the reporting officer in TDEA hierarchy shall bring the material or apparent conflict of interest issue before the Chief Executive Officer (CEO) who will then convene Conflict Resolution Committee (CRC), comprising of a minimum of 3 members for further consultation. CRC will be composed of the following members:

1. One member of the Board of Trustees who will Chair the committee
2. Chief Executive Officer of TDEA
3. One Director from a program other than the program involved in conflict of interest issue.

In cases where nominated member of the committee may have conflict of interest and classified as the interested person, that member will be replaced with another member from the Board of Trustees.

CRC will thus make a final determine whether a conflict is involved.

21.10. Procedures for Managing a Conflict of Interest

The best way to manage a conflict of interest is by removing the interested person from the decision making process.

However, if CEO is the interested person, a member of the Board or interested person deems conflict of interest to be insignificant and/or the expertise of the person in question is critical to the process, then the following procedure should be followed:

1. The interest and person will make presentation at the meeting of the CRC explaining why the conflict is insignificant. The presentation will be followed by discussion and vote in the absence of the interested person to determine whether transaction triggering conflict of interest issue should go ahead.
2. The Chair (i.e. a Member of the Board or, if that Member of the Board is the interested party, another Member of the Board) of the committee shall, if appropriate, appoint a disinterested person or a committee to investigate alternatives to the proposed transaction or arrangement.
3. TDEA exercising due diligence, the CRC shall determine whether TDEA can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not trigger a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably obtainable under circumstances that would not give rise to a conflict of interest, the CRC shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in TDEA's best interest and whether the transaction is fair and reasonable to TDEA.

The CRC shall make its decision as to whether to enter into a transaction or arrangement in conformity with such determination and minute the proceedings and decision in detail.

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following procedures are observed:

1. The conflict of interest is fully disclosed.
2. The interested with the conflict of interest is excluded from the approval process of such transaction. However, if the interested person's technical skill is deemed to be critical for the purpose of that transaction, then the CRC, upon consultation among its members, may allow the person to take part in the discussion process. However, the interested person can never play a role in the approval process.
3. The transaction is not expressly prohibited by any applicable law or guidelines of the donor agencies of TDEA
4. A competitive bid or comparable valuation exists
5. The CRC has determined that the transaction is in the best interest of TDEA

21.11. Violations of the Conflict of Interest (COI) Policy

This section applies to a situation where a conflict of interest was not disclosed by an interested person before the transaction took place. Upon discovery of the violation, the issue should be brought to the notice of the CRC that can take the following routes

1. If the CRC has a reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and TDEA offer the person an opportunity to explain the alleged failure to disclose.

21.12. Recordings of Proceedings

The minutes of the meeting of the CRC shall contain

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was involved present, and the Committee's decision as to whether a conflict of interest in fact existed
2. The names of the persons who participated in the discussion and vote relating to the transaction or arrangement, the content of the discussion, any alternatives to the proposed transaction or arrangement and a record of any votes taken in relation to the issue under discussion .

All paperwork related to the Conflict of Interest Policies and minutes of the CRC meetings will be maintained by the HR department in a separate cabinet. A copy of every individual's annual Conflict of Interest Declaration will also be added to the individual files.

21.13. Avoiding Conflict of Interest

21.13.1. Avoiding Conflict of Interest

a. **Disclose.**

It is essential to disclose any possible ethical breach or possible conflict of interest immediately. Disclosure should be made as soon as possible to ensure an early resolution without negative consequences at a later stage

b. **Comply and circulate.**

It is TDEA's HR responsibility to circulate COI policy and ensure that it is read, understood and complied with as part of established institutional practices.

c. **Be the change you want in others.**

We learn from each other. One person working with integrity and ethically can act as a role model, exercise a profound influence on the colleagues, and work environment. Managers in particular are expected to set that one as to what is acceptable and what is not.

b. **When in Doubt, Ask.**

TDEA When unsure about whether a conflict of interest issues arises, TDEA can seek the advice of their reporting officer as listed in Sections 3 & 4 of this document.

- When they are a director or employee of a company, or a partner in or proprietor of a firm, which propose to have any dealing with TDEA including but without limitation tendering for any contractor concession;
- All directorships which their immediate family members (spouse, any person with whom the employee is living in a regular union as if man and wife, child, parent, brother and sister), hold in the business of dealing in securities and derivatives; and
- If to their knowledge, a member of their immediate family has any financial interest in any matter being considered by TDEA.

Employees who fail to make declaration of a conflict of interests required under this Code shall be liable to account to TDEA for any profit made or benefit received from or in respect of the failure or violation.

All declarations should be made in the Declaration of Conflict of Interests Form to their Heads of Division/Department or the Chief Executive and sent to the Human Resources Department for record.

22. WHISTLEBLOWER POLICY

22.1. Commitment

TDEA believes in working with transparency, honesty and integrity in fulfilling its duties and responsibilities. It is not only committed to complying with all laws and regulations applicable in Pakistan, but also to promoting ethical behaviour in its work and that of its partners, sub-recipients and communities.

Employees have an obligation to report financial impropriety, unethical behaviour and noncompliance with applicable laws, regulations and TDEA policies.

This policy provides guidance to TDEA and its project staff and outside parties on reporting suspicion or evidence of financial impropriety, unethical behaviour and noncompliance with applicable laws, regulations or TDEA policies without fear of retribution.

22.1.1. Who does this policy apply to?

This policy applies to everyone who carries out work for the TDEA including:

- Partners
- All TDEA and TDEA's Project Staff
- Staff of Partner, Member Organizations working on FAFEN/TDEA projects
- Contractors and Sub Contractors
- Consultants
- Interns, volunteers, trainees etc. and
- Board of Trustees

22.1.2. Reportable Activities and Behaviours

Examples of **Financial Impropriety** are as following:

- I. Theft of TDEA, donor, partner or sub-recipient funds,
- II. Unauthorized use of assets,
- III. Inaccurate effort reporting (i.e., via timesheets),
- IV. Falsification of contracts or records,
- V. Conflict of interest and
- VI. Other violations of laws, regulations or policies that could negatively affect TDEA and donor funds.

Examples of **Unethical Behaviour** are as following:

- i. Dishonesty,
- ii. Discrimination,
- iii. Retaliation,
- iv. Sabotage or vandalism,
- v. Sexual harassment,

- vi. Disclosure of confidential information,
- vii. Fighting and/or threatening violence,
- viii. Failure to report injuries or policy violations,
- ix. Violation of the Organization's Drug Free Workplace policy and
- x. Other behaviours that are in violation of TDEA's policies and procedures or not in the spirit of the TDEA's Code of Business Ethics and Conduct.

Financial impropriety and unethical behaviour also may constitute illegal acts depending on local laws, and donor regulations. Activities such as bribes and kickbacks, discrimination, sex trafficking and drunk driving are examples of acts that are not compliant with local laws and regulations.

Employees must inform Human Resources of any conviction (other than minor traffic offences) that occur during the time they are employed by TDEA.

22.1.3. Non-retaliation Policy

To protect employees, TDEA ensures that none of its staff shall discharge, demote, suspend, threaten, harass, or in any manner discriminate against an employee reporting in good faith within the scope of this whistle-blower policy.

Employees are expected to exercise sound judgment to avoid baseless allegations. An employee who knowingly or recklessly makes an allegation or disclosure that proves to be unsubstantiated may be subject to disciplinary action, up to and including dismissal.

22.1.4. Anonymous Allegations

This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:

- a. The seriousness of the issue raised
- b. The credibility of the concern; and
- c. The likelihood of confirming the allegation from attributable sources

22.1.5. Procedure to Report Activities and Behaviour

To support the whistle-blower Policy, TDEA has established procedures that will ensure the proper receipt, retention and treatment of whistle-blower complaints or allegations. Whistle-blower reports are generally made in two ways:

- i. Reported by the whistle-blower through internal reporting channels,
- ii. Entered by the whistle-blower directly into online reporting system.

22.2. Reporting Through Internal Channels

Should an employee and or any associate become aware of, or concerned about, financial or other activity believed to be unethical, illegal, fraudulent, or not in compliance with TDEA's policies and procedures, the employee should report this activity to his/her immediate

supervisor. If the concern is related to his/her supervisor or the supervisor does not take appropriate action, an employee may report these concerns to a Human Resource Representative, Internal Audit Supervisor. Supervisors, managers, directors and others to whom reports are made must promptly convey these reports to the CEO. If CEO considers it appropriate he will forward the concerns to Board of Trustees. However, staff can also directly report any concerns to the Board of Trustees

22.3. Reporting Through Online System

In the event an employee is uncomfortable with reporting through internal TDEA channels, or is not satisfied with the response, the employee may report the activity using online reporting on TDEA Website **www.fafen.org**. All reports made through online system are confidential and may be made anonymously, at the choice of the reporter.

If the reporter's identity becomes known during the review process of the report, TDEA as an entity, TDEA management, recipients of the reports, auditors and investigators have a fiduciary duty to maintain the confidentiality of the identity of the reporter and of matters reported to online reporting system to the extent possible within the limitations of the law and policy and the legitimate needs of the investigation. TDEA employee making the report has the same fiduciary duty and must keep whistle-blower matters confidential.

22.3.1. Dissemination of Incident Reports

It is important that all reports and allegations regarding Trustees are entered into online reporting system, regardless of the method of reporting. When the report of an incident or allegation is made via internal reporting channels, (e.g., through a supervisor), a designated Officer should enter the report into a system. This will enable TDEA to have a complete database of all whistle-blower reports for tracking and record retention purposes.

If the allegation involves the Trustee, access must be approved by the Chairperson. Access to incident reports involving the Chief Financial Officer or Director must be approved by the CEO; and the Head of the Internal Audit Committee should authorize access if the incident involves the CEO.

22.3.2. Investigation of Allegations

Disclosing information related to the investigation of a tip, whether reported anonymously or not, is a breach of confidentiality and may put the whistle-blower at risk. Inquiries and comments about an allegation should be made within the whistle-blower database. Care should be taken to limit emails and other correspondence to what is absolutely necessary and not to assert preliminary judgments about the case. Conversations about a whistle-blower report should be documented and entered into online reporting system, including specific details sufficient to preserve a record of TDEA's treatment of the allegations and the case chronology.

The First Responders committee is comprised of the initial recipients of the report. This committee is responsible for determining next steps. Preliminary steps include:

- Assigning who will be the lead in terms of keeping the informed committee on progress,
- Identifying who will take the lead on the investigation,
- Determining how to best preserve confidentiality and anonymity, if applicable, and

- Identifying who, outside the First Responder committee, should be included in the correspondence and process.
- The First Responder committee will be reformed every after one quarter.

Following this preliminary planning process, the committee and others authorized to participate will develop and document the investigation plan. This plan should consider the nature of the allegations (isolated incident vs. systemic), financial and reputational risk to TDEA, need for external assistance, level of personnel involved, potential interviewees, assignment of tasks to Team members and others, the timeline for completion of tasks, and the internal communication protocols.

It is important at this time for the team to assess, on a preliminary basis, the materiality of the alleged fraud, and whether it was allegedly perpetrated by exploiting a one-time, temporary gap in internal controls, or a systemic weakness that is present in other departments. If the allegation is material or indicates a potential systemic weakness, the team must determine if operations should be suspended or modified to reduce the risk of further loss.

22.4. Frequently Asked Questions:

What is the difference between whistle blowing and making a complaint?

In practical terms, whistleblowing occurs when a staff member raises a concern about danger or illegality that affects others. The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistle-blower rarely has a personal interest in the outcome of any investigation into their concerns. As a result, the whistle-blower should not be expected to prove their case; rather he or she raises the concern so others can address it. This is different from a complaint. When someone complains, they are saying that they have personally been poorly treated. This poor treatment could involve a breach of their individual employment rights or bullying and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint, and, for this reason, is expected to be able to prove their case.

22.4.1. What information should a whistle-blower provide?

You should state the facts with as much specific information as possible so that your allegations can be investigated. You should not speculate or draw conclusions, and should be prepared to be questioned further. Below are basic questions you should answer to help you describe the situation. Note that these are for illustrative purposes only and may or may not be asked by the interviewer.

- Identify the person(s) engaged in the wrongdoing.
- Do you suspect that a supervisor or management is involved? Or do you know that a supervisor or management is involved?
- Is management aware of this problem?
- What is the nature of the wrongdoing?
- Where did this incident or violation occur?
- How long do you think this problem has been going on?
- How did you become aware of this violation or wrongdoing?

- Provide all details regarding the alleged violation, including the locations of witnesses and any other information that could be valuable in the evaluation and ultimate resolution of this situation.

Supporting evidence for the allegations, if available, is clearly helpful. However, TDEA does not require individuals to have evidence before reporting the matter, but it does say that the individual must reasonably believe the information is substantially true. Individuals should talk to someone in their service line or any other whom he/she feel convenience about their concern at the earliest opportunity rather than wait to collate any evidence.

22.4.2. What happens after I file my whistle-blower report?

A preliminary investigation will be conducted and you may be contacted with additional questions. The preliminary investigation will determine if a full investigation should be undertaken and by whom.

22.4.3. Do I be informed of the outcome of my report?

You generally have the right to be informed of the disposition of your disclosure and the findings of any investigation, although there might be overriding legal or public interest reasons not to do so.

22.4.4. Can I discuss the matter with friends and colleagues?

If you self-disclose your identity, the TDEA will no longer be obligated to maintain your confidentiality. To protect your confidentiality and the confidentiality of the investigation, it is advisable not to discuss the matter with friends and colleagues.

23. Health and Safety

Health and safety of staff is an important concern of the organization and will be protected to the maximum possible extent. Maintaining satisfactory health and safety standards require combine effort of the staff members, the administration and the senior managers. The Administration Officer has overall responsibility of the safety of staff while at work; similarly line managers share the responsibility with regard to staff working under their control. Guidelines for maintaining healthy and safe physical working environment are presented below; important guidelines will be displayed as reminder at prominent places for continuing attention of staff members:

23.1. Guidelines for Staff Members

- I. Take reasonable care of yourself, colleagues and others who may be affected by your actions;
- II. Follow the instructions provided by the Administration Dept. related to work and use of equipment;
- III. Report/share any health or safety concerns to the Administration or officer designated to look after health and safety matters;
- IV. Ensure that your work area is generally tidy and free from anything that could cause a slip, trip, fall, or collision;
- V. Make sure that you deal with, or report, spilt liquids, torn carpets, trailing cables, and obstructions such as boxes, paper, bags/briefcases etc.;
- VI. Keep corridors, stairwells and emergency exits clear at all times;
- VII. Keep the cupboard doors and filing cabinet drawers close as they can cause injuries to others;
- VIII. Prevent cabinets from toppling over by loading the bottom drawers first and by not overloading the top drawers. Always close one drawer before opening the next;
- IX. Ensure that all items are properly placed so that they do not topple over onto someone, or cause an obstruction or tripping hazard;
- X. Never attempt to repair any electrical or electronic equipment, report any fault to the concerned person;
- XI. Last person leaving the room must switch off all the electric and gas appliances of work station like computers, lights, lamps, air-conditioners, heaters etc.;
- XII. In case of an injury, get proper first aid treatment from a (first aid) trained staff member.

23.2. Guidelines for Management

- I. The Trust/FAFEN workspaces must have adequate and safe infrastructure, including air conditioning, adequate communication system etc. The Administration Officer or the designated officer will be responsible for the safety of the office infrastructure

- (furniture, computers and related equipment, electric wiring and extensions, communication equipment etc.), office security and general cleanliness etc.
- II. Work spaces will be kept clean, hygienic and modestly designed to encourage staff motivation, productivity and interaction;
 - III. The Trust/FAFEN indoors (enclosed places) are strictly smoke-free;
 - IV. The Trust/FAFEN will take reasonable measures to make its office easily accessible to the disabled staff and visitors; other staff will be expected to be sensitive to the needs of such individuals and any reasonable special arrangement needed for such staff will be provided;
 - V. Fire extinguishers will be prominently displayed and staff will be well trained in their use. Fire drills will be conducted periodically as determined by the F&A Dept.;
 - VI. Emergency exit signs will be displayed as appropriate. The Administration Dept. shall prepare and update the emergency plan and periodically share it with the staff;
 - VII. The Trust/FAFEN vehicles will be maintained for efficiency and safety; during vehicular travel, the Trust/FAFEN staff must use adequate safety precautions such as seat belts, following speed limits, taking appropriate rest while driving etc.;
 - VIII. The Trust/FAFEN office will maintain a first-aid kit and a satisfactory number of staff to be able to provide first aid; and
 - IX. Emergency phone numbers including: police, fire brigade, ambulance etc. will be appropriately displayed near the phones.

24. CODE OF ETHICS¹³

24.1. Introduction

24.2. Applicability of Code

- The Code of Ethics and Conduct set forth below and henceforth referred to as “the Code”, is applicable to;
 - All the activities of TDEA. This Code covers all employees, officers, consultants, member organizations and Board of Trustees of TDEA;
 - TDEA and all affiliates, partnerships, and other organizations over which TDEA has control or significant influence; and
 - All the projects being implemented by TDEA.

24.3. Using the Code

- Read through the entire Code;
- Think about how the Code applies to your job, and consider how you might handle situations to avoid;
- Improper, illegal or unethical actions; and
- If you have questions, ask your supervisor, manager or contact another one of the resources listed in this Code. **(Annex-30)**

24.4. Statement of Core Values

24.5. Vision

“A democratic and just society that guarantees rights, respect and dignity of all individuals.”

24.6. Mission Statement of TDEA

TDEA strives to strengthen public accountabilities by enhancing capability of citizens' associations to work for civil liberties, improved governance, democracy and peace in Pakistan.

24.7. Key Principles and Core Values of TDEA

TDEA upholds the following key Principles and core values in the performance of its work, public interactions and organizational procedures and process:

- i. **Inclusion:** TDEA/FAFEN believes in inclusion as the basis for strengthening democratization, and therefore, encourages greater participation of all stakeholders particularly the marginalized in its work.

¹³ Added Clause in Seventeenth Meeting of Board of Trustees, Resolution No: bot17-10/2014-05

Effective Date: October 22, 2014

- ii. **Integration:** TDEA/FAFEN believes in partnerships and networks as critical in integrating and strengthening voices of citizens and their associations for civil liberties, improved governance, democracy and peace in Pakistan.
- iii. **Neutrality:** TDEA/FAFEN does not support any political party.
- iv. **Transparency:** TDEA/FAFEN procedures and processes maximize organizational transparency.
- v. **Accountability:** TDEA/FAFEN is open to public accountability of its governance, work, performance and conduct.
- vi. **Commitment to Democracy:** TDEA/FAFEN practices democratic decision-making processes in its management and programs.
- vii. **Rule of Law:** TDEA/FAFEN adheres to the all provisions in the constitution, law, rules and regulations in vogue in the country that are not in violation of civil and political liberties.
- viii. **Objectivity:** TDEA/FAFEN gives primacy to robust methodologies and information based on facts and/or credible research and evidence as a cornerstone to its processes, programming, public positions and advocacy.
- ix. **Non-Discrimination:** TDEA does not discriminate and condone discrimination on the basis of caste, colour, ethnicity, creed, gender, religion, political, geographical or linguistic background, marital status, sexual orientation, age or physical disability, etc.
- x. **Best Practices:** TDEA enhances its organizational competence by incorporating best program and management practices and standards.

24.8. Code of Ethics and Conduct

The Code is meant for all the personnel of TDEA to ensure high standards and makes it clear how potential conflicts of interests are dealt with. The Code is not intended to address very specific legal or ethical situation. Rather, persons covered by this code are expected to adhere to it and to all the policies and procedures of TDEA, including those referred in the HR, Procurement, Finance, Grants, Internal Audit, Network, and other Manuals of TDEA, by using common sense and good judgment, asking questions, and seeking guidance. TDEA expects all its personnel to understand and comply with this code at all times in carrying their duties.

TDEA personnel who deal with contracts and grants are responsible for knowing and complying with all applicable laws, regulations, standards, and contractual obligations, even when they are not specifically addressed in the Code. They can also request senior management to solicit legal advice on certain matters which are complicated and/or require professional judgment beyond their expertise. Because violations of certain requirements can result in the imposition of significant civil or criminal penalties to TDEA or the person involved, strict adherence to these applicable requirements and the Code is essential. In the event an employee violates the standards outlined in the Code, TDEA will determine the appropriate action to be taken.

Employees are required at the time of employment and periodically thereafter to certify that they have reviewed and will adhere to the Code.

A. Ethical Decision Making

Ethical decision making is essential to the success of our organization. Some decisions are obvious and easy to make; others are not. For all of us at TDEA, the manner in which we approach our work is just as important as the outcomes we seek to achieve.

We work at TDEA because our internal compass leads us to do what is right. That same internal compass must guide us to meet the highest ethical standards in all of our operations and interactions. If you are confronted with a situation that causes you concern, ask yourself these questions:

- Would you want your supervisor or colleagues to know?
- How would you feel if your actions were published in the newspaper, broadcast on the radio, or posted on the internet?
- How would you explain your actions to an auditor, investigator, or member of the law enforcement agency?
- Would you be proud to tell your parents, your spouse, or your children?

No code of conduct can anticipate each and every situation you may confront in your work, but your conviction to do what is right, combined with the guidance set forth in this code, will serve you well in your work at TDEA.

If you are uncertain about the proper course of action in any situation, you should consult the Code of Ethics and Conduct as well as your colleagues. Don't forget that you are surrounded by dedicated colleagues who are also called upon to "do what is right."

B. Abide by the Law

Regardless of local practices, we have rules for how to use funding appropriately. TDEA strives to represent the best professional practices in accordance with applicable laws.

1. Treat Others with Dignity and Respect

TDEA is committed to providing a work environment that promotes equal opportunity, dignity and respect. Our policies promote equal employment opportunities for all persons regardless of race, colour, religion, gender, age, marital status, sexual orientation, national origin, citizenship status, disability, veteran status, genetic information or any other legally protected status.

Equal opportunity extends to all aspects of the employment relationship, including hiring, transfers, promotions, training, terminations, working conditions, compensation, benefits and other terms of employment.

TDEA strives to keep the workplace free from all forms of harassment, including sexual harassment. TDEA considers harassment in any form to be a serious offense. Employees should familiarize themselves with TDEA's Sexual Harassment Policy, which can be found in the HR Manual.

Employees who believe they have been discriminated against or harassed should immediately report the incident to their supervisor or refer the case to committees designed for the said purposes. Supervisors or employees found to have engaged in discriminatory conduct or harassment are subject to immediate disciplinary action, including possible termination of employment.

2. Preventing Workplace Violence and Harassment

TDEA strictly prohibits actual or threatened violence against co-workers, visitors or anyone else who is either on our premises or has contact with employees in the course of their duties. We expect that all relationships among persons in the workplace will be professional and free of bias, harassment and violence. Every threat of violence is serious. We must report any such event immediately. Threats of immediate concern should be referred to the Internal Disciplinary Committee of TDEA. Other threats must be brought to the attention of designated security focal persons of TDEA.

3. Political Activities

Employees may not directly or indirectly use any TDEA's funds, property, assets, services, or facilities to participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office, or to contribute to any political party, campaign, political action committee, or public office -holder. Network manual for member organizations and Board also provide specific guidance in this regard.

4. Charitable Contributions

While TDEA personnel are free to support private charities on their own time with their own resources, TDEA personnel are prohibited from making any corporate charitable donation in the form of funds, complimentary facilities, or services of any kind without the express written approval of the CEO who shall base any such approval considering the amount, timing, and means of the charitable contribution. Some donors do not allow charitable contributions to be charged to their funds and hence, due care needs to be exercised.

5. Alcohol and Drug-Free Workplace

It is TDEA's policy to maintain an alcohol and drug-free work place. It is unlawful to distribute, dispense, possess, or use a controlled substance at any TDEA facility. For the purposes of this provision, controlled substances include:

- Illegal drugs and narcotics;
- Prescription drugs obtained or used without a legal prescription; or
- Other unlawful substances or materials.

Failure to comply with this policy will result in TDEA taking appropriate action against the employee, up to and including termination.

6. No Bribes or Kickbacks

TDEA prohibits any activity that could be perceived as an attempt to improperly influence, obtain, or reward favourable treatment in connection with any funded agreement. This prohibition includes bribery of government officials or offering or receiving kickbacks from contractors, subcontractors, grantees, vendors etc. TDEA employees are prohibited from providing, attempting to provide, offering directly or indirectly, or accepting, any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind to any government official, the contractor or its employees, or a subcontractor or its employees for the purpose of improperly obtaining or rewarding favorable treatment in connection with any contract, grant, cooperative agreement, subcontract, sub grant, or any other occupational dealing.

7. Proprietary Information

It is important that we respect the property rights of others. TDEA strictly prohibits acquiring or seeking to acquire improper means of a competitor's secrets or other proprietary or confidential information. We will not engage in unauthorized use, copying, distribution or alteration of software or other intellectual property of others.

C. Comply with Donor Requirements

We are committed to our donors, and the society we serve. This commitment, along with our compliance with TDEA's policy manual and adherence to this code, ensures that we provide need driven and effective services to our donors and beneficiaries.

1. Know Agreement Requirements

All project staff members are required to read and understand the award agreements and any modifications. All project managers must know what costs are allowable and appropriate under their awards. Staff should be particularly attentive to applicable programmatic and administrative requirements for:

- Logical/ Results framework;
- Program implementation plan;
- Monitoring and evaluation plan;
- Geographical area of project implementation;
- Reporting deadlines;
- equipment and vehicle purchases or leases;
- source and origin of goods and services, if applicable;
- competition and minimum bids;
- ineligible and restricted commodities such as pharmaceuticals and fertilizer (for USG funds);
- property management and inventory control; and
- subcontract and contract provisions, approvals, and advances reporting.

D. Work Responsibly

1. No Conflicts of Interest

TDEA has many donors, suppliers, other implementation and facilitating partners, and beneficiaries, all of whom are important to our success. All of these relationships must be based entirely on fair dealing. Professional courtesies can build organizational reputation, but they can also create a perception of conflict of interest that can undermine the integrity of our relationships. All persons covered by this Code are required to avoid actions that create actual or potential conflicts of interest. In addition, all persons covered by this Code are required to report any conflicts of interest that arise and are in any way connected to TDEA.

What constitutes a conflict of interest or an unethical work practice? This is both a moral and legal question, and it is therefore not possible to define all the various circumstances and relationships that would be considered unethical. TDEA has the conflicts of interest policy in place which describes in detail the specific situations which results into conflicts of interest and the reporting mechanism for individuals having any actual or potential conflicts of interest connected to TDEA. All the personnel must read carefully and understand the COI policy of TDEA to avoid any consequences resulting from noncompliance to the policy.

2. Don't Compete with TDEA

Employees must not take for themselves personally, or direct to a third party, a business opportunity discovered while carrying out duties and responsibilities for TDEA, unless TDEA is first offered the opportunity and turns it down. Employees must also not use any TDEA

property or information learned in the course of employment at TDEA to compete with TDEA to its detriment.

3. Maintain a Duty of Loyalty

TDEA strives to embody the highest standards of ethical behaviour, and is committed to act at all times in a manner consistent with applicable laws and regulations.

Employee loyalty to TDEA and its goals is integral to TDEA's success. In acting on these principles, employees of TDEA are expected to maintain exemplary integrity and ethical standards, to comply with all applicable laws and regulations, and to refrain from advancing any personal interests that conflict with those of TDEA.

Employees are expected to devote their full working time, attention, and energies to their jobs. Because of the nature of TDEA's work, employees may also be required to travel or be available at times outside regular work hours to fulfil their professional obligations.

Employees must notify the Human resource unit before accepting a significant leadership position, including board membership, in another organization, whether or not the position includes compensation.

Employees and others who make or are involved in procurement decisions are also required to declare their existing conflicts of interest at least on an annual basis or less frequently as determined by TDEA.

4. Maintain Accurate Records and produce reliable internal / external information

Accurate and reliable financial records are of critical importance in meeting TDEA's financial, legal, and contractual obligations. TDEA's financial books, records, and statements shall properly document all assets and liabilities and accurately reflect all transactions of the trust. No false entries shall be made on TDEA's books or records for any reason.

TDEA employees must ensure that documentation and records are developed and maintained carefully and accurately in accordance with all applicable legal requirements and TDEA's internal procedures, and that TDEA funds are meticulously expended and accounted for.

TDEA employees must not submit data that is in any way inaccurate, incomplete, or misleading, when reporting data of any kind, whether internally or to an existing or potential donor or any subcontractor. Likewise, they may not falsify, alter, or distort information to be submitted. This includes time sheets or other time records, cost reports, expense reports, pricing proposals, certifications relating to cost or pricing data, or requests for payment. Falsification includes changing a document after it has been signed or otherwise completed, unless the responsible counterpart has agreed to the changes, and the agreement to the changes is properly noted on the document.

In particular, when you sign a timecard or other labour documentation, either manually or by reporting electronically, you are certifying that the timecard or electronically reported time accurately reflects how your time was utilized at work.

TDEA employees charging to funded agreements must be particularly careful to ensure that hours worked and cost expended are allocated to the account for which the work and costs were incurred. Improper shifting of costs from one contract to another, improper charging of

non-contractual time to contracts, improper charging of labour or materials, and the falsifying of time are strictly prohibited.

A cost may not be charged or allocated to a government contract if the cost is unallowable by regulations or contract provisions, or is otherwise improper.

Intentional or careless false reporting or mischarging will result in discipline up to and including termination. An individual who manipulates charges to a contract may be subject to criminal charges and place TDEA in peril of investigation and prosecution including fines, penalties, suspension, and debarment.

Documents related in any way to an on-going or potential investigation of TDEA by a government agency or any other official proceeding must not be destroyed, discarded, or altered.

5. Cooperate with Officials and Auditors

TDEA employees are expected to cooperate with all government or donor/client officials and auditors fulfilling their oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the organization's process for monitoring compliance with laws and regulations and the Code of Conduct.

6. Don't Give Gifts to Government Officials

TDEA strictly prohibits any activity that could be perceived as an attempt to improperly influence, obtain, or reward favourable treatment from government employees by providing anything of value to government employee, even if there is no intent to influence an official government action or decision.

Consistent with this Code's prohibition on bribes and kickbacks, and other national anti-corruption laws, restriction of gifts to government officials may apply.

7. Don't Take Personal Gifts from Suppliers, Subcontractors, Grantees or Beneficiaries

TDEA has adopted a zero tolerance policy on gifts and therefore, it is of overriding importance that procurement personnel should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment of an individual or entity by accepting offers of gifts, hospitality or other similar favours. Personnel should at all-time behave in a way that upholds the values, integrity and good reputation of TDEA and that never gives the impression of impropriety.

Because of TDEA's zero tolerance policy on acceptance of gifts and hospitality, procurement or other personnel involved in any aspect of procurement are prohibited from accepting any gift including drinks, meals, tickets, hospitality, transportation, or any other form of benefits, even if it is in connection with an official working visit, from any person who would not have made the gift or provided hospitality if the personnel had not been working for TDEA regardless of the value and of whether the outside source is or is not soliciting business with TDEA. Exceptions to this rule are invitations to lunches, dinners, receptions, etc., from governments, funding sources, or other partner organizations that may be accepted when such invitations are part of TDEA personnel's official functions and in normal course of business.

All items received from vendors, subcontractor, grantees or beneficiaries, even of nominal value, shall be reported to the Human Resources Unit and returned to the vendor, subcontractor, grantee or beneficiary. TDEA's policy is generally to refuse to receive any gift that is more than nominal in value, or is given for the purpose of influencing an official TDEA duty.

If an employee receives a gift more than nominal in value under circumstances where returning the gift or offering to pay for it may be an affront to the giver, the employee should report the gift immediately to his / her supervisor. TDEA management will determine the appropriate disposition for any such gift.

8. Compliance by Vendors, Grantees, Subcontractors and Consultants

All vendors, grantees, subcontractors and consultants working with TDEA are expressly required to comply with all applicable laws, regulations, standards, and contractual obligations applicable to our work. Each such contract with a subcontractor, grantee or consultant shall also provide for the termination of the contract in the event the subcontractor, grantee or consultant violates applicable laws, regulations, standards, contractual obligations. Following is the code of conduct of TDEA for vendors, grantees, subcontractors and consultants;

- I. They must uphold the human rights of workers, and treat them with dignity and respect as understood by the international community;
- II. They shall not discriminate against any worker based on race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices;
- III. They must be committed to a workplace free of harassment. Suppliers shall not threaten workers with or subject them to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion and verbal abuse;
- IV. They shall not use any form of forced, bonded, indentured, or prison labour. All work must be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice;
- V. Child labour is strictly prohibited. They shall not employ any children;
- VI. Under no circumstances the workweek shall exceed the maximum permitted under applicable laws and regulations in Pakistan. They must offer vacation time, leave periods, and holidays consistent with applicable laws and regulations in Pakistan;
- VII. They must pay all workers at least the minimum wage required by applicable laws and regulations of Pakistan and provide all legally mandated benefits;
- VIII. They must respect the right of workers to associate freely, form and join workers organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations of Pakistan;
- IX. They must be committed to creating safe working conditions and a healthy work environment for all of their workers;

- X. They must be committed to reducing the environmental impact of their designs, manufacturing processes, and waste emissions;
- XI. They must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, and customers;
- XII. Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Suppliers, grantees, subcontractors or consultants shall not engage in corruption, extortion or embezzlement in any form and violations of this prohibition may result in immediate termination of services and in legal action;
- XIII. They must disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices;
- XIV. They shall not offer or accept bribes or other means of obtaining undue or improper advantage;
- XV. They must uphold fair business standards in advertising, sales, and competition;
- XVI. They are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate;
- XVII. They must respect intellectual property rights, safeguard customer information, and transfer of technology and know-how must be done in a manner that protects intellectual property rights; and
- XVIII. They must adopt or establish a management system designed to ensure compliance with this Code and applicable laws and regulations in Pakistan.

E. Protect the Reputation and Assets of your Organization

1. Confidential and Material Non-Public Information

Confidential information generated and gathered in the course of our programmatic and operational activities is a valuable asset. Protecting this information is critical to our reputation for integrity and our relationship with donors and partner organizations, and ensures compliance with applicable laws. All confidential information, regardless of its form or format, must be protected from the time of its creation or receipt until its authorized disposal.

Confidential information is information that you create, develop, receive, use or learn in the course of your employment with, or service as a director or officer of TDEA. It includes information that is not generally known by the public about TDEA our affiliates, our employees, our donors or other parties with whom we and our affiliates have a relationship and who have an expectation of confidentiality. This also includes information about employees, operations, programs, products, services, strategies, research, policies, systems, budgets, proposals, finances, plans, and donor relationships.

TDEA personnel must protect the proprietary information of TDEA and its affiliates against improper release or disclosure. This requirement extends to protecting sensitive and private information of TDEA employees. During and after their employment at TDEA, employees

must refrain from disclosing any confidential or proprietary information to anyone outside TDEA, except as authorized by the board of trustees, or as required by law.

Furthermore, employees must not, without prior authorization from CEO/COP, publish any writing, participate in any published interview, or make any public speech or other statement that provides information about or otherwise reflects on TDEA or its relationship with any donor or implementing partner.

TDEA does not solicit nor will it receive any sensitive proprietary internal government information, including budgetary or program information, before it is available through normal processes.

2. Intellectual Property

Any work produced in the course of employment at TDEA is the exclusive property of TDEA. As a condition of employment, TDEA employees waive any rights – including intellectual property rights to such work products, and may not produce, distribute, or make any other use of such work products outside TDEA without written authorization from the management of TDEA.

Employees should take all available steps to protect TDEA's intellectual property. Any work developed, designed, or authored by TDEA or any of its personnel and authorized for external distribution, including any websites or material posted on the internet, should bear a copyright notice on it.

TDEA employees should avoid the unauthorized use of copyrighted materials of others, including material which may be readily available without charge on the internet. Employees should consult with the management if there is a question about the permissibility of photo copying, excerpting, displaying, disseminating, electronically copying, transmitting, or otherwise using copyrighted materials. Similarly, using the trademark or service mark of another organization, even one with which TDEA has an official relationship, always requires prior approval by the concerned authorities.

Employees are expected to comply with license agreements that govern the use of software created and copyrighted by companies other than TDEA. Reproducing or installing software without authorization may violate these agreements and be illegal.

3. Assets of TDEA

TDEA assets, which include information technology, office supplies, equipment, furniture, vehicles, and work space, are provided to TDEA personnel in furtherance of TDEA's operations. TDEA personnel are responsible for safeguarding these assets and ensuring they are used appropriately. Using TDEA assets for viewing or sending pornography; gambling; violating copyright or trademarks; solicitation; or distribution activities that are not related to an employee's duties; or for any purpose other than TDEA's work (except for limited, necessary personal communications, or as specifically authorized by TDEA) is prohibited.

Any person found to be engaging in or attempting theft or other improper use or diversion of TDEA property, including physical assets, funds, documents, intellectual property, personal property of other employees, or any other item of value, will be subject to immediate discharge and possible criminal proceedings.

4. Communications with the Public

In internal or external communication, there will be no material omissions or exaggerations of fact, no use of misleading photographs, nor any other communication that would tend to create a false impression about or misunderstanding of TDEA.

The Code prohibits TDEA personnel from disclosing any information, confidential or not, outside of appropriate work channels. Any disclosure of organizational information through social media networks, on-line chat rooms, on websites, or in blogs may be restricted.

24.9. Implementation

TDEA's compliance program is intended to ensure that TDEA

- follows internal policies;
- complies with external regulations and statutes; and
- provides training and to staff regarding the Code of ethics and conduct

A) Non-Retaliation

TDEA will not tolerate retaliation against anyone, who in good faith makes a report of a violation or suspected violation under this code or any other policy of TDEA. Any such retaliation would be considered as serious violation of this code and grounds for immediate corrective action. Such action may include termination of employment. Allegations of retaliation will be investigated immediately and, if substantiated, will result in appropriate disciplinary action.

B) Consequences for Failure to Comply

The matters addressed in TDEA's Code are of the utmost importance to TDEA, and compliance with the requirements contained herein is essential to TDEA's ability to accomplish its objectives in accordance with the law and TDEA's stated values. Accordingly, it is expected that all TDEA's staff members strictly adhere to it in performing their duties.

In addition to avoiding improprieties, employees must also avoid the appearance of impropriety or any action that might misrepresent to employees and partners of TDEA that improper behavior is condoned.

The nature of offence (major or minor) will be decided by the relevant authority, taking into account the gravity of misconduct, previous record of the staff member, and any other circumstances that may exist at the time of misconduct.

TDEA will take appropriate action against any employee whose actions are found to violate the code. Such action may include immediate termination of employment at the TDEA's own discretion. In addition, where TDEA has suffered a loss as the result of an employee's violation of the code, TDEA may pursue any available remedies against the employee responsible.

ANNEXURE



DISCLOSURE OF AFFILIATIONS

Name of Employee: _____

Designation: _____

I hereby disclose that I am affiliated with the following government and non-government entities in remunerated or voluntary capacity and declare that there is no conflict of interest, real or perceived, with TDEA or any of its programs, policies procurements and positions:

Sr. No.	Name of Organization	Type of Affiliation	Compensation Status	Conflict of Interest

I have identified all affiliations about which information has been requested to the best of my knowledge, and I agree to update this statement as and when required.

Date and Signature

Name and Designation



PERSONNEL REQUISITION FORM

(Authorization must be obtained 1 month before expected start date of job)

Name of Supervisor:		Department:	
Project/Program:		Job title:	
Budget availability (Y/N):		Location:	
Start date of job (proposed):		Salary range:	
1. Benefits applicable (✓ appropriate boxes) ☐ CPF ☐ Medical ☐ Overtime ☐ Day Care			
2. Contract Type (✓ appropriate box) ☐ Temporary ☐ Permanent ☐ Contractual (For Temporary give category) _____			
3. Duration of contract (specify in months/years):			
4. Do you have approved Job Description from the relevant director (Yes/No) (if yes Please attach)			
5. Mode of advertisement ☐ Ad in newspaper ☐ E-mail circulation ☐ Website ☐ Notice boards ☐ Other (Please specify) _____			
6. Authorizations :			
Signature Manager Finance	Name	Date:	
Signature Department Head of the proposed position	Name	Date:	
Signature Chairman of the Board /Chief Executive officer/ Chief of Party /Project Director:	Name	Date:	

Date of submission to HR focal person: _____

(Note: After approvals submit the form to HR focal person for further action and record)



REFERENCE CHECK FORM

<i>Candidate Name :</i>		<i>Date of Reference Check:</i>	
<i>Position applied for:</i>		<i>Project Name:</i>	
<i>Referee's Name:</i>			
<i>Last Designation:</i>		<i>Last Drawn Salary:</i>	

1. In what capacity you observed the candidate's work?

2. How was the candidate's relationships with his/her co-workers, reporting staff (if applicable), and supervisors?

3. What are the candidate's most significant areas to improve?

4. Was the candidate aware of his/her weaknesses and did he/she attempt to address them?

5. Would you recommend him/her for this position? Why or why not?

6. Would you rehire this individual? Why or why not?

7. What was his/her reason for leaving the organization?

Comments (Optional):

Reference checked by:

Signature _____
Human Resources Representative



PERSONAL FILE CHECKLIST

PERSONNEL FILE CHECK LIST			
Employee Name:			
Position Title:			
Date of Joining:		Emp ID #:	
Employee Status:	Contractual ☐ Short-term Project Employees ☐		
CONTENTS			Comments
1.	Personnel Requisition Form	☐	
2.	Call for Applications/Advertisement/Headhunting form	☐	
3.	Resume/CV	☐	
4.	Test Assessment	☐	
5.	Interview Evaluation Forms with Recommendations	☐	
6.	Pre-Employment Reference Checks	☐	
7.	Acknowledgement Compendium of Policies and Procedures	☐	
8.	Prob/Annual Performance Appraisal Form	☐	
9.	Job Description	☐	
10.	Credentials (Academics & Experience Letters)	☐	
11.	National Identity Card/Passport Copy (either one)	☐	
12.	Passport Size Photographs	☐	
13.	Health/Life Insurance Form	☐	
14.	Beneficiary Designation Form	☐	
15.	Contributory Provident Fund Form	☐	
16.	Conflict of Interest Forms (A&B)	☐	
17.	Employment Form/Personal Information Form	☐	
18.	Contracts/Addendums/Job Offer Letter	☐	
19.	Confirmation Letter	☐	
20.	Final Settlement/Clearance Form/Exit Interview	☐	

ANNEX No. 5(A)

JOB APPLICATION FORM

Name:		Date:	
Current Employer:		Current Designation:	
Last Drawn Salary		Expected Salary	
Applying for			
Job Title:		Department:	
Availability to Join		Location	

1. What was your reason for leaving your last job? _____
2. What do you think your present/previous employer would say about you? _____

3. Tell us about the best aspect of your previous work experience. _____
4. Tell us about the worst aspect of your previous work experience. _____
5. What do you know about TDEA and FAFEN? _____

6. Why do you want to work for TDEA? _____
7. What do you know about the work responsibilities of this job position? _____

8. Why should we select you over other potential candidates? _____

9. Describe yourself in three words:
1. _____ 2. _____ 3. _____
10. Mention three positive traits you don't have.
1. _____ 2. _____ 3. _____
11. Where do you see yourself five years from now? _____
12. What is your dream job? _____

Comments:

(Candidate's Name and Signatures)



ANNEX No. 5(B)

APPLICATION FORM WITH HEAD-HUNTING

Name:		Date:	
Current Employer:		Current Designation:	
Last Drawn Salary:		Expected Salary:	
Applying for			
Job Title:		Department:	
Availability to Join:	<i>Immediate</i>	Applied through:	<i>Reference</i>
Referred by: (if)	<i>Name</i>	<i>Designation</i>	<i>Signatures</i>

1. What was your reason for leaving your last job?

2. What do you think your present/previous employer would say about you?

3. Tell us about the best aspect of your previous work experience.

4. Tell us about the worst aspect of your previous work experience.

5. What do you know about TDEA?

6. Why do you want to work for TDEA?

7. What do you know about the work responsibilities of this job position?

8. Describe yourself in three words:

1. _____ 2. _____ 3. _____

9. Mention three positive traits you don't have.

1. _____ 2. _____ 3. _____

10. Where do you see yourself five years from now?

Comments: _____

(Candidate's Name and Signatures)



COMPARATIVE SHEET FOR RECRUITMENT

Comparative Sheet - Position Name-Project Name															Date:		
S. No	Candidate Name	Panel Member 1	Panel Member 2	Panel Member 3	Panel Member 4	Qualification (15)	Relevant Experience (15)	Relevant Experience with TDEA-FAFEN (10)	40 % of G, H, I	Interview Evaluation Score	30% Interview	Test Score	30% Test	Total % out of 100	Total (Test Score +Interview Evaluation)	Expected Salary PKR	Panel Remarks
1	Applicant 1																
2	Applicant 2																
3	Applicant 3																
4	Applicant 4																

Note:

Interview Evaluation 30

Test Evaluation 30

Panel Approval:

Panel Member 1 Panel Member 2 Panel Member 3 Panel Member 4

Recommendation/Justification Comments: _____

HR Comments (if any): _____

HR Focal Person: _____

Final Approval: _____

Chief Executive Officer



ANNEX No. 7

INTERVIEW EVALUATION FORM

Name of Candidate: _____ Position Applied For: _____ Name of Interviewer: _____ Date: _____

Sr. No.	Competency	Assessment Criteria	Outstanding (4)	Good (3)	Acceptable (2)	Marginal (1)	Not Acceptable (0)
1.	Effective Communication	Carefully listens to questions					
		Articulates appropriate responses					
		Allows others to complete sentences without interrupting them					
		Uses simple and non-jargoned language					
		Speaks well					
2.	Interpersonal Skills	Neutral and calm minded					
		Experience of regular reporting to Management					
		Team building and conflict resolution approach					
		Stress management and multi-tasking capability					
		Transparent and unbiased approach					
		Coaching and mentoring of juniors					
		Ethically sound and disciplined					
3.	Sound Knowledge & Understanding	Sound understanding of Generally Accepted Accounting Principles					
		Awareness of best practices					
		Compliance with policies and procedures					
4.	Relevant Expertise	Expertise in Financial Management					
		Expertise in Budgeting and Forecasting					
		Knowledge of costing principles					
		Working Experience with Development Sector					
5.	Flexibility	Experience of working in difficult circumstances					
		Experience of working under tight deadlines					
		Experience of working for longer hours					
		Experience of extensive travelling					

Comments:

Expected Salary:Fit for Hiring ☐A Good Possibility ☐Need Second Interview ☐Not Suitable ☐

(Interviewer's Signature)

**ANNEX No. 8****EMPLOYEE INFORMATION FORM**

Attach coloured
passport size
photograph

Name:	
Father's Name: Husband's Name:	
CNIC No.	
Present home address:	
Permanent address (if different from above)	
Contact No's (land line & cell)	
Two Contact Nos. in case of emergency	
Blood group	
Bank account details (a/c No., Bank, Branch)	

Name, relation and contact of next to kin: Name	Relation	Address	Phone number with Area code

Names and relation with dependant:

S. No.	Name	Age	Relation
1			
2			
3			
4			
5			
6			

- Have you ever convicted any crime or ever-in prison for any offense?

Yes ☐ No ☐

If yes, please provide the details of offense and verdict

- Are you a defaulter of any bank or financial institution? If yes, state the duration of your default?

Yes ☐ No ☐

- Are you addicted to any drug? If yes please mention the type of drugs you are addicted to?

Yes ☐ No ☐

Do you have any disability? If yes then please mention what facilitation you need from TDEA to perform your day to day activities at work? Yes ☐ No ☐

Have your previous employer released you from the Job? If yes, please attached the resignation copy?
Yes ☐ No ☐

Are you engaged in any volunteer work or paid work for any other organization? Please explain the nature of work. Yes ☐ No ☐

- Do you have any disease that you want to tell your organization for separate place or atmosphere (Y/N), if yes please state so that we can make necessary arrangements for you?

Yes ☐ No ☐

Do you have Health coverage through your spouse organization? If yes, please state the insurance company or state department. Yes ☐ No ☐

- Would you opt for organization Volunteer contributed provident fund (CPF) scheme (Y/N)

Yes ☐ No ☐

If you have any ambiguity in your educational documents or experience letters that you would like to justify.

Please explain in detail the reason. Yes ☐ No ☐

Certification: To the best of my knowledge, the above facts as stated are true and correct. In case the information provided above found wrong TDEA has all right to terminate my services without or with notice, within probation or after probation.

Date:

Signature



ACKNOWLEDGEMENT OF RECEIPT OF POLICIES & PROCEDURE MANUAL

I have received and read a copy of TDEA Policies & Procedure Manual.

I understand the policies and procedures of TDEA and will follow all the rules and regulations mentioned in the manual and try to do my best not to breach any policy intentionally. I will also comply with any changes made on time-to-time basis.

NAME: _____

DATED: _____

SIGNATURE: _____

(This page should be signed and placed in the employee's personnel file.)



ANNEX No. 10 A

CONFLICT OF INTEREST DISCLOSURE FORM (BUSINESS PURPOSE)

FORM A

FULL NAME: _____

POSITION/DEPARTMENT: _____

HIRED DATE: _____

REGION: _____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest between TDEA and your personal interests, financial or otherwise:

_____ I have no conflict of interest to report.

_____ I have the following conflict of interest to report:

(please specify any for-profit and not-for profit businesses for which you are in, and the name of your employer and any businesses you own)

Title/ Position	Employer/ Organization	Joint Date	City/ Region

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I understand that any misrepresentation or false information provided on this form renders me to immediate dismissal.

I am aware as well that I am further responsible for updating this form. I acknowledge that failure to do this result in termination of my employment with TDEA.

I have reviewed, and agree to abide by, the Policy of Conflict of Interest of TDEA.

Date:

Employee Signature:



ANNEX No. 10 B

CONFLICT OF INTEREST DISCLOSURE FORM**(Family Members)****FORM B**

Below herewith I disclose the location of my family members associated with or related to my work with TDEA. This includes, but is not limited to: current TDEA employees, contractors, vendors, beneficiaries, grantees, service providers such as internet providers, travel agents, Government of Pakistan's representatives, etc.

I understand that this information will be kept confidential and will be used to avoid nepotism and potential conflicts of interest that may arise; this list will be retained in my personal file.

The definition of "family member" is as follows: grandparents, parents, stepparents, in-laws, spouse, spouse's family, sibling, sibling's spouses, sibling's in-laws, children, stepchildren, ex-spouse, aunts, uncles, cousins, nieces and nephews.

(Please attach an additional page, if necessary)

Name, Surname	Relationship	Employer/ Organization	Title	City/ Region

I do certify that the above provided information is correct and true. I understand that any misrepresentation or false information provided on this form renders me to immediate dismissal.

I am aware as well that I am further responsible for updating and maintaining this list, as changes in employment status or location change for my family members. I acknowledge that failure to do this result in termination of my employment with TDEA.

Full Name: _____

Hired Date: _____

Position: _____

Region/Project _____

Staff Sign: _____

Signature

Date:

**ANNEX No. 11****JOINING REPORT**

I Mr/Mrs _____ have joined TDEA office Islamabad
on Dated _____ as _____
in _____ Department.

Date_____
Signature**Human Resources Acknowledgment:**_____
Date_____
Signature



DESIGNATION OF BENEFICIARY

Unpaid compensation/payment of deceased employee

Full Name:	Date of birth:
Empl. ID#: _____	
Position/Unit/Department:	Location (village, city, province, region):

I _____, the employee named above, canceling any and all previous Designations of Beneficiary heretofore made by me, do now designate the beneficiary and beneficiaries name below to receive any unpaid compensation/payment due and/or payable after my death. I understand that this Designation of Beneficiary will remain in full force and effect until expressly change or revoke it in writing by me.

Information Concerning the Beneficiary(ies)				
Full Name of Beneficiary	Relationship with the Employee	Date of birth and CNIC Number	Entitlement Percentage (shared to be paid to beneficiary(ies))	Remarks
Total:				

Note (if any):

I, _____ reserve the right to change the beneficiary(ies) without the consent of said beneficiary(ies).

Signature of Employee

Date



NEW E-MAIL ID FORM

Name:	
Position/Title:	
Department/Project:	
Date of joining:	
Supervisor name and designation:	

Please create new email account on TDEA domain, I have carefully read and understood the necessary rules, procedures, and guidelines regarding the use of FAFEN e-mail account.

Email address option/choice :	
a) _____@fafen.org	or
b) _____@tdea.pk	or
c) _____@cvpa-tdea.pk	or
d) _____	

Signature: _____

Approvals

Line supervisor	
HR Focal Person	
Signature of authorized person	

For IT department use only:

E-mail account created: _____@tdea.pk

Date: _____

Signature: _____

IT Focal person



INTERNAL TRANSFER REQUEST FORM

Employee Name: _____

Current Position: _____

Supervisor/Line Manager: _____

Department: _____

Position Requested: _____ Finance _____

Transfer Requested Initiated by: Employee ☐ Supervisor ☐

Releasing Manager: _____ Signature: _____

Please give brief details of reasons for requesting a transfer:

I have read and understood the TDEA Employee Transfer Policy and wish to request an internal transfer as outlined above

Requester Signature
Line Manager

Date

I _____ support/do not support this request for a transfer.

Please give reasons

Signature

Date

Approvals:

Relevant Director

CEO

This form should be returned to the Human Resources Department



PROJECT CLEARANCE FORM

Name:			
Current Designation:			
Current Project:			
Current Supervisor name and designation:			
New Project:			
New Designation:			
New Project Supervisor name and designation:			
TDEA date of joining:			
Date of Separation from Current project:			
Tenure in Current project			
Status of Fringe Benefits:	HR-Comments		
	Benefits	Status	Signature
	Medical		
	CPF		
	Gratuity		

Please attain signatures from the following departments for any remaining dues:

Nature of Entitlements:	Unit	Dated
e) Physical Assets	Administration _____	_____
f) Financial Assets	Finance _____	_____
g) E-mail ID (or other digital assets)	Data Center _____	_____
h) Pending work	Line Manager _____	_____
i) HR-Clearance	HR-Officer _____	_____
Comments:		

Employee's Signature _____

Dated _____

Please submit the completed form to Human Resources



SALARY REVISION REQUEST FORM

Basis for Salary Revision:

Promotion ☐ Performance ☐ Retention ☐ Transfer ☐
 Additional Duties/Skills ☐ Rationalization ☐

Particulars:

Employee Name: _____ Designation: _____
 Supervisor/Line Manager: _____ Designation: _____
 Current Salary: _____ New Proposed Salary: _____
 Effective Date of New Salary: _____

Justification Required (Please attach)

Memo/Position Description ☐ Transcript/Document to support this Request ☐
 Submitted by: _____ Recommended by: _____ Date: _____
 Employee Supervisor/Line Manager

For Human Resources Use Only	
Joining Date: _____	Current Grade: _____
Grade Min Range: _____	Mid: _____ Max: _____
Last Revision in Salary: _____	Date of Last Revision: _____
<u>Final HR Comments:</u> _____ Signature _____ Date	

Final Approval:

<u>Relevant Director</u> Name: _____	<u>Signature:</u> _____	<u>Date:</u> _____
<u>Chief Executive Officer</u> Name: _____	<u>Signature:</u> _____	<u>Date:</u> _____



EXIT INTERVIEW QUESTIONNAIRE

(To be filled in by the outgoing staff member)

Highly Confidential (For HR Record only)

Details of the Outgoing member			
Name		Designation	
Employee Code		CNIC	
Name of supervisor		Designation of supervisor	

Your comments and feedback are important to us in order to improve and review our working conditions and the way we manage our staff. We will use details from this questionnaire to produce management reports on staff turnover and assess the overall satisfaction levels of our staff when they leave our organization (so please be as honest as you can).

Please be assured that the comments you will make in this questionnaire will be treated confidentially and will not affect any future references that the other company may ask on your behalf.

1. Why are you leaving TDEA?

2. What did you like the most about your job at TDEA?

3. What did you dislike most about your job at TDEA?

4. Are there any grievances, on/off the job, which you would like to share with us?

5. What could have been done earlier to create a basis for you to stay with us?

6. Did you receive the support you were expecting from your unit and other colleagues?

7. How was your relationship with your line supervisor?

8. What are those areas where your supervisor needs improvement in his/ her management style and skill?

9. How can we improve, and we can do to become a better organization?

10. What would you recommend to help us create a better workplace?

11. Do you feel you had the resources and support necessary to accomplish your job? If not, what was missing?

12. Was working at TDEA useful for your career growth?

13. How do you feel about the organization? Would you ever like to re-join TDEA in the future if the opportunity arises?

14. Did your job require you to do tasks that you did not anticipate?

15. Any final remarks/comments:

Signature

Date



EMPLOYEE EXIT FORM

Name:	
Position/Title:	
Department/Project:	
Supervisor name and designation:	
Date of Joining:	
Nature of Separation:	Resignation ☐ Termination ☐ End of Contract ☐ End of Project ☐ Dismissal due to cause ☐
Tenure with TDEA:	a. ___ years, ___ months as _____ b. ___ years, ___ months as _____ c. ___ years, ___ months as _____
Notice Period:	_____ to _____
Reason for Leaving:	
Do you want an exit interview?	Yes ☐ No ☐

Please attain signatures from the following departments for any remaining dues:

Nature of Property	Unit	Dated
a. Physical Assets	Administration _____	_____
b. Financial Assets	Finance _____	_____
c. E-mail ID (or other digital assets)	Data Center _____	_____
d. Pending work	Line Manager _____	_____
e. Timesheets, Health Card, Others	HR _____	_____
Comments:		

Employee's Signature

Date

Please submit the completed form to Human Resources



EMPLOYEE TERMINATION REQUEST FORM

Requester (Supervisor/Manager) Name: _____

Designation of Requester: _____

Name of Employee to be terminated: _____

Designation of Employee: _____

Please check the box indicating the reason for the termination.

- ☐ Insubordination (e.g., disobeying a supervisor)
- ☐ Disruptive behaviour
- ☐ Excessive absence
- ☐ Possession, sale, or use of illegal drugs
- ☐ Harassment (e.g., sexual, verbal, or physical)
- ☐ Theft
- ☐ Performance

Other _____

Record/Supporting:

Warnings: Verbal ☐ Written ☐ (if written please attach :)

Please provide a detailed explanation supporting the termination request.

Supervisor's Signature

Date

For Office Use Only

Approved ☐ **Disapproved** ☐ (Subject to Committee decision after investigation)

HR Representative (Committee Member Only)	
Director (Operations)	
Director (Finance)	
Director (Programs)	
Chief Executive Officer/Chief of Party	

This form will be placed in Employee personal file

Note: Employees shall fill out a **Compensatory Leave Form** for the extra hours worked and submit to the Human Resources within 48 hours of the work done. Human Resources Unit will add the compensatory leave to the employee Casual Leave Balance that can be used before the 1st of July of current year. The casual leave balance expires at the end of the each fiscal year.



LATE SITTING CLAIM FORM

Name & Designation:	
Name & Designation of Supervisor	
Department/Project	
Date:	
Brief of work done (in bullets) on holiday/ beyond the work hours	
No. of hours worked (also give start and end time) e.g. 1200-1600hrs	
Do you need pick and drop? (Y/N)	
Meal amount	

Date of submission: _____

Signature _____

Approvals:

Signature Line Supervisor	
Signature of Administration	
Signature of CEO/COP	

(Submit approved forms to Finance Manager for payment & copy to HR)



EMPLOYEES' CONTRIBUTORY PROVIDENT FUND RULES

Ombudsmen

APPLICATION FOR MEMBERSHIP REFERRED TO IN RULE "2"

I, _____ Son of _____
 have successfully completed my probation period as defined in Rule 2(b) of the Trust for Democratic Education and Accountability Employees' Contributory Provident Fund Rules and hereby apply for membership of the Trust for Democratic Education and Accountability Employees' Contributory Provident Fund and declare that I have read or had read to me the Rules of the Fund and understand and agree to be bound by them. I hereby authorize and request the Company to deduct from my salary as defined in the rules such contributions as I may from time to time be liable to pay under and in accordance with the Rules and to pay the same to the Trustees of the Fund. The following particulars are true to the best of my knowledge and belief.

Name _____

CNIC No. _____

Date of Birth _____

Date of Joining the Company _____

Date of Joining the Fund _____

Nature of Appointment Contractual _____

Dated the _____ day of _____

Witness:

1. (Sd). _____ 2. (Sd). _____



EMPLOYEES' CONTRIBUTORY PROVIDENT FUND RULES

FORM OF NOMINATION REFERRED TO IN RULE "13"

Member No. _____

I, _____ hereby declare that in the event of my death the amount at my credit in Trust for Democratic Education and Accountability Employees' Contributory Provident Fund, shall be payable to the person or persons mentioned below in the manner and / or proportion shown against their names. I hereby appoint the person named in column 6 receive payment on behalf of nominee No. who is a minor, in the event of my death of my interest in Fund becoming payable before the said minor nominee attains majority.

1	2	3	4	5	6	7
S. No	Name & address of nominee	Relationship with Member	Whether major or minor, if minor then his/her age.	Amount or proportion of deposit	Name & address of person to whom payment is to be made under 18	Sex & percentage of person mentioned in column 6
1.						
2.						
3.						
4.						
5.						

Signature of Member: _____

Date: _____

Two witnesses to the signature of the member who have signed in the presence of each other and in that of all the Member being present at the same time.

Witnesses:

1: _____

2: _____

Name _____

Name: _____

Signature: _____

Signature: _____

Address: House # 520, Main Margala Road,
F-10/2, Islamabad

Address House # 520, Main Margala Road,
F-10/2, Islamabad



MEDICAL TREATMENT PAYMENT FORM

For (IPD Cases Non Panel Hospitals Only)

Name of Employee: _____

Hospital in which treatment is to be taken: _____

Disease: _____ Nature of Treatment: _____

Date of 1st visit to Doctor: _____ Date of 1st Diagnosis: _____

Estimated Cost: _____ Mode of Payment: _____

Cheque to be prepared in favour of: _____

Payment Deadline: _____

Documents to be attached:

Doctor's Prescription ☐

Lab Investigation ☐

Other Reports ☐

Health Insurance Company Approval Proof ☐

Any other document (if any) ☐

I Mr/Ms _____ agree to the policy and procedures of **TDEA** and I also agree to return any unspent amount left with me after medical treatment. I will be bound to return this amount in cash or cheque within 15 days after treatment and will not claim any amount from TDEA or Insurance company for myself or on behalf of employer.

Employee Signature: _____

Form Submission Date: _____

Case Prepared By:

HR Comments: _____

HR Focal Person: _____

Signature: _____

Approvals:

Financial Review By: Director/Manager Finance	Signature:
Approved By: Chief Executive Officer	Signature:

TDEA- Medical Treatment Advance Payment Form (IPD Non-Panel Hospital)



SALARY ADVANCE FORM

Name of Employee		
Designation		
Department		
Joining Date		
Contract Expiry Date		
Present Salary		
Details of Existing Loan (If Any)	Residual Amount	
	Monthly Deduction	
	No. of Remaining Monthly Instalments	
Amount of Loan requested (In figure)		
Amount of Loan requested (In words)		
Reason for seeking Advance		
Repayment Schedule	Monthly Instalments (Rs)	Total No. of Instalments
(Any advance must be repaid within the contractual period)		

Guarantor 1 _____

Guarantor 2 _____

Signature: _____

Signature: _____

Designation: _____

Designation: _____

Supervisor's Signature _____

Employee's Signature: _____

Approved by: Loan Management Committee

Adnan Amin: Director Finance	Amjad Ali Shah : Director Operations	Kamran Butt: Manager Finance

Final Approval:

Chief Executive Officer: _____

Signature



FORM FOR LEAVE ENCASHMENT/CARRY FORWARD

For Fiscal Year _____

Name: _____

Designation: _____

Project: _____

Joining Date: _____

Which option would you like to select?

- ☐ I want to carry forward my Annual leave balance to next fiscal year
- ☐ I want to seek Encashment for my Annual leaves

Signature

Date

—★—★—★—★—★—★—★—

	For Human Resources Use Only					
Leave Encashment Summary	Gross Salary	Basic Salary	Basic Salary Per Day	Starting Annual Leave Balance	Annual Leaves Availed	Net Annual Leave Balance Remaining
Eligibility	☐ Yes			☐ No		
Encashable Annual Leaves						
Total Leave Encashment (PKR):						

HR Focal Person

Signature

Date

Policy Reference:

Section 15.1: Policy

The objectives of providing leave benefits by TDEA are to release its employees from the pressure of work and to provide them time-off under circumstances such as sickness, marriage and pregnancy. The leave benefits set out in this section is applicable to full-time permanent employees. Application for leave is subject to the approval of TDEA and must be supported by relevant documents proving the eligibility of the employee to the satisfaction of TDEA.

Section 15.2.3: Accumulation or Encashment of Earned Leave

Employees are only eligible for Annual leaves upon successful completion of their probation period. The maximum annual leave employees can carry forward to the following year will be their one year's entitlement. Leave balance carried forward will be forfeited if it is still not taken by the end of the following year.

Alternatively, employees can acquire encashment in lieu of their unused earned leaves at the end of fiscal year, at the end of contract or at the time of exit on the basis of basic salary. However, the encashment shall not be more than one year's entitlement i.e. 22 days. In case of encashment, all earned leaves stand lapsed.

Notwithstanding the above, employees should be encouraged to clear their annual leave as far as possible during the year. Accumulation of annual leave should be due to work-related reasons such as:

The employee is required to work on a major or special project with a deadline to meet and cannot be released.

The superior(s), subordinate(s) of the employee or several employees within the same Unit are on leave or absent from the office for a long period and the presence of the employee is required in the office.

The workload at the Unit is particularly heavy which makes the employee indispensable.



LEAVE APPLICATION FORM

Name: _____

Position & Project: _____

Leave Requested: First Date/Day of Leave

Last Date/Day of Leave

TYPE OF LEAVE	ANNUAL LEAVE	CASUAL LEAVE	MEDICAL LEAVE (*)	COMPEN-SATORY Leave	MATERNITY/ Paternity LEAVE	LEAVE WITHOUT PAY
NO. OF DAYS PER TYPE OF LEAVE						

***In case of medical leave, please provide medical report Copy.**

Employee who will cover during your absence: _____

In case of emergency, address/telephones number where employee can be reached: _____

Employee's Signature

Date

Approved by: (Line Supervisor/Manager)

Name/Position

Signature

Date

(Approval required for only more than 15 days sick leave)

Approved by: (CEO/ COP/ Project Director):

Name/Position

Signature

Date

For Human Resources Use Only					
	ANNUAL LEAVE	CASUAL LEAVE	MEDICAL LEAVE	COMPENSATORY LEAVE	OTHERS
LEAVE AVAILABLE					
LEAVE APPLIED					
LEAVE BALANCE					



STAFF DEVELOPMENT APPLICATION FORM

(Duly filled form must be forwarded to HR focal person at-least one week prior to the due date of registration, where applicable. Attach extra sheets where necessary)

1. Personal Details:

Name	
Designation	
Department/Project	
Supervisor's name & job title	

2. Objectives:

Please briefly state the objectives in relation to the training opportunity:

3. Details of Capacity Building Opportunity

Title of the opportunity (if applicable)	
Venue	
Dates and No. of days (give timings if applicable)	
Outline of topics to be covered	
Funding: (attach breakdown of costs: travel, fees, accommodation etc. as applicable)	☐ Fully paid by organizers ☐ FAFEN ☐ Personal ☐ Other (give details) ☐ Cost sharing (give details)

4. Benefits of Availing the Opportunity:

How will the proposed activity benefit FAFEN (e.g. ability to perform new tasks, take up new projects, improve quality, improve skills etc.)?

Date of Submission: _____

Signature _____

5. Approvals:

Line Supervisor	Signature and date
Chief Executive Officer (Approved/ Disapproved)	Signature and date



SUCCESSION PLANNING TEMPLATE

Created By:

Aymen Abdullah

Email:

aymen.abdullah@tdea.pk

Department:

Human Resources

Approved by:

S.no	Designation	Department	Current Status	Departure Date	Priority	Required Subject of Expertise	Successor Secured?	Potential Successor	Secondary Successor	Readiness	Lacking Competencies	Training Plan for Lacking Competencies
1	National Coordinator		Permanent		standard	Organizational Management, Financial Understanding and Program Implementation	Yes	Director - Operations	Senior Most Manager			
2	Director Operations	Operations	Employed		standard		Yes	Senior Program Officer - Secretariat and Network Management	Procurement and Acquisition Officer			
3	Manager Data Center	Data Center	Permanent		standard		Yes	Research Fellow	PO-QA			
4	Manager Finance	Finance	Permanent		standard		Yes	Program Officer - Finance				
5	Manager Research and Publications	Research and Publication	Employed		standard	Management of all Publications	Yes	PO-GM	PO-PW	minor gaps		
6	Manager Advocacy Education and Communication	Advocacy, Education and Communication	Employed	04/20/2011	standard	Advocacy	Yes	PO-EO				
7	Senior Program Officer - Secretariat and Network Management	Operations	Permanent		standard	Network Affairs	Yes	Procurement and Acquisition Officer				
8	Research Fellow	Data Center	Employed		standard	Data Analysis				unfit		
9	Program Assistant	Data Center	Employed		low					prepared		
10	Program Officer - Quality Assurance	Data Center	Employed	04/25/2011	urgent		In Progress	Research Fellow	Data Verification Officer			
11	Program Assistant (2)	Data Center	Employed									
12	Data Verification Officer	Data Center	Employed									



COMPLAINT/GRIEVANCE FORM

Name & Designation of complainant staff member:	
Name & Designation of Supervisor:	
Name & Designation of accused staff member	
Name & Designation of Supervisor of accused staff member	
Brief background of the complaint/grievance (if applicable):	
The complaint/grievance/incident (mention dates and time where applicable):	
The infraction/allegation(s) (preferably choose from the list given under the Code of Conduct): (be specific as this section may be used to develop charge sheet)	
The loss(es) that might have occurred during the incident (integrity, work output, work environment, self-esteem, financial, physical injury, trauma etc.):	
Names and roles of other staff members involved, if any, including witnesses:	

Date of submission to Supervisor:

Signature _____

Immediate Supervisor (If resolved, relevant documentation must be attached)

☐ Resolved	☐ Forwarded to authority
Name of Supervisor	Signature of Supervisor
Date:	

If forwarded to relevant Authority

Name of staff member who received on behalf of the Authority:	
☐ Resolved after initial inquiry	☐ Forwarded for further inquiry
Date:	Signature

If forwarded for further inquiry, the inquiry officer/committee is required to attach all correspondence and relevant papers for record. Signature of complainant staff must be obtained on this form at the stage when matter is marked 'Resolved'.



ACKNOWLEDGMENT OF CODE OF ETHICS

I have received and read TDEA's Code of Ethics and Conduct. I understand that the standards and policies contained in the Code apply to my employment or engagement by the organization. I agree to comply with the Code in all respects and recognize that if I violate the Code in any way, I may be subject to disciplinary and /or legal action.

If I have any questions concerning the meaning or application of TDEA's Code or the laws, regulations, standards, and contractual obligations applicable to my work for TDEA; I can consult the TDEA Compliance Unit.

Employee Name: _____

Designation: _____

Employee Signature:

Date and Place:

Please sign and return the original signed page to Human resource unit of TDEA.



Procurement Manual

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Procurement Manual

TDEA, in its management of public funds, is expected to comply with regulations, rules and public procurement principles. Its clients expect the highest level of fairness, transparency, integrity, economy and effectiveness for all procurement activities. Indeed Its services must be delivered with a high level of professionalism which justifies TDEA involvement and adds value to all stakeholders.

This Section points out the principles of TDEA's procurement. It outlines the applicable policies and procedures and also explains the responsibility and accountability of those involved in the procurement process, in relation to the overall procurement principles.

The aim of the Procurement Manual is to establish the TDEA's procurement procedures as well as provide instructions and further guidance for carrying out the procurement activities effectively and efficiently in compliance with TDEA's Financial Regulations and Rules and other applicable normative documents.

1. Definition of procurement

Procurement is a process of the acquisition of property, and/or equipment, goods, works or services through purchase, hire, lease, rental or exchange from any source other than the member organizations of the Free and Fair Election Network (FAFEN). Actions undertaken to carry out procurement are defined as **procurement activities**, which include all actions from planning and forecasting, identification of needs, sourcing and solicitation of offers, evaluation of offers, review and award of contracts, contracting and all phases of contract administration until delivery of the goods, the end of a contract, or the useful life of an asset. Procurement is about ensuring the goods or services get to the user at the right time, price, quality, quantity, and place.

The forms, protocols, or conditions that regulate the conduct of procurement activities are defined as **procurement modalities**.

A specified series of procurement activities, which have to be executed in the same manner in order to obtain the same result under the same circumstances, is thereby defined as **procurement procedures**.

The scope of procurement is limited to commercial activities, and does not include TDEA's agreements, grants and public private sector partnerships, which are subject to other relevant policies and procedures of the TDEA.

2. Procurement principles

TDEA adheres to the following principles in all its procurements and allied activities:

2.1 Best value for money

It is the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. Application of the 'best value for money' principle in the procurement process, means selection of the offer which presents the optimum combination of factors such as appropriate quality, service, life-cycle costs and other parameters to best meet the defined needs.

The above statement is not necessarily the same as selecting the lowest initial price option, but rather represents the best return on the investments, taking into consideration the evaluation criteria specified in the solicitation documents. It requires an integrated assessment of technical, commercial, organizational, and pricing factors in light of their relative importance. Social, environmental, and strategic objectives defined in the legal agreement with the client must also be taken into account.

The principle of best value for money is applied throughout the procurement process in order to attract the offer that most effectively meets the stated requirements of the end user.

2.2 Fairness, integrity, and transparency

To achieve best value for money the procurement process must guard against collusion and be conducted on the basis of clear and appropriate regulations, rules and procedures that are applied consistently to all potential suppliers. The manner in which the procurement process is carried out must give all internal and external stakeholders of the organization the assurance that the process is fair.

In order to give assurance of fair process, the organization and its personnel must first of all maintain fairness while carrying out the procurement process. TDEA defines Fairness for its procurement would be as the process that is "free from favoritism, self-interest, or preference in judgment". The process should be just, equitable, impartial, unprejudiced, unbiased, objective and dispassionate.

Another important principle necessary to guarantee best value for money is 'integrity'. This relates to soundness of moral character, having sense of honesty and truthfulness in regard to the motivations for personal and organizational behavior, adherence to commonly accepted moral and ethical principles, impartiality and incorruptibility, and avoiding any behavior that may be construed as 'sharp practice'.

The assurance of a fair process can be given to all interested parties through transparency, which means the unimpeded visibility and openness in all transactions. It ensures that all information on procurement policies, procedures, opportunities and processes are clearly defined and made known simultaneously to all interested parties.

A transparent system has clear rules and mechanisms to ensure compliance with those rules (unbiased specifications, objective evaluation criteria, standard solicitation documents, equal information to all parties, confidentiality of offers, etc.). Records are open, as appropriate, to inspection by auditors, unsuccessful suppliers can be briefed on the strengths and weaknesses of their own offers, contract information is disclosed publicly, etc.

2.3 Effective competition

Effective competition is best explained as a situation in which at least three independent contractors acting on their own (not in collusion) effectively compete for the same business opportunity and submit a responsive bid. TDEA fosters effective competition in all procurement processes as a means of ensuring fairness, integrity, transparency and achieving best value for money. Such competition is often referred to as the heart of public procurement.

2.4 Interest of TDEA

The definition of this principle is derived from the ultimate objective of the procurement, which is to add value to the organization in fulfilling their goals and objectives. Undertaking procurement in the interest of TDEA means carrying out procurement activities in the manner that best enables TDEA to reach the general and specific objectives of the project agreements in compliance with applicable procurement procedures.

3. Procurement authority

In accordance with the Trust Deed, the TDEA Board of Trustees has delegated the procurement authority to the Chief Executive Officer (CEO), who exercises overall oversight in respect of all TDEA procurement. The CEO has the authority to award and sign contracts on behalf of the organization and such authority is hereby defined as the Procurement Authority (PA).

3.1 Delegation of authority

'Delegation of Authority' is defined as the written statement of conditions, procedures, and terms that a TDEA personnel must follow in executing a delegated task. TDEA personnel who are in possession of a delegation of authority to perform authorized actions within specified monetary values and time frames are called authorized personnel. A delegate is a person in possession of a valid delegation of authority issued by authorized personnel.

The CEO may delegate the Procurement Authority (PA) to a number of individuals. The individuals who have been delegated the authority to conduct specific procurement transactions and award resulting contracts on the basis of certain conditions and depending on the value of the procurement activity become accountable for the actions and potentially liable for errors and misconduct when exercising such delegated authority.

The PA is delegated by the CEO to individuals and not to Units/Departments. Therefore, the individuals in acting capacity (e.g. Director, Project Heads, etc.) must be granted proper delegation of authority in order to be able to exercise this authority.

The authority of approval of TDEA's funds (Endowment, Reserve) will be with CEO and Direct Operations. The process of procurement will remain the same as defined in in this manual.

3.1.1 Levels of delegated authority

The levels of delegated authority for different types of procurement activities in TDEA are summarized in the below table.

Sr. No.	Procurement Activity	Thresholds	Approval Authority
1	Six Monthly Procurement Plan	For all procurements - Project will submit the consolidated procurement plan for approval comprising all procurements following the procedure as under. - The Procurement Plan will be on the needs raised by all units and must be in line with the approved budgets. - Any requirement that is not covered by any budget must be specifically indicated with a justification. - The Plan must be submitted to TDEA-Secretariat on the TDEA Prescribed Format before a month of the begging of procurements.	Project Director/ Project Lead/ COP of Grade 4.5 or above
2	Requisition	Up to Rs. 25,000	Designated Manager (Grade 4)
		Up to Rs. 100,000	Project Director/ Project Lead/ COP of Grade 4.5 or above
		More than Rs. 100,000	Project Director/ Project Lead/ COP of Grade 4.5 or above
3	Amendment to Requisition (Prescribed Request Format)	Up to 100,000	Project Director/ Project Lead/ COP of Grade 4.5 or above
		More than 100,000	CEO or his designated staff of grade 4.5 or above

3	Sourcing of suppliers		Up to 1,000,000	Shortlisting through Open market (Existing vendor list, market research, internet), pre-qualification	
			More Than 1,000,000	Shortlisting through Open market (Existing vendor list, market research, internet), pre-qualification and Shortlisting through Advertisement for Business Opportunities, Internal Sources, External Sources, EOI	
4	Mode of Procurement		Up to Rs. 25,000	Petty Purchases (Open Market)	
			Up to Rs. 100,000	RFP/RFQ	
			More than 100,000	RFP/RFQ	
5	Preparation and issuance of Solicitation Documents		up to Rs. 1,000,000	To be prepared by Procurements Officer and Reviewed by Relevant Unit Manager	Project Director/ Project Lead/ COP of Grade 4.5 or above
	Any Amendments to the solicitation papers to be approved by the CEO		More than Rs. 1,000,000		CEO or his designated staff of grade 4.5 or above
6	Bid Receiving		All bids	Any designated official	Project Director/ Project Lead/ COP of Grade 4.5 or above
7	RFQ, RFP and ITB	TDEA-[Project] Procurement Committee	Up to Rs. 100,000	Opening, Evaluation	Designated by Project Lead/ COP (at least 2 staff member of Grade 3.5 & above 1 subject expert and procurement officer as non-voting member.)
8	RFQ, RFP and ITB	TDEA Procurement Committee	More Than Rs. 100,000	Opening, Evaluation	Designated at least 1 staff member from TDEA secretariat by CEO as the member of project procurement committee.
9	RFQ/RFP/ITB		Up to 100,000	Award	To be appointed by Project Director/ Project Lead/ COP of Grade 4.5 or above
			More than 100,000		CEO or his designated staff of grade 4.5 or above

3.1.2 Responsibilities of the Procurement Authority

The Procurement Authority (PA) is expected to exercise duties and responsibilities with utmost care, efficiency, impartiality and integrity. Prior to any commitment being made, the PA has to ensure that:

- 1) The procurement activity strictly complies with all TDEA policies and procedures, organizational directives, and administrative instructions or with the procurement procedures of TDEA donors or funding sources (when such procedures have been agreed to by TDEA through signature of the legal agreement between TDEA and the funding source).
- 2) Sufficient funds are available for the commitment.
- 3) Based on the information available at the time and documented in the procurement file, the procurement activity is in the best interest of TDEA.
- 4) All activities undertaken are reported as per the reporting requirements set-up to monitor the use of the Delegation of Authority.

3.1.3 Authorizations of the Procurement Authority

The Procurement Authority (PA) is authorized to perform the duties and responsibilities listed in Table 1 above, for all projects.

To uphold the principle of segregation of duties, the PA may not award contracts or purchase orders or amendments thereto in instances where he has been directly involved in the carrying out of the procurement process. In such cases, all contract documents, purchase orders, or amendments thereto, must be referred upwards to the next level of Procurement Authority for award. Notwithstanding the above, the PA may exercise the remaining delegated authorities (e.g. approve short lists, sign solicitation documents, etc. see Table 1 above) in instances where he has undertaken the procurement process. Further segregation should always be applied if feasible, see Section 3.1.1 below.

4. Accountability

All TDEA personnel are accountable to the CEO for the regularity of actions undertaken by them in the course of official duties. TDEA personnel involved in any action that is contrary to the TDEA policies and procedures, or to organizational directives, or administrative instructions, may be held personally responsible and financially liable for the consequences of such action.

When TDEA, through its operations and projects, is using funds in the procurement process, due care must be taken to ensure funds are utilized only for the intended use. Individuals holding a Delegation of Authority must be particularly careful to ensure actions undertaken by themselves or persons under their supervision, are in compliance with the TDEA policies and procedures, or to organizational directives, or administrative instructions.

5. Segregation of duties

Segregation of duties is an important basic principle of internal control and must be observed in all TDEA procurement processes.

The respective procuring entity within TDEA should be organized according to an administrative structure based on the segregation of responsibilities for the various steps of the procurement process.

Typically, such a structure separates the functions of the requisitioner, the buyer and the payer, in order to provide appropriate organizational checks and balances, but also to permit specialization. These various phases of the procurement process should be carried out by separate individuals:

- a) Formulation of the procurement requirement/request, including certification of availability of funds
- b) Processing of the request
- c) Solicitation of offers from suppliers
- d) Receipt of offers
- e) Opening of offers
- f) Evaluation of offers and identification of the winning offer
- g) Review and recommendation for award
- h) Award of purchase contract
- i) Disbursement of funds

As a minimum, three individuals must be involved in carrying out the procurement process. Under no circumstance shall one person be responsible for all of the above mentioned functions. The functions of the buyer and the payer shall always be completely separated, and carried out by separate individuals. The receipt function shall not be undertaken by the payer.

6. Procurement ethics

Ethics is the discipline relating to right and wrong, moral duty and obligation, moral principles and values, and to moral character. Most procurement related principles, such as fairness, integrity, transparency and accountability are based on ethics.

Given that TDEA undertakes procurement using funds entrusted to the organization by a funding source or beneficiary, it is imperative that all activities conform to the highest standards of ethical conduct. All TDEA personnel must observe the highest standards of ethics throughout the procurement process.

All procurement personnel shall maintain an unimpeachable standard of integrity in all business relationships, both inside and outside TDEA. Ethical conduct shall apply in all dealings with TDEA clients, donors, Governments, partners and the general public. Procurement personnel shall never use their authority or office for personal gain and will seek to uphold and enhance the standing of TDEA.

The standard of conduct for all personnel involved in procurement actions includes, but is not limited to:

- a) Personnel shall not allow any supplier(s) to have access to information on a particular acquisition before such information is available to the business community at large;
- b) Personnel shall not intentionally use unnecessarily restrictive or "tailored" specifications, terms of reference or statements of work that can discourage competition;
- c) Personnel shall not solicit or accept, directly or indirectly any promise of future employment from anyone who has sought or is seeking to obtain TDEA business;
- d) Personnel shall not have a financial interest in any supplier(s) responding to a TDEA bidding exercise and are prohibited from any involvement in the procurement action if they do;
- e) Personnel shall not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.

A conflict of interest occurs when TDEA personnel's private interests, such as outside professional relationships or personal financial assets, interfere or appear to interfere with the proper performance of his or her professional functions or obligations as a TDEA official. Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other outside activities and affiliations while in the service of TDEA, employment after retirement from TDEA service or the receipt of a gift that may place TDEA personnel in a position of obligation. A conflict of interest also includes the use of TDEA assets, including human, financial and material assets, or the use of TDEA office or knowledge gained from official functions for private gain or to prejudice the position of someone TDEA personnel does not favour. A conflict of interest may also arise in situations where TDEA personnel is seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favor, to benefit from TDEA personnel's decisions.

If any TDEA personnel believe that he may have a conflict of interest, he shall promptly and fully disclose the conflict to the TDEA Human Resource Unit and shall refrain from participating in any way in the matter to which the potential conflict relates, until the conflict has been resolved satisfactorily by the Human Resource Unit. In some cases, it may be determined that, after full disclosure to those concerned, TDEA interests are best served by participation of the individual, despite the conflict.

6.1 Gifts and Hospitality

TDEA has adopted a zero tolerance policy on gifts and therefore, it is of overriding importance that procurement personnel should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favorable treatment of an individual or entity by accepting offers of gifts, hospitality or other similar favors. Personnel should at all time behave in a way that upholds the values, integrity and good reputation of TDEA and that never gives the impression of impropriety.

Because of TDEA's zero tolerance policy on acceptance of gifts and hospitality, procurement or other personnel involved in any aspect of procurement are prohibited from accepting any gift including drinks, meals, tickets, hospitality, transportation, or any other form of benefits, even if it is in connection with an official working visit, from any person who would not have made the gift or

provided hospitality if the personnel had not been working for TDEA regardless of the value and of whether the outside source is or is not soliciting business with TDEA.

Exceptions to this rule are invitations to lunches, dinners, receptions, etc. from governments, funding sources, or other partner organizations that may be accepted when such invitations are part of TDEA personnel's official functions.

All items received from vendors, even of nominal value, shall be reported to the Human Resources Unit and returned to the vendor.

6.2 Ethical behavior of suppliers and supplier suspension

The TDEA only conducts business with Suppliers who upholds the following:

7. *Code of Conduct for Suppliers:*

1. Suppliers must uphold the human rights of workers, and treat them with dignity and respect as understood by the international community.
2. Suppliers shall not discriminate against any worker based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices.
3. Suppliers must be committed to a workplace free of harassment. Suppliers shall not threaten workers with or subject them to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion and verbal abuse.
4. Suppliers shall not use any form of forced, bonded, indentured, or prison labor. All work must be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice.
5. Child labor is strictly prohibited. Suppliers shall not employ any children.
6. Under no circumstances the workweek shall exceed the maximum permitted under applicable laws and regulations in Pakistan. Suppliers must offer vacation time, leave periods, and holidays consistent with applicable laws and regulations in Pakistan.
7. Suppliers must pay all workers at least the minimum wage required by applicable laws and regulations of Pakistan and provide all legally mandated benefits.
8. Suppliers must respect the right of workers to associate freely, form and join workers organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations. with applicable laws and regulations of Pakistan
9. Suppliers must be committed to creating safe working conditions and a healthy work environment for all of their workers.
10. Suppliers must be committed to reducing the environmental impact of their designs, manufacturing processes, and waste emissions.
11. Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, and customers.
12. Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Suppliers shall not engage in corruption, extortion or embezzlement in any form and violations of this prohibition may result in immediate termination as a TDEA Supplier and in legal action.
13. Suppliers must disclose information regarding its business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices.
14. Suppliers shall not offer or accept bribes or other means of obtaining undue or improper advantage.
15. Suppliers must uphold fair business standards in advertising, sales, and competition.
16. Suppliers are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate.
17. Suppliers must respect intellectual property rights, safeguard customer information, and transfer of technology and know-how must be done in a manner that protects intellectual property rights.
18. Suppliers must adopt or establish a management system designed to ensure compliance with this Code and applicable laws and regulations in Pakistan.

8. Documentation of the procurement process

In line with the procurement principles of transparency and accountability, and in order to facilitate internal and external audits of TDEA operations, every step in the procurement process shall be documented and kept on file (hard copy or electronic).

A standard filing system, as well as a numbering system to enable tracking of files, must be established in order to create an audit trail and to facilitate the management of the procurement activities.

A procurement file must be opened by procurement personnel. Procurement files are to be kept for five years after the completion of the last transaction of a procurement activity. Typically, procurement files would include, if relevant, the following information/documentation, in original and signed by the appropriate parties, when applicable:

- Requisition
- Signed solicitation document, including attachments such as specifications/Terms of Reference (TOR)/Statement of Works (SOW) and proof of issuance (copies of cover letters, copies of emails, fax receipts, etc.)
- Amendments to solicitation documents (including PA approval of amendments), and any other clarifications and correspondence with suppliers
- All offers received (technical and financial)
- Copies of any bid security received from the supplier (the originals to be kept in the safe)
- Comparative Report
- Minutes of clarifications (if any) and relevant communication with supplier
- Purchase Order or Contract
- Bid protests
- Correspondence with contractor if any
- Amendments to contracts/POs
- Any required progress reports and/or other proof of delivery of milestones as provided for in the contract
- Goods Receipt Note or Certification of Partial or Full Completion in case of contracts
- Certificate of substantial completion

The establishment of proper routines for documentation of the procurement process is the responsibility of the PA.

9. Procurement planning and needs assessment

Procurement planning is the process of assessing and projecting the procurement needs of the organization, programme or project in order to determine its procurement strategy. Developing a strategic approach to procurement through appropriate and timely procurement planning is a key element for successful acquisition of goods and services necessary for punctual implementation of projects/operations.

Procurement planning may enable the identification of areas where proactive measures can be taken. It can be the basis for identifying areas in which to invest in training, pre-positioning of procurement personnel, and identification of relevant procurement strategies aiming at reducing transaction costs, taking advantage of volume effect and reducing lead times. Additionally, statistics generated from procurement planning can show the frequency of purchase for any given item, thus underpinning strategic decisions such as establishing Long Term Agreements or other blanket purchase mechanisms, pre-qualifying suppliers, etc.

Needs assessment, cost estimation and requirement definition are the first steps in the procurement process, and are essential components in the planning of a specific procurement activity.

Even though procurement planning is complex and last-minute operations will always occur, the advantages listed above make it clear that, if successfully implemented as a management tool, the benefits of procurement planning outweigh the disadvantages. Thus, procurement planning on a quarterly basis is a mandatory requirement for all TDEA operations and projects for procurement activities of a value exceeding PKR 25,000.

The procurement plan is always based on estimates of procurement activities to be carried out in the next three months. Some procurement needs cannot be anticipated, and the plans can therefore never be entirely accurate. However, a procurement plan based on estimates is better than no procurement plan whatsoever, and heads of various units are asked to provide whatever information they have access to at the time of reporting.

Based upon the input from TDEA personnel, TDEA Procurements and Acquisitions Unit shall be responsible for compiling the TDEA quarterly procurement plans, analyze the data provided, and take the appropriate action as described above.

Procurement Plan

9.1 Requirement definition

Requirement definition is a systematic approach aimed at defining the procurement requirements, and stating them in the product specification.

Requirement definition is the first step in the implementation of a procurement activity, and an integrated step in its planning. However, often requirement definitions are done in parallel with the sourcing and market research in order to let information from the market research influence the requirement definition. Requirement definition and market research are also known as pre-solicitation activities.

9.1.1 Receipt of requisitions

A TDEA procurement activity usually begins with a requisition for the purchase of a particular product. The requisition can come from any TDEA personnel. The requisition must include a complete description of what should be purchased, documentation that funds are available, as well as justification of the purchase with reference to the project agreement with the funding agency, beneficiary, etc. (or administrative budget, in the case of internal TDEA procurement).

A requisition must at a minimum include:

- a) A detailed description of goods, works or services sought
- b) Confirmation of funds availability
- c) Quantity to be procured
- d) Required delivery date or startup/completion date
- e) Delivery location or location of works/services to be performed
- f) Estimated price, and
- g) any additional information (e.g. standardization, preferred method of shipment, etc.)

Requisition form – template

9.1.2 Requirements

Defining the requirements is a systematic approach aimed at clearly defining the need to be covered by the product to be procured. The requirements are defined based on the requisition (see Section 9.1.1 Receipt of requisitions).

The requisitioner is responsible for defining the requirements, however, the procurement individual responsible for the process in question shall evaluate the requirements received from the former, and identify any issues that do not seem appropriate from a procurement point of view (e.g. branding without justification, over specification, unrealistic delivery dates, restricted competition, etc.). The procurement individual responsible for the process and the requisitioner shall then jointly finalize the requirement definition.

The general purpose of all requirement definition is to identify the precise needs of the requisitioner, and to search for the best solution to meet those needs. The needs must be described in the

requirement definition in a way that will facilitate the procurement process. The requirements are specified in either:

- a) **Technical Specification** is the description of what the purchaser wants to buy and consequently what the supplier is required to provide. Specifications can be simple or complex depending on the need.
- b) **Terms of Reference (TOR)** are mainly used for contracting of services. TOR defines the work required of a supplier to provide the solicited services. However, they can be used for goods and works when the requirement cannot be quantitatively defined. TORs usually include background for requesting the service, objective of the service and overall impact, expected output from the service, activities required to reach this output, inputs required to perform activities, deliverables, timing, etc.

10. Sourcing of suppliers

All purchases above PKR 25,000 must be carried out via open competition and advertised in accordance with the procedures established by this Manual. Where open advertisement is not possible, the reasons must be properly explained and documented in the case file. In such cases, procurement may be conducted through limited competition, with Tender Bids and Request for Proposals only to short-listed suppliers. The short lists may be established based on market research, calls for EOI or pre-qualification.

The sourcing process enables identification of suitable suppliers, and can also provide valuable information about products and specifications, and contribute to the determination of the method of solicitation and type of competition (See Section 12, Solicitation methods).

10.1 Market research

Market research is the first step in the sourcing process, particularly if the product or service has not been procured previously. Knowledge about the market is a fundamental step in a successful procurement process.

The following tools are available to assist in the market research:

- 1) Advertisement of business opportunity
- 2) External sources
- 3) Internal sources
- 4) Pre-qualification

Market research should not rely solely on one of the above tools. Several of these tools should be applied before deciding the method of solicitation and type of competition.

10.2 Advertisement of business opportunity

Advertisement refers:

- (a) For open formal methods of solicitation: to the advertisement of the procurement opportunity;
or
- (b) For limited formal methods of solicitation, either the dissemination of upcoming solicitation information through a request for Expression of Interest (EOI) or notice of pre-qualification in appropriate media.

A request for EOI is often used prior to a limited formal method of solicitation, where the EOIs received provide input to the establishment of a short list. Pre-qualifications are used for more complex procurement activities (see Section 10.7, Pre-qualification).

In an open formal method of solicitation, on the other hand, there will be no short list selection, thus, all suppliers wishing to submit bids and participate in the competition, are invited to do so.

Advertisement of business opportunity should be done for all purchases above PKR 1,000,000. When this is not possible, the reasons must be properly explained and documented in the case file and be made available to the relevant procurement authority when requesting contract award approval.

10.3 Request for Expression of Interest (EOI)

The request for EOI is a notice which provides general information on the requirements for goods or services of upcoming solicitations. Suppliers are requested to express interest before a fixed deadline by submitting detailed information demonstrating experience and qualifications in provision of the relevant goods/services. The information provided by interested suppliers is assessed, and suppliers will be considered for inclusion on the short list of companies to be invited to submit detailed offers/proposals.

A request for EOI is a cost-effective method to search for and identify suitable suppliers. However, it requires allocation of additional time to conduct the sourcing process, as suppliers must have sufficient time to respond to the call for EOI. Depending on the complexity and nature of the goods/services to be procured, ideally a minimum of two weeks should be provided for responses. When shorter deadlines are specified, the reasons must be properly explained and documented in the case file and be made available to the relevant procurement authority when requesting contract award approval.

In order to support TDEA's principles of transparency, fair competition and integrity of the sourcing process, and when an open competitive process is not feasible, it is a requirement to undertake a request for EOI for all upcoming solicitations above PKR 1,000,000. However, when there are valid reasons that prevent a request for EOI from being issued, such reasons must be properly explained, documented in the case file and included in the request for contract award approval submitted eventually to the relevant procurement authority.

Request for expression of interest (EOI)

10.4 Advertisements in the case of open competitive processes

For advertisements in the case of open competitive process please refer to Section 14.1

10.5 External sources

The following external sources are valuable sources of information in the search for potential suppliers:

- 1) Commercial/specialized journals and magazines
- 2) Chambers of commerce
- 3) End users, clients, funding source
- 4) Business seminars, supplier catalogues, professional journals, trade publications, etc.

10.6 Internal sources

The following internal sources can also be a good starting point in the search for potential suppliers:

- 1) Former contracts
- 2) Previous short lists within same field
- 3) Consultation with colleagues

10.7 Pre-qualification

Pre-qualification is a formal method of assessing suppliers against pre-determined criteria and only suppliers who meet established criteria are invited to tender.

The process ensures that solicitation documents are extended only to suppliers with adequate capabilities and resources. Adequate time must be allowed for potential suppliers to prepare responsive applications. The period between the notice of invitation to pre-qualification and the deadline for submission of applications should be no less than two weeks unless valid justification can be provided for shorter periods.

Compared to the other market research tools, pre-qualification is a formal process where supplier appraisal and background checks are done prior to issuing the solicitation documents. If pre-qualification is done for a specific procurement activity, all suppliers submitting applications and meeting the pre-qualification criteria shall be invited to tender. Pre-qualification does not preordain a contract.

Pre-qualification is recommended when:

- a) Complex or specialized goods or services are being procured;
- b) A particular type of good or service is procured on a regular basis and for which establishment of Long Term Agreements (LTS) would not be an adequate procurement strategy (e.g. not resulting in competitive prices);
- c) High degree of risk is involved in the procurement (e.g. security and safety equipment and services);
- d) The high costs of preparing detailed bids could discourage competition (such as custom-designed equipment, design and build projects or specialized services);
- e) The importance of the goods or services for the project is high (e.g. late delivery or the delivery of a wrong product or service would have costly implications).

Pre-qualification may help reduce the risk of contract failure. In cases where there are many qualified and eligible suppliers, pre-qualifications may reduce procurement costs because they reduce the need for constant market research and supplier appraisal in order to identify suppliers. On the other hand, pre-qualification is a costly and complex exercise which requires specific skills and a good understanding of financial parameters. A careful assessment of the advantages and disadvantages of conducting a pre-qualification must therefore be undertaken in view of the costs involved.

The pre-qualification should be valid for a maximum of one year. Once this period has elapsed a new pre-qualification exercise should be conducted or updates on pre-qualification criteria should be sought from already pre-qualified suppliers. TDEA shall fix a fee on processing of pre-qualification applications, which may be revised from time to time by the Procurement Authority.

Pre-qualification Form

11. Principles for supplier selection for short list

When a market research has been undertaken, an unduly long list of potential suppliers might have been prepared. Often there is a need to limit the number of suppliers to be invited (short-listed) to tender.

The objective of establishing a short list of invited suppliers is to ensure cost effective competition between qualified suppliers.

The following principles shall be used for the selection of suppliers for the short list:

- 1) Entities included on the short list should to the extent possible represent a fair share of potential markets.
- 2) For repetitive requirements, the short list should be updated each time to consider potential new actors in the market and allow potential new suppliers to participate.
- 3) If a pre-qualification process has been undertaken for a specific procurement activity, all suppliers meeting the pre-qualification criteria shall be short-listed.
- 4) There is no obligation for TDEA to invite all companies having expressed interest through a request for EOI. Likewise, there is no obligation for TDEA to limit the short list to the companies having expressed interest. As a minimum three entities should be short listed. However, more than these minimum numbers of entities should be shortlisted if required to achieve competition.

In the event that there is only a limited number of suppliers in the market (oligopoly market conditions) and the procurement personnel has not been able to identify the minimum required number of invitees to be included in the short list despite adequate market research, this must be clearly documented and explained to the procurement authority when requesting approval of the short list. If suppliers must meet specific eligibility requirements for the

procurement activity in question (e.g. Sales Tax Registration, NTN, Registration, License, etc.) only suppliers that meet these requirements should be selected for the short list.

The establishment of a short list requires a preliminary assessment of the suppliers in order to determine their suitability for the procurement to be undertaken. All short-listed suppliers must show the potential of being a successful bidder.

11.1 Approval of short list

When entities to be invited have been selected, the short list template must be completed including, if applicable, a proper justification as to why less than the minimum number of entities were short-listed, and duly signed by the appropriate Procurement Authority before solicitation documents can be issued.

Short list - Template

12. Solicitation methods

The choice of solicitation method is influenced by a number of factors, such as market conditions, complexity of the requirement, monetary value of the procurement, donor conditions and whether goods, works, or services are procured. Location and urgency may also have an effect on the choice of solicitation method, and the procedures applied.

Defining the solicitation method entails selecting the most suitable supply method in the given situation.

- a) It should be determined whether to conduct a competitive tender process or whether the needs are met through the use of an existing Long Term Agreement (LTA).
- b) If the need for a competitive tender process is established, a procurement method (i.e. the method of soliciting offers) must be selected depending on complexity and estimated value of the requirement. The various procurement methods are described below.
- c) Finally, the type of competition must be selected. TDEA regards open competition as the preferred type. However, in circumstances where it is determined that open competition is not feasible depending on the nature and complexity of the procurement activity, TDEA may use any of the competitive methods described below. It is essential to ensure that the selected type of competition is both economic and efficient and results in TDEA obtaining 'best value for money' (see Section 2.1).

12.1 Selection of solicitation method

Depending on the complexity and nature of the requirement and the value of the goods/works/services to be procured, the following procurement methods shall be used:

- 1) Petty Purchases
- 2) Request for Quotation
- 3) Invitation to Bid
- 4) Request for Proposal

12.1.1 Petty Purchases (requirement below PKR 25,000)

Petty Purchases is a method based on the purchase from open market of prices obtained from potential supplier, received orally or in writing. It is an appropriate method for the procurement standard specification commodities valued at less than PKR 25,000 or simple works or services valued of same amount.

12.1.2 Request for Quotation (RFQ - requirement above (PKR 25,000)

A Request for Quotation (RFQ) is not a formal method of solicitation. It is a solicitation process used for low value procurement where the requirement is clear and specific and can also be used when following unplanned procurement procedures further to PA approval pursuant. Additional suppliers can be added at any stage in the solicitation process. At least three firms must be invited to quote (unless valid reasons exist for inviting a lesser number of firms) and a deadline for receiving quotations must be specified. In the event that less than three companies are invited, valid reasons must be provided in writing and kept in the procurement file. Offers must be received in writing in sealed envelopes. Procurement personnel may receive the offers directly; however, a separation of duties is highly desirable if resources permit.

Contracts are awarded according to the **'lowest priced, most technically acceptable offer'** evaluation methodology (see Section 20, Evaluation).

If the PA believes that there are risks associated with this approach, he should document the risks, and, if indeed the risks are deemed serious, then a procedure for mitigating the risks should be adopted. The proposed procedure must be reviewed and approved by the Director Operations or his designate, before being adopted and kept on record.

12.1.3 Invitation to Bid (ITB - requirement equal or above PKR 100,000)

An Invitation to Bid (ITB) is a formal method of solicitation. It is used for procurement of goods, services or works with standard and firm specifications that can be expressed qualitatively and quantitatively. An ITB is only required for procurement above PKR 100,000 but can also be used for low value procurement if requirements are complex.

All ITBs require an absolute receipt deadline and offers can only be received by personnel not involved in the procurement process (see Section 5, Segregation of duties).

ITBs will be based on the one-envelope system. A one-envelope ITB defines minimum requirements or a range of acceptable requirements. Evaluation is done by verifying that an offer is compliant in all aspects. Contracts are awarded on the basis of the 'lowest priced substantially compliant offer' evaluation methodology, including delivery terms, and any other requirements stated in the ITB.

In order to ensure fairness and transparency, it is extremely important that all criteria to be considered in the evaluation are clearly defined in the solicitation documents.

Please refer to **Sections 16.1 and 20.1.1 for instructions on solicitation documents and establishment of evaluation criteria.**

12.1.4 Request for Proposal (RFP - requirement above PKR 100,000)

A Request for Proposal (RFP) is a formal method of solicitation. It is used for procurement of services, works and goods when requirements cannot be quantitatively and qualitatively expressed in the specifications at the time when the solicitation is issued (e.g. consulting or similar services, purchase of complex goods where requirements may be met in a variety of ways). An RFP is only required for procurement above PKR 100,000 but can also be used for low value procurements if requirements are not clear and specific.

An RFP requests a technical proposal offering a solution to the requirements specified in the solicitation document, as well as a separate financial proposal indicating all costs associated with carrying out the technical proposal.

The RFP requires suppliers to submit the technical and financial proposals sealed separately (two-envelope system). The financial proposals are opened in a separate opening session after the completion of the technical evaluation. The financial proposals should, preferably, be opened by the same committee which opened the technical proposal. Once the financial proposals are opened, the financial opening committee must prepare the financial proposal opening report.

The purpose of the two-envelope system is to ensure that the technical evaluation can be undertaken focusing solely on the contents of the technical proposals without bias from the financial aspects of

the proposals. Thereafter, an evaluation comparing all factors, both technical and financial, is carried out.

Proposals are evaluated, ranked and awarded according to the cumulative analysis evaluation methodology, defining best value as the best overall benefit when considering both technical and financial factors.

The evaluation criteria are established in the RFP by identifying the technical and price evaluation factors, stressing the key areas of importance that will be considered in the source selection. The ratio between technical and price factors may differ from one RFP to another. In most RFPs, technical quality is weighted more heavily than price considerations. The weightings need to be considered on a case by case basis to achieve the appropriate balance; however the weight for the technical proposal must never be less than the weight for the financial proposal. The right balance between the various evaluation criteria must be established before the RFP is issued, and expressly stated in the solicitation documents: the lesser the complexity of the requirements, the higher the financial weight.

In order to ensure fairness and transparency, it is extremely important that the method of evaluation and the evaluation criteria are clearly defined in the RFP documents.

Table 2 below gives an overview of the various methods of solicitation used for different requirement characteristics, the corresponding method of evaluation, and the mode of submission (one-envelope or two-envelope system).

Table 2: Methods of solicitation and evaluation, and modes of submission

Requirement	Solicitation document	Evaluation method	One/two-envelope system
Requirements above PKR 25,000, where the requirement is clear and specific	RFQ	Lowest priced most technically acceptable	Requirement for sealed offers
Goods, services, works, with standard or firm specifications which can be expressed qualitatively and quantitatively	ITB	Lowest priced substantially compliant. Compliance defined as substantially compliant/not compliant for all issues. Lowest priced substantially compliant. Compliance defined as substantially compliant/not compliant for all issues.	One envelope
Goods, services, works, with requirements that cannot be quantitatively and qualitatively expressed	RFP	Lowest priced substantially compliant. A point system with a minimum threshold defining compliance. Cumulative analysis. Best value (technical and financial) and most responsive offer.	Two-envelope

13. Long Term Agreements (LTAs)

A Long Term Agreement (LTA) is a written document signed with a contractor, issued following a competitive procurement process, which allows TDEA to order specified goods or services at a fixed price, on agreed terms and conditions, for a definite period of time but with no legal obligation to order any minimum or maximum quantity.

LTAs are valid for a period of one year, cover a product frequently requested, and define the terms of supply for that product (e.g. pricing, delivery terms, ordering method, etc.). LTAs provide that they may be extended for a further period of up to 12 months, subject to satisfactory supplier performance and continued requirement of the goods and services covered following indications that the prices offered are within the current market range (for instance, cost of IT equipment may drop with time and it might not be in the best interest of the organization to extend such an agreement).

LTAs are entered into on a non-exclusive basis and are not a mandatory source of purchase, however all procurement personnel must keep abreast of existing LTAs, and assess whether or not they can be used for a specific procurement activity, as they may represent the most cost efficient method of procurement.

The possible need for an LTA should be considered during the procurement planning stage. If repetitive need for standard services or products is envisaged, LTA with a supplier will be considered.

All LTAs must be accompanied by instructions describing the use and applicability of the LTA.

14. Selecting the type of competition

In addition to selecting the solicitation method to be used (described above), selecting the type of competition for a procurement activity is an important step. Depending on the value of the procurement, the market conditions as well as TDEA knowledge of the market, various types of competition may be used.

14.1 Open local and national competition

Open local and national competition is the default method of competition as it best satisfies the principles of Best Value for Money, Transparency and Effective Competition. The purpose is to provide all potential suppliers with adequate and timely notification of TDEA requirements and equal access and fair opportunity to compete for contracts for required goods, works, or services.

Local tenders are typically conducted in the following cases:

- a) When works are scattered geographically or spread over time, and the work would therefore typically not be of interest to national companies;
- b) When goods are available at prices below the local market where TDEA is based;
- c) When services are related to the national context (e.g. advertising services in national newspapers);
- d) If required by the client and specified in the respective project agreement; or
- e) Other reasons acceptable to the Procurement Authority approving the solicitation document.

It is, however, essential to ensure competitiveness of the process. Thus, national/regional competition must only be used if there are enough suppliers of the goods/services/works in the area to ensure competition. Further, one must be aware of the risk of cartels being formed (i.e. suppliers uniting for common profit) defeating the purpose of competition.

Limited competition through limited tenders can be used if there is a valid reason including:

- a) The project agreement requires the use of limited tenders;
- b) An open tender will have negative security implications;
- c) The subject/matter of the tender is otherwise sensitive and cannot be advertised,
- d) Pre-qualification has been identified as the most suitable procurement strategy and a pre-qualification exercise was undertaken
- e) Conditions are met for national/regional competition (see above)
- f) Other reasons acceptable to the Procurement Authority approving the solicitation document

Prior written permission must be obtained from the Procurement Authority for the use of limited competition. This must be provided at the time of short list approval (by filling the corresponding field in the short list template). In all other cases, ITBs and RFPs must be publically advertised.

For further information on advertisement of open tenders, please refer to Section 10, Sourcing of suppliers.

The procurement opportunity should be advertised on the TDEA or its projects' websites. In addition, it should be advertised or distributed in a manner that, according to the nature and circumstances of the required product, would lead to the most beneficial responses, e.g. announcement on local radio,

advertisement on websites of other organizations or clients, in local newspapers or specialized magazines.

When using an open tender, no short list is established.

Advertisements for open competitive bidding may result in:

- more extensive evaluation processes, due to the large number of offers received, however, the benefits of a broader competition often outweigh the additional burden of an increased number of offer reviews, and after preliminary evaluation of all offers, the evaluation committee may decide to limit the detailed evaluation to the first four to five lowest bids (unless a two envelope system is used).
- lower response rate if advertisement is done in media not well known to the supplier community. In such cases it is good practice to notify all known potential suppliers of the existence of the advertisement having being issued. When doing so, all potential bidders must be notified at the same time and information regarding the notification (how the notified suppliers were identified, when suppliers were issued the notification, how the suppliers were notified, etc.) must be kept in the case file.

The above considerations must be taken into account when opting for open competitive bidding.

14.2 Limited local and national competition

In the event that an open competition cannot be held, a limited competition may be pursued. Limited competition allows participation in the solicitation of only selected suppliers.

Limited competition is restricted to a short list of suppliers selected in a non-discriminatory manner from rosters, pre-qualifications, expressions of interest, market research, etc.

This type of competition must not be used unless a valid reason exists as specified under Section 14 above.

15. *Exceptions to the use of formal methods of solicitation*

15.1 Exceptions

The PA may determine, for a particular procurement activity, that using formal methods of solicitation is not in the best interest of TDEA and its clients when:

- a) Cost of open competition surpasses the value of goods/services/works being procured;
 - b) There is no competitive marketplace for the requirement, such as where a monopoly exists; where prices are fixed by legislation or government regulation; or where the requirement involves proprietary product or service,
 - c) There has been a previous determination with regard to an identical procurement activity, or there is a need to standardize the requirement following recent procurement activity.
- Previous determination means that what needs to be purchased is determined by a previous purchase, .e.g. there is no other choice but to obtain the goods or services from the entity that was contracted for the previous purchase (e.g. a piece of equipment was previously purchased and components that can only be obtained from the manufacturer now needs to be replaced; complex services were purchased from a vendor and additional services requiring specific knowledge related to previous assignment now need to be purchased. Only the vendor who performed the initial services can realistically provide the additional services).
 - Standardization shall be acceptable when identical goods, equipment or technology have recently been purchased from a supplier or contractor, and it is determined that a quantity of additional supplies must be procured, or because of the need for compatibility with existing goods, equipment or technology or works. The effectiveness of the original procurement in meeting the needs of TDEA or its client, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods in question shall always be taken into account and justified.

- It should be noted, however, that branding is not necessarily a justification for exceptions. A competitive process should be undertaken if multiple sources of supply exist.
 - Justification required: explanation of the previous determination or as to why standardization is required and reasonableness of costs (e.g. comparison with previous purchase prices, comparison with prices of equipment from other suppliers equivalent in performance, etc.)
- d) Offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered by the proposed contractor remain competitive:
- The reasonable period in relation to the use of a previous formal method of solicitation should be limited to six months, unless otherwise justified considering the specific market.
 - For goods where the price fluctuates rapidly (raw material, petroleum products, some IT equipment, etc.) the competitiveness of the price must always be properly justified.
 - Justification required: detailed summary of the use of a previous formal method of solicitation and its outcome, reasonableness of costs and prevalent market rates in the area.
- e) A formal solicitation has not produced satisfactory results within a reasonable prior period:
Justification required: detailed summary of the previous competitive bidding process and its outcome, reasonableness of costs and prevalent market rates in the area.
- f) The proposed procurement contract is for the purchase or lease of real property:
- Selection of location is based on security considerations.
- Justification required: reasonableness of costs and reasons
- g) There is a genuine exigency for the requirement,
- The exigencies of service must be beyond the control of TDEA i.e. emergency situations or force majeure, or other compelling circumstances which are not due to lack of planning or slow administrative process within TDEA.
 - Justification required: explanation as to how exceptions to the use of formal method of solicitation will meet the schedule and of the adverse impact the TDEA operation would suffer if the delivery schedule were modified to permit the use of formal methods of solicitation, confirmation of reasonableness of costs through comparing prices with previous purchase prices, etc. justification for selecting this particular supplier as opposed to any other
 - This ground cannot be invoked where the exigency is due to a lack of planning or slow administrative process within TDEA.
- h) The proposed procurement contract relates to obtaining services that cannot be evaluated objectively:
- Services of specific individuals not available through personnel contracts including for instance:
 - Service contract entered into with a company due to availability of a specific expert working in the company
 - Contract with the purpose of research, experiment, study or development leading to the procurement of a prototype, except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs.
 - Services of specific company to obtain, for example, cutting-edge technology or other new methodologies and as such, there is no possibility of reliable comparison.
 - Justification required: explanation as to why this specific individual or company is the most suitable to carry out the services and reasonableness of costs.

16. *Solicitation process*

After the requirements have been defined in a complete, clear and unambiguous manner (See Section 9, Procurement planning and needs assessment), the sourcing has been undertaken (See Section 10, Sourcing of suppliers), and the solicitation method has been selected (See Section 12, Solicitation method), the next step in the procurement process is the solicitation of offers.

The method used to communicate a procurement requirement and request an offer from potential suppliers is referred to as the solicitation process. Depending upon the type of procurement (goods, services, works), the complexity or nature of a requirement, and the value of the commodity to be

procured, a Request for Quotation (RFQ), an Invitation to Bid (ITB) or a Request for Proposal (RFP) may be used.

The solicitation process is divided into the following four steps:

- 1) Preparation of solicitation documents
- 2) Approval and issuance of solicitation documents
- 3) Tender period
- 4) Submission, receipt, and opening of offers

The four steps in the solicitation process are described below.

16.1 Preparation of solicitation documents

TDEA standard documents must be used when soliciting offers from suppliers following a formal method of solicitation (ITB/RFP).

The standard documents are templates, which contain TDEA mandatory terms and conditions customized to fit the specific procurement process being undertaken. The templates are to be completed with the specific details applicable to each solicitation.

No changes in the standard paragraphs of the solicitation documents, including the annexes, can be made without prior clearance by a PA.

Solicitations are written documents consisting of the following components:

- 1) Letter of invitation and instruction to bidders
- 2) Definition of requirements (specifications/TOR/SOW etc.)
- 3) Contractual information
- 4) Offer submission forms

While the details and complexity of solicitation documents may vary according to the nature and value of the requirements, each solicitation must contain all data and appropriate provisions that are necessary for bidders to understand TDEA needs and to prepare a suitable offer. Thus, the solicitation documents must include all information concerning specific procurement activity and be as concise as possible.

It is crucial that all relevant data concerning the requirements and demands to the suppliers is presented at this stage, and included in the solicitation documents, as no additional requirements may be introduced after the solicitation process has been completed.

16.1 Types of solicitation documents

Definition of the various types of solicitation documents that can be used, and a brief description of their contents:

There are four main types of solicitation documents:

- 1) Request for Quotation (RFQ)
- 2) Invitation to Bid for goods (ITB for goods)
- 3) Invitation to Bid for works (ITB for works)
- 4) Request for Proposals (RFP)

16.1.1 RFQ

A Request for Quotation (RFQ) is not a formal method of solicitation. It is commonly used for low-value procurement and LTA secondary bidding processes. RFQs are commonly used for the

competitive purchase of goods, services and works exceeding PKR 25,000, and are suitable when the requirement is specific and clearly defined.

Example of Request for Quotation

16.1.2 ITB

An Invitation to Bid (ITB) is a formal solicitation method used for competitive purchases exceeding PKR 100,000. An ITB is used when the requirements can be specified quantitatively and qualitatively.

Example of Invitation to Bid

16.1.3 RFP

A Request for Proposal (RFP) is a formal method of solicitation used in competitive procurement of complex goods, design or other works or services where the inputs and/or outputs cannot be quantitatively and qualitatively determined. A request is therefore made for a solution to a defined problem rather than specifying the solution to it.

RFP Template

16.2 Solicitation of offers in situations of direct contracting

When direct contracting is justified, an offer is requested from only one supplier. Nevertheless the appropriate standard solicitation documents or standard instructions to bidders and General Conditions of Contract must be sent to the supplier in order to ensure inclusion of all details, and awareness of TDEA expectations and requirements.

16.3 Solicitation of offers against LTAs

In the event that the LTA prices are fixed and there is only one LTA covering the required items, the LTA holder must be contacted directly through issuance of an RFQ to submit an offer as per the terms and conditions of the LTA. In the event that LTA prices are ceiling prices, the various LTAs holders for the required items must all be put in competition through secondary bidding.

Secondary bidding is a solicitation exercise, which is based on already established LTA(s), whereby (1) the suppliers are requested to provide their best and final offer (BAFO) through issuance of an RFQ and (2) the prices cannot exceed the ceiling prices indicated in the LTA for a certain merchandise or service.

Suppliers must be requested through issuance of an RFQ to submit their BAFO. The time of solicitation must be as per the instructions for use developed separately with each LTA. The RFQ must be signed by the relevant PA and specify that the prices cannot exceed the ceiling prices indicated in the LTA.

17. Approval and issuance of solicitation documents

When the solicitation documents are completed, the below mentioned points must be complied with before distributing the documents:

17.1 Approval of solicitation documents

The solicitation documents must be pre-cleared by a Procurement Advisor and signed by the appropriate Procurement Authority (PA).

17.2 Distribution of solicitation documents

The solicitation documents shall be issued and distributed simultaneously to all suppliers, by mail, courier, fax, or email, or be made available electronically on the internet, with a view to giving all offers the same opportunity to respond.

In a limited competitive process, where only selected suppliers may participate in the solicitation, the solicitation documents shall solely be made available to the suppliers on the short list. The short list must be pre-cleared by a by the PA prior to issuance of solicitation documents.

Under open competition, the solicitation documents must be made available to all interested suppliers upon request. Suppliers may be requested to pay a small fee for the solicitation documents; however, the price associated with the solicitation documents should be a nominal amount to cover such costs as document printing and distribution.

If the solicitation documents are issued electronically in a freely editable format (word, excel, etc.), TDEA must ensure that the solicitation documents include a clause stating that if suppliers modify or alter the provisions of the solicitation documents that must not be altered their offer will be rejected. In addition, the solicitation document must include a clause stating that TDEA takes no responsibility for effective delivery of the electronic document.

In a local/national competition, the documents can be made available to the suppliers for collection at TDEA or any of its project offices office during business hours, and the suppliers can be informed accordingly.

A signed copy of the solicitation documents must be kept on file by TDEA together with documentation on how and to whom it was issued (e.g. fax receipts, copies of emails, courier receipts, etc.) in order to facilitate an audit of the process.

17.3 Conditions for the sale of solicitation documents

The purpose of selling solicitation documents is:

- to discourage the submission of frivolous bids, which results in additional transactional costs for TDEA during the receipt and evaluation process; or
- to cover the cost of TDEA having to print solicitation documents.

TDEA can sell solicitation documents if the following conditions are met:

- receiving frivolous bids is likely to happen and/or printing of solicitation documents is expected to be costly to TDEA (the latter is not applicable if solicitation documents are available electronically);
- the project agreement does not prevent the sale of solicitation documents;
- the sale of solicitation documents is expected to cover at least the internal transactional costs related to the selling of the documents (the required method of payment should also be taken into account when estimating the transactional costs; e.g. payments by cheque in a local account or by cash is easier to handle than payments to corporate account).

The funds generated by the sale of solicitation documents should be credited to:

- the administrative budget of TDEA if the transactional costs are not project costs (i.e. the cost of procurement staff, printing of bidding documents, etc. is paid from the administrative budget);
- the project if the transactional costs are project costs.

17.4 Confidentiality of the short list

In the case of a limited competition (See Section 14.2, Limited international, regional and national competition) where the solicitation documents are only being made available to a short list of selected

suppliers, TDEA shall not disclose the names of any short-listed companies, in order to safeguard the principle of competition that the tender process is aimed at achieving. The number of short-listed companies, may however be disclosed to the suppliers on the short list, in particular for the purchase of services.

17.5 Electronic tendering (e-tendering)

The process of inviting offers from suppliers and receiving their responses electronically is often referred to as e-tendering. This method of solicitation can be an effective tool to improve efficiency and effectiveness of the procurement process.

Distribution of solicitation documents may be performed electronically. The guiding principle in such case remains the same: the fair treatment of all suppliers, thus, the invitees must receive the same information at the same time.

18. Tender Period

The period from the issuance of solicitation documents to the deadline for submitting offers is referred to as the tender period for FRQs, RFPs, ITBs. The standard response time for **receipt of bids/quotations/ proposal or proposals is 1 week from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency the procurement person can call bids as per requirement the response time can be increased and decreased. All advertisements or notices shall expressly mention the response time allowed for that particular procurement along with the information for collection of bid documents which shall be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date.**

18.1 Queries from suppliers, pre-bid conference and site inspection

During the tender period, no communication regarding the contents of the solicitation documents or the proposals is permitted between the potential suppliers and TDEA, except through the methods of handling queries described below.

Queries from suppliers must be handled by correspondence and/or by a pre-bid conference followed by written minutes made available to potential bidders.

Suppliers requiring clarifications to the tender documents must submit their queries in writing to TDEA. TDEA will prepare and dispatch written replies to such queries, and make all replies known, together with the text of the queries, to all suppliers at the same time, without referencing the source of the queries.

For technically complex acquisitions, a pre-bid conference between TDEA and the suppliers could be held in addition to, or instead of, issuance of written clarifications. Such a conference may be in the form of a meeting or a site inspection. When conducting a pre-bid conference or site inspection, the following instructions must be adhered to:

- a) A time for the conference and/or site inspection must be stated in the solicitation document, allowing sufficient time for all suppliers to plan attendance of the conference and/or site inspection.
- b) Pre-bid conferences or site inspections are not mandatory unless valid reasons exist for making such events mandatory (in which case this must be clearly specified in the tender document). Where such conferences or site inspections are not mandatory non participation of bidders to pre-bid conference or site inspection is not a cause for eventual bid rejection. If participation in the pre-bid conference or site inspection nevertheless is made mandatory, care must be taken to require participation in the pre-bid conference or site inspection in a manner that is non-discriminatory.
- c) The representatives who choose to be present during pre-bid conference or site inspection shall bring along reasonable evidence that they represent the potential bidder; e.g. business card, letter of authorization, etc.

- d) TDEA officials will prepare a list of the representatives attending the pre-bid conference or site inspection and obtain their signatures on the same. The list shall also contain the representatives' names and corresponding bidders' names. This list should be signed by all participants indicating date and time.
- e) TDEA personnel in attendance, the observers from the client/donor and the bidder representatives present should be introduced.
- f) With regard to submission of bids, supplier representatives should be reminded of important considerations such as the need to:
 - Provide in their bid contact details (in particular name, direct email address and telephone number) of the persons to be contacted during subsequent bid evaluation.
 - Carefully review the tender requirements.
 - Indicate as early as possible if there are requirements (e.g. specifications) in the tender document which do not seem reasonable; so that TDEA can revert to the client on time and request amendments to be issued, if justified.
 - Always check regularly for amendments to avoid quoting for wrong specifications, wrong quantities, etc., which might result in bids being rejected.
 - TDEA personnel should also warn participants at pre-bid conferences of errors commonly made by bidders as well as pass on other advice regarding the making of a valid bid.
- g) With regard to supplier eligibility, participants should be verbally advised that bids from ineligible or suspended suppliers (TDEA Code of Conduct for Suppliers) will not be considered.
- h) Written queries from suppliers may be forwarded to TDEA prior to the conference or inspection. Responses to the written questions shall be given orally during the conference or inspection.
- i) Within a reasonable time after the conference or inspection, TDEA must send, at the same time, to all suppliers, whether present at the conference/site inspection or not, a full set of the approved minutes, recording all queries and formal replies. The minutes shall prevail over any oral responses provided during the conference or site inspection. Also, in case of discrepancy between the provisions of the solicitation document and the minutes of the pre-bid conference or site inspection, the latter shall prevail over the former. Therefore, the minutes must be approved by the same PA approving the solicitation document. In the case of open bidding the approved minutes must be posted on TDEA and other websites, if applicable.
- j) If, due to geographical considerations, it is necessary to hold pre-bid conferences in more than one location, such meetings shall take place simultaneously (or at least within the same day) and the same information shall be provided to all suppliers. Minutes of the meetings must be shared with all suppliers.
- k) If the clarifications given during the meeting alter the requirements, amendment of the submission deadline should be considered, and a formal amendment to the tender document must be issued reflecting the change.
- l) Certain types of information, such as for instance TDEA cost estimates or proprietary data, shall never be released. Requests for such information shall be rejected.

18.2 Amendments to solicitation documents

At any time before the deadline for submission of offers, TDEA may, for any reason, whether on its own initiative or following a request for clarification by a supplier, modify the solicitation documents.

Amendments to solicitation documents must be and approved by the PA and must be made in good time before the deadline for submission of offers in order for suppliers to address changes in their offers. In certain cases amendments will justify an extension of the submission deadline. This should be assessed on a case by case basis. In the cases when a formal method of solicitation is used amendments to solicitation documents must be pre-cleared by the Procurement Advisor prior to PA approval.

In order to ensure that all suppliers deal with the same fact base. amendments of solicitation documents containing changes or providing clarifications or additional information, must:

- a) in the case of a limited competition, be sent simultaneously in writing to all invited suppliers, and

- b) in the case of an open competition, be uploaded to the TDEA web page and communicated by email to all suppliers having purchased the tender documents where a fee was charged.

Substantial changes to the requirements may call for re-tendering.

19. Receipt and opening of offers

19.1 Receipt of offers

It is the responsibility of suppliers to ensure that the offers are submitted to TDEA strictly in accordance with the stipulations in the solicitation documents.

When formal methods of solicitation are used, offers must be rejected if:

- a) Received at any other location or by any person other than specified in the solicitation documents, and/or;
- b) Received after the deadline for submission of bids stated in the solicitation documents, and/or;
- c) Sent via the correct route after having been sent incorrectly.

Please also refer to Section 19.6, Rejection of offers, for further instructions.

If offers are delivered by hand, TDEA must issue a receipt stating the date and time of delivery.

For procurement value exceeding PKR 100,000, an individual not directly concerned with the procurement function, must be appointed to receive all offers. The individual must be named in writing by the PA and must be explained the importance of confidentiality and integrity of the bid receipt process. All bids or proposals must be stamped with time and date of receipt, registered in an offer receipt report.

Offer receipt report - Template

19.2 Opening of offers

The opening of offers must be handled transparently in order to ensure that only valid offers are evaluated and that all suppliers are treated in fair and non-discriminatory manner.

Normally, offers should be opened immediately after the deadline for submission, or shortly thereafter (a few hours). Hence, it is recommended that the address for submission and the one for opening of offers are the same or at least close to each other.

If there is any delay in opening of offers, it needs to be documented.

When during the solicitation period the same bidder submitted several offers superseding each other, only the last received offer shall be opened.

As long as opening of offers has not taken place, offers shall be kept by the individual in charge of bid receipt and shall be handled in a confidential manner. Offers shall not be shared with the bid evaluation team or procurement personnel until they have been opened.

19.3 Bid opening panel

Offers are to be opened by a bid opening panel consisting of personnel designated, in writing, by the PA. At his discretion, the PA may designate personnel to serve permanently in bid opening panels for a particular projects, etc.

In order to ensure impartiality of the bid opening process, a bid opening panel must consist of a minimum of two individuals, where at least one individual has no involvement in the subsequent stages of the procurement process.

The bid opening panel shall be provided in advance with a copy of the solicitation documents and subsequent amendments, if any, as well as the offer receipt report. Offers cannot be rejected or invalidated at the time of bid opening. Such a decision can only be taken by the bid evaluation panel. During bid opening meeting, the panel should identify any immediately detected omissions or defects in the offers and record them in the bid opening report.

Handling of offers is in its nature confidential, and it is essential that any information gained in the process be kept confidential.

19.3.1 Opening of quotations (RFQ – above 25,000)

For Quotations, no formal submission, receipt, or opening procedure is required.

If the PA believes that there are risks associated with this approach, he should document the risks and if indeed the risks are deemed serious then a procedure for mitigating them should be adopted. The proposed procedure must be reviewed and approved by the PA, or his designate, before being adopted and recorded.

19.3.2 Opening of bids (ITB)

If bids have been obtained pursuant to an ITB, and the value of the procurement is expected to amount to be more than PKR 100,000, the bids shall be opened in purchase committee meeting and also can be opened publicly at the time and place specified in the ITB and immediate record made thereof. Only those who have submitted bids may attend the bid opening.

For ITBs expected to have a value above PKR 100,000, no public bid opening is required, however a bid opening meeting must nevertheless be convened.

Regardless of whether or not the bid opening is public, a **Comparative Statement**, available to all bidders, should record the following information for each of the received bids:

- 1) Bidder's name
- 2) Total bid price
- 3) Discounts, if any proposed by the supplier
- 4) Comments on incomplete bids or other matters observed by the bid opening panel
- 5) The date and time of the opening
- 6) The names of the TDEA individuals present
- 7) The names and signatures of suppliers present or represented if opened publicly.

19.4 The Comparative Statement template

The comparative statement must be signed by each member of the bid opening panel, and kept on file for future reference. The statement shall be available for viewing by bidders who submitted offers for a period of thirty days from the date of the opening. No information that is not included in the bid opening report can be given to bidders

Comparative Statement

19.5 Opening of proposals (RFP) and of two-envelope ITBs

Due to the two-envelope system where financial proposals are not to be opened without the completion of a technical evaluation, a public opening of proposals received is not necessary. Thus, only the technical proposals are opened as a first step of the opening, while the financial proposals are kept sealed by the individual in charge of receiving bids. A separate opening of the financial proposals (preferably by the same bid opening panel which opened the technical proposals) is to be conducted after the completion of the technical evaluation.

The opening of technical proposals is recorded in a report containing the following information:

1. Proposer's name and address.
2. Comments on incomplete proposals or other matters observed by the bid opening panel
3. Bid security, if requested
4. The date and time of the opening
5. The names of the TDEA personnel present

The technical proposal opening report must be signed by each member of the opening panel, and kept on file for future reference. The report shall be available for viewing by bidders who submitted offers for a period of thirty days from the date of the opening.

After the completion of the technical evaluation, and prior to the opening of the financial proposals, it is not necessary or a requirement to contact bidders to attend the opening session.

The financial proposals corresponding to the technical proposals meeting or exceeding the set threshold are opened in a separate opening session and the financial bid opening report must be signed by each member of the financial bid opening panel, and kept on file.

Once the financial opening of the offer has been completed, the report shall be available for viewing by bidders whose financial bids were opened for a period of thirty days from the date of the opening.

19.6 Rejection of offers

Invalid bids and proposals must be rejected by the evaluation team.

TDEA will not accept offers after the date and time stated as the deadline for submission of offers. Offers received after the designated date and time must be rejected, and returned unopened to the supplier, or shredded, (if a bid security was not requested), and the supplier informed accordingly. If a bid security was requested, the bid must be returned to the supplier unopened. Reasons for rejection of the offer must be given to the bidders so they can comply in the proper manner in future.

Even after the bid opening has taken place, TDEA shall accept late bids if it is evident and without doubt that TDEA is solely responsible for the delay. In such case, all bidders must be informed of the reason for accepting late bids.

19.7 Withdrawal of submissions

Withdrawal of submissions by the suppliers can only be accepted if TDEA is notified in writing prior to the deadline for submission of offers. The withdrawn offer shall be separated from the other bids/proposals prior to bid opening, and shall not be opened.

Withdrawal after the announced deadline for submission of offers shall not be honoured, and in such cases TDEA shall open and evaluate the offers together with the others. If the supplier has furnished a bid security, TDEA shall withhold such security until the issue has been resolved. If the offer is selected after an evaluation, legal support must be sought, if required, in order to resolve the matter.

19.8 Modification of submissions

Suppliers may modify their offers in writing prior to submission deadline. The modification shall be submitted in a sealed envelope, or to the dedicated fax/email, and shall be treated by TDEA like any other offer. Regarding modifications to offers after bid closure please refer to Section 20, Evaluation.

20. Evaluation

Evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the solicitation documents aimed at determining which offer best complies with the defined evaluation criteria, and thus, represents the best value for TDEA.

Regardless of how effectively the other steps of the procurement process are conducted, the overall process will not be successful without a correct, objective and fair evaluation process. The evaluation process is critical, since it culminates in a recommendation and a request for an award of a contract.

In general, TDEA evaluates all offers based on the principle of best value for money. The quotation/bid/proposal that offers the 'best value for money' is the offer, which presents an optimal combination of technical and financial attributes, as per the requirements stipulated in the solicitation documents. Value for money can include non-cost factors such as fitness for purpose, quality, service and support, as well as cost related factors such as price, life-cycle costs, and transaction costs associated with acquiring, using, holding, maintaining, and disposing of the goods or services.

The essential principle to keep in mind throughout the solicitation process is coherence between the evaluation criteria specified in the solicitation documents, and the method of evaluation used in the end to select a supplier. Evaluation criteria can under no circumstances be altered during the evaluation process. A change of evaluation criteria during evaluation would jeopardize the transparency of the procurement process and conflict with the principles of fair and equal treatment of suppliers.

20.1 Evaluation criteria

Evaluation criteria are normally divided into the following categories:

1. Formal criteria
2. Technical and qualification criteria
3. Financial criteria

20.1.1 Formal criteria

Offers are checked for their compliance with any formal criteria stated in the solicitation documents. Examples of formal criteria are:

- Offers have been properly signed or includes documents indicating that the offer is authentic (any unsigned offer submitted without accompanying evidence that the offer is authentic, shall be rejected). A signature evidently executed by someone other than the typed name of the authorized representative on his/her behalf, shall be verified.
- Offers are accompanied by the required securities, if applicable.
- Supplier is eligible, e.g. duly registered if pre-registration is a requirement, not suspended by TDEA, nationality is in accordance with donor requirements if such requirements exist, etc.
- Offers are accompanied by the required documentation
- Offers are complete, etc.

Offers not meeting the formal criteria will be rejected and will not be evaluated. It is therefore important to carefully consider the formal criteria before issuing the tender documents as it is undesirable to conduct a solicitation process in which no supplier is likely to meet the formal criteria.

20.1.2 Technical and qualification criteria

Technical and qualification criteria are derived from the specifications, TOR or SOW, as well as from qualification conditions specified in the tender document. Depending on the nature and complexity of the procurement to be undertaken, technical and qualification criteria may be summarized in a few lines or consist of a long and precise description.

Technical and qualification criteria consist of requirements to be met by the bidder, such as but not limited to:

- Technical compliance to specifications
- Previous experience in a similar field and with the same or similar type of requirements
- Minimum requirements regarding value of previous contracts
- Minimum financial profitability and liquidity ratios
- Available capacity and equipment to undertake the assignment
- Availability of after sales services or agents in the country of delivery
- Qualification and experience of proposed personnel
- No adverse reports in the last three years

20.1.3 Financial criteria

Price is an important evaluation criterion but the weight of the price depends on the chosen evaluation methodology (see Section 20.3 Evaluation methodologies below). It is important to clearly state in the solicitation documents which price factors will be used for evaluation. Various factors such as freight cost, operational cost, incidental or start-up costs, as well as life cycle costs could be taken into consideration. In all cases, required breakdown as well as evaluation criteria must be clearly stated in the solicitation documents. Taxes and duties must not be used in relation to solicitation documents and must not be taken into account for the purpose of financial evaluation.

However, when requested by the funding source, and provided that the funding source enjoys tax exemption from the government of Pakistan, vendors should be specified in the solicitation documents that they will be evaluated against prices exclusive of all indirect taxes.

20.2 Selection and Award

It must be clearly stated in the solicitation documents how contracts will be awarded (e.g. to the lowest priced, most technically acceptable offer, to the lowest priced substantially compliant offer or to the offer scoring highest overall), and which criteria will be applied in the evaluation to determine compliance or technical rating to allocate points.

When using a weighted scoring, a breakdown of percentage or points allocated to each overall criterion must be clearly stated in the solicitation documents (e.g. experience xx points, approach and methodology xx points, qualifications and competence of proposed personnel xx points).

If the requirements are divided into components or lots, it is imperative that the solicitation documents state whether the contract will be awarded to the supplier offering the best offer for all components or lots, or whether the contract may be awarded per component or lot.

If split orders (awarding contracts for parts of the items to more than one supplier) are foreseen, TDEA's right to split the contract between several suppliers should also be specified in the solicitation documents.

20.3 Evaluation Methodologies

Depending on the chosen mode of solicitation, various evaluation methodologies emphasizing different criteria in the evaluation of the submitted offers will apply.

The evaluation methodologies used for the respective methods of solicitation are as follows:

- 1) RFQ: Lowest priced, most technically acceptable offer methodology
- 2) ITB: Lowest priced, substantially compliant offer methodology
- 3) RFP: Cumulative analysis methodology

The table below gives further details on when to use which evaluation methodology.

Requirement	Solicitation document	Evaluation method	One/two-envelope system
Requirements exceeding PKR 25,000, where the requirement is clear and specific	RFQ	Lowest priced most technically acceptable Lowest priced, substantially compliant. Compliance defined as compliant/not compliant for all issues.	3 sealed quotations
Goods, services or works, with standard or firm specifications which can be expressed qualitatively and	ITB Lowest priced, substantially compliant. A point	One envelope Two-envelope with a minimum threshold defining	requirement for sealed offers

quantitatively	system	compliance.	
Goods, services or works, with requirements that cannot be quantitatively and qualitatively expressed	RFP	Cumulative analysis. Best value (technical and financial) and most responsive offer.	Two-envelope

20.4 Evaluation Process

Upon receipt and opening of offers, the evaluation of offers must be conducted according to the evaluation criteria and method defined during the preparation of the solicitation documents and clearly established in these documents. Under no circumstances can new or revised evaluation criteria be introduced during the evaluation of offers nor can the method of evaluation be changed. This provides the basis for an objective and transparent evaluation process.

The evaluation process comprises the following steps:

- Establishment of evaluation team
- Preliminary evaluation
- Technical evaluation
- (Post)qualification
- For two-envelope evaluations: completion of technical evaluation report and opening of financial offers
- Financial evaluation
- Clarifications, if required
- Identification of the winning offer
- Comparative statement
- Negotiation, if applicable
- Background check (if necessary)

Evaluation of bids and proposals should be completed before the validity of the offers expires. The procurement personnel must also take into account the additional time required for obtaining approval from the PA and for issuing the contract. Bids or proposals must also be valid at time of contract issuance. In the event that these conditions are unlikely to be met, bidders must be requested to extend the validity of their bid or proposal.

20.4.1 Establishment of evaluation team

In order to conduct a fair and unbiased evaluation of offers, evaluation must be undertaken by a team consisting of at least two members. The actual number of people on the evaluation team will depend on the nature, complexity and value of the procurement activity, but should not normally exceed five.

The purpose of the evaluation team is to verify that the suppliers and their offers satisfy the requirements of the solicitation documents, and to evaluate the offers according to the predefined evaluation criteria.

The evaluation team members shall be appointed, in writing (e.g. through an email), by the PA to provide objective and independent advice based on their knowledge of the specific subject matter. The evaluation team must be chaired by an experienced individual, appointed by the PA.

Confidentiality Affidavit
Participants

20.4.3 Preliminary examination

In order to avoid spending further resources on the evaluation of invalid offers, the evaluation team should eliminate offers containing material deviation at an early stage of the evaluation process by performing a preliminary examination of offers against the formal criteria.

The evaluation team should eliminate offers not fulfilling formal criteria.

20.4.4 Technical evaluation

Well defined requirements are paramount and usually reward the time and efforts taken to produce correct specifications with easy, fast and successful technical evaluation. Therefore, efforts should be concentrated on defining the correct specifications prior to the start of solicitation process. See Sections 9.1.2 details regarding definition of requirements.

One-envelope solicitation:

Bids received in response to a one-envelope solicitation must be rejected when they contain material deviation i.e. when the specifications of the items quoted vary in one or more significant aspect(s) from the minimum required technical specifications.

Two-envelope solicitation:

In the case of the two-envelope solicitation method, the technical proposal submitted by any bidder would be rejected when the bid does not obtain the minimum required number of points to qualify. The corresponding financial offer cannot be opened. It should then be handled as specified in the solicitation document; i.e. the financial proposal would usually be shredded or returned unopened to the bidder. When the two envelope system is used, the technical evaluation of the proposals and qualifications of the suppliers are done simultaneously.

20.4.5 Price evaluation

This is the process of comparing the offers with the financial criteria stipulated in the solicitation document and determining the price to base the evaluation upon.

One-envelope solicitation:

In the case of the one-envelope solicitation method, prices of bids which have been found to be responsive further to the preliminary examination and technical evaluation shall be compared. Prior to price comparison the bid evaluation committee must correct arithmetical errors on the following basis:

- a) If there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected, unless in the opinion of TDEA there is an obvious misplacement of the decimal point in the unit price, in which case the line item total as quoted shall govern and the unit price shall be corrected; and
- b) if there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
- c) if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to (a) and (b) above.

Once price correction has been undertaken, discounts must be evaluated when applicable and currency conversion into one base currency (as specified in the solicitation document) must be done.

Quantity discounts are taken into account in the evaluation, and must be evaluated as a separate offer.

The final price comparison in one single currency must take into account corrected errors, discounts, and any required adjustments.

Two-envelope solicitation:

In the case of the two-envelope solicitation method, the price is evaluated only for those bidders that qualify technically. When using the cumulative analysis evaluation method, the score of the financial

proposal is calculated based on the formula for point allocation (see Section 20.3, Evaluation Methodologies).

During financial evaluation, a deviation would be considered material when required price components are missing or deviate from the requirements (e.g. less number of days for consultancy are offered and priced).

20.4.6 Supplier qualification

One-envelope solicitation:

In the case of one-envelope solicitation, qualification of the bidder is done after price and technical evaluation have been performed; therefore this process is called post-qualification.

Post qualification is only carried out for the bidder(s) with the lowest evaluated bid price whose bid was found to be technically responsive. Post-qualification consists of checking the background of the supplier(s) identified for contract award after financial and technical evaluation in order to ensure that the identified bidder(s) is (are) qualified and capable of successfully completing the contract (i.e. the entity is financially solvent, has the required experience, has sufficient production capacity, has good standing in the business community etc.).

If the evaluation process is to include a supplier qualification exercise, the solicitation document must clearly state for the sake of fairness and transparency:

- that post-qualification of the lowest technically responsive bidder(s) will be undertaken; and
- the minimum qualification requirements and the extent of the supplier qualification; and
- that offers of bidders not meeting the qualification requirements will be rejected.

The extent of the supplier qualification must be reasonable and related to the value of the contract and the complexity of the specific case.

The following aspects could be considered for supplier qualification purposes:

- a) Legal and regulatory requirements;
- b) Technical capability and experience;
- c) Financial capability;
- d) Institutional and workload capability..

The bidders whose bid meets all post qualification criteria for the items or lot for which they submitted the lowest evaluated bid price must be recommended for contract award as they submitted the lowest priced substantially compliant bid.

Two-envelope solicitation:

In the case of two-envelope solicitation, the technical evaluation of the proposal and the supplier qualification are performed at the same time. See Section 20.1.2, Technical evaluation.

20.4.7 Clarifications from suppliers

In principle, offers shall be evaluated based upon the information provided in the offer. However, after the submission of offers, clarifications to the offers are sometimes required from suppliers in order to be able to conduct a proper evaluation process. The purpose of such clarifications is to clarify any aspects of the offer, and not to add or delete aspects of the offer, or otherwise modify any portions of the offer.

Clarifications to the contents of the offer may be sought, taking into consideration the principle of equal and fair treatment of the suppliers. The supplier(s) shall not be allowed to change the contents of their offer, but merely provide missing historical documents or minor clarifications enabling the evaluation team to fully understand the offer in order to carry out a fair evaluation. No change in the price or substance of the offer can be sought, offered or permitted, except as required in order to allow for correction of arithmetic errors discovered by TDEA. All requests for clarifications must

include a reasonable deadline. If the bidder has failed to provide the required information or to reply by the deadline, the offer must be rejected.

During the clarification discussions, no information about offers of other prospective suppliers can be divulged to the supplier.

The discussions can be conducted in a meeting, but also through means of written communication. Regardless of how the discussions are being conducted, all discussions shall be summarized in writing, along with clarifications provided, and kept on file for future reference.

Seeking clarifications from suppliers after receipt and opening of offers should not be mistaken with the modification of offers before submission deadline.

20.4.8 Complaints and representations

Replies to representations and complaints made by bidders during (and after) bid evaluation must be in line with what may or may not be disclosed, as stated in the tender document.

Depending on the nature of the complaints and representations received, the CEO should consider seeking advice from PA before replying. Whenever, impropriety is alleged, the chairperson should always send the complaints immediately to the PA.

20.4.9 Indication of potential fraud

While conducting evaluation of bids or proposals, the evaluation panel should satisfy itself that there is no indication of fraud, price-fixing or suspicious actions on the part of some bidders that might point out to the existence of a cartel.

When there is a clear indication of potential collusion, TDEA retains the right to reject all offers and may seek legal remedies available.

20.4.10 Identification of the winning offer

When using the 'lowest priced, most technically acceptable' methodology, the lowest priced offer determined to be compliant is generally selected as the winning offer. However, this methodology offers the flexibility of selecting the most compliant technical offer should none of the offers be fully technically compliant. Exceptionally, selection of a higher priced offer can be justified if the difference in price is small while the technical qualities of the selected offer by far surpass those of the lowest priced offer. Selection of another offer than the lowest priced one requires well documented justification.

When using the 'lowest priced, substantially compliant offer' methodology, the winning offer is the lowest priced offer determined to be substantially compliant.

When using the 'cumulative analysis' evaluation methodology, the total score obtained, including both technical and financial proposals, is calculated for each offer. The offer obtaining the overall highest score is the winning offer.

20.4.11 Negotiations

Negotiations are discussions with a potential supplier after selection of the supplier, but prior to award of contract, with the purpose of ensuring best value for money for TDEA in the procurement process without compromising the principle of fair and equal treatment of all suppliers. Negotiations regarding the detailed terms and conditions of a contract between TDEA and a supplier are treated as a separate issue in Section 22, Contracting.

In principle, negotiations are usually not undertaken when formal methods of solicitation are used. However, in such situations, negotiations can still be justified, for example if only one bid has been received and the price is not deemed competitive, in order to ensure best value for money for TDEA.

Negotiations can prove very effective in situations of directly negotiated contracts in order to ensure competitive prices.

Negotiations are confidential between TDEA and the supplier, and no information relating to the negotiations may be revealed by any party.

For negotiations conducted with the selected supplier(s), as a minimum two TDEA individuals must be involved. It is recommended that each individual is given roles to play in the negotiations and that prior to negotiations roles and responsibilities for TDEA individuals are clearly set out to ensure optimum results.

20.4.13 Comparative Statement Report

Results of the quotation/bid/proposal evaluation and supplier qualification shall be documented in an evaluation table and summarized in the evaluation report. Use of Comparative statement Report template for consistency purposes and to reduce risks of errors.

The report documenting the evaluation process shall be signed by all the members of the evaluation panel, initialled on every page (except for historical annexes such as the RFQ/ITB/RFP, amendments, clarification notes etc.) by at least two members of the panel and kept on file for future reference. The evaluation report must be dated, identify the process to which it relates and the name of each signatory must be printed under the signature. The evaluation report will later be used as the basis for the recommendation of award. An evaluation report typically contains a summary of the evaluation process and its individual steps as outlined above including the point allocation for each offer, if applicable. Important evaluation criteria must be reflected in the evaluation report. Any rejection, non-compliance, and clarifications of offers must be clearly stated, including a list with the final ranking of the offers and the reasoning on how the winning offer(s), was/were selected.

21. Procurement review and award of contract

Procurement activities are subject to a review process prior to award in order to ensure compliance with applicable regulations, rules, policies and procedures.

The review shall establish whether or not appropriate procedures have been followed, provide reasonable justifications whenever procedures have not been fully adhered to, provide a summary of the procurement activity, and ensure that the Procurement Authority (PA) is furnished with all material information required in order to award a contract.

Award is the decision authorizing establishment of a contract with a selected supplier or individual contractor.

21.1 Award

Contracts are awarded by the relevant PA after ensuring compliance with applicable regulations, rules, policies and procedures.

The PA will either award or not a contract to the selected supplier or individual contractor based on the recommendations received. An award may be made subject to the prior fulfillment of conditions.

If an approval/no objection regarding the selected offer is required from the client/funding source and/or end-user this can be obtained prior to/in parallel with or after internal award depending on working agreement with the client or possible time constraints.

Only after official award of contract by the relevant PA, and fulfillment of any conditions to that award, can a contractual obligation be entered into by TDEA.

22. Contracting

A contract is a legally binding document between TDEA and the supplier, and defines, at a minimum, the nature of the product being procured, the quantity being procured, the overall contract and/or unit price, the period covered, conditions to be fulfilled, including the TDEA General Conditions of Contract (GCC), terms of delivery and payment, and the name and address of the supplier.

A written contract shall always be issued by TDEA for all procurement activities valued at USD 2,500 or above. Contracts shall be issued prior to any delivery of goods taking place, and/or the start up phase of works or services. The PA may choose to issue written contracts also for purchases below the value of USD 2,500.

TDEA model contracts must always be used unless the donor imposes different templates or other formats are routinely used in a specific industry (e.g. lease contract, contracts for electricity and water provision, etc.). The model contracts are TDEA templates to be completed using contract specific data.

Modifications and/or additions to the TDEA standard contract formats including annexes can be made. Care must be taken not to include any requirements or conditions that contradict the TDEA General Conditions of Contract, or the standard text of any of the documents.

22.1 Contract preparation

After a solicitation process, in which TDEA has defined the requirements, a supplier is selected based on a bid or proposal, and offered a contract by TDEA. Upon signature of the contractual document by both parties, the contract is made legally binding for both parties.

Contracts shall be awarded within the offer validity period. If it is not possible to award the contract within the original period of offer validity, an extension of the offer validity period must be requested from all the bidders. A bidder may refuse the request without forfeiting its bid/proposal security. Bidders agreeing to the request will not be permitted to modify their bids/proposals but will be required to extend the validity of their bid/proposal securities (if applicable) for the period of the extension. As such, extensions must be requested as early as possible to allow bidders sufficient time to produce a new valid bid/proposal security before the expiration of the original.

The bid security of the successful bidder must only be returned when the bidder has signed the contract and furnished the required performance security, if applicable. The bid/proposal securities of unsuccessful bidders must be returned as promptly as possible thereafter.

22.1.1 Contract negotiations with suppliers

The purpose of contract negotiations at this stage is to clarify any issues remaining unclear and not defined by the requirements in the solicitation documents, nor by the supplier's offer, but which are essential for proper implementation of the contract (e.g. defining milestone payments against deliverables). Negotiations should result in a clear understanding of terms and conditions agreed upon by the parties and their respective responsibilities under the contract.

Where the bidder/offeror has not recorded any reservations to TDEA's conditions with its bid/offer, TDEA may choose not to enter into negotiations on contract terms proposed by the bidder/offeror after selection of his offer.

22.1.2 Policy on advance payments

Advance payments refer to payments effected prior to receipt of goods or performance of any contractual service. Such advance payments are distinguished from the case of contracts for services and works, where the contractual arrangements generally foresee performance of a series of services scheduled to be completed/delivered at subsequent times within the time frame of the contract. These established delivery times for partial services (often referred to as 'milestones') constitute the basis for partial payments to the contractor, i.e. progress payments, which are intended as reimbursements of expenditures incurred and partial payments of contractor's fees already earned. However, should any of such payments be requested in advance of delivery of an item or service specified in the contract they correspond to, they would be referred to as 'advance payments'.

According to the TDEA Compendium, no contract requiring advance payment shall be made on behalf of TDEA (i.e. payment in advance of delivery of goods or performance of contractual services).

However, exceptions can in certain cases be made if required to comply with normal commercial practice or deemed to be in the best interest of TDEA. If a common practice of advance payments exists in the industry sector, which is often the case for works, or if an excessive financial hardship on the contractor should be avoided for some reason, an advance payment may be justified.

Examples of activities that may justify an advance payment are:

- a) Mobilization costs (mainly for works), such as purchase/lease of equipment/materials/machines and/civil works or transfer of same to the project site, establishment of base camps, and transport of personnel to the project site.
- b) Start-up costs (mainly for services), such as purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site.
- c) Design or design adaptation costs, related to goods/machines which require design and ex-novo manufacturing
- d) Payment of lease (premises), payment of water/gas/electricity, etc.

The maximum amount of advance payment for mobilization should not exceed 25 percent of the total contract value, unless other factors are involved and justified by the bidder to request higher amount. This justification shall explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount.

If the supplier's proposal is being presented for recommendation for contract award, the assessment of the request for advance payment shall be summarized by the evaluation committee, indicating whether or not an advance payment is justified.

In the case that an advance payment is requested 75% or more and subsequently granted, TDEA must receive in advance revocable guarantee cheque made in favor of TDEA of the same amount.

22.2 Contract Documents

A contract between TDEA and a supplier must include as a minimum the following:

- a) Letter part of the contract
- b) TDEA General Conditions for goods, works, or services, depending on the type of product being purchased (as an annex, but considered an integral part of the contract) or General Conditions of the donor if applicable.
- c) Technical specifications, TOR, SOW/BOQ and/or drawings, budget (for cost reimbursable contracts), template for performance securities, delivery requirements, etc.

22.2.1 Contract requirements

The contractual agreement must contain the following elements:

- a) Identification of the parties contracted as well as the person authorized to act on behalf of the contracted party including: name, address and contact details. In the event that the contract is the result of a joint offer, TDEA will usually contract with one entity which must always be the lead entity.
- b) A reference to all relevant documents (i.e. TDEA solicitation documents, the supplier's offer, and clarifications (in the form of written communication or minutes of the clarification meeting with the supplier).
- c) Nature of the goods/works/services being procured and the quantity being provided, as well as the terms of delivery.
- d) Contract and/or unit price and terms of payment. Contracts must be denominated in the currency of the supplier's offer. It is important to establish tangible indicators for payments, linked to milestones in delivery of services or completion of works. Final payment must always be based upon acceptance of documentation for completion of services or works, or delivery of goods.

- e) Contracts valid over a longer period of time (over 12 months) may contain price adjustments linked to officially published price indexes to cover changes in work rates. The increase may also be estimated and incorporated as a fixed rate over the entire life of the contract. Contracts for commodities whose price may fluctuate over time (e.g. petroleum products, metal products, etc.) may be based on commodities/mercantile exchange prices, provided this is clearly specified in the solicitation document. For such contracts, it is good practice to specify in the contract that the final price shall not exceed a specified maximum amount and that the contractor should adjust the quantity accordingly so that the contract amount is not exceeded.
- f) Duration of the contract. Starting and completion dates, as well as milestones for successful performance, must be precisely defined.
- g) Contracts for works and services must specify the name of key personnel, and their input in terms of estimated man-days/weeks/months.
- h) As for any litigious matters arising out of a contract execution, the parties shall proceed in accordance with the applicable Laws in Pakistan.

22.2.2 Technical specifications, TOR, SOW, BOQ and/or drawings

Technical specifications, Terms of reference, statement of works including drawings and other technical specifications must always be attached as an annex to the contract, or their contents included in the contractual document.

22.3 Signature, Issuance and Documentation

All contracts must be signed by the PA on behalf of TDEA, and by a duly authorized individual on behalf of the supplier. Once contract award has been approved in writing by the relevant PA.

The contract must be issued in two original copies, both signed, one for the supplier and one for the TDEA case file. One original must be distributed to the supplier requesting return of a countersigned scanned copy. The countersigned contract must be kept on record for future reference.

22.4 Types of Contractual instruments

TDEA has developed standard contracts to be used (see below). When using the standard contracts, a payment modality must be chosen.

TDEA generally uses a form of 'lump sum' or 'unit price' contract:

A 'lump sum' formula contract is used whenever it is possible to determine with sufficient precision the quantity and scope of the goods/services/works required from the contractor.

The 'unit price' formula contract must be used only when it is impossible, due to the nature of the services/work/goods, to determine with sufficient precision the quantity of the services/works/goods required from the contractor. In this case, the contract sets a maximum amount not to be exceeded, both for the total amount and for the provision of each component of the services (e.g. rate per work day, cost of each round-trip etc.), and establishes the applicable unit price.

The use of percentage-based contracts measuring consultancy costs as a percentage of total construction costs is discouraged.

TDEA formalizes procurement by way of the following standard contractual templates:

22.4.1 Purchase order (PO)

POs are contracts, generally used for the acquisitions of goods, **commodities above petty purchase limit or for the fixed assets**. After selection of supplier by the relevant Procurement Committee, the Procurement person will issue the Purchase Order to the selected supplier after the approval from relevant authority. The Purchase Order should contain the following information:

- PO Number
- Contact information of supplier
- Quantity ordered by the organization
- Agreed date of delivery of goods
- Exact specification of the product(s)
- Terms of payment
- Agreed price
- Taxes to be deduction clause.
- Penalty clause

Purchase order format

22.4.1.2 Repeat Order

Repeat order may be issued to a supplier within 3 months of earlier purchase at the same price provided that: earlier order was placed on the basis of open competition in case of the procurement above 25,000/-, there has been no significant change in price(s) of the items, and supplies were satisfactory, quantity can be more or less than the previous order.

To save time and cost, repeat order can be issued by project using the documentation of any other project of TDEA through any method of procurement executed.

22.4.2 Long Term Agreements

Long Term Agreements (LTAs) are mutual arrangements between TDEA and suppliers to provide goods or services as required, for the most frequently requested items or services, over a specific period of time. LTAs are not contracts as such (the actual contracts are the call-off orders that may be issued subsequently to the establishment of an LTA).

LTAs are used to ensure a reliable source of supply for goods and services at the lowest price, in accordance with pre-defined terms and conditions. They are often designed to provide immediate stock availability in case of emergency.

LTA - Template

22.4.3 Amendments to contracts and agreements

Once a contract has been awarded and signed, it may be amended only if the contract provisions allow modifications, and if additional related goods, services, or and/or works are to be provided/rendered by the same supplier in furtherance of the execution of the original contract. Please refer to Section 22.4.3, Contract amendments, for further guidance.

All other situations call for a new competitive selection process and establishment of a new contract.

22.5 Protest procedures

Suppliers perceiving that they have been unjustly treated in connection with the solicitation or award of a contract may lodge a complaint directly with the TDEA Board of Trustees. All bidders must be informed of TDEA' independent bid protest procedure in the solicitation documents as well as in subsequent contracts. Under no circumstances will the personnel involved in the procurement activity under complaint be allowed to participate in the review of the protest.

The BOT will then make an initial assessment of the complaint and may, at his discretion, seek clarification from the PA responsible for the procurement process or any other personnel (as necessary).

The BOT will issue a response to the supplier. This response will reflect the final formal position of TDEA on the matter. Suppliers filing complaints may be granted clarification meetings with the General Counsel in order to better understand the rationale for TDEA' final decision on the subject.

If the complaint received by the BOT involves allegations of personnel misconduct the protest will be reviewed in accordance with TDEA's policy on disciplinary and other measures relating to misconduct without any further involvement of the PA or procurement personnel.

If the complaint received by the General Counsel involves allegations of corrupt or fraudulent practices, the protest will be reviewed by the General Counsel in accordance with TDEA policy to address fraud without any further involvement of the PA or procurement personnel.

22.6 Posting of Awarded Contracts

In continuation of the principle of transparency, TDEA shall post on its website information about all awarded contracts (including call-off orders), regardless of their value, which are issued to individuals. This step in the process is essential. Omitting to disclose contract award information would undermine the procurement principle of transparency and would be detrimental to the reputation of TDEA.

Once the PO is issued, the relevant information is automatically extracted from the system and posted on TDEA website. It is therefore paramount that the information indicated above is entered correctly in the PO.

23. Contract administration

Contract administration is the process which ensures that both parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and mitigating attendant risks.

There are five stages in the contract administration process:

- a) Monitoring and control of contract performance
- b) Change management
- c) Dispute resolution
- d) Financial management/payment
- e) Contract completion

Contract administration is the responsibility of the procuring unit and the individual in charge of the procurement process. However, contract administration will require the involvement and input of the requisitioner or business unit, and at times also the input of the end user.

23.1 Monitoring and control of contract performance

The overall contract monitoring is the responsibility of the personnel in charge of the procurement activity. It includes observing the performance of the supplier to ensure that a quality product, in the right quantity, is delivered on time and within the budget.

Various requirements are built into the standard contracts and the degree to which suppliers fulfil these requirements is used to measure the achievement of performance indicators in order to evaluate the ongoing performance of the contract (e.g. quality standards, delivery times, inspections, milestone dates, etc.).

Control of performance includes ensuring that the performance of the supplier is according to the contract that any variance can be justified, and that contracts are amended to reflect agreed changes to the scope of work.

Goods

For the procurement of goods, procurement personnel must monitor shipment and receipt of goods through the following actions:

- a) Follow up with the supplier a few days/weeks before the required ship by date to ensure that goods will be ready for shipment by the agreed date.

- b) Inform suppliers, consignee, and requisitioner/end user of any change of plans (e.g. shipping route, ship by date, etc.).
- c) Obtain proof of receipt of goods at final destination, if different from the destination of the consignee.

Typical performance indicators used for monitoring of contracts:

- a) Comparison of required delivery date v. actual delivery date
- b) Comparison of quantity ordered vs. delivered quantity
- c) Comparison of compliance between ordered and delivered specifications

Services

When contracting services, procurement personnel must monitor the performance of the contractor by ensuring timely receipt and acceptance of the deliverables specified in the contract (e.g. inception reports, progress reports, reports from workshops or training sessions, video films etc.).

The deliverables under the contract must be acknowledged and approved by the requisitioner/ business unit, and occasionally also by the end user.

Typical performance indicators used for monitoring of service contracts:

- 1. The timely delivery of outputs as per the contract
- 2. Timely response to TDEA requests
- 3. Quality of services rendered

Works

Works are considered completed when the concern personal has issued a certificate of final completion stating that the works have been completed and that the contractor has fulfilled his obligations in accordance with the contract.

Typical performance indicators used for monitoring contracts for works:

- 1. On time completion of the works or parts of the works
- 2. Compliance with statement of works
- 3. Percentage of non-compliance points in the certificate of substantial completion issued by the consulting engineer

23.1.1 Inspections

Monitoring of the contract and evaluation of the end product could be achieved through inspections. Inspections involve examining or testing of a product to ensure that it conforms to contract requirements. Inspections may be performed by in-house experts or by inspection agents contracted on a one time basis or through an established LTA.

23.1.2 Acceptance of the final product

Acceptance of the final product is the responsibility of the requisitioner/ business unit and of the end user. However, the procuring entity must record and file this information in the case file, and use it for payment purposes and to take corrective actions, if necessary.

Goods

Upon receipt of the procured goods by the end user, **the administration unit** with the input of the end user, where relevant, should provide the procuring unit with a GRN only **for substantial amount (determent by procurement person)** confirming receipt of all goods as per the packing list, as well as documenting in detail the condition of the goods received, and their compliance with the stated specifications.

The standard TDEA GRN .

Services

Procurement personnel must receive written confirmation from the requisitioner of services having been satisfactorily completed in accordance with the terms specified in the contract. The requisitioner (with the input of the end user, where relevant) must confirm receipt and acceptance of all deliverables specified in the contract.

Works

When procuring works, procurement personnel must ensure that the works are proceeding in accordance with the agreed timeline in the contract. This can be done through regular site visits, or through progress or status reports from the engineer monitoring the progress of the works.

23.1.2 Evaluation of supplier performance

Procurement personnel, the requisitioner/business unit, and the end user shall all be involved in the evaluation of the performance of the supplier. The individual in charge of the procurement activity in question has the main responsibility for supplier evaluation, however, procurement personnel depend upon input from the requisitioner/business unit, the end user, and the consulting engineer (in the case of works projects) in order to conduct a thorough evaluation.

The following issues should be addressed:

- fulfillment of delivery schedule/timely delivery
- compliance with contractual terms and conditions
- adherence to warranty provisions
- quality of goods or services provided in accordance with the contract
- timely response to TDEA' requests
- undue delay of the performance under the contract
- any frivolous claims against TDEA
- failure to disclose information relevant to performance (e.g. bankruptcy, ongoing litigation, etc.)

23.1.3 Contract filing and documentation

A procurement file must be established by procurement personnel. In addition to information documenting the procurement process, the file must include all information required to successfully administer the contract. Any issues of clarification or change of the contract must be fully documented in this file. The requisitioner/business unit will normally have a separate file, with copy of the contract, as part of the project management file, in order to provide their input throughout the contract administration phase.

It is important to carefully document contract performance:

- in order to provide evidence of the performance of the supplier,
- in the event of disputes,
- in order to form an institutional memory, and
- for audit purposes.

23.2 Change management

Change management is the handling of changes that arise during contract execution, typically involving variations in costs or requirements that were not originally anticipated, but are not in dispute. Change management includes both avoiding unwanted changes as well as incorporating necessary changes into the contract.

It is the responsibility of procurement personnel to:

- a. Negotiate the appropriate contract changes regarding cost, schedule, and quality and performance ensuring that the contract is amended so that it at all times defines the agreed

expectations of both parties under the contract. The amendments must be documented to the contract file.

- b. Ensure that the change conditions are reasonable and justifiable in terms of cost, time, and quality.

23.2.1 Contract amendments

A contract amendment originates either from a request for small changes in or additions to the contract from the client or end user, or from a discovered need for adjustments to the contract in order for it to clearly reflect the expectations of the contract parties.

Once a contract has been awarded and signed, it is only permitted to amend the contract if the contract provisions call for modification, or if additional related goods, services, and/or works are to be rendered by the same supplier in furtherance of the execution of an original contract. Contract amendments are not appropriate for substantial amendments to the scope of the goods, services or works to be delivered.

All other situations call for a new competitive selection of a supplier. The following key points should be taken into account when amending a contract:

- a) Amendments with financial implications must be approved by the requisitioner and the relevant PA.
- b) Amendments must be made well in advance of the proposed effective date of the amendment, and always prior to the expiry date of the contract. If the contract is already expired.
- c) When amending a contract to increase the price, procurement personnel must justify the reasonableness of cost (e.g. unit prices should not exceed those in the original contract). Deviations from the original unit prices must be clearly explained and justified.
- d) Amendments must be in writing. The standard contract amendment template shall be used for the amendment of services or works contracts. When purchasing goods, an amended PO must be issued to the supplier.

23.3 Remedies

A breach of contract may entitle the non-breaching party to certain remedies. Termination

In some cases, the failure of one party to perform may give rise to the other party cancelling the contract. Cancellation occurs when one party puts an end to the contract for breach by the other. The remedies for that breach normally include damages that indemnify the non-breaching party for any loss suffered due to breach and such damages generally are compensatory. In all cases of termination, prior consultation and advice must be sought from the LPG.

Liquidated damages

The parties to a contract may expressly agree, in advance, to a sum that will be payable as damages for any breach. These liquidated damages are an estimate of actual loss that would be incurred and are not considered a penalty. Provisions for liquidated damages are included in the general conditions of the TDEA standard contracts. When delays result in extra costs, or loss of revenue or loss of other benefits to TDEA, liquidated damages are paid by the supplier to TDEA to cover costs incurred by the delay.

Liquidated damages are provided for to cover late delivery and calculated as a percentage of the contract value up to a maximum amount. Liquidated damages for late delivery normally accrue for each day, or other period, calculated to account for late delivery.

When liquidated damages should be applied/not be applied:

- a) If the delay is the result of a force majeure (i.e. events beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable) and the supplier has been

able to provide convincing evidence of the occurrence of such events, or if the delay is due to TDEA negligence (e.g. error in design documentation) or to client stopping/delaying execution of the contract, liquidated damages must not be applied.

- b) If the delay is due to any other reasons related to the contractor, liquidated damages must be applied as per the terms of the Contract.

Who decides the application/non application of liquidated damages?

23.4 Dispute resolution

Ideally, contracts should be clear and the responsibilities and obligations of both the supplier and TDEA must be clearly defined in order to minimize the possibility of disputes and disagreements. Please refer to Section 22, contracting, for further guidance on the contents of a TDEA contract.

However, no matter how well a contract is drafted and its performance managed, disputes can and do arise. As potential disputes must be considered throughout the procurement process in order to resolve any dispute should it ultimately arise, a good understanding of how disputes are resolved is fundamental to effective procurement.

The preferred means of commercial dispute resolution is negotiation. All negotiations are based on an openness to compromise, which often is less costly than alternative methods of dispute resolution. TDEA must strive to always solve disputes through negotiation.

Where negotiation is not possible or fails, more formal means of dispute resolution are available. Mediation is a private method of dispute resolution by submission to an agreed impartial third party that has a non-binding authority. Arbitration also is a mutually agreed method of dispute resolution, but the arbitrator(s) are given authority to render a binding judgment.

Arbitration often is agreed to by contracting parties by including an arbitration clause in their contract. Such a clause can be found in all standard TDEA contracts.

23.5 Financial management and payments

Financial management and payment refers to the timely processing of invoices for payment, according to the terms of the contract as well as the review of financial implications of contract changes, and the liquidation of financial securities (i.e. release of performance and advance payment securities) once the reason for requesting them no longer exists.

23.5.1 Payments

TDEA Finance unit shall ensure that the terms and conditions of payment are consistent with the ones specified in the contract document. The following examples contain typical payment terms for goods, works and services:

- a) For the procurement of goods, the payment term is Net 15 days upon receipt of shipping documents and invoices.
- b) Alternatively, payment of 80 percent upon shipment of goods and 20 percent upon delivery and acceptance of goods at the end destination may be considered.
- c) For the procurement of construction works, the payment term is Net 15 days upon receipt of invoice and the certificate of payment issued by the consulting engineer approving payment in the amount of the invoice.
- d) For the procurement of services, the payment term is Net 15 days upon receipt of invoice and delivery/acceptance of the milestone deliverables linked to payment as per the contract.

23.5.2 Advance payments

According to Compendium no contract shall be made on behalf of TDEA requiring payment in advance of delivery of goods or performance of contractual services.

However, in certain exceptional cases or when it is common practice within the industry, advance payments may be made. Further, progress payments are commonly used in the case of services and works contracts. Please refer to Section 22.1.2, Policy on advance payments, for further guidance.

In the exceptional cases where advance payments are made, an advance payment security must be requested from the supplier.

23.5.3 Third party payments

TDEA does not make any third-party payments, i.e. payment to others than the entity contracted. However, if the individual approving the contract (the relevant PA) believes that circumstances warrant that TDEA pay a third party, then the PA must consult with the Finance , and obtain his approval prior to the contract or purchase order being signed. Once the third party payment has been approved, the name, address, and banking details of the third party must be included in the contract document unless vendor banking details.

23.5.4 Taxes

TDEA will deduct the taxes as per Tax Laws of Government of Pakistan.

23.5.5 Performance securities

If required, the supplier shall within a specified period of time of the notification of contract award, provide a security for performance of the contract, or an advance payment security, in an amount determined by TDEA. The proceeds of the security (an established amount) shall become payable to TDEA in the event of the supplier's failure to perform.

The performance security shall be returned by TDEA to the supplier no later than thirty days following the date of completion of the supplier's performance obligation under the contract, including any warranty obligations.

23.6 Contract completion and close out

Contract completion entails the confirmation that all obligations have been met, identification of any residual obligations and how they will be fulfilled, settlement of final payments, assessment of contractor, and the administrative closing of files.

Procurement personnel must verify the following key steps in order to close a contract:

- a) All products and/or services required have been provided to the buyer
- b) Documentation in the contract file adequately shows receipt and formal acceptance of all contract items.
- c) No claims or investigations are pending on the contract.
- d) Any TDEA furnished property has been returned to TDEA and discrepancies in number and condition resolved.
- e) All actions related to contract price revisions and changes have been concluded.
- f) All outstanding subcontracting issues have been settled.
- g) If a partial or complete termination was involved, action is complete.
- h) Original copies of all warranty documentation, including expiration dates, responsibilities and procedures to follow are finalized.
- i) Any required contract audit has been completed.
- j) The final invoice has been submitted and paid.

Procurement Plan	
Six Monthly	
Project Name :	

S. N o	Item s	Specific ations	No · of Un its	Estim ated Unit Cost PKR	Total - PKR	Procurement Plan						Mod e of Pay men t	Procur ement Metho d
						Jan uar y	Febr uary	Ma rch	A pr il	M ay	Ju ne		
Total Cost													

Prepared By.**Name:****Designation****Reviewed By.****Name:****Designation**

Purchase Requisition Form “A”

DATE:		Requisition No:	
Name			
Designation			
Department/Project			
Date by which items are required			

Details of required items:

S.	Items required	Uni	Approx. price per unit	No of Units	Approx. Total Amount
	Total				

Donor specific note if any: If the value of the requested goods or services is more than USD 25,000; it requires compliance with USAID's Source and Nationality regulations.

Signature

Approvals				
Name: (Relevant Unit Head)	Approved	Not Approve	Remarks:	Signature and date:
Name: Finance Unit (Availability of budget)	Approved Project Code: Donor: Mode of Payment Cash Cheque	Not Approve	Remarks:	Signature and date:
Name: Designated Manager (Up to PKR 25,000)	Approved	Not Approve	Remarks:	Signature and date:

Purchase Requisition Form “B”

DATE:		Requisition No:	
Name			
Designation			
Department/Project			
Date by which items are required			

Details of required items:

S. No.	Items required	Uni	Approx. price per unit	No of Units	Approx. Total Amount
	Total				

Donor specific note if any: If the value of the requested goods or services is more than USD 25,000; it requires compliance with USAID's Source and Nationality regulations.

Signature

Approvals				
Name: (Relevant Unit Head)	Approved	Not Approved	Remarks:	Signature and date:
Name: Finance Unit (Availability of budget)	Approved Project Code: Donor: Mode of Payment: Cash Cheque	Not Approved	Remarks:	Signature and date:
Name: Chief Of Party (Up to PKR 100,000)	Approved	Not Approved	Remarks:	Signature and date:

PURCHASE REQUISITION FORM "C"

DATE:		Requisition No:	
Name			
Designation			
Department/Project			
Date by which items are required			

Details of required items:

S. No.	Items required	Unit	Approx. price per unit	No of Units	Approx. Total Amount
	Total				

Donor specific note if any: If the value of the requested goods or services is more than USD 25,000; it requires compliance with USAID's Source and Nationality regulations.

Signature

Approvals				
Name:	Approved	Not Approved	Remarks:	Signature and date:
(Relevant Unit Head)				
Name:	Approved	Not Approved	Remarks:	Signature and date:
	Project Code:			
	Donor:			
Finance Unit (Availability of budget)	Mode of Payment Cash Cheque			
Name:	Approved	Not Approved	Remarks:	Signature and date:
Chief Executive Officer (Over PKR 100,000)				

Branding as per donor requirements

REQUEST FOR PROPOSAL (RFP)

RFP Number: RFP No. XXXXXX

Description: XXXXXXXXXXXXXXXX Services for TDEA Office, Islamabad

Release Date: XXXXXXXXXXXXXXXX

Deadline for Questions: XXXXXXXXXXXXXXXX

Due Date: XXXXXXXXXXXXXXXX

For Project: Project

Contracting Entity: TDEA

Funded by: XXXXX

Place of Performance: Islamabad

Contents of RFP:

Section 1: Instructions to Offerors

Section 2: Scope of Work (SOW) and Deliverables

Section 3: Fixed Price Subcontract Terms and Conditions

Attachment A: Letter of Transmittal

Attachment B: Required Certifications

SECTION 1: INSTRUCTIONS TO OFFERORS

1.1 Introduction

TDEA Introduction

Project Brief

1.2 Offer Deadline

Offers must be received by Courier no later than **XXXX PM** local Islamabad time on **XXXXXXXX**. Late offers will be considered at the discretion of the evaluation team.

1.3 Protocol for Submission of Offers and Required Documents

Offerors are responsible for ensuring that their offers are received in accordance with the instructions stated herein.

All offers must be mailed to **House # XXXX, Street# XXXXX , Islamabad** by the deadline stated in Section 1.2 above. The following text must appear on the Sealed Envelope: "Proposal XXXX". Receipt will be acknowledged.

All offers must be prepared in English. Each offer should be composed of a Technical Volume and Cost Volume as described in Sections 1.5 and 1.6 below.

Each offeror may submit only one proposal, either individually or as a partner in a joint venture. An offeror, who submits or participates in more than one proposal, shall cause all the proposals with that offeror's participation to be disqualified.

1.4 Site Walkthrough

Site walkthroughs will be held on **XX Date XXX**. All offerors must register themselves for the visit via email procurement@tdea.pk, no later than **XXXXX AM local Islamabad time on XX Date XXX** and the time for the walkthrough shall be communicated to the offerors on the same day.

1.5 Questions and Clarifications

All questions and/or clarifications regarding this RFP must be submitted via email XXXXX@tdea.pk no later than **XXX PM local time on XX Date XXX**. All correspondence and/or inquiries regarding this solicitation must reference the RFP number. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing.

Questions and requests for clarification—and the responses thereto—will be circulated to all RFP recipients who have indicated an interest in bidding by **XXX PM local time on XX Date XXX**.

Only the written answers will be considered official and carry weight in the RFP process and subsequent evaluation. Any verbal information received from a TDEA employee or other entity

should not be considered as an official response to any questions regarding this RFP.

1.6 Technical Volume

The Technical Volume should describe in detail the offeror's proposed plan under the proposed scope of work (SOW) and deliverables found in Section 2. It should demonstrate a clear understanding of the work to be undertaken and the responsibilities of all parties involved.

The Technical Volume should not exceed ten (10) pages and should include the following information:

Appropriate cost & Technical Approach	• Reasonable and appropriate cost compared to competing TDEA. • Describe the Offeror's technical plan for achieving the SOW described in Section 2.
Personnel	• Description of the experience of the team supervisor, including experience managing similar activities, ability to communicate, and English proficiency. • Include a CV for the team supervisor and any other members of the team proposed to work on the project. <i>[CVs do not count towards the Company Profile page limit]</i>
Past Performance & Corporate Capability	• Provide three (3) past performance references for previous projects conducted by the Offeror of a similar scope and outreach, including the name of the project, the name of the client's contact person, the street address, email address, and telephone number. • A profile of the offeror's firm including primary services, year created, and size. • Details on experience in carrying out similar projects.

Subcontracting arrangements: If the execution of work to be performed by the offeror requires the hiring of subcontractors, the proposal must clearly identify the subcontractor(s), contact information of subcontractor(s), and the work they will perform. TDEA will not refuse a proposal based upon the use of subcontractors; however, TDEA retains the right to approve or reject the specific subcontractors selected.

1.7 Cost Volume

The Cost Volume is used to establish the best value among proposals, and serves as a basis of negotiation for the signing of the subcontract. The Cost Volume must include a detailed budget (for example, the specific daily rate multiplied by the number of workdays proposed for each person), as well as a budget narrative which explains the basis for the estimate of each budget element. Supporting information should be provided in sufficient detail to allow a complete analysis of each cost element. Any taxes or fees are not to be added later. Quotations must be a firm fixed price, expressed in Pakistani rupees. Payment to the successful offeror will be made in Pakistani rupees.

The anticipated contract type for this procurement will be a firm fixed price subcontract.

1.8 Eligibility of Offerors

All offerors must certify that they are not debarred, suspended, or proposed for debarment. TDEA will not award a subcontract to any firm or TDEA principals who are debarred, suspended, or proposed for debarment, or who proposes to do business with TDEA (including subcontractors) or TDEA' principals who are debarred, suspended, or proposed for debarment, in the performance of the requirement of this activity.

1.9 Validity Period

Offers must remain valid for at least XXXX (XX) calendar days after the offer deadline.

1.10 Negotiations

Best offer proposals are requested. It is anticipated that awards will be made solely on the basis of these original proposals. However, TDEA reserves the right to conduct negotiations and/or request clarifications prior to awarding a subcontract. TDEA reserves the right to make multiple awards, if it is in the best interest of TDEA.

1.11 Basis for Award

TDEA intends to award a subcontract or subcontracts resulting from this solicitation to the responsible offeror(s) whose proposal(s) represents the best value to TDEA after evaluation of the following criteria, with the weights applied accordingly:

- XX percent – Appropriate Cost & Technical Approach – Reasonable and appropriate cost compared to competing TDEA and proposed vision and implementation plan for the required deliverables.
- XX percent – Personnel - experience of the personnel
- XX percent – Past Performance and Corporate Capability– Firm capacity and previous experience delivering similar products on schedule.

1.12 Terms and Conditions of Subcontract

Issuance of this solicitation does not in any way obligate TDEA or its doner agency to award a subcontract, nor does it commit TDEA or its doner agency to pay for costs incurred in the preparation and submission of a proposal.

This solicitation is subject to the Fixed Price Subcontract Terms and Conditions detailed in Section 3. Any resultant award will be governed by these terms and conditions. TDEA reserves the right to make revisions to the content, order, and numbering of the provisions in the actual subcontract document prior to execution by TDEA and the selected awardee.

Please note that in submitting a response to this solicitation, the offeror understands that TDEA is not a party to this solicitation and the offeror agrees that any protest hereunder must be presented—in writing with full explanations—to TDEA for consideration, TDEA, at its sole discretion, will make a final decision on the protest for this procurement.

SECTION 2: SCOPE OF WORK (SOW) AND DELIVERABLES SCHEDULE

Below is the SOW for the RFP. For this RFP, the term “Subcontractor” means the successful offeror who is awarded the subcontract as a result of this RFP.

1. Program Overview

2. Scope of Work

The scope of work of this work order is to contract a company to provide janitorial services for cleaning of TDEA Office, Islamabad.

3.a. Deliverables

The Subcontractor shall deliver to TDEA the following deliverables, in accordance with the schedule set forth, below.

- I. XXXXXXXX
- II. XXXXXXXXX
- III. XXXXXXXXX
- IV. XXXXXXXXX
- V. XXXXXXXXX

3.b. Deliverable Schedule

The Subcontractor shall submit the deliverables described above in accordance with the following Deliverables Schedule:

The services will be provided on XXXXXX.

4. Period of Performance

The period of performance will start from **XX Date XXX** and will last till **XX Date XXX**.

5. Location of Performance

The Services will take place at XXXXXX TDEA office, Islamabad.

6. Supervision and Reporting

The Subcontractor will report to the Procurement/Administration Officer.

7. Qualifications of Key Personnel

The company to be selected should be a registered firm having at least three years of relevant experience. They shall provide documentary proof of having experience of working on similar projects in Pakistan and are also required to attach list and CVs of their core team and the staff designated for this client. The draft submitted will be subject to changes, additions and editing according to the requirements of the client. At least 50% of the proposed personnel should be female.

8. Key Personnel

List of persons, provided by the subcontractor, are considered Key Personnel for this Work Order and are considered to be essential to the work being performed hereunder. Prior to replacing key personnel, the Subcontractor shall immediately notify TDEA reasonably in advance and shall submit written justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the work to be performed. No replacement of key personnel shall be made by the Subcontractor without the written consent of TDEA.

SECTION 3: FIXED PRICE SUBCONTRACT TERMS AND CONDITIONS

In the event of a subcontract award resulting from an offer submitted in response to this RFP, the following terms and conditions will apply:

ARTICLE 1. BACKGROUND

FOR DETAIL SEE SECTION 2.1

ARTICLE 2. SUBCONTRACT SCOPE OF WORK

FOR DETAIL SEE SECTION 2.2

ARTICLE 3. DELIVERABLES

FOR DETAIL SEE SECTION 2.3

ARTICLE 4. REPORTING AND COMMUNICATIONS

The Subcontractor shall render the services and produce the deliverables stipulated in Articles 2 and 3 above. The Subcontractor shall not communicate directly with TDEA during the

performance of this fixed price subcontract. The Procurement team for this work order and will be responsible for monitoring the Subcontractor's performance under this fixed price subcontract. The Subcontractor shall submit all reports, deliverables, and invoices to the attention of the Procurement and Administration officer.

ARTICLE 5. MODIFICATIONS

Modifications to the terms and conditions of this Subcontract, including any modification to the scope of work, may only be made by written agreement between authorized personnel of both Parties, and shall not be effective until the consent of TDEA, if applicable, has been obtained. Each Party shall give due notice and consideration to any proposals for modification made by the other Party.

ARTICLE 6. AUTHORIZED REPRESENTATIVES

Any action, modification, notice, request, or consent required to be given or made pursuant to this subcontract must be in writing and may only be made by the authorized officials specified below or their designee:

Mr. _____ Designation. _____

ARTICLE 7. PERIOD OF PERFORMANCE

The effective date of this fixed price subcontract is **XX Date XXX** and the completion date is **XX Date XXX**. The Subcontractor shall deliver the deliverables set forth in Articles 1, 2, and 3, Background, Scope of Work, Deliverables and Deliverable Schedule to the PAO in accordance with the schedule stipulated therein.

In the event that the Subcontractor fails to make progress so as to endanger performance of this fixed price subcontract, or is unable to fulfill the terms of this fixed price subcontract by the completion date, the Subcontractor shall notify TDEA forthwith and TDEA shall have the right to summary termination of this fixed price subcontract upon written notice to the Subcontractor.

This is a firm **fixed-price subcontract** payable entirely in Pakistani rupees. No additional sums will be payable for any escalation in the cost of materials, equipment or labor, or because of the Subcontractor's failure to properly estimate or accurately predict the cost or difficulty of achieving the results required. TDEA will not adjust the subcontract price due to fluctuations in currency exchange rates. TDEA will only make changes in the subcontract price or time to complete due to changes made by TDEA in the work to be performed, or by delays caused by TDEA.

ARTICLE 8. INVOICING

Upon the PAO acceptance of the contract deliverables described in Section A, Background, Scope of Work, Deliverables and Deliverables Schedule, the Subcontractor shall submit an original invoice to TDEA Project for payment. The invoice shall be sent to the following address:

TDEA
XX Address XXXX
XX Address XXXX, Islamabad

To constitute a proper invoice, the Subcontractor's invoice must include the following information and/or attached documentation. This information will assist TDEA in making timely payments to the Subcontractor:

1. Subcontractor legal name, subcontract number, invoice date, and invoice number.
2. Deliverable(s) number, description of approved deliverable(s), and corresponding fixed price(s).
3. Bank account information to which payment shall be sent and method of payment.

DONOR SPECIFIC TERMS AND CONDITIONS

IF ANY.

ATTACHMENT A: LETTER OF TRANSMITTAL

The following letter must be completed and submitted with any offer:

To: XXXX Project name XXXXXX
Attention: Procurements

Reference: RFP no. XXXXXXXXXX

Date: _____ (*insert date*)

_____ (*insert name of company*) hereby proposes the attached offer to perform all work required as described in the above referenced RFP. Please find attached our detailed Technical Volume (including past performance information, CVs of key personnel, and required certifications and licenses, and a company profile) and Cost Volume, as called for in the RFP.

We hereby acknowledge and agree to all of the terms and conditions, special provisions, and instructions included in the above referenced RFP. We further certify that _____ (*insert name of company*), as a firm—as well as the firm's principal officers and all commodities and services offered in response to this RFP—are eligible to participate in this procurement under the terms and conditions of this solicitation and under TDEA regulations.

We hereby certify that the enclosed representations, certifications, and other statements are accurate, current, and complete.

Company Name

Name and title of authorized representative

Signature

Date

ATTACHMENT B: REQUIRED CERTIFICATIONS

The following certifications must be completed and submitted with any offer:

ATTACHMENT B-1: CERTIFICATION OF COMPLIANCE

_____ (hereinafter called the "offeror")
(insert name of company)

The offeror hereby certifies the following:

1. Authorized Negotiators

The Company Name proposal in response to RFP No. XXXXXXXX may be discussed with any of the following individuals. These individuals are authorized to represent Company Name in negotiation of this offer in response to TDEA-RFP No.XXXXXX.

List Names of Authorized signatories

These individuals can be reached at Company Name office:

Address

Telephone/Fax

Email address

2. Adequate Financial Resources

Company Name has adequate financial resources to manage any subcontract resulting from this offer.

3. Ability to Comply

Company Name is able to comply with the proposed delivery of performance schedule having taken into consideration all existing business commitments, commercial as well as governmental.

4. Record of Performance, Integrity, and Business Ethics

Company Name's record of integrity is outstanding. Company Name has no allegations of lack of integrity or of questionable business ethics. Our integrity can be confirmed by our references in our Past Performance References, contained in the Technical Volume.

5. Organization, Experience, Accounting and Operational Controls, and Technical Skills

(Offeror should explain which department will be managing the contract, type of accounting and control procedure they have to accommodate the subcontract type.)

6. Equipment and Facilities

(Offeror should state they have necessary facilities and equipment to carry out the subcontract.)

7. Eligibility to Receive Award

(Offeror should state that they are qualified and eligible to receive an award under applicable laws and regulation and if they have performed work of similar nature under similar mechanisms for TDEA. They should provide their DUNS number here as well, if applicable.)

8. Commodity Procurement

Not applicable to this RFP.

9. Cognizant Government Audit Agency

(Offeror should provide name, address, phone of their auditors, and whether it is DCAA or independent CPA, if applicable)

10. Acceptability of Subcontract Terms and Conditions

The offeror has reviewed the solicitation document and attachments and agrees to the terms and conditions set forth therein.

11. Organization of Firm

(Offeror should explain how their firm is organized – for example regionally or by technical practice)

Company Name

Name and title of authorized representative

Signature

Date

ATTACHMENT B-2: CERTIFICATE OF INDEPENDENT PRICE DETERMINATION

_____ (hereinafter called the "offeror")
(insert name of company)

(a) The offeror certifies that—

(1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to—

- (i) Those prices;
- (ii) The intention to submit an offer; or
- (iii) The methods or factors used to calculate the prices offered.

(2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the offer is considered to be a certification by the signatory that the signatory—

(1) Is the person in the offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this provision; or

(2)(i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this provision _____ [insert full name of person(s) in the offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the offeror's organization];

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) of this provision have not participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this provision; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this provision.

(c) If the offeror deletes or modifies paragraph (a)(2) of this provision, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure.

(End of provision)

BY (Signature) _____ TITLE _____

TYPED NAME _____ DATE _____

Branding as per donors requirements

Request for Quotations (RFQ)

RFQ No. XXXXXX

For XXX XXXXX

Release Date: XXX Date XXX

For: TDEA/PROJECT Project

Contractor: Trust for Democratic Education and Accountability (TDEA)
/ XXX Project name XXXX

Funded by: XXXXXXXXXXXX
Contract No. XXXXXXXXXXXX

1.0. Introduction

TDEA Introduction

Project Brief

2.0. Instructions to Offerors

- I. **Offer Deadline:** Offers must be received no later than **XX:XX PM PST** on XXX Date XXX by post or by hand. All offers must be sent to the Procurement Department at XXXX Address XXX, Islamabad. Please mark RFQ No. XXXX on the sealed Envelope.
- II. **Specifications:** Section 3 contains the technical specifications/requirements. All offered commodities must be new. In addition, all electrical commodities must operate on 220V, 50Hz; transformers will not be accepted. Auto-sensing, multi-voltage power supplies are preferable to single-voltage items.
- III. **Quotations:** Prices must be quoted on a lump-sum, all-inclusive basis (including: insurance, inspections, transportations, taxes, etc). The quoted price should be without GST. Offers must remain valid for not less than XX days after the offer deadline.
- IV. **Descriptive Literature:** Descriptive literature for all equipment is recommended. Descriptive literature means information (e.g., cut sheets, illustrations, drawings, brochures, etc.) that is submitted as part of an offer.
- V. **Brand Names:** Specific brands and/or models indicated—while often preferred—are for description only. An equivalent substitute, as determined by the specifications, will be acceptable.
- VI. **Warranty:** Warranty service and repair within the cooperating country is required for all commodities under this RFQ. It is very important that these commodities be serviced with a well-established and capable local technology service provider. The technology service provider/local agent must be an official provider, authorized dealer, or certified service provider or reseller of the brand offered.

VII. **Negotiations**: Best-offer quotations are requested. It is anticipated that awards will be made solely on the basis of these original quotations; however, TDEA/PROJECT reserves the right to conduct negotiations and/or request clarifications prior to awarding a contract.

VIII. **Evaluation and Award**: The award will be made to a responsible offeror whose offer follows the RFQ instructions, meets the source/origin/nationality requirements, and is judged to be the most advantageous in terms of the following evaluation criteria. Only those offers will be considered who meet or exceeds the requested specification. In judging the offers, the following criteria will be used with weights applied accordingly:

- **Technical (XX %)** – Based on the degree that the offeror meets the required technical specifications.
- **Cost (XX %)** — Based on the total price offered.

IX. **Delivery**: The delivery terms are to deliver items ordered within two days of order receipt. The delivery estimate presented in an offer in response to this RFQ must be upheld in the performance of any resulting contract.

X. **Invoicing**: Upon the acceptance of the contract deliverables described in Section 3, the Subcontractor shall submit an original invoice to the PROJECT office, Islamabad for payment. The invoice shall be sent to the following address: XXXX Address XXX, Islamabad.

To constitute a proper invoice, the invoice must include the following information and/or attached documentation. This information will assist in making timely payments to the Company:

4. Company legal name, NTN number, invoice date, and invoice number.
5. Deliverable(s) number, description of approved deliverable(s), and corresponding fixed price(s).
6. Bank account information to which payment shall be sent and method of payment.

The TDEA/PROJECT office will pay the company invoice within thirty (30) business days after both

- TDEA/PROJECT approval of the company deliverables.
- TDEA/PROJECT receipt of the company invoice.

Payment will be made in Pakistani Rupees (PKR), paid to the account specified in the invoice, and withholding Tax will be deducted from the total amount.

2.1 **Donor specific terms and conditions**

If any

3.0. Technical Specifications

Section 3 contains the technical specifications and requirements of the commodities. Line items are broken down into individual technical specifications.

For each technical specification and requirement line item listed hereunder.

Description	Specifications	Qty

4.0. Offer Summary

Business name: _____

Address: _____

Registration status: _____

NTN number: _____

Owner's name: _____

CNIC number: _____

Telephone #: _____

Does the business have an active bank account? (Circle one) YES NO

Offerors are requested to complete the following table regarding per-unit pricing (inclusive of delivery price)

Description	Specifications	Qty	Brand	Quotation/Price

5.0. Letter of Submission

The following letter must be completed and submitted with any offer:

To: XXX Project XXX
Attention: Procurement Department

Reference: RFQ No. XXXX

To Whom It May Concern:

I hereby present the enclosed proposal in response to the above-referenced RFQ.

I hereby acknowledge and agree to all of the terms and conditions, special provisions, and instructions included in the above referenced RFQ. I further certify that the business named below—as well as the business' principal officers and all commodities/services offered in response to this RFQ—are eligible to participate in this procurement under the terms and conditions of this solicitation.

I certify the following: "The business named below, to the best of my current knowledge, did not provide, within the previous ten years, and will take all reasonable steps to ensure that it does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts."

The prices quoted in this offer are valid for XX days.

I hereby certify that the enclosed representations, certifications, and other statements are accurate, current, and complete, to the best of my knowledge.

Business name

Name and title of authorized representative

CNIC Number

Signature

Date



Comparative Statement

Date:	
Purchase Requisition Ref:	
Requisition For:	
Quantities Required:	

Quotations Received	Suppliers Name

Vendors Detail			Cost			Delivery Time		Total points
	Quoted Specification	Model	Quoted Price	Total	Points	Quoted Delivery Time	Points	
Reason & Name of Selected Supplier:								

Procurement Committee

Name	Designation	Office	Signature & Date

For Approval

Name	Designation	Office	Signature & Date

Prepared By:

Reviewed By:



PURCHASE ORDER

Vendor :		P.O Number	Date	
Address:		Delivery Time:	Delivery Address :	
Tel.No				
Mobile:				
S.No	Quantity	Description of Goods	Unit Price	Total Amount
				-
			PKR:	-
Terms & Conditions				
General terms and conditions				
1.Enter this order in accordance with the prices, terms, delivery method, and specifications listed above. 2.Please notify us immediately if you are unable to ship as specified. 3.Payment Mode: Crossed Cheque upon the approval of Original Invoice. 4. Subject to Administrative Approval. TDEA has the right to change the specifications upon prior arrangement & mutual understanding 5.Items quality and specification should be according to the sample approved/ your quotation / P.O. 6.Prices are Firm, Final & Fixed 7.Standard Warranty 8.Prices are inclusive of taxes 9.Penalties may be imposed on late delivery of goods or in case of sub-standard quality. 10. All Commodities supplied under this order must be new 11. Send all correspondence to: HOUSE NO. _____ 12. TDEA/ Project has the right to increase quantity of supplies called for at the unit price specified. It may exercise the option in writing to vendor within twelve months delivery of the added items shall continue at the same rate as the like items called for under the contract, unless the parties otherwise agree. 13. Any commodity made in - or containing a component made in -				
Donor specific terms and conditions				
Cuba, Iran, Iraq, Laos, Libya, North Korea or Syria will not be accepted				

14. All goods and services supplied under this order must meet USAID Geographic Code 937 in accordance with the US Code of Federal Regulations (CFR), 22 CFR §228.

Authorized Signatures		
Prepared By	Reviewed By	Approved By
Procurement Officer	Manager Operations	Chief of Party
Vendor Acknowledgment:		
Name: Signature:		

Offers Receipt Report

RFQ no:

Procurement of:

Project name :

Bid Opening Date/Time

S.No	Name of Vendor	Bid Receiving Date/Time	Received By	Signature

Project Name

Confidentiality and Conflict of Interest Certification

With respect to all quotations/proposals submitted in response to Request for Quotations/Proposals (RFQ/RFP) # insert RFQ/RFP # the undersigned hereby agrees and certifies to the following:

1. I will use the quotation/proposal(s) and all information therein other than information otherwise available without restriction, for evaluation purposes only. I will safeguard the quotations/proposal(s) and will not disclose them, or any information contained in them (other than information otherwise available without restriction), except as directed or approved by TDEA.
2. Upon completing the evaluation, I will return all copies of the quotations/proposals, and any notes, details, and abstracts thereof, to the Procurement office that initially furnished them to me.
3. Unless authorized by TDEA in advance and in writing I will not—whether before, during, or after the evaluation—contact any prospective offeror, contractor, subcontractor, supplier or their employees, representatives or agents, concerning any aspect of the proposal.
4. I have carefully reviewed my employment (past, present and under consideration) and financial interests, as well as those of my household family members. Based on this review, I certify, to the best of my knowledge and belief as of the date indicated below, that I either (1) have no actual or potential conflict of interest, personal or organizational, that could diminish my capacity to perform an impartial and objective evaluation of the quotation/proposals, or that might otherwise result in an unfair competitive advantage to one or more prospective offerors, contractors, subcontractors, or suppliers, or (2) have fully disclosed all such conflicts to the committee chairperson and will comply fully, subject to termination of my evaluation services, with any instructions by the committee chairperson to mitigate, avoid, or neutralize conflicts(s). I understand that I will also be under a continuing obligation to disclose, and act as instructed concerning, such conflicts discovered at any time prior to the completion of the evaluation.

Signature: _____

Name : _____

Date: _____



Goods Receiving Note

Requisition no:	
Date of receipt of goods:	
Purchase order Ref:	
Name and address of supplier:	

S. #	Description of items	Qty. Ordered	Qty. Received	Quality Assessment
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor
				☐ Good ☐ Fair ☐ Poor

Remarks:

Quality Assurance (Relevant Unit)

- There Product specifications given were met. Yes ☐ No ☐
- Goods received have warranties. Yes ☐ No ☐
- Goods were timely delivered. Yes ☐ No ☐

Goods delivered by supplier

Name, Signature & Date: _____

Goods checked by requester/ relevant person

Name, Signature & Date: _____

Goods received by Stores In-charge

Name, Signature & Date: _____



Negotiation Memo

Date:	Requisition no:	Mode of Negotiation:
Procurement description:		
Purpose of Negotiation:		

S.no	Name of Vendor	Position in Comparative Statement	Remarks/ Outcome

Name	Designation	Signature & Date
Prepared by		
Verified by		
Approved by (as per thresholds)		

REQUEST FOR EXPRESSION OF INTEREST (EOI)

Subject:
Date of issuance EOI:
Closing date of this EOI:
Reference Number:

TDEA Introduction:

Project Brief:

Summary of Scope of work:

Evaluation Criteria:

Required Past Experience:

Required Documents:

Submit to:

Applicant Information	
Name and Title of Applicant:	
Address of registered office:	
Telephone:	
Facsimile:	
Email:	
NTN.	
STN.	
Focal Person.	
Contact Information of Focal Person	

LONG TERM AGREEMENT FOR THE PROVISION OF SERVICES

TO THE TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY

This Long Term Agreement is made between the Trust for Democratic Education and Accountability, House# 169-A, Street# 20, F-11/2 Islamabad.(hereinafter "TDEA") and _____ (hereinafter called "Contractor") with its office at _____.

WHEREAS, TDEA desires to enter into a Long Term Agreement for the provision of services by the Contractor to TDEA, pursuant to which TDEA office can conclude specific contractual arrangements with the Contractor, as provided herein;

WHEREAS pursuant to the Request for Proposal the offer of the Contractor was accepted;

NOW, THEREFORE, TDEA and the Contractor (hereinafter jointly the "Parties") hereby agree as follows:

Article 1: SCOPE OF WORK

1. The Contractor shall provide the types of services and deliverables, which are listed in Annex 1 hereto ("Services/Terms of Reference"), as and when negotiated by TDEA secretariat or a TDEA project office.
2. Such Services shall be at the discount prices listed in Annex 2. The prices shall remain in effect for a period of one year from Entry into Force of this Agreement.
3. TDEA does not warrant that any quantity of Services will be purchased during the term of this Agreement, which shall be for one year.

Article 2: CHANGES IN CONDITION

4. In the event of any advantageous technical changes and/or downward pricing of the Services during the duration of this Agreement, the Contractor shall notify TDEA immediately. TDEA shall consider the impact of any such event and may request an amendment to the Agreement.

Article 3: CONTRACTOR'S REPORTING

5. The Contractor will report monthly to TDEA on the Services provided to TDEA, including its project offices.

Article 4: GENERAL AND SPECIAL TERMS AND CONDITIONS

6. The standard TDEA Conditions for Professional Services, attached as Annex 3, shall apply to this Agreement, and any subsequent contracts concluded in accordance with paragraph 1 above.

Article 5: Delivery

7. Under this Agreement contractor shall deliver the supplies to TDEA with in the specified time as per purchase order.

Article 6: Payment

8. TDEA shall release the payment to contractor with in 15 days on receiving of the original invoice.

Article 7: ACCEPTANCE

9. This Agreement supersedes all prior oral or written agreements, if any, between the Parties and constitutes the entire agreement between the parties with respect to the provision of the Services hereunder.
10. This Agreement shall enter into force on the date of the last signature by the representatives of the Parties and shall remain in force for a period of one year, and may be extended for [one additional] year by mutual agreement of the Parties.

IN WITNESS WHEREOF, the duly authorized representative of the PARTIES has signed this agreement.

For and on behalf of:

TDEA

Date:_____

Date:_____

Vendor Short list

Project :

[illegible]



TDEA - Code of Conduct for Suppliers

1. Suppliers must uphold the human rights of workers, and treat them with dignity and respect as understood by the international community.
2. Suppliers shall not discriminate against any worker based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices.
3. Suppliers must be committed to a workplace free of harassment. Suppliers shall not threaten workers with or subject them to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion and verbal abuse.
4. Suppliers shall not use any form of forced, bonded, indentured, or prison labor. All work must be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice.
5. Child labor is strictly prohibited. Suppliers shall not employ any children.
6. Under no circumstances the workweek shall exceed the maximum permitted under applicable laws and regulations in Pakistan. Suppliers must offer vacation time, leave periods, and holidays consistent with applicable laws and regulations in Pakistan
7. Suppliers must pay all workers at least the minimum wage required by applicable laws and regulations of Pakistan and provide all legally mandated benefits.
8. Suppliers must respect the right of workers to associate freely, form and join workers organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations. with applicable laws and regulations of Pakistan
9. Suppliers must be committed to creating safe working conditions and a healthy work environment for all of their workers.
10. Suppliers must be committed to reducing the environmental impact of their designs, manufacturing processes, and waste emissions.
11. Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, and customers.
12. Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Suppliers shall not engage in corruption, extortion or embezzlement in any form and violations of this prohibition may result in immediate termination as a TDEA Supplier and in legal action.
13. Suppliers must disclose information regarding its business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices.
14. Suppliers shall not offer or accept bribes or other means of obtaining undue or improper advantage.
15. Suppliers must uphold fair business standards in advertising, sales, and competition.
16. Suppliers are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate.
17. Suppliers must respect intellectual property rights, safeguard customer information, and transfer of technology and know-how must be done in a manner that protects intellectual property rights.
18. Suppliers must adopt or establish a management system designed to ensure compliance with this Code and applicable laws and regulations in Pakistan.

Undertaking

We undertake to inform TDEA/FAFEN that we shall be abide by the above mentioned code of conduct, TDEA/FAFEN has the right to cancel the registration or contract / purchase order if there will be any violation seen .

Name: _____ Designation: _____

Company Name: _____ Authorized Signature: _____

Date: _____ Company Seal/Stamp: _____

PRE-QUALIFICATION OF
SUPPLIERS,
VENDORS,
DISTRIBUTORS,
MANUFACTURER
&
SERVICE PROVIDERS



Trust for Democratic Education and Accountability
www.fafen.org

Pre-Qualification Form

Applying for:

☐ Computers and Office Equipment	☐ Printing	☐ Office Stationery and Supplies
☐ Advertising	☐ Hotels and Guest Houses	☐ Food and Catering
☐ Security and Related Equipment	☐ Travel Agencies and Car Rentals, etc.	

Section A

1.	Company Name	
2.	Abbreviated Name	
3.	Company Date of Formation	
4.	Registration No.	
5.	National Tax No. (Please attach copy)	
6.	Sales Tax Registration No. (Please attach copy)	
7.	No. of Employees	

Section B

1. Title of Firm	☐ Limited ☐ Sole Proprietor ☐ Partnership		☐ Private Limited ☐ Joint Venture ☐ Other (Please specify)	
2. Type of Business	☐ Manufacturer ☐ Reseller		☐ Authorized Distributor ☐ Other (Please specify)	
3. Registered Office Address	Address: _____ Phone No. _____ Fax No. _____ Email Address: _____ Website URL: _____			
4. Branch Office Address	Address: _____ Phone No. _____ Fax No. _____ Email Address: _____			
5. Factory Office Address	Address: _____ Phone No. _____ Fax No. _____ Email Address: _____			
6. Company/ Supplier Banking Details	Bank/s Name: _____ Title of Account: _____ Account No. _____ Type of Account: _____ Branch name and Code: _____ City/ Country: _____			
7. Financial Work of the Company	a. Company net worth b. Company Turnover c. Last Year Company Profit Detail (Year) and Profit/Loss-In case of Limited, Private Limited please provide Last year Balance Sheet.			
8. Staff Detail	i. CEO/Chairman/Owner	Name: _____		
		Contact No. _____		
	ii. Sales (Focal Person)	Name: _____ Designation: _____		
		Contact No. _____		
	iii. Sales (Focal Person)	Email Address: _____		
		Name: _____ Designation: _____		
	Contact No. _____			
	Email Address: _____			

9. Company/ Supplier Profile

i.	Primary Business Details	a.
		b.
		c.
		d.
ii.	List of Items/ Services	a.
		b.
		c.
		d.
		e.
		f.
		g.
		h.
		i.
		j.
		k.
		l.
		m.
		n.
		o.
iii.	List of Current Customers	a.
		b.
		c.
		d.
		e.
		f.
		g.
		h.
		i.
		j.
		k.
		l.
		m.
		n.
		o.
iv.	After Sales Services (please specify)	
v.	Warranty Details (please specify)	
vi.	Buy back and Return Policy (please specify)	
vii.	Detail of Machinery and Equipment available	a.
		b.
		c.

		d.
		e.
		f.
		g.
		h.
		i.
		j.
viii.	Area of Specialization	a.
		b.
		c.
		d.
		e.
ix.	Years of Experience (please specify)	
x.	General Credit Terms (please specify)	
xi.	Credit Limits	☐ less than 100,000 ☐ 100,000-300,000 ☐ 500,000-700,000 ☐ 300,000-500,000 ☐ 700,000-1,000,000
xi.	Any other information	

**10. List of Close Relatives Working in TDEA/
FAFEN**

11. List of Company/ Supplier's Employee Who were Formally Employed by TDEA/ FAFEN

12. Quantum of Business with TDEA/ FAFEN during Last Three Years

Sr. No.	Year of Supplies/ Contracts	Volume of Supplies/ Contracts	Performance
1.			
2.			
3.			
4.			
5.			

Note: The applicants will have to sign the code of conduct for a supplier which is an integral part of the form.
(See below)

Undertaking

The information given above is true to the best of our knowledge; we undertake to inform TDEA/FAFEN of any changes that may take place later in the status of company in business/agency or the Management.
The terms and conditions attached have also been read and certificate signed.

Name: _____ Designation: _____

Company Name: _____

Date: _____ Authorized Signature: _____



TDEA ADMINISTRATION MANUAL

Trust for Democratic Education and Accountability (TDEA)

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1. TRAVELING POLICY

TDEA Travel Policy requires staff to make best use of resources by the following guidelines on making and reporting work-related travel. The policy aims to support staff in effectively carrying out their duties outside the office premises, mitigate the impact of travel and support them in integrating and managing their work and personal life. The policy aims to ensure most safe, economical, and efficient mode of traveling.

1.1. Local Travel

A travel necessitated for the performance of duty within the limits of Rawalpindi and Islamabad cities will fall under Local Travel category.

a. Travel Authorization

Any local travel will have to be approved by the line supervisor and the Unit manager before it is undertaken Travel Approval Form attached in Annex 1.

b. Mode of Travel

The local travel can be undertaken preferably on the TDEA vehicle/s. However, personal vehicles and local transport may also be used in case the TDEA vehicle/s is not available.

B.1) TDEA Vehicle

TDEA can make arrangements for the availability of its vehicle for local travel of staff only when the Administration Representative informed about the travel plan at least a day before it is undertaken. Such information will have to be made on Travel Approval Form attached in Annex 18-A. In case the official vehicle is not available, the Administration Representative will allow the requesting staff to use either their own vehicle or local public transport.

B.2) Local Transport

Staff being requested to use Public Transport for local travel will be allowed to take taxi cab to their destination.

B.3) Personal Vehicle

Staff being requested to use Personal vehicle local travel will be reimbursed at the rate of **Rs.8 per kilometer**. However, the claimed mileage will have to be approved by the Administration Officer.

c. Admissible Local Travel Expenses and Mode of Reimbursement

Only in cases where Administration Representative allowing staff to use either their own vehicle or local public transport, the staff concerned can request reimbursement of the expenses incurred on their travel on Travel Reimbursement Form as attached in Annex 2 by routing it to Finance Unit through Administration Officer. The reimbursements claims must follow the rates as mentioned in B.2 and B.3 of this Sub-section 18.4.1.

d. Non-admissible Local Travel Expenses

- i. Repair and Maintenance of Vehicles
- ii. Out of Pocket Expenses
- iii. Meals and refreshments
- iv. Any damage during travel when using own vehicle by staff.

1.2. In-Country Travel

A travel necessitated for the performance of duty outside the limits of Rawalpindi and Islamabad cities and within the geographical limits of Pakistan involving whether or not involving an overnight stay will fall under In-country Travel category.

a. Travel Authorization

Any In-Country travel will have to be approved by the line supervisor, Unit Head and shall inform to Administration representative before it is undertaken on Travel Approval Form attached in Annex 18-A.

b. Mode of Travel

B.1 Air Travel

Air travel will not be allowed for any in-country travel of less than 400 kilometers or less than five hours of road travel unless an emergency visit is necessitated and has duly been approved by the Chief Executive Officer.

All staff will use economy class for any in-country air travel. No exceptions will be made. However, any staff can enhance the type of their ticket by using their personal resources and duly informing the Administration Representative in writing by email. All additional amounts that are incurred on enhancing the type of ticket will be deducted from the staff salary in the month the travel is completed. Such deductions are to be ensured by the Administration representative by timely informing the Finance Unit.

TDEA can make arrangements for air travel of staff only when the Administration Representatives informed about the travel plan at least a week before it is undertaken. Such information will have to be made on Travel Approval Form attached in Annex 18-A.

B.2 Road Travel

TDEA allows road travel for in-country visits for distances less than 400 kilometers or travelling time of less than five hours. TDEA will make arrangements for road travel either on its own vehicle/s or renting a vehicle from pre-qualified car rental companies. In case the official vehicle is not available, the Administration Representative will allow the requesting staff to use either their own vehicle or public transport.

B.2.1 TDEA vehicle

The Administration Representative will make sure that the vehicle is in good condition to undertake in-country travel. The TDEA vehicle will only be driven by the designated driver. Travelling staff will not be authorized to drive the TDEA vehicle unless otherwise authorized by the Administration Officer if driver is not available and there is an emergency to reach the destination. The Administration Representative will provide the driver with adequate cash advance to meet fuel costs and other contingencies. Such advances will be processed on Travel Approval Form in the name of the travelling driver, who will responsible to log the travel details on the vehicle log book, secure receipts for fuel expenses incurred during the travel. Contingencies in this case will only mean vehicle repairmen and maintenance costs. The driver will be responsible for adjustment of the travel advance within a week of return from travel. Any unaccounted, un-receipted and inadmissible costs will be deducted from the salary of the designated driver.

B.2.2 Rental Vehicle

In case of the non-availability of the TDEA vehicle, the Administration Representative will rent a chauffeur-driven, insured vehicle from car rental services. Preferably up to 1300cc vehicles of model not older than two years will be rented for in-country travel of staff. 4X4 vehicles are not allowed for any travel purpose, however while travelling in areas where 4X4 vehicle is inevitable such as hilly and far-flung areas, the 4x4 vehicle will be preferred.

B.2.3 Public Transport

Staff being requested to use Public Transport for in-country travel will be allowed to take direct inter-city air-conditioned bus service. In case direct service is not available, staff may plan their route.

B.2.4 Personal Vehicle

Staff being requested to use Personal vehicle for in-country travel and will be reimbursed on actual receipts of fuel consumed during the travel. The staff using their own vehicles may also charge **Rs.3 per kilometer** on wear and tear and maintenance of their vehicle. However, vehicles that are insured can be authorized for in-country travel.

c. Lodging

TDEA allows its staff undertaking in-country travel involving an overnight stay to lodge in the hotels/guest houses across Pakistan, keeping in view their cost, safety and services.

The Administration Representative will make prior arrangements of the travelling staff

d. Boarding

TDEA will make breakfast, lunch, dinner, water and tea arrangements in the hotels/guest/houses where the staff is lodged. Staff will not be allowed any room service or mini bar. The cost of any meal that is consumed during the course of travel may also be claimed by furnishing necessary and authentic receipts **at a rate annually notified by the Finance Unit.**

e. Business Meal

TDEA defines a reimbursable business meal as a meal consumed by an employee and other invited attendees when TDEA-related business is discussed during the meal. However, such meals shall be brought in the knowledge of the relevant Manager through telephone, text message and/or email. For all such meetings, the following need to be established at the time of seeking reimbursement from the Finance Unit:

- i. The clear, reasonable, specific business purpose for the meeting.
- ii. Meal expense must be ordinary and necessary.
- iii. Meeting should only be conducted over meal time if the invited attendee's schedules provide no other alternative and not for the primary purpose of consuming a meal.
- iv. Food should not be used as incentive for meeting participation.

f. Out of Pocket Expenses

All staff will be paid a small amount to meet costs such as the ones incurred on water, laundry, etc. during the travel. Staff will not be required to establish receipts for the Out of Pocket Expenses. **The rate per day** will annually be **revised and notified by Finance Unit** keeping in view the inflation on first of July of every year.

g. Dealing with Emergencies

In case of emergency such as accident, sickness, etc., the staff will inform the Administration Officer, who will make appropriate arrangements for mitigating the emergency such as fastest means of bringing staff back home if it is deemed necessary. All emergency costs will be borne by TDEA. The Administration Representative will also ensure that all travelling staff has the list of hospitals that are covered by the Health Insurance Company contracted by TDEA in the city being visited. If necessary, the Administration Representative through Human Resource Officer will request the insurance company to facilitate, for example, treatment off staff in a health facility in the city being visited.

h. Travel Insurance

TDEA will provide group insurance to all its employees, subject to the availability of funds.

i. Admissible In-Country Travel Expenses and Mode of Reimbursement

Only in cases where Administration Representative allowing staff to use either their own vehicle or public transport, the staff concerned can request reimbursement of the expenses incurred on their travel on Travel Reimbursement Form as attached in Annex 18-E by routing it to Finance Unit through

Administration Officer. The reimbursements claims must follow the rates as mentioned in B.2 and B.3 of this Sub-section 18.4.2.

It is the responsibility of the Administration Representative to forward the Travel Reimbursement Form along with the related Travel Approval Form to Finance before the last day of the week during which the travel was undertaken. The Finance process the payment along with the monthly salary of the concerned staff.

j. Non-admissible In-Country Travel Expenses

The following expenses incurred during travel will not be allowed and will be deducted staff salary:

1. Room Service Receipts
2. Laundry and water expenses
3. Alcohol/Soft Drinks/Mini-bar
4. Any Other Personal Expense
5. Tips to hotel staff

k. Advance Against Out of Pocket Expenses

K.1 Staff undertaking in-country travel may claim out of pocket expenses in advance equivalent to triple the amount of allowed rate for out of pocket expense. Any expense in addition to the actual Out of Pocket expense claimed by the travelling staff will be adjusted against necessary receipts. If adequate documentation is not furnished, an equivalent amount will be deducted from the employee's monthly salary.

K.2 In case the travelling staff has to bear the cost of travel, room and boarding, an advance equivalent to the estimated expenses to be incurred, as determined by the Administration Officer, may be issued. However, in all such cases an advance approval is required. The staff on return will furnish all actual receipts to establish the expenses within a week of the end date of travel. The remaining amount will be refunded to the Finance Unit and duly acknowledged.

1.3. Foreign Travel

- A) TDEA allows foreign travel if an activity abroad is reflected in the annual work plan, is adequately budgeted and funds are available and earmarked in the annual budget. Economy Air Travel will be covered on an Air Service that provides shortest and most direct route from the point of embarkment to the point of destination. The Administration Representative will make the travel arrangements as well as manage the required visa for the staff travelling internationally. The travelling staff will be provided a cash advance @ USD 400 a day for the expected number of days of travel to cover Lodging, Boarding, local traveling costs and other incidental out of pocket expenses. The staff is expected to incur expenses that are reasonable and economical. The staff will furnish receipts for all expenses incurred during the travel and will be required to reimburse all un-receipted cash advance within seven days of his/her return. TDEA will cover the cost of travel insurance.
- B) TDEA allows foreign travel if a full sponsorship covering all major expenses is available and has been confirmed in writing. In such cases where the traveling staff member is entitled to draw a reasonable advance from the TDEA (in foreign currency) for expenses abroad. The currency exchange rate at which the advance is issued shall be recorded; all expenses shall be charged in Pakistani Rupees. Any loss in exchange rate shall be borne by the Trust/FAFEN.
- C) TDEA allows foreign travel if a foreign travel is necessary but does not comply with the conditions listed under 'a' & 'b', the Chief Executive Officer, in consultation with the Board, can authorize foreign travel considering the availability of budget, the relevance and contribution of such travel towards the TDEA objectives.
- D) There is no provision for daily allowance or per-diem for foreign traveling unless agreed and paid by the sponsoring agency.

USE OF EQUIPMENT AND VEHICLES

Equipment and Services

The TDEA provides appropriate equipment and services to its staff for carrying out their normal day-to-day duties keeping in view the availability of funds and optimum use technology. All equipment and services are meant for official use. Staff members are required to carefully use the office equipment and avoid misuse; misuse of equipment or services may lead to disciplinary action. For any query or guidance required the Administration Representative may be consulted.

Any staff member requiring additional equipment may put up a written request mentioning the use and justifying the need to the Administration Representative or other designated person through the line supervisor.

Personal Use of Office Equipment and Services

To facilitate staff members, the TDEA allows limited personal use of the office equipment and services such as computers, printers, internet, photocopy, vehicles (as per vehicle policy), etc. Printing and photocopy of personal documents is not encouraged and will only be allowed in special cases by the Administration Representative or any other designated person. For limited use of equipment or services, the Administration Dept suggests and maintains rates for the use of services or equipment (such as use of internet, photocopy or printers etc). All the staff members are expected to pay for such use of office services or equipment through Honesty Box, marked and placed in the Administration Department.

Vehicle Policy

A) Use of vehicles

Responsibility of coordination and management of appropriate use of official vehicles lies with the Administration Officer, or any other the designated person. Allocation of vehicle will be subject to availability of vehicle. The receipt of travel request/information should be deposited well in time at the Administration Dept. using Vehicle Request Form attached as Annex 25-A. If office vehicle is not available, staff members can use taxi or their personal transport (informing Administration Unit) and can charge reasonable taxi fare to the TDEA (in any such use of personal vehicle for official purpose FAFEN will not take any responsibility of any damage to personal transport).

For all official vehicle(s) a comprehensive insurance policy must be procured and guidelines provided by the insurance company must be followed by the persons driving office vehicles. All vehicles will be safely parked in the office premises at night and during holidays. At the end of working day, drivers will handover the keys to the person Administration Officer. It is the responsibility of the designated person to make keys available to the driver on the morning of the next working day. A duplicate key will be retained by the Administration Representative or the person designated by it for this task.

B) Personal Use

Official vehicle(s) must be used only for office work. However, in special cases/circumstances, the Administration Representative may authorize personal use, provided it does not hinder any official work and availability of the office driver will also be considered for allowing personal use of the office vehicle. The staff member will pay the cost of personal usage as per federal rates; however, unauthorized personal use of official vehicle may lead to disciplinary action. In case a vehicle is required for personal use all relevant costs of the driver (food, related travel expenses, accommodation, payment of appropriate pocket money to the driver etc.) will also be borne by the staff member.

C) Driving by the Staff

Official vehicles will be driven by the appointed drivers who are responsible for driving, maintenance of vehicle, maintenance of log book, safe use, and safety of vehicles. To maintain the responsibility, in normal circumstances, other staff members are not allowed to drive official vehicle. In case of absence of a driver or in emergencies, staff members can drive the official vehicle only if s/he is an authorized driver. The Administration Dept may authorize staff members to drive official vehicle upon providing copies of valid driving license and taking test if required. Copy of valid driving license of authorized drivers will be kept in personal files. Authorized drivers are expected to take due care of human life and vehicle, and remain attentive at all times while driving. Official vehicles will only be driven by the appointed drivers or staff members authorized to drive, no one other than the TDEA staff will be allowed to drive an official vehicle.

D) Vehicle Logbooks

All travels of the official vehicle(s) will be recorded in the logbook with appropriate details (for each location) as per the logbook columns. All fuel consumed, and other vehicle maintenance including; air filter, Mobil oil and filter, general service etc. will also be recorded in the logbooks maintained in each vehicle. It will be the responsibility of the driver to ensure that logbook is properly maintained. Senior most accompanying official will fill in and sign the logbook entry. In case the official does not fill in the logbook, the driver will report the matter to the Administration Officer. Administration Officer, or his/her nominee, will examine logbook entries and sign the logbook periodically (preferably weekly).

Drivers and Related Matters

The drivers will be hired in grade G-1. The driver must preferably have a clean Light Transport Vehicle (LTV) driving license and must also be familiar with the government rules and regulations for driving motor vehicles (traffic laws). Any costs incurred by drivers for yearly renewal of their driving license will be borne by the drivers themselves. If a driver is charged with minor violation of traffic laws (challan), the Administration Representative will assess and decide whether the payment of the fine amount will be paid by the TDEA or by the driver himself. Any major accident or violation of traffic laws may lead to disciplinary action against the driver.

Boarding and Lodging of Drivers

While on outstation duty, TDEA office will be responsible for making appropriate boarding and lodging arrangements for the driver. If the driver is traveling alone, the most economical, safe, and efficient means should be used by the driver. Drivers on outstation duty can charge boarding and lodging expenses at actual costs (by providing the signed receipts) within the limits indicated by the Administration Unit.

As applicable to other staff members (Section 18.4(B)), the drivers are also entitled to claim a fixed amount to cover unavoidable small un-receipted costs (water, soft drinks, calling home etc.) for each night spent out of Rawalpindi/Islamabad on official duty.

HEALTH AND SAFETY

Health and safety of staff is an important concern of the organization and will be protected to the maximum possible extent. Maintaining satisfactory health and safety standards require combine effort of the staff members, the administration and the senior managers. The Administration Representative has overall responsibility of the safety of staff while at work; similarly line managers share the responsibility with regard to staff working under their control. Guidelines for maintaining healthy and safe physical working environment are presented below; important guidelines will be displayed as reminder at prominent places for continuing attention of staff members:

Guidelines for Staff Members

- i. Take reasonable care of yourself, colleagues and others who may be affected by your actions;
- ii. Follow the instructions provided by the Administration Dept. related to work and use of equipment;
- iii. Report/share any health or safety concerns to the Administration or officer designated to look after health and safety matters;
- iv. Ensure that your work area is generally tidy and free from anything that could cause a slip, trip, fall, or collision;
- v. Make sure that you deal with, or report, spilt liquids, torn carpets, trailing cables, and obstructions such as boxes, paper, bags/briefcases etc.;
- vi. Keep corridors, stairwells and emergency exits clear at all times;
- vii. Keep the cupboard doors and filing cabinet drawers close as they can cause injuries to others;
- viii. Prevent cabinets from toppling over by loading the bottom drawers first and by not overloading the top drawers. Always close one drawer before opening the next;
- ix. Ensure that all items are properly placed so that they do not topple over onto someone, or cause an obstruction or tripping hazard;
- x. Never attempt to repair any electrical or electronic equipment, report any fault to the concerned person;
- xi. Last person leaving the room must switch off all the electric and gas appliances of work station like computers, lights, lamps, air-conditioners, heaters etc.;
- xii. Incase of an injury, get proper first aid treatment from a (first aid) trained staff member.

Guidelines for Management

- i. The TDEA work spaces must have adequate and safe infrastructure, including air conditioning, adequate communication system etc. The Administration Representative or the designated officer will be responsible for the safety of the office infrastructure (furniture, computers and related equipment, electric wiring and extensions, communication equipment etc.), office security and general cleanliness etc.
- ii. Work spaces will be kept clean, hygienic and modestly designed to encourage staff motivation, productivity and interaction;
- iii. The TDEA indoors (enclosed places) are strictly smoke-free;
- iv. The TDEA will take reasonable measures to make its office easily accessible to the disabled staff and visitors; other staff will be expected to be sensitive to the needs of such individuals and any reasonable special arrangement needed for such staff will be provided;
- v. Fire extinguishers will be prominently displayed and staff will be well trained in their use. Fire drills will be conducted periodically as determined by designated person;
- vi. Emergency exit signs will be displayed as appropriate. The Administration Dept. shall prepare and update the emergency plan and periodically share it with the staff;
- vii. The TDEA vehicles will be maintained for efficiency and safety; during vehicular travel, the TDEA staff must use adequate safety precautions such as seat belts, following speed limits, taking appropriate rest while driving etc.;
- viii. The TDEA office will maintain a first-aid kit and a satisfactory number of staff to be able to provide first aid; and

- ix. Emergency phone numbers including: police, fire brigade, ambulance etc. will be appropriately displayed near the phones.

OFFICE SECURITY

The TDEA gives importance to the security of its staff, data resources, office equipment, office premises etc. For the security of the staff while on work and the security of the office premises round the clock, security arrangements will be made. Subject to the availability of funds, services of a professional security agency will be acquired. The Administration Representative will be responsible for the appropriate security arrangements, in consultation with the Chief Executive Officer. A collective effort from all the staff is required to maintain security.

Preferably all visitors to the office may be attended to in the meeting room or the reception area. Unknown visitors will not be allowed to visit the staff members' work areas unless the receptionist/security guard is informed in advance or the receptionist/security guard confirms identification of the visitor from the concerned staff member.

Staff

The TDEA staff members are expected to follow the security guidelines issued by the government agencies, and the Administration Dept from time to time. Staff must also be vigilant of any security risks to themselves and other colleagues, and avoid visiting those areas where security situation is not satisfactory without taking necessary approvals and precautionary measures.

All staff members are expected to be careful for their personal belongings as well as of other colleagues. The TDEA staff is responsible to safely keep their personal valuables such as: bags, money, mobile phones, ornaments or other valuables. The Administration Dept will arrange for the locks in the table drawers or otherwise as and when required by a staff member. The TDEA does not take responsibility of any loss personal belongings of the staff. However, the Administration Dept will take all possible steps to recover any lost item and take appropriate action if any staff member is found involved to protect the office environment from such incidents.

Office Equipment

Office equipment is important and necessary for day-to-day functioning of the office. This equipment must be handled carefully. Staff members are required to follow equipment security instructions issued by the Administration Dept. from time to time. For office equipment (one by one or combining similar things) of value Rs. 15,000/- or above comprehensive insurance will be procured keeping in view cost efficiency. All the TDEA vehicles will be comprehensively insured and staff will follow the guidelines provided by the insurance company.

Files and Other Physical Records

Security of files and other physical records (data forms, reports, printed materials, members' record, contracts, financial record, correspondence etc.) will be the responsibility of the staff member who is the custodian of these items. For important materials, the staff may request the Administration Dept. for locked cabinets etc.

MEETINGS AND EVENTS MANAGEMENT

To maintain quality, cost efficiency and moderate level arrangements for holding events and meetings, the following guidelines are developed. These guidelines must be followed by the TDEA Secretariat subject to the availability of funds, time, and space. The guidelines below should be followed in normal cases, however, for extraordinary or special meetings; efforts will be made to make the required arrangements with the approval of the Chief Executive Officer. These guidelines will also be shared with the Member Organizations for holding the TDEA related events and meetings.

Guidelines

Events mean: training, workshop, members meetings, seminars, press conferences, or other gathering related with the TDEA work.

- I. For all such events a focal person will be nominated who will be responsible for the coordination of various aspects. The focal person will preferably be the department head or other senior person from the department holding the meeting or the Administration Officer. The focal person will submit written requisition for arrangements to the Administration Department using the form given in Annex 29-A duly approved by the Chief Executive Officer.
- II. It is suggested that the objective(s) of the events are clearly defined so that all persons involved are well focused to achieve the stated objectives while performing the assigned work.
- III. For all events the agenda will be prepared at least one week in advance and shared with the expected participants if required.
- IV. List of the expected participants will be prepared except for open public meetings.
- V. List of speakers will be prepared and confirmation from the speakers will be sought well in advance (at least a week before the event) by the designated focal person. The topic to be delivered by each speaker must be confirmed with the relevant speaker in advance. All speakers must be informed about the other co-speakers. For speakers/resource persons of the event/session head-table should be arranged. Name tags of the speakers must be decently exhibited (at least in computer printout form) along with their affiliation. Any lavish décor of the head-table may be avoided.
- VI. For events involving up to 20 participants, invitations may be given on phone; for events involving more than 20 participants' written invitations must be sent. The invitation must be sent to reach participants at least a week before the scheduled event. Economical means may be used to send invitations, preferably by e-mail, where applicable. For those participants who do not have e-mail access or confirm e-mail addresses, written invitations should be sent by surface mail. Printing of invitation cards may be considered, if economical, where more than 50 participants are invited. In all written invitations, confirmation will be requested from the participants. The invitation must include name and contact, details of person designated for further queries and confirmation of participation in the event.
- VII. Events should be arranged at an accessible and identifiable place/venue. Address and contact details of the venue should be provided in the invitation.
- VIII. For events of more than 20 participants, a sound system should be arranged to facilitate the speakers and the participants. If the agenda includes comments or other type of participation from the participants, cordless microphones or other arrangement to facilitate communication amongst participants should be made.
- IX. For less than 40 participants U shape, and for more than 40 participants theater shape seating arrangement will be arranged. Clean and comfortable chairs must be provided.
- X. No session should be more than 2 and half hours without break.
- XI. Appropriate stationary items (and other handouts) must be timely arranged, as required.
- XII. Clean drinking water must be arranged in all events, provision of bottled water should be avoided. Accessibility of toilets must be ascertained. Air conditioned environment may be arranged where possible.
- XIII. Food/snacks arrangements will be made as follows:

Sr. No.	Duration of Meeting	Food	Suggestions
1.	For events up to 2 hours	Tea or drinks as per the weather with cookies	Packaged biscuits
2.	2 to 4 hours	Tea or drinks with snacks or/ and food as per the timings	Max. 3 bakery items of average cost; mix sweet and salt items
3.	4 to 6 hours	1 tea with snacks and Food	Max. 3 bakery items of average cost for snacks. For food maximum 4 food dishes (mix of meat and non-meat dishes) and 1 sweet dish
4.	6 to 8 hours	2 teas with snacks and Food	Max. 3 bakery items of average cost for snacks. For food maximum 4 food dishes (mix of meat and non-meat dishes) and 1 sweet dish

- XIV. For tea, a session breaks of at least 20 minutes and for food 1 hour break must be scheduled in the agenda.
- XV. For all events following other arrangements may be made as required. The focal person may allocate responsibility of different arrangements to relevant staff members.
- Backdrop;
 - Multimedia with computer;
 - Report writing;
 - Photography;
 - Registration desk/attendance;
 - Display stall of the TDEA printed materials; and/or
 - Press release.
- XVI. If payments to participants have to be made for expenses etc. after the event, separate desk must be arranged. Only representative of the Finance department can make the cash payments.

FIXED ASSETS

Items shall be recognized as Fixed Assets only when:

- It is probable that future economic benefit will flow to the organization as a result of its acquisition;
- The cost per individual item exceeds Rs.10,000; and/or
- It has useful life of more than one year.

Cost of an asset includes purchase price, transportation/installation cost, all non-refundable Government taxes and cost of bringing the asset into working condition.

Major renewals and improvements in Fixed Assets that extend useful life, enhance capacity, or substantially reduce operating costs, shall be capitalized. Maintenance and normal repairs (up to Rs.5,000) are charged off as an expense. Gain and loss on disposal of fixed assets are taken into Income and Expenditure account.

Identification of Assets

At the time of acquisition, all fixed assets should be assigned exclusive identification for reference with necessary identification details of the asset. Donor reference should also be included, where applicable, in the identification. This identification mark should be tagged on the asset and entered in Fixed Assets Register.

A register will be maintained for all fixed assets containing:

- Description & cost of each item;
- Date of acquisition;
- Location of asset;
- Donor reference;
- Rate of depreciation and per year charge; and
- Accumulated depreciation.

Fixed assets records must be reconciled with the General Ledger on regular basis. The Manager Finance (or designate person) will take physical inventory of all fixed assets at least annually to ensure completeness and accuracy of the records.

Assets purchased with grant of a donor agency will remain property of the donor unless otherwise specified in the agreed terms and conditions. Due care should be taken for the safety and maintenance of such assets. At the end of the relevant project/ program, either the assets will be transferred to the donor agency or handled according to the agreed terms and conditions.

Insurance of Fixed Assets

Comprehensive insurance shall be procured for all fixed assets. Whenever an asset is procured, it should be insured as soon as possible. The insured value is taken at current market replacement value. Assets received from donors in kind should also be insured in the same way as bought assets.

Disposal of Assets

Disposal of fixed assets should be undertaken through tenders, auction or a private sale, whichever is suitable and as approved by the Executive Council. A private sale would only be considered where the sale price can be accurately assessed, and there is a possibility of fetching higher prices as compared to other modes of disposal. At the time of intended disposal of an asset, following details must be presented in writing to the Executive Council for the approval of disposal of assets:

- Specification and description of the asset;

- Reasons for disposal;
- Where possible, an estimate of the realizable value;
- The mode of disposal of asset, as per the donor's policy, where applicable;
- Draft sale agreement/transfer note, in case of intended private sale.

At the time of disposal of fixed asset the transaction shall be recorded as below:

- Cost of the disposed asset shall be removed from Fixed Assets Register;
- The related accumulated depreciation shall be removed from the allowance for depreciation account; and
- The profit and loss account, adjusted for the cost of removal, shall be recorded as income (gain) or expense (loss).

Inventory Management

Updated and accurate record of all valuables including: equipment, fixed assets, furniture & fixtures, vehicles, and other non-expendable shall be kept. Such record should be supported by appropriate documentary evidences. Proper identification numbers shall be pasted on each item of equipment, furniture, and fixtures.

At the end of each year, the inventory at hand shall be physically counted; the Manager Finance or the designated stores in-charge shall be responsible for safe handling of the inventory. Differences in stock count shall be properly investigated and a report would be submitted by the designated Stores in-charge for necessary adjustments in accounts.

Responsibility of maintaining an updated inventory record/stock register of stores including: equipment, furniture, publications etc. lies with the designated Stores In-charge.

Stores Handling

The Administration Representative or any other official designated by the Administration Representative shall act as the Stores In-charge. It is responsibility of the Stores In-charge to ensure that stores/items received are correctly brought on charge in accounting documents without any delay. S/he will also supervise and document all the transactions concerning stores, including printed materials.

Appropriate Use of Landline Telephones

All telephones are to be used for conducting TDEA business only. Personal telephone calls should be kept to a minimum, and must be marked on monthly bills and deducted from staff salary accordingly.

Misuse of the official phone number or making unauthorized or inappropriate calls will result in disciplinary actions against that user.

Mobile Phone Policy

TDEA values the importance of communications and spends considerable funds and effort ensuring that the staff members have access to the communications tools necessary for effective and timely performance of "duties. Mobile phones and VOIP programs are among those tools.

a. Equipment

All TDEA staff members are provided Mobile sims and Mobile phone if in stock or funds available so that they can be contacted anytime for the call of duty, whether at work or after work if need be. Exceptions are made for those whose work is considered time-critical and who need to respond to emails when traveling (such as IT, Security, Logistics staff, Executive Office staff or Communications staff etc). All exceptions must be justified by the employee's supervisor and can be put into effect following the written (email) approval of the relevant authority.

b. Billing

Billing of mobile phone usage will be handled in the following way;

A phone limit is assigned to all staff as noted in the table below. If the employee incurs costs in excess of the limit, he/she will be mark those calls at the end of the month after receiving of monthly bills, and costs will be deducted from the employee's salary on a monthly basis.

In the event that an employee is on occasion using the phone for work purposes and exceeding their allotted cap, they can itemize the work calls, and request for a payment for the same based on verification. This will only be supported provided there is sufficient justification (for instance a month with back to back training events, or a few weeks where the employee had to make extensive calls, SMS, Data).

If an employee consistently exceeds their cap over a period of three months, they can request their supervisor to increase their cap — provided the reason for exceeding the cap results from work-related calls.

The following chart, contains the maximum limits on a monthly basis:

S. No	Grades	Limits	Details
1	G-5,G-4.75	5,000	Including Voice, Data, SMS
2	G-4.5	3,000	
3	G-4,G-3.75	2,000	
4	G-3.50,G-3	15,00	
5	G-2.5,G-2	1,000	
6	G-1.5,G-1	8,00	

c. Handset/Headset Replacement Policy

Headsets and handsets will be issued once during employment. If phones or headsets are lost due to negligence, the employee will be responsible for costs as determine by Finance Manager after depreciation etc.

d. Phone Lost/Stolen Policy

If headsets and handsets are stolen, the employee must acquire a police report. Replacement of equipment will be considered on a case-by-case basis upon submission of a police report.

Cellular phones are a tool to enhance employee productivity. Cellular phone service is also more expensive than landline phones because of the airtime costs associated with cellular phone usage. Therefore, it is expected that employees follow the guidelines below to help keep costs to a minimum:

- The cost of communication will be based on fair usage.
- Do not use your cellular phone to make a call if the landline phone service is available.
- Avoid lengthy conversations on cellular phones. If you anticipate a call lasting more than five minutes, try and arrange to call the person back from a landline phone.

- Employees should ensure use of cellphone for their official purposes only. Under no circumstances, the handset should be sold, loaned or transferred to anyone other than for whom it is taken.
- Handsets should always be kept in “switched on” mode to ensure contact ability, both during and after office hours.
- In case of theft of the handset, employee should immediately inform Administration department to take necessary action. It is needless to say, that every employee should take care of the project property allocated to him/her.
- No deviations to the above policy are permissible.
- The Management reserves the right to alter, modify, change or withdraw this scheme at any time at its sole discretion.

Misuse of the official phone number or making unauthorized or inappropriate calls will result in disciplinary actions against that user. When in office, staff members are encouraged to use landline or Skype to reduce costs.



ANNEXURES

ANNEX No. 1

TRAVEL APPROVAL FORM

Name:	
Designation	
Department	
Purpose of travel	☐ Meeting ☐ Training/Workshop ☐ Seminar ☐ Conference ☐ Program Activity ☐ Other (Please specify) _____
Expenses chargeable to (donor)	

Travel Details/Itinerary

S.#	Date	City		Mode of travel*	Arrangements required (travel booking, airport transfer, local travel, accommodation etc.)
		From	To		

* Mention flight No. if applicable

Travel Advance (if required) _____

Signature _____

Travel Authorization:

Name / Signature Admin Officer	

Approvals:

Name / Signature Line Supervisor	
Name / Signature Line Manager	
Name / Signature Chief Executive Officer	

For Finance Use Only

Budget Line Item	Project Code	Approval
		_____ _____ Designation/Name Signature



ANNEX No. 2

TRAVEL REIMBURSEMENT FORM

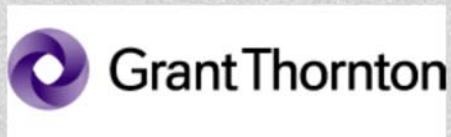
Date :		
Claimed By :		
Name of Organization :		
Purpose :		
Date	Travel Description	Amount
Total Amount		
Remarks :		
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TDEA Internal Audit Manual

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Free and Fair Election Network (FAFEN) is a network of Pakistani civil society organizations, governed by the Trust for Democratic Education and Accountability (TDEA).



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PREFACE

“Internal Auditing is an independent, objective and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.”

The internal auditor is a representative of the Audit Committee with the responsibility to review the financial and operational information to ensure that the operations of the entity are in conformity with the objectives, plans and goals that are defined and established by the management.

A strong internal audit department will assist the organization’s management in effective discharge of their responsibilities by providing them with analysis, appraisals and recommendations concerning the activities under review.

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1. Introduction to the Internal Audit Manual

1.1. Introduction

This manual serves as a set of foundations laid down for the set up and continued operation of the internal audit department. The manual defines the framework within which internal audit department can act independently and ensure that internal audit's responsibilities do not limit its objectivity. This document establishes the functional and administrative reporting lines of internal audit. The manual governs all audit activities of the department. Furthermore, the manual acts as benchmark providing an ongoing evaluation of audit activities. Regular comparison of the requirements postulated in the manual with the audit activities is absolutely essential to ensure that internal audit fulfills the responsibilities entrusted to it by the Board of Trustees (BOT).

1.2. Responsibilities of Implementation

Audit Committee shall have the overall responsibility for implementation of this manual. Policies and procedures contained in this manual are to be followed by all members of internal audit department.

1.3. Custody

This manual shall remain in custody of the following:

- All members of the BOT
- All members of the Audit Committee
- All members of internal audit department

The manual shall be a confidential document and shall remain the property of Trust for Democratic Education and Accountability (TDEA). It must not be provided to any external party without the prior written approval of the Head of Internal Audit (HIA), except those who are entitled to such access in accordance with the provisions of any law for the time being in force.

1.4. Maintenance and Updation

The review and update of this manual shall be an ongoing process to ensure continuous alignment between the regulatory framework and the organization-wide strategy and the internal and external dynamics in which the organization operates. Such factors may also include the developments, changes and trends in the internal audit environment whether required by law or by generally accepted compliance practices within the sector of nonprofit organizations.

The Audit Committee shall be responsible for maintenance and updation of the manual. The Audit Committee may appoint an independent reviewer or designate any members of the internal audit department or any members of the Audit Committee to review the manual. The independent reviewer, so appointed or member(s) of the internal audit department or members of the Audit Committee, so designated, shall complete the review within 30 days of such appointment or designation. Results of the review along with proposed amendments, if any, shall be presented before the Audit Committee. The Audit Committee will consider the proposed amendments and will recommend to the BOT all or any of these proposed

amendments for approval. After BOT's approval, the amendments will become part of the manual.

As a policy, this manual, in its entirety, shall be reviewed on a periodic basis and at least once in a year and updated, if required.

1.5. Acronyms Used in the Manual

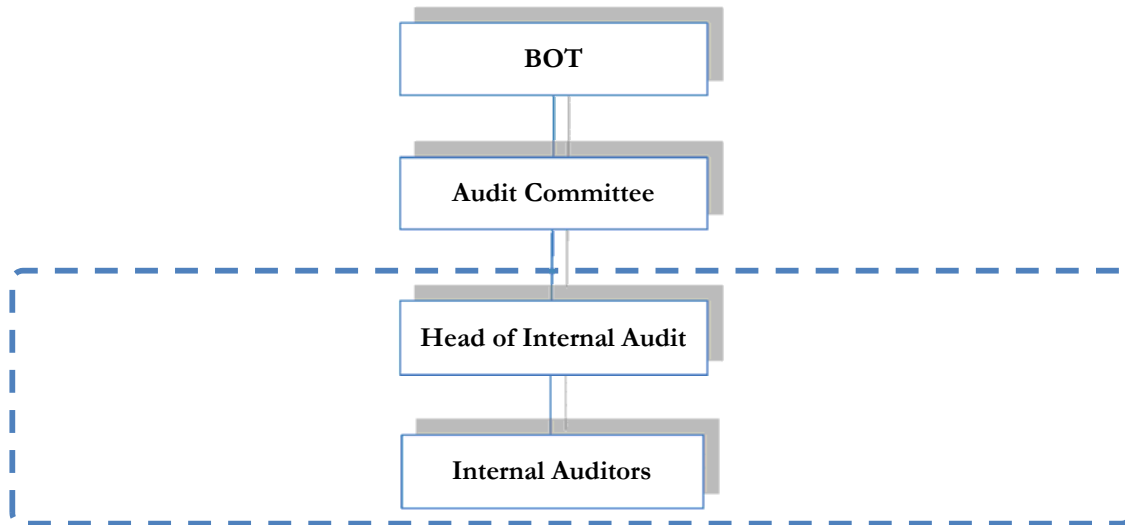
Following acronyms have been used in this manual:

Acronyms	Terms
Auditee	Auditee includes any individual, unit, department, project, program or activity of the organization that is audited
BOT	Board of Trustees
CEO	Chief Executive Officer
Compendium/ TDEA Compendium	Compendium of Policies & Procedures of Trust for Democratic Education and Accountability
HIA	Head of Internal Audit Department
Internal auditor	Each member of the internal audit department
IT	Information Technology
Organization	TDEA
SOPs	Standard Operating Procedures
The department	Internal Audit Department
TDEA	Trust for Democratic Education and Accountability
The Manual	Internal Audit Manual

2. Internal Audit Structure and Responsibilities

2.1. Internal Audit Organogram

Internal audit department will be supervised by the Head of Internal Audit Department (HIA) who will be reportable to the Audit Committee. The internal auditors are directly reportable to HIA. Number of internal auditors may vary from time to time as required to achieve department's objectives effectively and efficiently. This hierarchy of the department can be presented as follow:



2.2. Job Descriptions

a. Head of Internal Audit Department (HIA)

2.2.1. Reporting Relationship:

Report to: Audit Committee

Responsible for: Management of Internal Audit & Internal Auditors

2.2.1.1. Competence Level Preferred:

Qualification	Member of internationally recognized accounting/auditing body of professionals or master degree in relevant field
Experience	Minimum 8years' experience of audit, out of which 2 years at management level of relevance to the organization

Position Summary

HIA will be responsible for effectively managing the internal audit department in accordance with this manual and the definition of internal

Other Skills

- Knowledge of current auditing practices and trends
- Supervision and managerial skills
- Analysis and planning skills
- Negotiation and convincing skills
- Leadership and organizing skills
- Interpersonal/communication skills

auditing, the code of ethics, best practices and professional standards

2.2.2. Duties and Responsibilities of HIA

- Establishing risk-based annual audit plan to set out the priorities and strategy of the internal audit activity and ensuring its proper implementation.
- Communicating the internal audit plan and the related resource requirements (including the impact of resource limitations) to the Audit Committee.
- Responsible for revision and updation of detailed audit programs if subsequent further information requires so.
- Ensuring that internal audit resources are appropriate (i.e. equipment, professional qualifications and skills), sufficient and effectively deployed to achieve the approved plan.
- Participating in all entrance and exit meetings relevant to internal audit.
- Maintenance and monitoring of the budget for the internal audit activity.
- Ensuring that audit work is carried out in an effective, efficient and timely manner in accordance with professional standards and the manual.
- Reviewing and ensuring proper documentation, quality of work papers, proper custody and maintenance of audit work papers and files.
- Maintaining unfettered access to the Audit Committee.
- Oversee the administrative tasks necessary for the functioning of the department including:
 - o Preparation of budgets;
 - o Assigning and monitoring of performance parameters and critical indicators;
 - o Reporting on budget/program performance; and
 - o Evaluation of internal audit staff performance.
- Oversee the recruitment of staff for the internal audit department.
- Maintaining a quality assurance and improvement program that covers all aspects of the internal audit department.
- Reporting on findings, make recommendations on the systems and procedures being reviewed, and monitor management's response and implementation.
- Reporting annually to the Audit Committee on the internal audit department's conformance with professional internal auditing standards.
- Reporting periodically to the Audit Committee on whether management's action plans have been implemented and whether the actions taken have been effective.
- Report quarterly to the Audit Committee about the internal audit reviews. Provide the Audit Committee with an opinion on the internal controls of the TDEA.
- Assisting executive management and operational managers in strengthening internal controls.
- Follow-up to determine adequacy of corrective actions.

- Working with management to ensure a system is in place which ensures that all major risks of TDEA are identified and evaluated for their significance, at least on an annual basis.
- Coordinating with external auditors and ensure that each party is not only aware of other's work but also well briefed on area of concern.
- Determining the need to use the work of an expert for internal audit activity and hiring competent expert with the approval of Audit Committee.
- Serving as the official contact for reporting fraudulent or other acts identified by employees.
- Regular advice to managers as to literature (including abstracts thereof) relevant to fraud.
- Communicating internal audit findings with recommendations to the concerned departments.
- Maintain respectful and effective communications and relationships with management and staff of areas under review.
- Maintaining a continuous and effective working relationship with the Audit Committee, CEO and Senior Management to deal with current and pertinent issues relating to improvement of internal controls, governance and risk management processes within the organization.
- Participating in the planning and execution of special investigations, special studies and projects as may be assigned by the Audit Committee.
- Perform other duties as assigned by the Audit Committee.

b. Internal Auditor

2.2.3. Reporting Relationship:

Report to: HIA

Responsible for: None

Qualification	Master degree in accounting/commerce from recognized institution or part qualified of professional accounting/auditing qualification
Experience	Minimum 4years' experience of audit (preferably experience of the relevant sector)
Other Skills	■ Knowledge of current auditing practices and trends ■ Analysis and planning skills ■ Negotiation and convincing skills ■ Leadership and organizing skills ■ Interpersonal/communication skills

Position Summary

The internal auditors are responsible for the day-to-day conduct of the audit, reporting and maintaining quality of audit documentation in accordance with standards of the profession and the manual

2.2.4. Duties and Responsibilities of Internal Auditor

- Document, evaluate and test systems and controls to determine their adequacy and effectiveness with respect to:
 - o compliance with policies and procedures;

- o accomplishment of management's objectives;
- o reliability and integrity of information;
- o economical use of resources; and
- o safeguarding of assets.
- Assisting the HIA in developing annual audit plan, setting the audit strategy, priorities for the department and developing audit program.
- Assisting HIA in identification of risks in the organization, evaluation of those risks for their significance and developing adequate response to those risks.
- Scheduling work for effective and efficient implementation of the audit plan and obtaining approval of the HIA thereon.
- Participate in the discussions at the entry and exit meetings and document the minutes as required.
- Ensuring compliance of quality control procedures, professional ethics, professional standards, best practices and the manual throughout the audit execution.
- Communicating to the HIA if a threat is identified that internal auditor would not be in compliance with professional code of ethics and conduct.
- Compile a variety of pre-audit information for both financial and operational audits of specified operations and/or transactions.
- Executing audit work in accordance with audit programs and instructions and directions from HIA.
- Coordinating with auditee representatives to obtain required information for proper execution of audit programs.
- Reporting regularly to HIA with regard to progress in achieving planned objectives.
- Examine detailed financial and/or processing documents to ensure conformity with established rules and regulations including TDEA Compendium.
- Ensure completeness of audit working papers, which document the various phases of each audit assignment segments and support individual findings and recommendations.
- Document all observations regarding operations and transactions audited, highlighting any weaknesses/discrepancies.
- Communicating audit findings to the concerned department and devising appropriate recommendations after analyzing the response from the concerned department.
- Discussing audit observations/findings with concerned department representatives before reporting to the HIA.
- Perform follow-up audits with management to ascertain implementation of recommendations and appraise the adequacy of the corrective action.
- Evaluating auditee's/management's steps taken to resolve audit findings for their effectiveness and reporting to HIA in this regard on regular basis.
- Resolving day to day issues which are relevant to internal audit activity and may help to improve internal controls, control environment, policies and procedures, compliance, governance and risk management.
- Drafting internal audit report for presentation to and review of the HIA.
- Establish and maintain effective working relationships with all employees.
- Any other task assigned by the HIA.

2.3. Continuing Professional Development

Members of internal audit department should enhance their knowledge, skills and other competencies through continuing professional development. They are responsible for continuing their education in order to maintain their proficiency. They should keep themselves informed about improvements and current developments in internal auditing standards, control framework, procedures and techniques. They can maintain an awareness and understanding of the current developments in relevant business fields by way of associating through membership in professional societies and attending their conferences and seminars. Those who do not yet possess a professional certification are encouraged to obtain one. The organization will support this in accordance with policies and guidelines provided in section 22 of the Compendium.

3. Audit Committee

3.1. Audit Committee Mission Statement

The mission of the Audit Committee of TDEA ("the Committee") includes following elements:

- to provide the BOT with an independent and objective evaluation of the operations, policies, procedures and controls implemented by TDEA;
- to provide the internal audit department of the TDEA with necessary resources to enable it to provide an independent, objective evaluation of operations, policies, procedures and controls of the TDEA; and
- to provide the BOT with an oversight of the internal audit department in TDEA to assure that an effective internal audit function is in place system-wide, which includes a risk based annual plan, a reporting mechanism and a quality control plan.

3.2. Composition

The Audit Committee will comprise not less than three members, including the Chair of the Committee. These members will be appointed by BOT for a period of two years. Majority of the members and the Chair of the Committee should, preferably, be the non-executives (not involved in day to day operations of the organization). The Audit Committee shall appoint a secretary of the Committee.

3.3. Meetings of the Audit Committee

The Committee shall meet quarterly every year as and when it deems necessary or upon request of the external or internal auditors or any member of the Committee.

Meetings of the Committee shall be presided by the Chair. In case the Chair is not present, the Committee may choose one person from other members to preside over the meeting.

Two-thirds of the total membership shall form quorum of the meeting.

All decisions in the Committee shall preferably be taken with consensus; however, if it is not possible the decision shall be taken by a majority vote.

The secretary of the Committee shall make appropriate arrangements for taking minutes. The minutes shall include decisions taken by the Committee, unless directed by the Chair to completely transcribe the discussions.

The secretary shall document and circulate the minutes of the meetings of the Committee to all members of BOT and the Committee within a fortnight and the Chair of the Committee will report to the BOT on such matters, as the Chair feels appropriate.

The approval to the minutes shall be granted at the following meeting of the Committee.

The secretary shall form the agenda of the Committee meetings and put forward to the members of the Committee at-least two weeks before the meeting. The members of the Committee will be expected to present their comments and suggestions at-least one week before the meeting. After incorporating comments, the secretary will circulate the agenda to all members of the Committee at-least 4 days before the meeting.

The director finance, the HIA and a representative of the external auditors may attend meetings of the Audit Committee at which issues relating to accounts and audit are discussed. However, at least once a year, the Audit Committee will meet the HIA and other members of the internal audit department without the director finance and the external auditors being present.

Travel and related expenses of members for the Committee meetings will be paid by the organization; however, if no funds are available, members will be requested to bear their own costs.

3.4. Role and Responsibilities of Audit Committee

The Audit Committee shall:

- review overall audit scope and extent as well as the internal audit plans and monitor its implementation;
- ensure that internal audit has adequate resources and is appropriately placed within the organization;
- ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- ensure that appropriate measures are in place to safeguard organization's assets;
- review internal audit reports including major findings on internal investigations, cases of frauds or irregularities and management's response thereto;
- report matters of significance to the BOT;
- recommend to the BOT, the appointment of external auditors and to consider any questions of their resignation and removal, their proposed audit fee as well as provision by external auditors of any service to the organization in addition to audit of the organization's financial statements;
- review management letter issued by external auditors and management's response thereto;
- review financial statements of the organization, prior to their approval by the BOT, focusing on:
 - o major judgmental areas;
 - o significant adjustments resulting from the audit;
 - o the going-concern assumption;
 - o any change in accounting policies and practices;
 - o compliance with applicable accounting standards; and
 - o compliance with regulatory requirements.
- facilitate external audit and discussions with external auditors on major observations arising from the audit and any matters that the auditors may wish to highlight (in the absence of the management, where necessary);
 - o institute special projects, value for money studies or other investigations on any matter specified by BOT, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- monitor compliance with best practices of governance and identification of significant nonconformities thereof;
- determine the compliance with all relevant statutory requirements;

- if necessary, review with management, internal auditors and with legal advisors any litigation, claims or other contingency, including tax assessments that could have a material effect on organization's financial position or operating results;
- review reports on business ethics, violations, conflict of interest, issues and irregularities and monitor management's compliance with organization's relevant policies;
- review the findings of any examinations by regulatory agencies;
- Chair of the Audit Committee is responsible for carrying out performance evaluation of the HIA;
- consider any other issue or matter as may be assigned by the BOT;
- take steps that are, in the sole judgment of the Audit Committee, reasonable or necessary to ensure that the internal auditors are independent and the compensation and benefits allocated to the internal auditors are not subject to review or termination without consent of the Audit Committee; and
- review, at least annually, independence and quality of internal audit department and the internal auditors.

4. Role and Context of Internal Audit

4.1. Role of Internal Audit Department

Internal audit department is to provide an independent, objective assurance and consulting activity designed to add value and improve organization's operations, thereby aiding it in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal audit department supports compliance within the best practices framework in two significant ways. First, internal audit is integral component of the monitoring system. Second, its fieldwork results in a wide variety of information that can be used to ensure and improve the awareness of and adherence to compliance requirements.

Internal audit department provides assistance to other departments through the conduct of audit related services like pre-investigations, reviews, cost-effectiveness analysis, and implementation support. Internal audit department performs function parallel to these other departments, providing an insight of the areas needing attention for improvement along with suitable recommendations

4.2. Independence of Internal Audit Department

Internal audit department will work independently and parallel to other departments of the organization. The department will be independent of all other offices and will report directly to the Audit Committee.

4.3. Right of Access to the Offices of Higher Management

Internal audit department, in carrying out its duties and fulfilling its responsibilities, will have the right of direct access to the offices of the Audit Committee and other management especially to the offices of CEO, director operations, director finance, managers, and other department heads, when required. The management of all departments and projects being audited are required to provide immediate and maximum co-operation as requested by the internal audit department.

4.4. Access to Records and Information Systems

In carrying out their duties and responsibilities, the internal auditors will be entitled to have full and unrestricted access to all of the organization's records, properties, personnel and information as deemed necessary to properly perform their activities. The concerned staff of the organization is required to extend full co-operation and assistance to the internal auditors. The organization's records that might be required include (but not limited to) the following:

- a. copies of agreements and contracts made on behalf of the organization;
- b. financial records;
- c. operational records;
- d. information systems being used to process the documents and records by various departments and projects;
- e. supporting documentation; and
- f. any other records required under specific circumstances.

At any time assistance may be requested by the internal auditors from the officials of a concerned department for the provision of information and related activities in relation to the audit assignment. Head of the concerned department will ensure timely availability of the requested information and related activities.

4.5. Establishment of Internal Control Framework

The responsibility of development and implementation of internal control system rests with the management of the organization. Internal audit will review design and operating effectiveness of internal control system. In case of any weakness or deficiency in internal control system as identified by internal auditing shall be reported along with suitable recommendations.

4.6. An Appraisal Function for Management Assistance

Internal audit is an independent appraisal function established within an organization to review and evaluate its activities and acts as a service unit to the management of the organization. The basic purpose of an internal audit is to assist management of the organization in the effective discharge of their responsibilities. To this end, internal audit furnishes them with analysis, appraisal, recommendations and information concerning the activities reviewed.

The main functions of the internal audit will be to review the data relating to events, transactions and programs being undertaken during the course of operations, to verify these transactions against defined policies as given in the Standard Operating Procedures (SOPs), TDEA's Compendium and other policy manuals as approved by BOT for the smooth functioning of the organization and finally to provide internal audit report to the Audit Committee.

4.7. Outline of Audit Objectives

The basic objectives of internal audit department could be categorized as follows:

- internal control systems of organization are adequate and effective enough to provide reasonable assurance that operations are carried out efficiently and results are recorded appropriately;
- management complies with the Standard Operating Procedures (SOPs), TDEA's Compendium and other policy manuals;
- management complies with laws, rules and regulations issued by regulatory authorities
- management complies with the donor requirements and the requirements of binding contracts with external stakeholders;
- assets are properly used and adequately safeguarded;
- optimization of resources, costs and processes;
- financial records are accurate, reliable, timely, complete and useful. In addition, controls over record keeping and timely reporting are adequate and effective;
- books of account reflect true and fair view and that expenses incurred are in accordance with the organization policy and general authorization of the management;
- on-going monitoring of the operations and projects, with a primary focus on the basic functions and processes of the organization;
- identification of loop holes, if any, in the current systems and procedures being followed with the suitable recommendations;

- provision of recommendations where required for the better functioning of any department and the related functions; and
- reviewing operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations and programs are being carried out as planned.

4.8. General Outline for Scope of Work

The scope of internal audit department revolves around the objectives laid above being wide enough to ensure their achievement. It will depend mainly upon the functions/processes being carried out at the organization. The scope of the audit in relation to the functions under consideration and the organization as a whole may encompass the following:

4.8.1. Financial audit

Financial audits are designed to validate the accuracy and completeness of records and account balances. These audits also include reviewing of the reliability and integrity of financial and other management information. Financial audits will utilize substantive tests, analytical reviews, and other validation procedures which may or may not include functional tests or transaction reviews.

Financial audits determine whether the financial information of the organization function, activity, department, project or unit under audit fairly represents the financial position, results of operations, and cash flows or changes in financial position of the auditee in accordance with generally accepted principles, best practices, internal policies, external requirements and prevailing standards.

4.8.2. Operational audit

Operational audits are designed to evaluate procedures and controls which impact the attainment of the organization's goals and objectives. Operational audits also measure compliance with organization policies and procedures as well as applicable laws and regulations. During operational audits:

- Functional tests and transaction reviews will be utilized
- Operational information is reviewed in conformity with the financial information and the related documentation prepared by the organization
- Major functions and processes through which the business of the organization is being run are reviewed
- It is ensured that the assets of the organization are properly used and adequately safeguarded
- Projects/programs are reviewed to ensure compliance with internal and external requirements

4.8.3. Compliance/management audit

Compliance audits are to:

- review the provisions of Standard Operating Procedures (SOPs), policy manuals and TDEA's Compendium and the compliance thereof
- ensure compliance with laws, regulations, policies, compendium and procedures

- check design effectiveness of internal controls
- check operational efficiency and effectiveness of internal controls
- review preservation of ethical culture throughout the organization
- audit Information Technology (IT), review relevant system structures and processes for their compliance with policies, guidelines and standards
- examine IT processes in terms of their over-all integration into the entire business process

4.8.4. Grant and Contract Audits

Grant and contract audits are designed to evaluate the contracting process, compliance with the provisions of grants and contracts, and third-party contractual performance. These audits may be performed with respect to any function, activity, project, program, department, or unit of the organization and shall include all types of contracts; e.g., federal and private grants and contracts, local and foreign grants and contracts, construction contracts, and professional service contracts.

4.8.5. Departmental Audits

Departmental audits are designed to review and evaluate the activities and operations of a particular organization function, activity, department, or unit under review. Departmental audits will evaluate accounting controls, ensure compliance with organization policies and procedures, applicable laws and regulations, and validate the records and account balances of the auditee. Departmental audits will utilize a complete battery of audit tests and procedures, including, but not limited to, functional tests, transaction reviews, substantive tests, and analytical reviews.

4.8.6. Fraud and Financial Irregularity Audit

Fraud and financial irregularity audits are designed to verify the existence and magnitude of suspected fraud and financial irregularities. Fraud and financial irregularity audits may be conducted at the request of the Audit Committee or any of the higher authority; as a result of a tip from the organization's whistle-blower hotline; or at the discretion of the HIA. The internal auditor shall utilize the highest level of discretion when undertaking a fraud or financial irregularity audit. The internal auditor shall promptly notify the Audit Committee (including the Chair of the Audit Committee), and any other member of senior management which may be appropriate, of any significant findings which result from a fraud or financial irregularity audit.

Members of internal audit will discharge their responsibilities with professional skepticism and a view to identify any material errors or fraud, however, basic responsibility of fraud and error detection and prevention rests with the top management of the organization.

4.8.7. Follow-up Audits

Follow-up audits are designed to determine whether corrective action has been taken on previous audit recommendations. These audits are usually conducted six months after the Final Audit Report was issued and usually include only the deficiencies reported in the final audit report. The follow-up audit shall include such functional or substantive tests that are necessary to verify that necessary and appropriate corrective actions have been taken.

5. Internal Audit Policies

5.1. Ethical Requirements and Rules of Conduct

The code of ethics represents a framework of rules of personal conduct, audit principles, and ethical principles. High standards of moral conduct are essential for the proper conduct of internal audit activities by the internal auditors. To comply with the above objective, the members of the internal audit department will abide by at least following code of ethics in their day to day operations. All the internal auditors will be responsible to keep compliance with the code of ethics. For this purpose internal auditors shall comply with following ethical and audit principles:

5.1.1. Integrity

The internal auditors should be straightforward, honest and sincere in their approach to their professional work. Internal auditors:

- shall perform their work with honesty, diligence, and responsibility;
- shall observe the law, regulations, and standard procedures defined by the organization and make the required disclosures;
- shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the organization; and
- shall respect and contribute to the legitimate and ethical objectives of the organization.

5.1.2. Objectivity

The internal auditor should not allow bias, conflict of interest or undue influence of others to override professional or business judgments. The internal auditor must be fair and must not allow prejudice or bias to override objectivity. Internal auditors:

- shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization;
- shall not accept anything that may impair or be presumed to impair their professional judgment; and
- shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

5.1.3. Professional Competence and Due Care

The internal auditor has a continuing duty to maintain professional knowledge and skill at the level required to ensure that the organization receives competent professional service based on current developments in practice, legislation and techniques. Internal auditor should act diligently and in accordance with applicable technical and professional standards.

Due professional care signifies that the internal auditor exercises reasonable care in carrying out the work entrusted in terms of deciding on aspects such as the extent of work required to achieve the objectives of the engagement, relative complexity and materiality of the matters subjected to internal audit, assessment of risk management, control and governance processes and cost benefit analysis.

The internal auditors should either have or obtain such skills and competence, acquired through general education, technical knowledge obtained through study and formal courses, as are necessary for the purpose of discharging their responsibilities. The internal auditor also has a continuing responsibility to maintain professional knowledge and skills at a level required to ensure that the organization receives the advantage of competent professional service based on the latest developments in the profession, the economy, the relevant sector and legislation.

5.1.4. Confidentiality

The internal auditor should maintain the confidentiality of the information acquired in the course of his work and should not disclose any such information to a third party, including the employees of the organization, without the specific authority of the management or unless there is a legal or a professional responsibility to do so. Internal auditors:

- shall be prudent in the use and protection of information acquired in the course of their duties; and
- shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

5.1.5. Independence

The internal auditor should maintain an impartial attitude. Internal auditor should not only be independent in fact but also appear to be independent. The internal auditor should not, therefore, to the extent possible, undertake activities, which are or might appear to be incompatible with his independence and objectivity. For example, to avoid any conflict of interest, the internal auditor should not review an activity for which he/she was previously responsible. It is also expected from the management to take steps necessary for providing an environment conducive to enable the internal auditor to discharge his/her responsibilities independently and also report his/her findings without any management interference. The internal auditor should immediately bring any actual or apparent conflict of interest to the attention of the Audit Committee and/or the appropriate level of management so that necessary corrective action may be taken.

5.2. Work Performed by Subordinates, Other Auditors and Experts

The HIA would often need to delegate work to subordinates. The HIA should carefully direct, supervise and review the work delegated to subordinates. Similarly, the HIA may also need to use the work performed by other auditors or experts. Though the HIA will be entitled to rely on the work performed by other auditors and experts, he/she should exercise adequate skill and care in ascertaining their competence and skills and also in evaluating, analyzing and using the results of the work performed by the experts. The HIA must also look into the assumptions, if any, made by such other experts and obtain reasonable assurance that the work performed by other auditors and experts is adequate. The reliance placed on the work done by the subordinates and/ or other auditors and experts notwithstanding, the HIA will continue to be responsible for forming conclusion on the areas/ processes being subject to internal audit.

5.3. Documentation

The internal auditor should document matters, which are important in providing evidence that the audit was carried out in accordance with the professional standards and best practices of internal auditing and support findings. In addition, the working papers also help in planning and performing the internal audit, review and supervise the work and most importantly, provide evidence of the work performed to support findings or the report(s).

*Details of internal audit documentation have been further elaborated in **Chapter – 16**.*

5.4. Planning

The HIA with the assistance of internal auditors shall plan the work in a manner which would enable conducting an effective internal audit in a timely and efficient manner, ensuring that appropriate attention is devoted to significant areas of audit, identification of potential problems and appropriate utilization of skills and time of the internal auditors. The internal audit plan should be based on the knowledge of the business of the organization. The internal audit plan would normally cover aspects such as:

- obtaining the knowledge of the legal and regulatory framework within which the organization operates;
- obtaining the knowledge of the organization's accounting and internal control systems, policies and TDEA Compendium;
- determining the effectiveness of the internal control procedures adopted by the organization;
- identifying the activities warranting special focus based on the materiality and criticality of such activities, and its overall effect on presentation of the financial information of the organization;
- identifying and allocating staff to each of the above activities;
- determining the nature, timing and extent of procedures to be performed;
- setting the time budget for each of the above activities;
- identifying the reporting responsibilities; and
- benchmark against which the actual results of the activities, the actual time spent, and the cost incurred would be measured.

A plan once prepared should be continuously reviewed by the HIA to identify any modifications to the plan required to bring the same in line with the changes, if any, to the audit universe.

Audit universe comprises the activities, operations, units, departments, projects, programs etc., to be subjected to audit during the planning period.

5.5. Evidence

The internal auditor, based on professional judgment, obtain sufficient appropriate evidence to draw reasonable conclusions therefrom on which to base the opinion or findings. Factors affecting the professional judgment include the activity under audit, possible errors and their materiality and the risk of occurrence of such errors.

Internal Control and Risk Management Systems

While the management is responsible for establishment and maintenance of appropriate internal control and risk management systems, the role of the internal auditor is to suggest improvements to those systems. For this purpose, the internal auditor should:

- obtain an understanding of the risk management and internal control framework established and implemented by the management
- perform steps for assessing the adequacy of the framework developed in relation to the organizational setup and structure
- review the adequacy of the framework
- perform risk-based audits on the basis of risk assessment process

Internal auditor may, however, also undertake work involving identification of risks as well as recommend design of controls or gaps in existing controls to address those risks.

5.6. Reporting

The internal auditor should carefully review and assess the conclusions drawn from the audit evidence obtained, as the basis for findings contained in internal audit report and suggest remedial action. However, in case the internal auditor comes across any actual or suspected fraud or any other misappropriation of assets, the internal auditor should inform the HIA and HIA will report to the Audit Committee and appropriate level of management.

*Details on internal audit reporting are further elaborated in **Chapter – 15**.*

6. Internal Audit Methodology

Internal audit methodology will follow the following four steps:

Step 1 - Know the organization: Gain an understanding of the organization's operations and/or functions and the business environment in which the organization operates

Step 2 - Risk assessment and planning: Assess the risk profile of the organization and plan the audit approach to address those risks

Step 3 - Testing and evaluation: Perform the internal audit work in an efficient and effective manner to evaluate the results of audit tests within a business context

Step 4 - Communicate results: Communicate audit results in the most efficient and effective manner that adds value to the auditee with an alignment to risk and business objectives

Know the organization

Risk Assessment and
planning

Testing and evaluation

Communicate results

7. Internal Audit Phases

In order to implement aforementioned audit methodology in an effective and efficient way internal audit activity will be accomplished through following phases:

7.1. Planning

Planning is a continuous process, however, for simplicity it can be described in following steps:

- Understanding the organization and its environment including internal controls
- Use this understanding to identify and evaluate risks in the organization
- Establishing the audit universe, audit objectives and scope. Audit universe or audit territory comprises the activities, operations, projects, programs and units etc., to be subjected to audit during the planning period. The internal auditor will periodically, say half yearly, review the audit universe to identify any changes therein and make necessary amendments, to make the audit plan responsive to those changes
- Deciding resource allocation
- To respond these risks prepare an audit plan. Annexure-2 provides a suggested format of annual audit plan.
- Present the audit plan before Audit Committee for approval
- After approval of the plan preliminary audit programs are devised to execute the plan in an effective and efficient manner

The manual discusses these steps in detail in their relevant sections.

7.2. Execution

This phase starts after the audit plan is approved and preliminary audit programs have been prepared. Execution involves following steps:

- Intimating the auditee (except for surprise audits) which has been selected for audit in the audit plan. Surprise audits and audits where fraud, financial irregularities or other special circumstances are suspected do not require prior intimation. Refer Annexur-5 for audit intimation letter format.
- Sending initial information requisition to commence the audit. (refer Annexure-6)
- Preparing agenda for the entry or opening meeting with the auditee
- Conducting entry/opening meeting
- Identifying significant changes in account balances over time or large variances from expectation or budget and perform an analytical review to determine the significance of these variances
- Review organizational charts and job descriptions and the nature of the auditee's activities and functions
- Evaluating the auditee's internal controls
- Discussing matters with the auditee that may impact the audit
- Determining the status of deficiencies noted during previous audits (if any)
- Inquiring about problem areas which the auditee would like the internal auditor to review;
- Making arrangements with the auditee for the preparation of the data, which will be needed during the audit
- Developing preliminary estimates of materiality levels and acceptable error rates
- Tailoring audit programs accordingly

- Applying internal audit techniques and procedures to execute the audit program
- Preparing audit work papers to which detail the necessary audit work accomplished to satisfy each step of the audit program

The manual discusses these steps in detail in their relevant sections.

7.3. Conclusion

This phase involves following steps:

- Documenting findings identified during audit work and obtaining auditee response thereon
- Preparing discussion draft.
- Preparing draft audit report
- Arranging exit or closing meeting with the auditee to discuss draft audit report
- Finalizing and drafting final audit report
- Distributing final audit report

*The manual discusses these steps in **Chapter –15 and Chapter – 16.***

8. Risk Management and Role of Internal Auditor

8.1. Risk

Risk is an event which can prevent, hinder, fail to further or otherwise obstruct the enterprise in achieving its objectives. Risk is measured in terms of impact and likelihood.

8.2. Types of Risks

Risk may be broadly classified into Strategic, Operational, Financial and Knowledge.

- a. **Strategic Risks** - are associated with the primary long-term purpose, objectives and direction of the organization.
- b. **Operational Risks** - are associated with the on-going, day-to-day operations of the organization.
- c. **Financial Risks** - are related specifically to the processes, techniques and instruments utilized to manage the finances of the organization, as well as those processes involved in sustaining effective financial relationships with internal and external parties.
- d. **Knowledge Risks** - are associated with the management and protection of knowledge and information within the organization.

8.3. Process of Risk Management and Internal audit

Risk management is a structured, consistent and continuous process of measuring or assessing risk and developing strategies to manage risk within the risk appetite. It involves identification, assessment, mitigation, planning and implementation of risk and developing an appropriate risk response policy. Management is responsible for establishing and operating the risk management framework. Risk Management process consists of:

- a. Risk identification,
- b. Prioritization and reporting,
- c. Risk mitigation, and
- d. Risk monitoring and assurance.

Internal audit is a key part of the lifecycle of risk management. The management establishes policies and procedures, and the assurance phase is accomplished by internal audit.

8.4. Role of the Internal Auditor in Relation to Risk Management

The role of the internal auditor in relation to risk management is to provide assurance to management on the effectiveness of risk management. Due consideration should be given to ensure that the internal auditors protect their independence and objectivity of the assurance provided. The role of the internal auditor is to ascertain that risks are appropriately defined and managed. The scope of the internal auditor's work in assessing the effectiveness of the risk management would, normally, include:

- a. Assessing the risk maturity level both at the organization level as well as the auditable unit level
- b. Assessing the adequacy of and compliance with the risk management policy and framework for the risks covered by the internal audit plan
- c. Assessing the efficiency and effectiveness of the risk response

- d. Assessing whether the score of the residual risk is within the risk appetite.

The internal auditor will not manage any of the risks on behalf of the management or take risk management decisions. The internal auditor should not assume any accountability for risk management decisions taken by the management. Internal auditor has a role only in commenting and advising on risk management and assisting in the effective mitigation of risk.

9. Risk Assessment and Evaluation

9.1. Introduction

Risk assessment process is the foundation for the internal audit. This continuous process requires the internal auditor to identify and assess risks based on an appropriate understanding of the organization, including its internal control. Internal auditor needs to first conduct a thorough risk assessment process and then properly designs and performs procedures that directly respond to the identified risks.

To develop an appropriate audit plan, members of the internal audit department must understand the organization and the environment in which it operates, including its internal controls. This provides them with the information necessary to assess the risks. The procedures used to obtain this understanding are called “risk assessment procedures”.

Internal auditor performs certain risk assessment procedures to identify and consider areas in the organization where risks are more likely to occur, identify the risks that could impact the organization's objective achievement, evaluate the identified risks to determine the likelihood of them and finally to identify other areas where audit attention will be focused. Understanding the organization and its environment, including internal control also assists in determining the nature, extent and timing of audit procedures to employ in response to the identified risks.

In addition to enhancing the effectiveness and efficiency of the internal audit, understanding the organization helps to develop meaningful, timely and constructive recommendations to management. All members of the audit department are expected to contribute to this effort by maintaining a questioning attitude as they carry out their work. The list of possible recommendations should be accumulated as the work progresses, included in the audit documentation and communicated timely to management.

Much of the understanding of the organization is acquired and enhanced as experience with the organization increases. Internal auditors can further improve their understanding of the organization's industry by obtaining pertinent articles from sources such as periodicals, trade association publications, professional publications or internet sites. Important information from these publications should be read and retained for future reference.

Collectively, this knowledge and experience enable the members of internal audit department to evaluate where risks could occur in the organization and to make informed risk assessments. Obtaining an understanding of the organization and its environment and assessing risk is a continuous process that occurs throughout the audit.

9.2. Know the Organization, Its Environment, Including Internal Control

To make appropriate risk assessment internal auditor should obtain sufficient, appropriate information about the organization, specifically the following aspects:

a. Organization structure:

- Legal status of the organization, its vision, mission and objectives, ownership structure, key management structure and hierarchy;
- Consultants, attorneys and advisors used by the organization, purpose and nature of services obtained from them;

- List of banks of the organization, nature of services obtained and types of accounts maintained with these banks;
 - Primary location of the organization and its operations, divisions, programs and projects;
 - Purpose, nature and key terms of the projects and programs of the organization;
 - Whether the work of other auditors or experts will be used;
 - Member organizations, their profile, structure and areas of operations; and
 - If financial or other operations of the organization are outsourced to service provider then obtain information about:
 - o services obtained or operations outsourced,
 - o extent of outsources,
 - o service level agreements and other key terms of arrangement
 - o degree of interaction with service providers
- b. Industry, regulatory and other external factors, including the applicable accounting framework**
- Regulatory environment including the applicable accounting principles and industry-specific practices, the type and extent of regulatory oversight, the legal and political environment, including taxation and trade issues and government policies, and donor requirements, general economic conditions, interest rates, availability of financing and inflation
 - Audited financial statements, management letter, letter to the BOT, and reports and other filings with regulatory oversight agencies, if any
 - Internally prepared management reports deemed of value in performing analytical review and inquiry procedures from internal audit perspective
 - Minutes of BOT, Executive Council and other significant committee meetings since the minutes were last reviewed
- c. Correspondence between the entity and its external legal counsel**
- Measurement and review of financial performance
 - Key ratios, operating statistics and performance indicators (financial and non-financial)
 - Budgets, variance analysis, segment information and divisional, departmental, and other level performance reports
 - Comparison of performance with peers
 - Employee performance measures
- d. Internal control (internal control have been discussed in detail in separate section of this manual)**

9.3. Using the Knowledge

Knowledge of the organization is a frame of reference within which the internal auditor exercises professional judgment in reviewing the processes, controls and risk management procedures of the organization.

Understanding the organization and using this information appropriately assists the internal auditor in:

- assessing risks and identifying key focus areas

- planning and performing the internal audit effectively and efficiently
- evaluating audit evidence
- providing better quality of service to the organization
- assessing inherent risk and control risk
- considering business risks and management's response thereto
- developing the overall internal audit plan and program
- determining materiality level and assessing whether the materiality level chosen remains appropriate
- assessing audit evidence to establish its appropriateness
- evaluating financial and non-financial estimates and management representations
- identifying areas where special audit consideration and skills may be necessary
- identifying related parties and related party transactions
- recognizing conflicting information, for example, contradictory representations
- recognizing unusual circumstances, for example, fraud and noncompliance with laws and regulations, unexpected relationships of statistical operating data with reported financial results

The head of internal auditor will ensure that all members of the department obtain sufficient knowledge of the business to enable them to carry out the internal audit work delegated to them. The head of internal auditor will also ensure that internal auditors appreciate and understand the need to be alert for additional information and the need to share that information with the head of internal auditor and other members of the department.

9.4. Discussion among the Members of Internal Audit Department

The culmination of the risk assessment process is the meeting of the members of internal audit department to discuss the risk assessments. The members of internal audit department should complete the necessary risk assessment procedures before tailoring the audit programs, setting scopes, and performing significant substantive procedures or tests of controls. The risk assessment process is ongoing and as such, the internal auditor considers risks throughout the performance of the audit work. The risk assessment process does not end merely because the internal auditors finished a formal risk assessment meeting. If additional risks are noted in other stages of the audit, the internal auditors address them by developing an appropriate response.

The objective of the discussion is for the internal audit members to:

- gain a better understanding of the potential for material risks resulting from fraud or error in the specific areas assigned to them
- understand how the results of the audit procedures in one area may affect other aspects of the audit

HIA will ensure that key decisions and conclusions of the discussion among internal auditors are properly recorded.

9.5. Evaluating the Likelihood of Risks

After the members of internal audit department identify the risks that could impact the organization, the members of the department must then evaluate which of the identified risks are more likely to cause a material impact. This may prove to be a challenging aspect of the risk assessment process for the members of internal audit department. Because the impact of

this evaluation on the audit strategy is so significant, it is essential that the HIA and senior members of the internal audit department be part of this process.

Internal auditors must make a judgment about the likelihood that each risk could cause a material impact to the organization. Accordingly, the manual categorizes risks as those that are reasonably possible and those that are not reasonably possible.

A risk is “reasonably possible” when the likelihood of occurrence of an event causing material impact is more than remote. When the internal auditors believe that the occurrence of an event causing material impact is not very likely, then the associated risks are remote (not reasonably possible).

Designating a risk as reasonably possible does not mean that internal auditor expects to find material errors or fraud. However, it does cause the procedures and documentation to reflect the possibility that material errors, irregularities or fraud could be present.

9.6. Responding to the Assessed Risks

a. If risk is evaluated as reasonably possible

A risk is reasonably possible if its occurrence is more than remote. Internal auditors will respond to these risks as follow:

- Identify processes associated to identified risks
- Assess the importance of identified processes and categorize them as:
 - o Important processes
 - o Somewhat important processes
 - o Not important processes
- Understand the internal controls on each process that are designed to address the risks
- Perform walkthrough tests
- Evaluate that internal controls are designed effectively and are implemented
- If internal controls are designed effectively and are implemented then:
 - o identify key controls from each important and somewhat important processes
 - o perform test of controls for each key control
 - o evaluate the results of test of controls
 - o on the basis of control test results, internal auditor will decide the nature and extent of substantive procedures. For satisfactory test of controls, only limited substantive procedures will be sufficient.
 - o if internal controls are not designed effectively and/or are not implemented or results from control testing are unsatisfactory then:
- design substantive procedure of such nature and extent that would be sufficient to mitigate the identified risk
- include the matter in audit findings

b. If risk is evaluated as not reasonably possible

- Identify processes associated to identified risks
- Understand the internal controls on each process that are designed to address the risks
- Perform walkthrough tests

- Evaluate that internal controls are designed effectively and are implemented
- Include any observation in audit findings

9.7. Documentation

The information and knowledge obtained by internal auditors on the organization, its environment, including internal control, risks assessment, risk evaluation and response to assessed risk should be adequately documented in internal audit working papers.

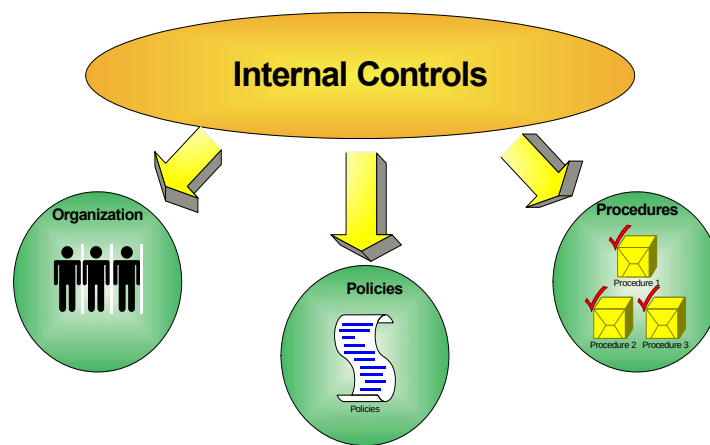
10. Understanding Internal Controls

10.1. Internal control

Internal control is a process designed to provide reasonable assurance regarding the achievement of organization's objectives in the following categories:

- Reliability of financial reporting;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with applicable laws and regulations.

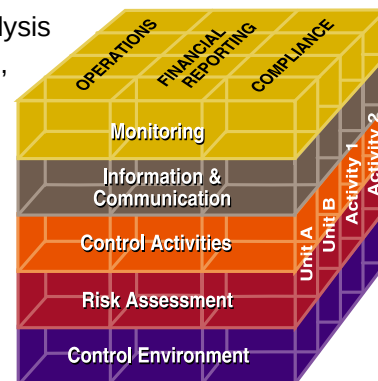
Internal control is a means of managing the risk associated with programs and operations. Internal controls – organization, policies, and procedures – are tools to help program and financial managers achieve results and safeguard the integrity of their program.



10.2. Internal Control Components

There is a direct relationship between the objectives, which are what an entity strives to achieve, and internal control components, which represent what is needed to achieve the objectives. There are following five interrelated internal control components:

- **Control environment** - sets the tone of an organization, influencing the control consciousness of its people; the foundation for all other components of internal control, providing discipline and structure
- **Risk assessment** - the entity's identification and analysis of relevant risks to the achievement of its objectives, forming a basis for determining how the risks should be managed
- **Control activities** - the policies and procedures that help ensure that management directives are carried out
- **Information and communication systems** - support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities



- **Monitoring** – a process that assesses the quality of internal control performance over time

10.3. Entity Level and Activity Level Controls

- **Entity-level controls** are the foundation of all other controls and are applicable to all entities, regardless of size. Entity-level controls are generally organized by the following activities: control environment, monitoring, information and communication, information technology (IT) and financial reporting. Monitoring includes risk assessment and monitoring risk assessment activities. Information Technology is separated from information and communication to enable the auditor to obtain a more focused understanding of controls over systems and applications.

Entity level controls related to the preparation of reliable and accurate financial statements and regulatory reports are generally termed as Financial Reporting Controls. Activities-level processes and controls initiate, capture, process and record transactions which culminate in the general ledger. Financial reporting activities take this information in the general ledger and use it to prepare accurate and reliable financial statements and regulatory reports. Financial reporting processes include:

- o mapping general ledger accounts to financial statement lines
- o preparing post-closing trial balances, including top-level journal entries
- o consolidating business units or projects
- o applying appropriate accounting principles

- **Activities-level controls** are controls performed at the process level within a transaction cycle (i.e., controls over the origination, processing, and recording of transactions) and include application-level security access controls. Processes are the action steps that are performed by every entity when conducting their business. Each transaction cycle consists of activities, and each activity consists of processes. Controls are attached to each process.

10.4. Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for effective internal control, providing discipline and structure. The control environment primarily includes:

- **Communication and enforcement of integrity and ethical values** – The effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of the control environment which influence the design, administration, and monitoring of other components. Integrity and ethical behavior is the product of the entity's ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. They include management's actions to remove or reduce incentives and temptations that might prompt people to engage in dishonest, illegal, or unethical acts. They also include the communication of entity values and behavioral standards to people through policy statements and codes of conduct and by example.

- **Commitment to competence** – Competence is the knowledge and skills necessary to accomplish tasks that define the individual's job. Commitment to competence includes management's consideration of the competence levels for particular jobs and how those levels translate into requisite skills and knowledge.
- **Participation by those charged with governance** – An entity's control consciousness is influenced significantly by those charged with governance. Attributes of those charged with governance include independence from management, their experience and stature, the extent of their involvement and scrutiny of activities, the appropriateness of their actions, the information they receive, the degree to which difficult questions are raised and pursued with management and their interaction with internal and external audit teams.
- **Management's philosophy and operating style** – Management's philosophy and operating style encompass a broad range of characteristics. Such characteristics may include management's (a) approach to taking and monitoring business risks, (b) attitudes and actions toward financial reporting, for example, conservative or aggressive selection from available alternative accounting principles and conscientiousness and conservatism with which accounting estimates are developed, and (c) attitudes toward information processing and accounting functions and people.
- **Organizational structure** – An entity's organizational structure provides the framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and reviewed. Authority and responsibility and appropriate lines of reporting are critical elements of an organizational structure. An entity develops an organizational structure suited to its needs. The appropriateness of an entity's organizational structure depends, in part, on its size and the nature of its activities.
- **Assignment of authority and responsibility** – This factor includes how authority and responsibility for operating activities are assigned and how reporting relationships and authorization hierarchies are established. It also includes policies relating to appropriate business practices, knowledge and experience of key people, and resources provided for carrying out duties. In addition, it includes policies and communications directed at ensuring that all people understand the entity's objectives, know how their individual actions interrelate and contribute to those objectives, and recognize how and for what they will be held accountable.
- **Human resource policies and practices** – Human resource policies and practices relate to recruitment, orientation, training, evaluating, counseling, promoting, compensating, and remedial actions. For example, standards for recruiting the most qualified individuals, with emphasis on educational background, prior work experience, past accomplishments, and evidence of integrity and ethical behavior, demonstrate an entity's commitment to competent and trustworthy people. Training policies that communicate prospective roles and responsibilities and include practices such as training schools and seminars illustrate expected levels of performance and behavior. Promotions driven by periodic performance appraisals demonstrate the entity's commitment to the advancement of qualified people to higher levels of responsibility.

10.5. Economic and Financial Statement Events

Financial statements may be considered summaries of the economic effects of exchange transactions between the reporting enterprise and third parties. Such transactions typically go through a series of processes until they are summarized in the general ledger. There are

four types of events that can occur within a transaction cycle: boundary, discretionary, internal, and ledger. Each process within a transaction cycle is assigned to one of these events.

- **Boundary event** - is the point in a transaction cycle where an entity interacts with a third-party. There are four types of boundary events:
 - o initiation – transaction is initiated
 - o movement – goods or services are provided
 - o recording - transaction is recorded
 - o consideration – transaction is completed; by receiving or paying the consideration
- **Internal events** - are intermediate activities that process data and information between the boundary and ledger events. Examples of internal events include maintaining the customer master file, entering receiving information, and recording receipts in a subsystem.
- **Ledger events** - are activities that record transactions in the general ledger. Examples of such events include recording investments, income, and receipts in the general ledger.
- **Discretionary events** - are economic activities that are initiated internally and are necessary to allocate revenues, expenses, gains, and losses to the proper periods. Discretionary events are judgmental in nature. Examples of such events include:
 - o adjusting and recording the provision for inventory obsolescence
 - o adjusting and recording inventory balances after a physical count
 - o calculating and recording depreciation charges
 - o calculating and recording the provision for bad debts

10.6. Processes and Controls

Processes are actions that a business conducts to accomplish its objectives. Processes, whether automated or manual, can introduce errors into the accounting system. These errors can be intentional or unintentional. Controls, on the other hand, are established over processes to prevent and detect such errors. For example, most businesses collect cash from their customers, which is a process. Controls implemented over this process should ensure that all cash collected is properly recorded and deposited in the entity's bank account. Such controls may include establishing a lock box and segregating the cash collection activity from the recording activity.

10.7. Documented and Undocumented Controls

Documented controls provide written evidence that they are performed and are often characteristic of manual controls. Undocumented controls may be effective, but they can only be tested through inquiry and observation.

Written evidence, which may take the form of signatures or initials, assists in the identification of items for testing and only provides indirect evidence that a control procedure was performed. For example, the person performing the control procedure might not have performed the procedure effectively because he or she misunderstood the purpose of the control.

10.8. Control Objectives

Each activities-level control is assigned to a control objective. Control objectives are applicable to economic and financial statement events as follows:

Control Objective/Activities	Boundary Event	Internal Event	Discretionary Event	Ledger Event
Authorization	X	X	X	
Completeness and accuracy	X	X		
Integrity	X	X		X
Budgetary				X
Reconciliation				X
Safeguarding				X

Controls that achieve the authorization objective are designed to ensure that captured transactions are valid and have the approval of management, but are not restricted to the boundary. This authorization may be general, for example, when authorization is given to award grant to any sub grantee up to a specified limit. This authorization may also be specific, for example, when authorization is given for grant in excess of the specified limit to be extended to a particular sub grantee. To be most effective, authorization takes place at a boundary where the exchange occurs, but may take place later in the transaction cycle. Such “authorization controls” occurring during processing are the same in nature and purpose as those at the boundary; however, controls at the boundary are normally stronger.

Controls that achieve the completeness and accuracy objective are designed to ensure that all exchanges with third parties are properly captured in the accounting system and the data captured is complete and accurate. “Completeness controls” are designed to prevent or detect errors in the number of items or transactions processed, to guard against the possibility that items accepted by the accounting system are omitted from processing or are processed more than once. “Accuracy controls” are designed to prevent or detect discrepancies between items of information and the corresponding economic facts, to guard against the possibility that incorrect information is processed.

Controls that achieve the integrity objective are designed to prevent the alteration of computer data files and programs, to help ensure that (a) all accepted transactions remain on file for the proper period, and (b) all captured transactions accurately update the master files. “Integrity controls” apply to automated components of the accounting system and include controls such as restricted access to databases. They do not include controls such as locks restricting access to the computer room.

Controls that achieve the budgetary objective are controls, generally applied to operating accounts, that aid management in determining that the entity is operating as expected. For example, if salaries are a negotiated contract item, management might expect actual salary expense to match the aggregate contracted amount. If the actual expense is significantly different, a “budgetary control” may indicate an error in the accounting system.

Controls that achieve the reconciliation objective are designed to ensure that the general ledger account properly reflects the summary of the events recorded in the accounting system, such as monthly bank reconciliation. The completion of bank reconciliation is not a control in and of itself. For example, if the bank reconciliation is prepared but the reconciling items are not examined to determine if they are indicative of a bank or internal error, no control is provided by the reconciliation.

Controls that achieve the safeguarding objective are concerned with the custody of assets, such as procedures and security measures to ensure that access to assets is limited to authorized personnel. These controls are particularly important in the case of valuable, easily exchangeable, or portable assets.

10.9. Foundational, Operational, and Monitoring Controls

- **Foundational controls** provide an overall context or environment to ensure that the execution of activities and controls is consistent with management objectives. Examples of foundational controls include segregation of duties, standard operating policies and procedures, and controls over entity-level processes, including data and systems access controls.
- **Operational controls** provide the front line of defense in preventing, detecting, and correcting errors. Examples of operational controls include following-up on reconciliations and exception reports, comparing batch totals to predetermined numbers, and performing edits on transaction limits.
- **Monitoring controls** ensure that all other controls are operating as designed. Examples of monitoring controls include review of business performance metrics, observation of operational controls, and re-performance of specific controls.

10.10. Preventive and Detective Controls

Preventive versus detective is a distinction based on the timing of the control application, because both types of controls are designed to discover errors. Preventive controls, as the name implies, prevent errors from initially being accepted in the books and records; detective controls expose the errors after their initial recording. Examples of preventive controls are re-performance of tasks by a second individual prior to recording and accounting for all items in a batch through the use of batch totals. Examples of detective controls are following-up on reconciliations and exception reports and performing monitoring activities.

Preventive controls are usually preferred over detective controls, because they prevent errors from being introduced into a process, as opposed to detecting errors already introduced. For example, the entity's control system would be better if a preventive control required two signatures on checks of Rs.100,000 or more, than if a detective control, (such as the bank reconciliation) would detect an improper Rs.100,000 check after it cleared the bank.

Because of the inherent limitations of internal control, the organization should have an appropriate mix of preventive and detective controls. While preventive controls are ordinarily preferable to detective controls, detective controls supplement preventive controls and further reduce the risk of error. Detective controls also address the risk of management override and fraud.

10.11. Manual and Automated Controls

- **Manual controls** are performed by people. Their reliability is affected by the possibility of human errors in judgment or misinterpretation, misunderstanding of the controls to be performed, carelessness, fatigue, or distraction.
- **Automated controls** are performed by the operating system or application software. They enhance the reliability or integrity of data and are inherently more reliable than manual controls. An example of an automated control is an edit check that prevents entry of invalid data.
- **Automated controls** are generally documented by producing an exception report (e.g., identifying rejected transactions or unsuccessful user attempts to log-on to a restricted system). When the accounting and other related systems include electronic processing, automated control procedures fall into two broad categories, **application controls** and **IT general controls** (system controls).

10.12. Application and IT General Controls

Application controls are automated controls built into application software (e.g., payroll, accounts receivable, or general ledger software). Application controls are designed to ensure that all transactions recorded are authorized, complete, and accurate.

IT general controls - ITGC (*also known as system controls*) are manual and automated controls that help ensure the continued, proper operation of information systems. For example, passwords restricting access to a computer network are IT general controls. There are five basic control objectives for IT general controls over computer processing:

- a. **Reliability of processing controls** - provide evidence that computer applications are properly running, and that:
 - the organizational structure and staffing is appropriate for the effective operation of the information technology department
 - there is appropriate segregation of duties between users, programmers and operators
 - unauthorized access to the system is prevented
 - the correct versions of data and program files are used in processing
 - the operating system facilities are properly implemented
 - the use of utility programs is restricted to authorized people
 - live implementation of new or amended programs is properly controlled
- b. **Integrity of software program controls** - provide evidence that processes and controls implemented within computer programs are not accidentally modified or deliberately circumvented. They include:
 - automated access security
 - physical access controls over electronic files
 - operational controls over enhancements and amendments to programs
- c. **Integrity of electronic data controls** - provide evidence that data is correctly processed and that data maintained by the accounting system is not accidentally or deliberately modified or corrupted by other means. They include:

- electronic access security
 - physical access controls over electronic media
- d. **Continuity of processing controls** - provide evidence that computer hardware and application systems continue to be available for processing accounting data on a timely basis, and include:
- physical access controls
 - backup and business continuity plans
- e. **System and application development and installation controls** - provide evidence that applications are properly designed to incorporate appropriate controls by the user, and that controls are properly implemented. This includes:
- development, testing, and documentation of applications developed in-house
 - acquisition, testing, documentation, and implementation of purchased applications

Although five basic control objectives have been defined for IT general controls over computer processing, there is considerable interdependence between them. For example, controls to restrict the use of utility programs, such as file editing tools, are not only relevant to the reliability of processing, but also to the integrity of data and programs. IT general controls over computer processing should not therefore, be considered in isolation from each other, or from the applications.

10.13. Limitations of Internal Control

Internal control does not provide management with conclusive evidence that objectives are achieved, because of inherent limitations. Such limitations include:

- the potential for mistakes arising from such causes as misunderstanding of instructions, errors of judgment, and personal carelessness, distraction, or fatigue
- the possibility that procedures whose effectiveness depends on segregation of duties can be circumvented by collusion or management override
- the possibility that procedures designed to assure the execution and recording of transactions in accordance with management's authorizations may be ineffective against either fraud or errors perpetrated by management, or against the estimates and judgments required in the preparation of financial statements
- management's consideration that the cost of an internal control does not exceed the expected benefits to be derived
- the potential for circumventing even the most elaborate security controls

Any projection of a current evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in personnel, system software, or other conditions, or the degree of compliance with any particular control may deteriorate.

10.14. Process Importance

It is essential to assess process importance correctly as this determination may affect the nature, timing and extent of other audit procedures. Internal auditors should carefully evaluate

the process and consider the relevance of the process factors. The more factors that are relevant, the more important a process is likely to be. There are three possible assessments:

- very important
- somewhat important
- not important

Process importance will be determined after consideration of certain factors that have been grouped into following four categories:

- **Materiality** – large monetary amounts, high volume of transactions, and impact on disclosures
- **Complexity** – specialized skills required, potential for introduction of errors, and complex accounting, judgments or estimates
- **Fraud and related party transactions** – potential for fraudulent financial reporting and misappropriation of assets and significant related party transactions
- **Recent changes** – in the business processes or in accounting principles or practices

Internal auditor will document controls for the very important and somewhat important processes. For not important processes, documentation of the controls is not mandatory.

10.15. Performing Walkthroughs

The objectives of a walkthrough are to:

10.15.1. Verify and update the understanding of internal control

Internal auditor will gather the information necessary to document their understanding for the very first time principally through inquiry and observation with reference to the TDEA Compendium and other policies and procedural manuals. This understanding will be verified by walking through one or more transactions. Internal auditor performs walkthrough tests to update and verify this understanding in a similar manner in subsequent periods; however, as a matter of efficiency, instead of first updating the understanding for any changes and later walking through transactions, the audit team may consider performing the walkthrough tests at the same time they make the inquiries and observations necessary to update their understanding.

10.15.2. Verify controls are implemented

- When determining whether controls are implemented, the internal auditor will also consider the effectiveness of the design of the control in preventing or detecting errors or fraud. Identification of ineffective control procedures at this time will help avoid performing tests of controls that do not function well enough.
- Walkthroughs should be performed for all processes associated with identified risks. Walkthroughs may also be performed in other areas; however, they are not mandatory.
- When performing a walkthrough, the internal auditor ordinarily traces transactions through the transaction cycle beginning with the documentation resulting from a boundary event, such as the issuance of a receiving report, and, while observing the operation of identified controls, they follow the transaction through the system until it is ultimately summarized and recorded in the organization's general ledger.
- When there has been a change to the system, for example, a software upgrade, the internal auditor may consider selecting transactions occurring before and after the

change to walk through the system, particularly if, in the software upgrade example, the entity does not have specific system controls for testing new versions of software before they are implemented.

There are two methods to perform walkthroughs and to verify control implementation:

- **Observation only** - should be selected when the internal auditor will only observe an instance of the actual operation of the control, and should only be selected for lower risk areas or where risk is evaluated as not reasonably possible
- **Inspection** - refers to more in-depth procedures, including interviewing the person performing the control and obtaining other information about the operation of the control

Using the format for walkthrough tests as prescribed in the Annexure - 11, internal auditors will document the transactions selected for a walkthrough.

11. Evaluating the Design and Operating Effectiveness of Internal Control

Internal auditor is required to obtain and document an understanding of entity-level and activities-level controls. After these controls are understood and documented, the internal auditor team will evaluate their design effectiveness. Design effectiveness relates to whether the appropriate controls are implemented to prevent and detect errors or fraud.

It is important to evaluate the design effectiveness of both entity-level and activities-level controls. Entity-level controls typically have a pervasive effect on overall control environment, a number of account balances or transaction classes, and may therefore affect many assertions. Conversely, activities-level controls directly affect the assertions relating to a particular account balance or class of transactions. For example, certain controls over inventory observation relate directly to the existence assertion for inventory, but to no other assertions.

If entity-level controls are not designed effectively, the internal auditor must evaluate the underlying deficiency to determine whether it is a material weakness. If it is, they must then determine whether it directly affects the design or operation of activities-level controls related to any reasonably possible risk. If so, it is not possible to obtain assurance from tests of activities-level controls to mitigate the affected risks. However, if the internal auditor determines that the entity-level material weakness does not directly affect design or operation of activities-level controls related to any of the reasonably possible risks; it may be possible to rely on controls for the reasonably possible risks by testing the operating effectiveness of key activities-level controls associated with them.

Internal auditor will evaluate design effectiveness by identifying findings, assess their severity (control deficiencies, significant deficiencies or material weaknesses), individually and in the aggregate.

The following factors will be considered by the internal auditor in evaluating design effectiveness:

- Missing controls
- Incompatible duties (i.e., lack of segregation of duties)
- Inappropriate mix of controls (e.g., lack of monitoring controls, too many undocumented controls)
- Missing security access controls (i.e., restricting access to data and programs to appropriate people)

11.1. Segregation of Duties

Segregation of duties is arguably the most important internal control. No one person should be responsible for the processing of a complete transaction. Segregation of duties is accomplished by assigning various processes and controls to different personnel.

In automated environments, appropriate segregation of duties may exist from the assignment of duties, but can be nullified if the entity fails to enforce the policies through appropriate security access controls. The absence of security access controls could result in unauthorized individuals having access to programs and data.

In order to assess that segregation of duties is appropriate, the internal auditor may use the following procedures:

- Link each process with the one or more of the following duties:
 - o Initiation
 - o Authorization
 - o Recording
 - o Reporting
 - o Custody
- Identify the person who is responsible for the process
- Assess whether duties performed by the person responsible for the process are compatible with the duties assigned to the process, position and function of the person in organization hierarchy
- Person responsible for the overall process should not perform a control within that process

Abovementioned steps will help the internal auditor to identify incompatible duties; however, internal auditor will use their judgment to conclude whether findings from these steps are valid.

11.2. Additional Considerations in Evaluating Findings

There should be a suitable combination of operational, monitoring and foundational control with different layers of preventive and detective controls. The following are additional considerations to assist the internal auditor in evaluating and concluding on design effectiveness:

- Operating controls that exist without a related monitoring control may be indicative of a control environment without appropriate oversight
- Missing foundational controls may be indicative of an environment where operating and monitoring controls cannot operate effectively
- A lack of preventive controls may indicate too much reliance on detective controls to identify errors or fraudulent transactions
- A lack of detective controls may indicate too much reliance on preventive controls. While preventive controls are ordinarily preferable to detective controls, when detective controls are absent, the internal auditor should evaluate the risk of management override and fraud
- Missing automated controls may lead to an increased risk of human error and may result in inefficient operations; where IT general controls have weaknesses, the strength of the preventive human controls becomes more important

Missing controls that address specific risks should be evaluated in relation to the other controls that address the same risk. An overall lack of controls related to a control objective in one process linked to a risk is indicative of a deficiency in internal control.

11.3. Identifying Key Controls

Key controls are those controls that the internal auditor selects to test for operating effectiveness. Key controls will be selected in every very important process and should consider selecting key controls in somewhat important processes related to each reasonably possible risk.

Not all controls that are implemented within a process are designated as key (and therefore tested). In considering which controls are key, the control(s) should:

- contain the appropriate attributes (automated versus manual, preventative versus detective, operational versus foundational, documented versus undocumented) to provide the most efficient and effective test
- address the same risk(s) as the substantive audit procedures whose scope will be reduced if the controls are operating effectively. For example, effective control procedures around the periodic counting of tangible properties. These control procedures directly reduce the likelihood of errors in the existence of recorded items. Accordingly, substantive procedures can be reduced (observation of inventories) by testing these controls
- be designed to prevent or detect material impact due to specific risks
- be capable of being tested by examining documentary evidence, through inquiry and observation, sampling, reperformance, or the use of computer-assisted audit techniques

Not all controls for a process within an activity that are implemented and pertinent to a given objective need to be tested. If there are two or more overlapping controls, any one of which alone satisfies the control objective, it is necessary to test only one. Accordingly, the internal auditor should usually select the control that is the most cost-effective to test.

Further, a particular control may relate to several risks. This control procedure would be subject to one series of tests of controls that would provide evidence as to the operation of that control for all the related risks. The tests of controls are not repeated for each risk.

Internal auditor should document following for each key control while performing test of controls:

- whether a control is key
- process and risks to which the control is associated
- which of the following techniques are used to test the control:
 - o Inquiry and observation
 - o Sampling
 - o Re-performance
 - o Computer-assisted audit techniques
 - o Management – re-performance
 - o Management – review only

These techniques have been discussed below in detail.

11.4. Testing the Operating Effectiveness of Controls

In determining operating effectiveness, the internal auditor should be concerned with many factors (e.g., how the control was applied, whether the control was performed throughout the period, did the right person perform the control, etc.). The tests of controls to be applied are matters of professional judgment. The type of test will vary based on the nature of the control, whether the control is documented or undocumented, and the judgment of the internal auditor. The following types of tests are may be used to evaluate operating effectiveness:

- Inquiry and observation
- Sampling
- Re-performance

- Management – re-perform
- Management – review only
- Service auditor

The nature of the control (documented or undocumented) is one of the factors that determines the type of testing that can be applied to the control. For example, although sampling allows the internal auditor to test the effective operation of a control over an extended period of time, it can only be used if a control is documented.

For a manual, undocumented control, the internal auditor can only perform inquiry and observation tests to obtain evidence that the control operated effectively throughout the period of reliance.

Automated controls depend on IT general controls for reliability, consistency, continuity, accuracy and documentation that they operated effectively throughout the period. Before testing automated activities-level controls, the internal auditor should have evaluated the IT general controls to confirm they are implemented and effectively designed. For example, to rely on a programmed edit control (an operational control), the internal auditor should be satisfied that IT general controls were implemented throughout the period. When IT general controls such as testing software updates are not effective, the edit control may also be ineffective or may not have operated throughout the period. Also, ineffective security access controls may mean that data was changed without being subject to the edit control programmed into the application.

For manual, documented controls, the internal auditor can choose the most appropriate test in the circumstance. Since controls that operate frequently require more testing, the most effective way to test these controls is to employ sampling. Conversely, controls that operate infrequently require less testing. In these circumstances the internal auditor ordinarily employs re-performance.

In obtaining an understanding of internal control and in evaluating design effectiveness, the internal auditor should have made inquiries, observed the performance of internal control, and performed walkthroughs. Some of these procedures may qualify as tests of controls, but may not provide sufficient evidence to evaluate operating effectiveness. Accordingly, prior to tailoring the tests of controls, the internal auditor should consider the procedures performed and the additional tests required to evaluate operating effectiveness.

11.4.1. Inquiry and Observation

When performing inquiry and observation procedures, the internal auditor assesses performance of the control through inquiry of appropriate auditee personnel and through observation of the application of the control. In doing so, the internal auditor assesses the correctness of the information subject to the control by inspecting the pertinent data, documents, reports, or electronic files.

- When performing inquiry and observation, the internal auditor ordinarily considers:
 - What control procedures are normally operated
 - Has the control been in operation throughout the period
 - Is the control consistently applied, including confirming with others that the control procedure is applied consistently and effectively
 - What alternative procedures operate in other circumstances (e.g., holidays and sickness)

- Have the control procedures identified any errors
- How and when are the errors corrected
- Circumstances that might cause the control to fail, be overridden, or be ineffective
- Rights and security levels for personnel using automated systems
- Whether breaches of the segregation are likely or common

Inquiry procedures are usually carried out only once during the year, provided there are no conflicting observations (e.g., observing that a control is not being performed or that documents subject to the control are erroneous). In such instances, further observations or inquiries (or other tests of controls) are necessary in considering the effectiveness of the control in question.

By executing the Tests of IT General Controls internal auditor obtains evidence that automated controls operated throughout the period. This allows the test of operating effectiveness of automated controls at the activities level to focus on a point in time. However, care should be taken when major software changes or upgrades occurred during the year, which may require the automated controls to be tested before and after the change.

11.4.2. Sampling

Sampling is a testing method used to test the operating effectiveness of documented manual controls. Sampling is generally not applicable for testing a control that is performed monthly or at regular periodic intervals (for example, various reconciliations) because of the small number of times the control is performed during the period. Further, sampling will rarely be the appropriate testing methodology when applying tests to automated controls, due to the inherent consistency of computer processing.

When sampling is used, the work performed on each sample item covers both control performance and the correctness of the information subject to the control. Control performance is tested by reviewing the documentation, and correctness of the information is tested by re-performing the control procedure.

A test of controls sample is a form of attribute testing. The internal auditor tests the specific attribute of whether the control was properly applied. The internal auditor should carefully define an “error” or “deviation” for such testing purposes, before performing the test. To be acceptable, the sample should be designed to be representative of the population being tested and therefore chosen bias-free. The manual further discusses on sampling methods in its relevant section.

11.4.3. Re-performance

When re-performance is used as a testing method, the internal auditor executes (or re-performs) the control to test control performance. In other words, the internal auditor selects items that the control was applied to and re-performs the control to determine whether it was operating effectively. Re-performance is a testing method ordinarily applicable to manual controls that operate on an infrequent basis. For example, re-performance may be used to test the operating effectiveness of monthly bank reconciliations. Such tests may have the following aspects:

- Ascertaining whether twelve timely reconciliations were performed
- Testing or reviewing certain of the reconciling items

- Testing at least one reconciliation to determine how the control was performed and the correctness of the information subject to the control, including appropriate follow-up of amounts in the reconciliation
- Re-performance is also included in sampling, inquiry and observation procedures.

11.4.4. Management – Re-perform and Management – Review Only

When controls were tested by other auditors or consultants hired by the entity, among others, the internal auditor may use their work in some circumstances. Most importantly, individuals performing the work should be competent and objective. The internal auditor makes and documents this judgment before using the work of others. In making this judgment, the internal auditor considers the following factors:

- Pervasiveness of the control
- Degree of judgment involved in evaluating operating effectiveness
- Potential for management override
- The materiality of the impact associated with the assessed risk, and the level of judgment or estimation required

Selecting the “Management – Re-perform” testing option for a particular control, the internal auditor will obtain procedures to evaluate the work of others by testing the work. These procedures include evaluating the test’s design, the results achieved and re-performing a selection of the tests performed by others (ordinarily two to three items).

Selecting the “Management – Review Only” testing option for a control, the internal auditor will obtain procedures to evaluate the work of others, but none of the procedures include re-performance. The internal auditor will obtain the work of others and evaluate the test’s design and the results achieved. This option is best suited as a response for not reasonably possible risks. Internal auditor can perform less testing than for reasonably possible risks because of the reduced risk.

11.4.5. Service Auditor

Similar to the discussion above, when a key control is tested by a service auditor, as evidenced by a service auditor report, the internal auditor may use this work when appropriate.

11.5. Concluding on Tests of Controls

After performing tests of controls, the internal auditor should determine whether or not the results provide sufficient evidence that the tested controls operate effectively to achieve the intended control reliance. When a test of a control fails, the internal auditor may determine that the control over the process is ineffective and the intended control reliance cannot be achieved for the particular risk. Alternatively, the internal auditor may select and test “compensating” controls, if applicable (see below).

The internal auditor will evaluate all deviations to determine their cause, even when the overall test results support the intended control reliance. This evaluation should consider whether the deviation indicates the presence of more significant issues such as a pervasive control failure, fraud or override of controls. The effect of the deviation is not mitigated even when it is isolated to a specific type of transaction, a specific time period, or to a specific employee.

When sampling procedures are performed, internal auditor will determine whether the intended control reliance is achieved based on the sample size examined and the deviations identified. If the internal auditor discovers a deviation in applying a procedure other than sampling, (and was unable to identify and test the operating effectiveness of another control(s) that achieved the same objective), the internal auditor would not be able to rely on controls for that particular risk.

Although the main objective of tests of controls is to search for deviations in the application of the controls being performed rather than monetary errors, any monetary errors encountered should be carefully assessed as to their nature, cause and likely or possible extent.

The internal auditor will document whether the intended control risk is achieved. All significant internal control deficiencies identified will be reported to the appropriate level of management as soon as practical.

11.6. Evaluating Control Deficiencies

The definition of a control deficiency is based on whether management has planned and organized (designed) a control in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically. In evaluating control deficiencies the internal auditor focuses on what could happen and not what has happened. A deficiency in internal control exists when a control is missing or an existing control is unable to manage the risk effectively and achieve organization's goals efficiently.

Control deficiencies, or a combination of deficiencies, that could fail to prevent or detect a material impact on the organization will always be considered material weaknesses. For other control deficiencies, judgment is required to determine whether they should be categorized as significant deficiencies. Significant deficiencies are less severe than a material weakness, but important enough to merit attention of the management. The internal auditor will document findings less severe than significant deficiencies as deficiencies. These findings do not required to be included in final report presented to the Audit Committee, rather these are informed and discussed in exit meeting with the auditee. However, internal auditors may report these findings to the Audit Committee.

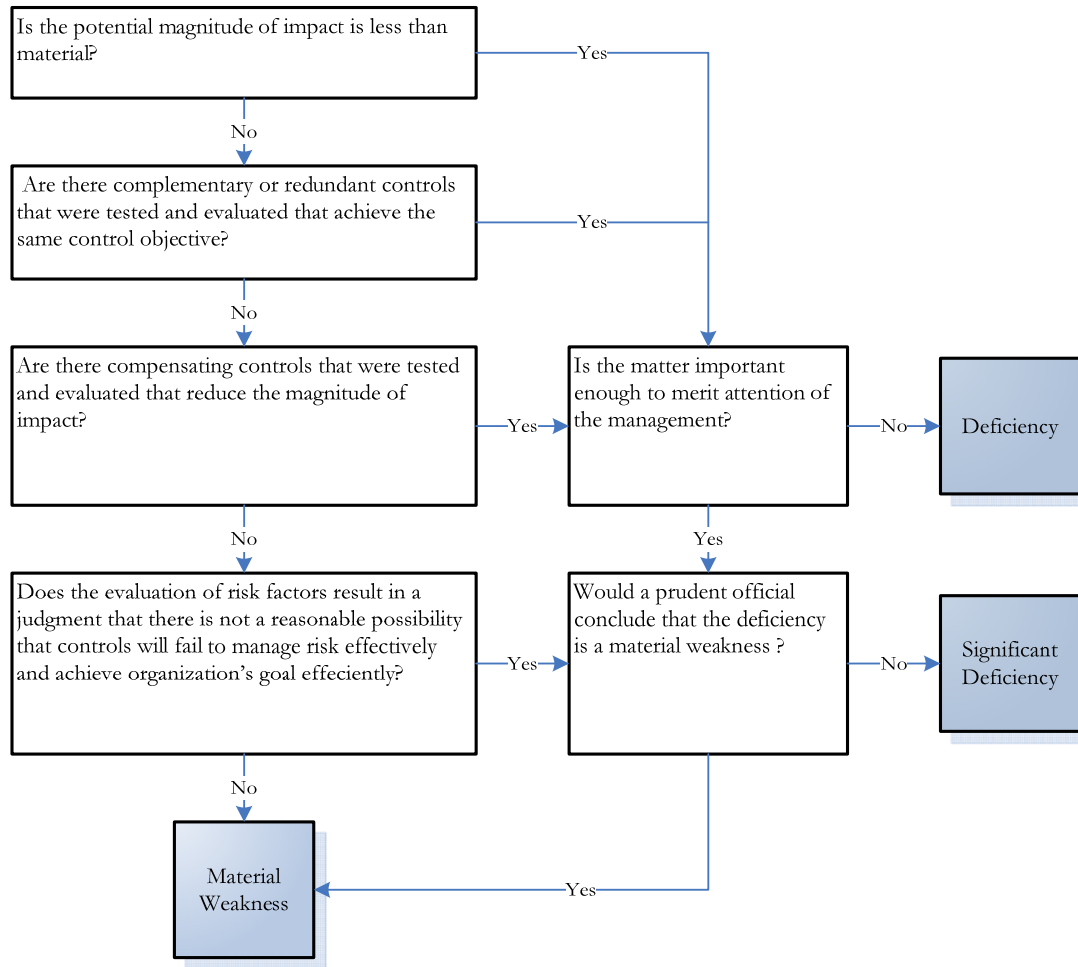
To assist internal auditor in exercising this judgment, the manual provides three charts. The three charts cover the following situations:

- Activities-level control deficiencies
- IT general control deficiencies
- Entity-level control deficiencies

All deficiencies need to be evaluated individually and in the aggregate.

11.7. Evaluating Activities-Level Control Deficiencies

Internal auditor will use underlying chart for evaluating activities-level control deficiencies:



When considering whether the magnitude of the impact, the internal auditor considers “gross exposure” – the worst case estimate of the magnitude of impact in the current and future periods.

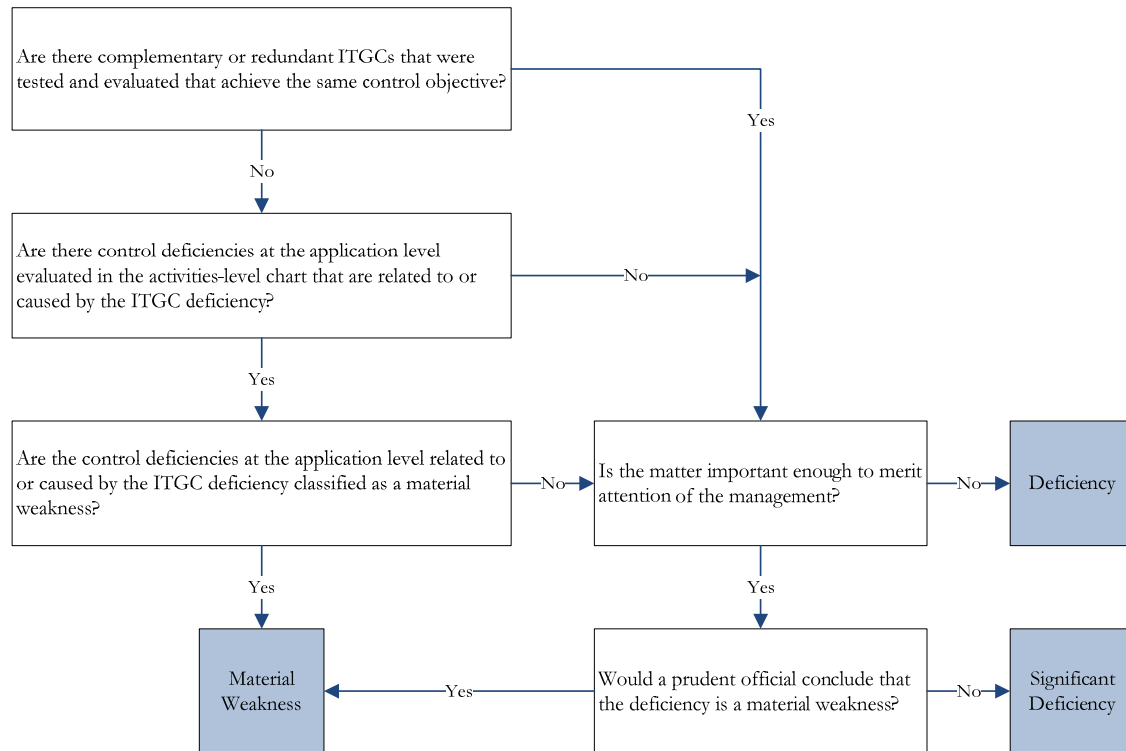
When determining whether other controls, that if effective, can limit the severity of deficiencies, the audit team considers:

- **Complementary controls** – function together as a group to achieve the same objective (controls within the same process that operate together, but are often less precise); to be effective, they should not allow the same error
- **Redundant controls** – achieve the same objective as other controls (they prevent or detect the same errors as other controls within the same process)
- **Compensating controls** – operate at a level of precision to manage the risk, as applicable (these should be operational or activities level monitoring controls, ordinarily within the same process, that operate at the same level of precision)

These controls do not reduce the gross exposure; however, they mitigate and limit the severity of the deficiency. In addition, they do not eliminate the deficiency in its entirety

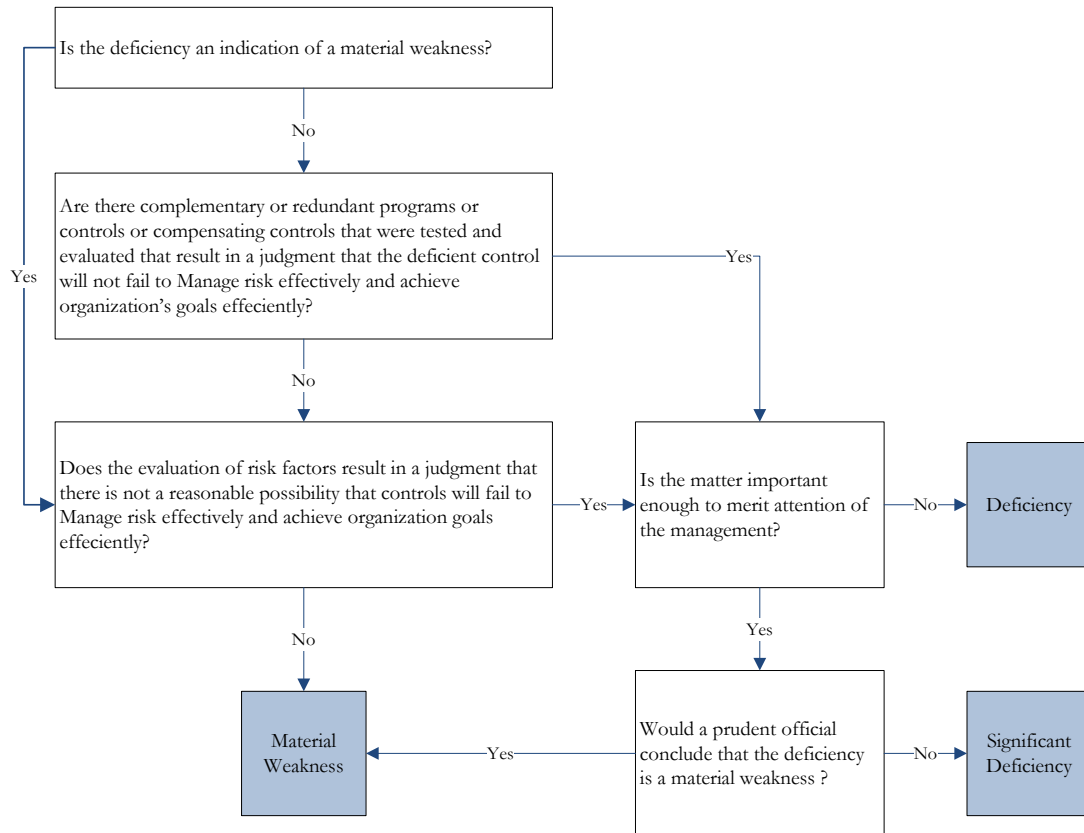
11.8. Evaluating General IT Control Deficiencies

The chart for evaluating IT general control deficiencies is as follows:



11.9. Evaluating Entity-Level (Other than IT General Controls) Deficiencies

The chart for evaluating entity-level control deficiencies is as follows:



12. Internal Audit Evidence

12.1. Audit Evidence

The internal auditor should, based on his professional judgment, obtain sufficient appropriate evidence to enable him to draw reasonable conclusions therefrom on which to base his conclusion or findings. Factors affecting the professional judgment include the activity under audit, possible errors and their materiality and the risk of occurrence of such errors.

Audit evidence is all the information used by the internal auditor to reach a conclusion for his opinion or findings. It is cumulative in nature, and includes evidence obtained from the procedures performed during the current and prior audits, and the department's quality control procedures.

The internal auditor uses one or more types of audit procedures for gathering audit evidence. Auditing standards categorize these procedures as follows:

- inquiry
- analytics
- inspection
- observation
- confirmation
- re-calculation
- re-performance

These audit procedures, or any combinations of these procedures, may be used as risk assessment procedures, tests of controls or substantive procedures.

12.2. Sufficient Appropriate Internal Audit Evidence

Sufficiency and appropriateness are interrelated and apply to evidence obtained from audit procedures. Sufficiency refers to the quantum of internal audit evidence obtained; appropriateness relates to its relevance and reliability. Normally, internal audit evidence is persuasive rather than conclusive in nature. The internal auditor may often seek evidence from different sources or of different nature to support the same finding.

The internal auditor should evaluate whether he has obtained sufficient appropriate audit evidence before he draws his conclusions therefrom. The internal auditor's judgment as to what is sufficient and appropriate internal audit evidence is usually influenced by:

- the materiality of the item
- the type of information available
- degree of risk of misstatement which may be affected by factors such as:
 - o the nature of the item
 - o the nature or size of the business carried on by the entity
 - o situation which may exert an unusual influence on management

The reliability of audit evidence is dependent on the circumstances under which it is obtained. Accordingly, while generalizations about the reliability of various types of evidence can be made, they are subject to important exceptions. However, the following interrelated presumptions concerning the reliability of audit evidence is meaningful:

Evidence that is more reliable	Evidence that is less reliable
direct evidence obtained through procedures such as inspection or recalculation	indirect evidence obtained through inquiry
obtained from outside, independent sources	obtained solely from management
Documented	Undocumented
obtained from inspecting original documents	obtained from inspecting copies and faxes
obtained in the presence of an effective control environment	obtained in the context of an ineffective control environment

When internal audit evidence obtained from one source is inconsistent with that obtained from another, or the internal auditor has doubts over the reliability of information to be used as internal audit evidence, the internal auditor shall determine what modifications to or additional audit procedures are necessary to resolve the matter.

12.3. Procedures for Obtaining Audit Evidence

Four general types of procedures are used to gather audit evidence:

- risk assessment procedures, which are intended to identify risks that could impact the organization
- walkthroughs, which are intended to provide evidence that internal controls are implemented
- tests of controls, which are intended to provide evidence that internal controls are operating as designed
- substantive tests, which are intended to provide evidence as to the validity and propriety of financial statement balances and their underlying transactions

This section discusses the procedures used to obtain audit evidence. Procedures should be selected in terms of the quality of the evidence they will produce and the cost of the procedures compared to the alternative procedures that the internal auditor could perform to obtain the necessary audit evidence.

The nature and timing of the audit procedures selected by the internal auditor may be determined based on the availability of accounting data and other information. For example, information may only be available in electronic form or at certain points in time. Therefore, the internal auditor should consider the evidence available in planning the nature and timing of audit procedures.

The procedures described below serve as the basis for the discussion of audit procedures throughout this manual. The various audit procedures can be classified, in general terms, as follows:

12.4. Inquiry Procedures

Inquiry consists of seeking appropriate information from knowledgeable persons inside or outside the entity. Inquiries may range from formal written inquiries addressed to third parties to informal oral inquiries addressed to persons inside the entity. Responses to inquiries may

provide the internal auditor with information which he did not previously possess or may provide him with corroborative evidence. The steps performed in inquiry include:

- identifying the question or the missing information required (deal with one issue at a time)
- identifying the right people to ask
- posing the question (and any necessary supplementary questions) tactfully, clearly and in a way that does not suggest a “proper” or “yes/no” response
- actively listening to the response
- evaluating the responses with professional skepticism
- comparing the explanations obtained to other information known, and performing additional procedures, when warranted
- reaching a conclusion
- documenting the conversation

The internal auditor might use inquiry procedures in four different ways:

- as an essential component of obtaining an understanding of the entity, including its internal control and validating that understanding
- as a starting point for further audit work
- to obtain explanations of significant or unusual items encountered
- to elicit information that may not be obtainable in any other way

12.4.1. Analytical Procedures

The internal auditor uses analytical procedures to analyze information obtained during the audit to seek evidence as to the completeness, accuracy, and validity of information. Analysis of a balance appearing in an accounting record is finding out “what is in” a given figure and comparing it to an expectation. Sometimes, analytical procedures are a preliminary step preceding other auditing procedures to identify account balances that require more in-depth audit procedures. Analytical review consists of studying significant ratios and trends and investigating unusual fluctuations and items.

12.4.2. Inspection Procedures

Inspection is to examine, trace, count, reconcile, or verify records or other documents, processes, conditions or transactions. Inspection of records and documents provides evidence of varying degrees of reliability, depending on their nature and source and the effectiveness of internal controls over their processing. The steps performed in inspecting documentation include:

- examining the documentation (paper, electronic or other)
- comparing all information contained in the documentation with other information recorded in the accounts or known to us
- investigating any differences
- reaching a conclusion

The internal auditor should be alert to the authenticity of the document being inspected. While they cannot be expected to detect forged documents, they might, in the case of externally prepared documents, be able to discern crude forgeries, misrepresentations, or alterations. Lack of authenticity may also be indicated by the nature of the information on the document.

12.4.3. Observation Procedures

Observation consists of looking at a process or procedure being performed by others in order to understand:

- who performs the process
- when it is performed
- how well the process is performed

Observation is often used when there is no tangible audit trail. Therefore, it is rarely sufficient audit evidence on its own and additional corroborating procedures will be necessary.

12.4.4. Confirmation Procedures

Confirmation is a process by which the internal auditor obtains and evaluates evidence in response to a direct request for information, usually to a third party.

12.4.5. Recalculation Procedures

Recalculation consists of verifying the mathematical accuracy of documents or records and re-computing amounts or supporting details, including totaling schedules. This may include recalculating items such as depreciation expense for specific assets, extending invoices and verifying the mathematical accuracy of general ledger postings.

12.4.6. Re-performance Procedures

Re-performance occurs when the internal auditor independently executes processes or controls that were originally performed as part of the entity's internal control.

13. Materiality

Internal auditor's consideration of materiality requires professional judgment. Materiality has two aspects (a) qualitative aspect (b) quantitative aspect. As far qualitative materiality concerns, it depends on internal auditor's judgment and different qualitative factors e.g., related party transactions, donor requirements, regulatory compliances, management's view of materiality etc. Quantitative materiality will be determined by applying an appropriate percentage to suitable benchmark.

Materiality = [(benchmark x percentage) – internal auditor's adjustment]

Internal auditor will apply his/her best judgment to select a suitable benchmark from total revenues, total contributions, or total assets. After the internal auditor selects a suitable benchmark, a reasonable measurement percentage must be determined. Again, this requires best judgment of the internal auditor. The percentage should range from 0.5% to 1%. Materiality will be determined by the HIA. If HIA concludes that materiality determined, by the abovementioned method, does not give an appropriate measure, the HIA may add/less an amount to adjust it up to an appropriate level.

Tolerable error means the maximum error in a population that the internal auditor is willing to accept. It is an amount less than materiality. Tolerable error is smaller than materiality because multiple errors that are less than materiality may exist and aggregate to a total exceeding materiality. The concept of tolerable error also contemplates a "cushion" for errors that may exist but will remain undetected or underestimated. Tolerable error should be set at an amount that will provide the internal auditor with reasonable assurance that material misstatements, if they exist, will be detected. The manual defines tolerable error as 60% of materiality. Designing audit testing using tolerable error assists in minimizing the risk that misstatements from individual accounts or groups of accounts will aggregate to a material amount.

14. Quality Control

The purpose of this chapter is to establish and provide guidance regarding quality assurance in internal audit. A system for assuring quality in internal audit should provide reasonable assurance that the internal auditors comply with professional standards, regulatory and legal requirements, so that the reports issued by them are appropriate in the circumstances.

In order to ensure compliance with the professional Standards, regulatory and legal requirements, and to achieve the desired objective of the internal audit, a person within the organization should be entrusted with the responsibility for internal quality control audit and on a periodic basis an external quality control review should also be carried out.

14.1. Internal Quality Control

Assuring quality control at the activity level is the responsibility of the HIA. The review shall be conducted by the HIA on an ongoing basis. The HIA shall carry out quality control review of the internal audit activity by using the following tools:

- Reviewing the minutes, working papers, discussion drafts, actions report, formal draft and final reports of the internal auditors and signing them at the end of each review.
- Internal auditors and the auditee shall keep in loop the HIA in all correspondences
- Rating of the internal audit activity by the auditee. The format is given in Annexure –9
- The evaluation of the internal auditor shall be conducted as per section 24 of the Compendium.

The results of the internal quality reviews along with the evaluation input by management and HIA are to be communicated to the Audit Committee annually along with the proposed plan of action to address issues and concerns raised in the review at the end of each year.

14.2. External Quality Control

External quality review is a critical factor in ensuring and enhancing the quality of internal audit. External quality review of the internal audit activities of TDEA should be carried out once every five years. Quality review should be based on a consideration of the factors such as the maturity level of the internal audit activity in the entity, results of the earlier internal audit quality reviews, feedbacks as to the usefulness of the internal audit activity from the management (auditee).

The external quality review should be done by a professionally qualified person having an in depth knowledge and experience of, interalia, the professional standards applicable to the internal auditors, the processes and procedures involved in the internal audit generally and those peculiar to the industry in which TDEA is operating, etc. The external quality reviewer should be appointed in consultation with the Audit Committee.

The external quality reviewer should discuss his findings with the Audit Committee. His final report should contain his opinion on all the parameters of the internal audit activity and should be submitted to the Audit Committee subsequent to discussions with HIA.

Based on the report of the external quality reviewer, the audit committee shall devise a plan of action to address the issues and concerns raised. The proposed plan's implementation would be the responsibility of the HIA based on the directives of Audit Committee.

15. Internal Audit Reporting

15.1. Introduction

The purpose of this section is to establish standards on the form and content of the internal audit report issued as a result of an internal audit performed by an internal auditor of the systems, processes, controls including items of financial statements of TDEA.

The internal auditor should review and assess the analysis drawn from the internal audit evidence obtained as the basis for his conclusion on the efficiency and effectiveness of systems, processes and controls including items of financial statements. This review and assessment involves considering whether the systems, procedures and controls are in existence and are operating effectively.

The internal audit report should contain a clear written expression of significant observations, suggestions/recommendations based on the policies, processes, risks, controls and transaction processing taken as a whole and managements 'responses.

15.2. Elements of Internal Audit Report

A measure of uniformity in the form and content of the internal auditor's report is desirable because it helps to promote the reader's understanding of the internal auditor's report and to identify unusual circumstances when they occur. The internal audit report should include the following basic elements, ordinarily, in the following layout:

- Title
- Addressee
- Report distribution list
- Period of coverage
- Scope paragraph
- Executive summary
- Findings
- Comments from the local management
- Action taken report
- Date of the report
- Signature

The details of the suggested internal audit report format is given in Annexure –8.

15.3. Quality of the Report

The internal auditor should exercise due professional care to ensure that the internal audit report is:

- **Clear:** The information included in the report should be drafted in manner that it is understandable by the reader of the report.
- **Factual:** The information included in the report should be accurate and reliable so that the reader does not deviate from substance of the matter discussed.
- **Specific:** The internal auditor should be precise in representing a finding so that the reader can analyze the matter correctly.

- **Concise:** The information discussed should be to the point but should be sufficient so that it covers all aspects of the issue highlighted in an appropriate and professional manner.
- **Unambiguous:** The information included in the report should not be vague which may result in puzzling the reader of the report.
- **Timely:** The report should be drafted and represented as per schedule so that information is available to those charged with governance for effective decision making.

15.4. Communication with Management

Internal audit report contains the observations and comments of the internal auditor, presents the audit findings, and discusses recommendations for improvements. To facilitate communication and ensure that the recommendations presented in the final report are practical from the point of view of implementation, the internal auditor should discuss the draft with the TDEA's management prior to issuing the final report.

The stages of communication and discussion are discussed in detail in **Chapter –17**.

15.5. Limitation of Scope

When there is a limitation on the scope of the internal auditor's work, the internal auditor's report should describe the limitation.

15.6. Restriction

The internal auditor should state in the report that the same is to be used for the intended purpose only as agreed upon and the circulation of the report should be limited to the recipients mentioned in the report distribution list.

15.7. Frequency of Reporting

The internal audit report will be prepared and presented to the Audit Committee on a quarterly basis unless agreed and approved by the Audit Committee.

15.8. Special Assignments

Internal audit department may be contacted and requested by another department for the execution of a special assignment not planned in the approved annual/short term strategic plans. The authority to issue instructions for any such assignments rests with the Audit Committee only. An assignment report will be prepared by the internal audit department and reported to the Audit Committee and the department requesting the assignment. The design of the report will be the responsibility of the HIA, any suitable format may be designed and used. However, the format of the report must be suitable enough to provide the following aspects of information:

- Objective of the assignment
- Scope of work
- Methodology adopted (where applicable)
- Instances found
- Recommendations

16. Internal Audit Documentation

16.1. Introduction

The purpose of this section is to establish standards and provides guidance on the internal audit documentation (working papers) requirements.

The internal auditor should document matters, which are important in providing evidence that the audit was carried out in accordance with the manual and professional standards. In addition, the working papers should (a) aid in planning and performing the internal audit, (b) aid in supervision and review of the internal audit work, (c) provide evidence of the internal audit work performed to support the internal auditor's findings and opinion, (d) aid in third party reviews, where so done, and (e) provide evidence of the fact that the internal audit was performed in accordance with the scope of work, manual and professional standards

16.2. Preparation Guideline

- a. Internal audit documentation may be recorded on paper or on electronic or other media. It includes, for example, audit programs, analyses, issues, summaries of significant matters, letters of confirmation and representation, checklists, and correspondence (including e-mail) concerning significant matters. Abstracts or copies of the TDEA's records, for example, significant and specific contracts and agreements, may be included as part of internal audit documentation, if considered appropriate. Internal audit documentation, however, is not a substitute for the TDEA's accounting records. The internal audit documentation for a specific internal audit engagement is assembled in an audit file.
- b. Internal audit documentation should record the internal audit plan, the nature, timing and extent of audit procedures performed, and the conclusions drawn from the evidence obtained.
- c. Internal audit documentation should be designed and properly organized to meet the requirements and circumstances of each audit and the internal auditor's needs in respect thereof. The internal auditor should standardize the internal audit documentation. The standardization may be in the form of checklists, specimen letters, questionnaires, etc.
- d. Internal audit documentation should be sufficiently complete and detailed for an internal auditor to obtain an overall understanding of the audit. The extent of documentation is a matter of professional judgment since it is neither practical nor possible to document every observation, finding or conclusion in the internal audit documentation. All the significant matters which require exercise of judgment, together with the internal auditor's conclusion thereon should be included in the internal audit documentation. However, the documentation prepared by the internal auditor should be such that enables head of internal audit, to understand:
 - o The nature, timing and extent of the audit procedures performed to comply with the manual, professional standards and applicable legal and regulatory requirements
 - o The results of the audit procedures and the audit evidence obtained
 - o Significant matters arising during the audit and the conclusions reached thereon

- o Terms and conditions of an internal audit engagement/requirements of the internal audit charter, scope of work, reporting requirements, any other special conditions, affecting the internal audit.
- o The form, extent and contents of the documentation would also be affected by the nature and terms of the engagement, and any statutory or regulatory requirements in that regard. The form, content and extent of internal audit documentation depend on factors such as:
 - The nature and extent of the audit procedures to be performed.
 - The identified risks of material misstatement.
 - The extent of judgment required in performing the work and evaluating the results.
 - The significance of the audit evidence obtained.
 - The nature and extent of exceptions identified.
 - The need to document a conclusion or the basis for a conclusion not readily determinable from the documentation of the work performed or audit evidence obtained; and
 - The audit methodology and tools used.

It is, however, neither necessary nor practicable to document every matter the auditor considers during the audit.

- e. The internal audit documentation should cover all the important aspects of an engagement planning, risk assessment and assessment of internal controls, evidence obtained and examination/ evaluation carried out, review of the findings, communication and reporting and follow up.

List of audit documentation for the audit file is provided in the **Annexure – 4**.

16.3. Identification of Preparer and Reviewer

- a. It is also essential that the internal audit documentation identify the following:
 - o Who performed that task and the date such work was completed.
 - o Date and extent of the review carried out by the head of internal audit.
 - o Reasons for creating the particular internal audit documentation.
 - o Source of the information contained in the internal audit documentation.
 - o Any cross referencing to any other internal audit documentation.

The preparers (internal auditor) and head of internal audit should sign the audit documentation.

- b. The internal audit file should be assembled within 45 days after the signing of the internal audit report. Assembly of the internal audit documentation file is only an administrative process and does not involve performance of any new audit procedures or formulation of new conclusions. Changes may be made to the audit documentation file only if such changes are administrative in nature. For example:
 - o Deleting or discarding superseded documentation.
 - o Sorting, collating and cross referencing internal audit documentation.
 - o Signing off on completion checklists relating to file assembly process.
 - o Documenting audit evidence that the internal auditor has obtained, discussed and agreed with the relevant members of the internal audit team before the date of the internal auditor's report.

- c. When exceptional circumstances arise after the date of the submission of the internal audit report that require the internal auditor to perform new or additional audit procedures or that lead the internal auditor to reach new conclusions, the internal auditor should document:
 - o The details of circumstances encountered along with the documentary evidence, if any, thereof;
 - o The new or additional audit procedures performed, audit evidence obtained, and conclusions reached; and
 - o When and by whom the resulting changes to the audit documentation were made, and (where applicable) reviewed.

16.4. Document Retention and Access

- The internal auditor retains the ownership of the internal audit documentation. Documentation relating to internal audit shall be retained for five years. While formulating the documentation retention policy, any legal or regulatory requirements in this regard also need to be taken into consideration. Management or third party may seek access to the internal audit documentation of the internal audit department subject to the approval of the HIA
- After the assembly of the audit file, the internal auditor should not delete or discard internal audit documentation before the end of the retention period.

17. Communication with Management

17.1. Introduction

This chapter provides a framework for the internal auditor's communication with management and identifies some specific matters to be communicated with the management. The internal auditor while performing audit should (a) Communicate clearly the responsibilities of the internal auditor, and an overview of the planned scope and timing of the audit with the management, (b) Obtain information relevant to the internal audit from the management, (c) Provide timely observations arising from the internal audit that are significant and relevant to their responsibility as described in the scope of the engagement to the management; and (d) Promote effective two-way communication between the internal auditor and the management.

17.2. Matters to be Communicated

17.2.1. Planned Scope and Timing of the Internal Audit

Communication regarding the planned scope and timing of the internal audit will assist the management in: (a) better understanding of the objectives of the internal auditor's work, (b) discussing issues of risk and materiality with the internal auditor; and (c) identifying any areas in which they may request the internal auditor to undertake additional procedures.

When communicating with the management about planned scope and timing of the internal audit, the internal auditor would need to ensure that such communication does not reduce the effectiveness of internal audit. For example, communicating the nature and timing of detailed audit procedures may make those procedures predictable.

Communication with management may assist the internal auditor to plan the scope and timing of the internal audit. It does not, however, change the internal auditor's sole responsibility to establish the overall internal audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

17.2.2. Internal Audit Findings: The different stages of communication and discussion regarding internal audit findings should be as under:

- o **Discussion draft:** At the conclusion of fieldwork, the internal auditor should prepare a discussion draft after thoroughly reviewing the working papers before it is presented to the TDEA's management. The auditee shall give comments after giving due cognizance to the internal auditor's comments. The management response shall give the action plan for resolution of the issues and compliance to the internal auditor's recommendations and suggestions on the areas of process and control weakness/ deficiency. The management's comment, should contain, inter alia:
 - The timeframe for taking appropriate corrective action;
 - The person responsible; and
 - Resource requirements, if any, for ensuring such compliance.

This discussion draft should be submitted to the TDEA management for their review before the exit meeting.

Contents required in discussion draft are given in **Annexure –7**.

- o **Exit meeting:** The internal auditor should discuss with the management of the TDEA regarding the details of the findings. At this meeting, the TDEA's management should comment on the draft and the internal audit team should work to achieve consensus and reach an agreement on the internal audit findings.
- o **Formal draft:** The internal auditor should then prepare a formal draft, taking into account any revision or modification resulting from the exit meeting and other discussions. Further comments from the internal auditor, in response to the auditee feedback, are to be clearly mentioned. When the changes have been reviewed by the internal auditor and the TDEA management, the final report should be issued.
- o **Final report:** The head of internal audit should submit the final report to the Audit Committee. The periodicity of the report should be as agreed in the scope of the internal audit engagement. The internal auditor should mention in the report, the dates of discussion draft, exit meeting, formal draft and final report.

17.3. The Communication Process

17.3.1. Establishing Two Way Communication

Matters that contribute to effective two-way communication include:

- Clarity in the purpose of communications which makes the internal auditor and the management better placed to have a mutual understanding of relevant issues and the expected actions arising from the communication process.
- Clarity in the form in which communications will be made.
- Identifying the person(s) from the management who will be responsible for communicating particular matters.
- The internal auditor's expectation that communication will be two-way, and that the management will communicate with the internal auditor, matters they consider relevant to the internal audit, for example, strategic decisions that may significantly affect the nature, timing and extent of internal audit procedures, the suspicion or the detection of fraud, and concerns with the integrity or competence of senior management.
- The process for taking action and reporting back on matters communicated by the internal auditor and the management.

Inadequate two-way communication may indicate an unsatisfactory control environment and influence the internal auditor's assessment of the risks of material misstatements. There is also a risk that the internal auditor may not have obtained sufficient appropriate internal audit evidence to support his findings or opinion.

17.3.2. Forms of Communication

Effective communication may involve structured presentations and written reports as well as less structured communications, including discussions. The form of communication is judgmental. HIA will set the precedent for the form of communication. While setting the mode of communication (whether to communicate orally or in writing, the extent of detail or summarization in the communication, and whether to communicate in a structured or unstructured manner) must consider factors such as:

- Whether the matter has been satisfactorily resolved.

- Whether management has previously communicated the matter.
 - The size, operating structure, control environment, and legal structure of the entity.
 - In the case of an internal audit of a specific aspect of an operation, whether the internal auditor also audits the entire operation or the entity.
 - The expectations of the management, including arrangements made for periodic meetings or communications with the auditor.
 - Whether there have been significant changes in the membership of a governing body.
- Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the internal audit documentation.

17.4. Timing of Communications

The appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by the management. The preferable time of communication with the management regarding various matters is given below:

- The communication regarding the planning matter should be made early in the financial year.
- Significant difficulty encountered during the internal audit should be communicated as soon as practicable.
- Material weaknesses in the design, implementation or operating effectiveness of internal control that have come to the internal auditor's attention should be included in the discussion draft.
- Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and related safeguards.
- General communication should be made on need basis.



Trust for Democratic Education and Accountability

**USAID/Pakistan
Citizens' Voice Project**

Contract number AID-391-C-11-00001

Subawards Manual

Subawards Manual (September 2012)

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1. Background

1.1 Introduction

The Trust for Democratic Education and Accountability (TDEA) is a Pakistan-based Trust that has been working since 2008 to strengthen all forms of democratic accountabilities in the country. TDEA has been awarded a USD 45 Million (local currency equivalent Rs. 3.825 billion) Contract by United States Agency for International Development (USAID) to implement a five-year "Citizens' Voice Project". The overall goal of the Citizens' Voice Project is "improved engagement between citizens and government on priority program-supported initiatives to advance good governance objectives". Grants to community-based organizations, non-governmental organizations, professional and business associations, research institutes and think-tanks and public institutions have been stipulated under the three components of the project i.e. 1) Strengthened Voice 2) Enhanced Capacity and 3) Improved Accountability.

Trust for Democratic Education and Accountability (TDEA), with the help of The Asia Foundation (TAF) and Grant Thornton Anjum Asim Shahid Rahman Chartered Accountants (GT-AASR) have joined hands to implement the project, with TDEA being the lead and TAF and GT-AASR as subcontractors for different areas of technical interventions. Geographically, the program will operate at the federal and provincial level in tandem with targeted U.S. Government (USG) and Democracy and Governance (DG) office program priority areas.

1.2 Purpose of the Subawards Manual

This Manual provides a comprehensive discussion of the approach the Project will implement in carrying out the "grants under contract" program. This Manual describes the internal procedures, processes, criteria, and other requirements that the Project will follow in soliciting applications for subawards, training prospective applicants and actual subawardees, disbursing advances (if advances are authorized) and payments, tracking subaward statistics, and closing out subawards. In addition, it includes descriptions of the interaction between the primary actors in the program – USAID, the Project, subaward applicants and subawardees. This Manual applies to Objective 1 (Strengthened Voice) and Objective 3 (Improved Accountability) subawards.

Upon approval by USAID, this Manual will be submitted to TDEA-Board of Trustees for assent. The Manual duly approved by the Board will form the framework for the Project staff to follow for subaward management. Please refer to [Annex 1](#) for approval documentation of this Manual and effective date.

The policies and procedures contained in this Manual are subject to change upon the direction from or approval by USAID/Pakistan. Any questions regarding the policies and procedures should be directed to the Chief of Party. The Grants Manager should be vigilant of issues or events (e.g., changes in policies and procedures issued by the TDEA Board of Trustees, implications of directives from government of Pakistan, required changes by USAID/Pakistan, changes in subaward approach) that will require changes to this Manual. Any subsequent significant changes will again be presented to the USAID/ Pakistan and TDEA-Board of Trustees for approvals.

Annexes to this manual mostly represent the tools used to perform the steps outlined hereunder. These are dynamic and living documents, which will continue to evolve, based on experiences in the field during implementation.

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1.3 Important Definitions

Agent - An Agent is the individual authorized to sign subaward agreements for his or her respective organization. The Agent signing on behalf of a subawardee shall be hereinafter referred to as "Subawardee Agent". The Agent signing on behalf of TDEA, TAF, GT-AASR or the Project shall be hereinafter referred to as "Agent".

Available approaches for subawarding

The project will position itself by investing time and resources in the planning of sub-awards. Priority areas will need to be defined for technical as well as geographical coverage. Clear program summary/ program description and technical evaluation criteria would need to be defined. Funds would be earmarked and communicated to applicants to keep the solicitations within reasonable thresholds. The Grants Management Committee will plan the awards process and set timelines. This is dependent on the provision of thematic areas and budget levels by USAID.

A solicitation program will then be opened which could take up the following shapes. The below mentioned approaches could be used with variation in design for any type of subawards the project intends to make. Selection of mechanism will be governed by program specificity, timing and magnitude of intervention:

1. *General Program Statements*: The project may announce general program support interests and funding ceilings planned for subawarding in the beginning of the quarter/ year including technical and geographical areas with calendar of solicitation activities. Actual awards could be of any size and type, not necessarily small in amount.
2. *Specific Requests for Applications*: Each quarter the project will announce a number of specific Requests for Applications in thematic areas as well as geographical areas like federal level, provincial level or local level. These could be of any amount and type from the set of subaward sizes defined in this manual.

Subawards may be awarded depending upon the identification and localization of technical needs. In case of subawards, cost share would be offered by the organizations in form of physical and institutional infrastructure. Subawards may also be awarded to commercial/ educational institutions to support human capital development. Commercial organizations will, however, be required to forego the profit element (Annex 33) in order to be eligible for subaward.

Chief of Party (hereinafter referred to as "COP") is the person who is overall incharge of the Project. As per the contract between USAID and TDEA, the COP is the public face and voice of the Project and in that capacity provides overall technical and administrative leadership and area-specific expertise. The COP serves as the primary liaison with USAID/Pakistan on contract management and technical matters and is primarily responsible for adjusting programs and operations in response to USAID/Pakistan's contractual or technical directions, provided by the Mission's Contracting Officer and the Contracting Officer's Representative (COR). The COP shall also ensure that technical assistance and expertise provided under the contract is timely, responsive, and of the highest quality.

Citizens' Voice Project (hereinafter referred to as "the Project" or "CVP") – The Project is a USD 45 Million Contract by USAID for "improved engagement between citizens and government on priority program-supported initiatives to advance good governance objectives". Subawards as stipulated in the contract, as amended to community-based

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organizations, non-governmental organizations, professional and business associations, research institutes and think-tanks and public institutions will be made under the three components of the project i.e. 1) Strengthened Voice 2) Enhanced Capacity and 3) Increased Public-Private partnerships. Geographically, the program will operate at the federal and provincial level in tandem with targeted U.S. Government (USG) and Democracy and Governance (DG) office program priority areas.

Competition - It is TDEA's policy to provide for full and open competition through use of the competitive procedure(s) contained in this Manual that are best suited to the circumstances of the project action and consistent with the need to fulfill its obligations to donors/ clients efficiently. Full and open Competition means that any type of organization or business will be permitted to compete for the planned subaward (subject to the source, origin, nationality, defined eligibility criteria and other restrictions of the solicitation). Besides that, Limited Competition may also be used with USAID approval. This includes any other authorized method which would mean less than full & open competition. This will be marked for any subaward action that will be solicited using less than full and open competition. Please also refer to the Required Organizations as explained in [Section 7](#) which could be prequalified for a full and open competition, a limited competition or sole source award due to being strategically well placed and most advantageous choice as recommended through the approval process and approved by USAID COR.

Compliance Check - This is a critical step of due diligence for screening applicants, using the following resources, against the various U.S. Government, UN and Pakistan Government lists such as debarred and suspended parties, suspected terrorists etc. Screenshots need to be kept on files.

Compliance check of the existing sub awardees should be carried out after every six months.

- Verification that the subawardee and key personnel are not on the UN's 1267 Committee List on Al-Qaida and the Taliban and Associated Individuals and Entities: <http://www.un.org/sc/committees/1267/consolist.shtml> or <http://www.un.org/sc/committees/1267/AQList.htm>
- Verification that the subawardee and key personnel are not on the State Department's *Terrorist Exclusion List*: <http://www.state.gov/s/ct/rls/other/des/123086.htm>
- Verification that the subawardee and key personnel are not on the Office of Foreign Assets Control (OFAC) list of Specially Designated Nationals and Blocked Persons available at <http://sdnsearch.ofac.treas.gov/>
- Verification that the subawardee and key personnel are not on the list of parties excluded from Federal Procurement and Non-Procurement Program. Please see link at: <http://epls.gov>.

Note: [The above system has been migrated to System for Award Management. The link is <https://www.sam.gov/portal/public/SAM/>]

- Verification that the subawardee is not on the list of Foreign Terrorist Organizations being maintained by US Department of state available at: <http://www.state.gov/s/ct/rls/other/des/123085.htm>

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Besides the above, there will be specific vetting based on the guidelines of USAID Pakistan Mission Order 200.4 for prevention of risk of terrorism financing. This specific vetting will be documented as a part of desk review to assess not only individuals but also the geographical area in which the project will be operating to exercise due diligence that grant resources are not misused.

Fixed Obligation Subawards (hereinafter referred to as “FOSA”) – This will be the preferred mechanism for awards under the project. Based on the definition of a FOG in USAID ADS 303, awarded to a non U.S. organization, and that allows “for very specific program elements without a requirement for Federal monitoring of actual costs subsequently incurred”. It is intended for use to support specific projects where there is a certainty about the cost, and in which the accomplishment of the purpose or milestone in the subaward is readily discernible, such as conferences and supplies, monitoring, oversight and engagement of and with public and elected institutions. FOSA is more fully described in [Section 4.2](#).

Grant Thornton - Anjum Asim Shahid Rahman Chartered Accountants (hereinafter referred to as “GT-AASR”) – GT-AASR is the subcontractor responsible for the technical implementation and management of the Project under a sub-contract with TDEA. Their primary areas of responsibility are Financial Monitoring & Evaluation, capacity building and compliance services to TDEA. TDEA however reserves the right to engage more than one subcontractor for pre-award assessment exercises.

Memorandum of Understanding (hereinafter referred to as “MOU”) – An MOU is established between two parties to document the understanding. It could be between TDEA and another organization for starting up some intervention on a less formal level. In both cases, the MOU is a non-binding agreement, in which the tone of the agreement encourages both parties to honor the conditions without having to invoke legal recourse in case one party does not abide by the conditions in the MOU. The MOU does not involve funding commitment but is suitable to encourage public-private partnerships with the potential of leading to a funding arrangement most likely with a public institution.

Milestones - Milestones are the key programmatic and financial targets that must be met to qualify for reimbursement of funds under FOSA.

Payment Mechanisms – These are the ways using which subawardees will be paid for their services. Advance-reimbursement mechanism means that payments will be made before the services are received and the advance will be adjusted against the financial and technical reports provided by the subawardee for reasonable, allocable and allowable expenses. A subsequent advance will also be provided based on the funding needs of next period and obligated amount of subaward. Cost-reimbursement mechanism implies that the subawardee spends the money on subaward activities using its own resources and then TDEA reimburses it for reasonable, allocable and allowable costs.

Potential Subawardee – This is an applicant whose application was evaluated with a score of at least 60 points and for which an organizational assessment is to be done prior to the final selection of subawardee for a subaward. The applicants scoring less than 60 marks are also considered as potential subawardees if the USAID approved RFA permits such relaxation or the PSC reduces the pass marks in a particular thematic area.

Required Organization – It is an organization which is “*strategically well-placed*” for performing in the interest of TDEA, USAID and project objectives or it is technically and

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strategically important to work with that organization for achievement of project objectives. It should be qualified to respond to Request for Concept Papers or Request for Grant Application, as applicable after meeting all the basic qualifying criteria and obtaining a medium to low risk level rating in the organizational assessment. A list of such organizations will be developed by the project and its approval process is detailed further in [Section 7](#).

Short-listed Applicant – This is an applicant that met all the basic qualifying criteria described in [Section 12.1](#) and whose technical application was evaluated with a score of at least 60 points or a lesser score as approved by USAID in RFA or the passing score as determined by PSC or USAID.

Simplified Subawards (hereinafter referred to as “SSA”) – Similar to FOSA, it is intended to finance discrete results-oriented activities that are measured with verifiable indicators and to strengthen the capabilities and program activities of eligible organizations. The subaward agreement will include all USAID regulations required to be complied with by the subawardee. This subaward mechanism could be used for subaward upto \$150,000. SSA is more fully described in [Section 4.2](#). Using this type of subaward will also provide opportunities of technical as well as financial capacity development of the subawardee.

Subaward Agreement - It is the legal agreement that governs the purpose, permissible use and allocation of funds awarded to any subawardee under the Project. It also defines the role and responsibilities of the subawardee with respect to such subaward.

Subaward Applicant (hereinafter referred to as the “Applicant”) - The Applicant is an eligible organization (passes eligibility criteria) that applies for subaward funding in accordance with this Manual.

Subawardee – An organization that has been awarded a Project subaward.

The Asia Foundation (hereinafter referred to as TAF) – The Asia Foundation is a nonprofit, non-governmental organization committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. TAF supports Asian initiatives to improve governance, law, and civil society; women's empowerment; economic reform and development; sustainable development and the environment; and international relations. TAF is one of the major subcontractors in the project and is responsible for technical areas of Organizational Development and Capacity Building. It is also responsible for managing the disbursement of funds for subawards for the project.

Tiers of subawards – The project has three tiers of sub-grant awards: 1) under the local currency equivalent of \$100,000; 2) the local currency equivalent of \$100,000 to the local currency equivalent of \$250,000; and 3) over the local currency equivalent of \$250,000. Tier 1 awards are expected to be most frequent, and the approval process for such awards will be streamlined and kept as simple as possible. Tier 2 sub-grant awards over \$100,000 but under \$250,000 will be less common and will entail a greater degree of scrutiny and implementation oversight. Tier 3 sub-grant awards over \$250,000 will be approved by USAID in exceptional circumstances to organizations with demonstrated capacity.

Trust for Democratic Education and Accountability (hereinafter referred to as “TDEA”) – TDEA is a Pakistan-based Trust that has been working since 2008 to strengthen all forms of democratic accountabilities in the country. It has entered into a contract with USAID as the primary contractor and implementer of the Project.

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United States Agency for International Development (hereinafter referred to as “USAID” or “USAID/Pakistan”) - The Mission of the United States Agency for International Development in Pakistan is the agency that funds the Project and is the agency that approves the form and substance of this Manual.

USAID Contracting Officer's Representative (hereinafter referred to as “COR”) - The COR is USAID/Pakistan's technical manager for the Project.

2. Roles and responsibilities

2.1 Individual responsibilities:

The following individuals or groups are involved in the subaward process:

- Chief of Party (COP)
- Director Organizational Development and Capacity Building
- Director Program Development and Research
- Director Finance & Grants Administration
- Grants Manager
- Monitoring and Evaluation Manager
- Grants Management Committee (GMC)
- Project Steering Committee (PSC)
- Assessment Team
- Authorized Check Signatories
- Risk Management and Compliance unit
- TDEA Secretariat

Each individual or group is responsible and/or accountable for certain tasks; some are consulted, informed and/or oversee that certain points in the subaward process are implemented as planned and in a proper manner.

These roles are as follows:

- **Responsible** - The individual or group who performs certain action or task. The action or task performed can be a point of control, e.g., directive, preventive.
- **Accountable** - The individual or group who is answerable for the outcome of the actions or tasks performed. In most cases, the one responsible for certain action or task is also accountable for such action or task.
- **Consulted** - The individual or group who is sought for advice, technical guidance, and recommendations.
- **Informed** - The person or group who needs to know what actions were performed and outcomes of such actions.
- **Oversight** - The person or group who checks whether the necessary actions have been performed properly. The oversight function is a control point.

2.2 Organizational Responsibilities of TDEA [Under Contract with USAID]

TDEA has established a Project Steering Committee (PSC) that will be responsible for the strategic management of the program's activities. The Terms of Reference (TORs) for the PSC are attached as [Annex 2](#).

In view of the range of potential subawardees and the broad range of activities to be supported under the project, TDEA will:

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- 1) employ a menu of sub-grant award strategies and options such as quick impact grants, service delivery grants, advocacy grants, research grants and targeted sustainability grants; and
- 2) provide, as needed, organizational development training and technical assistance to subaward awardees. This shall be described and approved in each annual workplan.

TDEA will execute periodic solicitations drawing upon current thematic interests, geographical foci and policy “hot topics”. USAID will be involved in planning and approving each solicitation through the Project Steering Committee to ensure that the thematic content of each solicitation is in line with USG program priorities and project needs.

TDEA will perform the following activities through its various departments:

- 1) receiving, logging and prioritizing applications (based upon the likelihood of achieving results);
- 2) vetting potential sub-grant awardees;
- 3) ensuring that proper administrative and financial controls are in place to administer funds and ensuring compliance with applicable regulations;
- 4) coordinating a review and approval process with USAID's representative of this program; and
- 5) monitoring performance and reporting upon the results of activity implementation.

As a matter of developing resources, TDEA shall:

- Receive and establish application files for all subaward requests that have been received in response to solicitations. TDEA will review and score all complete applications received from qualified applicants, make a funding recommendation, and submit summary assessment documentation to USAID's COR. TDEA will correspond directly with unqualified applicants or those submitting incomplete applications advising them of the reasons their applications are not receiving further funding consideration;
- Prepare and submit the standard database file for all funded subaward applications to the USAID COR, and regularly verify the accuracy of the database entries;
- Undertake field visits to assess the organizational capacity of potential subawardees to perform the activities being proposed, and to assess their ability to control and account for any financial support that may be provided in accordance with USAID regulations. TDEA will also assess the viability and appropriateness of each project application, employing standardized procedures that will include talking with principal stakeholders, including local government institutions and organizations, and potentially with other donors active in the area;
- Provide technical assistance to subawardees in developing financial and program management systems that will ensure subaward funds are being properly accounted for;
- Provide quarterly and monthly reporting of results of subawards, including progress of initiatives, achievements, problems encountered, proposed solutions and budget status to USAID's COR (as detailed in [Section F](#) Reports and Deliverables of TDEA's contract with USAID);
- Upon approval, execute awards using funding provided under the program. Post-award, TDEA will be responsible for on-going subaward management and oversight,

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ensuring to the extent possible successful project completion and financial accounting. Subaward management will include project close out and submission of final performance and accounting reports;

- Security permitting, work with the awardees and USAID's representative to organize appropriate signing ceremonies and other public relations material to adequately publicize the subaward program and the U.S. support being provided; and
- Assume responsibility for establishing coordination linkages with other subaward-making organizations and donors to vet potential subawardees, avoid duplicate financing, and inform other potential donors of subawards being made under the program.

TDEA is further expected to propose and implement strategies for facilitating scale-up and sustainability of initiatives supported under the program. Such strategies can include: building on and strengthening existing local networks and institutions that benefit the populations served or building on and strengthening projects originally funded under the program. The approach and methods proposed to achieve the results must be appropriate, practical and cost-effective.

U.S. Executive Orders and U.S. law prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is TDEA's legal responsibility to ensure compliance with these Executive Orders and laws. Prior to issuance of sub-grant awards TDEA shall provide USAID's Contracting Officer certification that the prospective awardee organization does not support terrorism.

2.3 Subcontractors' Responsibilities [Under TDEA's Contract with USAID]

TDEA's sub-contract partner(s) shall be responsible for providing capacity building, training and technical assistance support to subawardees in relation to the project's Objective # 2's illustrative activities. Besides this, for subawards related to Objectives # 1 and 3, TAF has been tasked to manage the grant fund, execute subawards, prepare advances, process cost reimbursement vouchers and liquidate advances. Similarly, GT-AASR will also support development of an internal audit manual, provide compliance services to the project and carry out pre-award responsibility determination exercises as well as post-award monitoring upon instructions of TDEA.

TDEA shall, on a case by case basis, make a determination that such interventions may be necessary and appropriate to meet the objectives of the subaward and ensure that funds will be properly accounted for.

2.4 USAID Responsibilities [Under Contract with TDEA]

USAID's COR will be a permanent member of the PSC, and in this context, represent and communicate USG interests, and collaborate with TDEA in setting the direction of the program, while exercising oversight and involvement in implementation planning, activity monitoring, and performance evaluation. USAID's COR will interface with TDEA, via the PSC, on issues pertaining to USG identified priorities as well as thematic redirection or reorientation arising from project inter-relationships and/or changing socio-political environment.

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USAID's COR will forward to the USG Inter-Agency Grants Review Committee (GRC) all scored, vetted, application summaries received from TDEA on a periodic basis for timely review and decision. USAID will approve all sub-grants awarded under this contract.

The GRC will review all application summaries received from TDEA and TDEA's funding recommendations, and make a final determination to proceed with an award, or to deny an award to the applicant. Manager Grants will notify all unsuccessful applicants that have been denied an award via emails through the GMIS. COR will provide the list with reasons of denial to COP for the project's application files.

2.5 Grants Management Committee (GMC)

The Grants Management Committee (GMC) reports to the Chief of Party and comprises of such members as nominated by COP.

The GMC composition is determined in a manner that allows the Project the highest degree of openness and transparency and ability to recommend the most appropriate subawardees. The detailed terms of reference of GMC are detailed in [Annex 3](#).

The COP shall constitute a Technical Review Panel consisting of the program experts for first sifting of the applications and technical reviews. This will be done through the respective directors. First sifting may be carried out manually or electronically with the MIS department. All the staff members who will be tasked with the technical review and evaluation of the applications must be given an orientation about the program and thematic areas as well as what is expected out of the concept papers/ grant applications as applicable. This is imperative to reduce the reviewer's bias as well as yields common understanding among the evaluation team. It is equally important that the members from the technical team which will be responsible for capacity building are involved at the application review stage to obtain their technical buy in and for developing their understanding of the organizational development and capacity building requirements.

The PD&R department will provide a list of Technical Review Panel members for each thematic area along with their terms of reference to the COP who will review and approve the recommendation of PD&R department. COP may also make changes to the composition of the technical review panel/committee members based on their qualifications, experience and in the interest of time. Please refer to [Annex 29](#) for a document containing recommendations from PD&R unit and TORs of the Technical Review Committee.

The GMC reviews and recommends the following to the COP:

- Program Summary/ Program Description
- Request for Applications and its advertisement
- Selection of short-listed applicants and approach towards their responsibility determination
- Selection of potential subawardees

Detailed financial review of cost applications and pre-award assessment will only be carried out for technically competent and short listed applications. After the results of responsibility determination are available and are discussed in the GMC, the COP will take a decision on the recommendations of the GMC and will forward his decision to the PSC for ratification and approval. The recommendation related to payment methodology i.e., advance or reimbursement as proposed by the assessment team is also included in GMC recommendations.

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2.6 Project Steering Committee (PSC)

The PSC shall be responsible for oversight and strategic and programmatic decision-making for all aspects of the project in order to furnish guidance for day-to-day management of the project.

The PSC will have specific powers for approval of subawards solicitation, instructing the project to hold pre-application orientation meetings and approve competitive subawards. The detailed terms of reference of PSC are provided in [Annex 2](#).

2.7 Assessment Team

The Assessment Team is comprised of the Grants/ Finance/ Compliance Officer and relevant Technical Experts, and where required, Internal Auditor from the Internal Audit Unit of TDEA. Under the project design, TDEA has outsourced the assessments to GT-AASR while TDEA might also do some of the assessments itself or through other subcontractors.

The Assessment Team is responsible for the following:

- Conducting an organizational assessment of potential subawardees
- Gathering supporting documents to support the evaluation of each area and criterion covered in the organizational assessment
- Managing the assessment process with the potential subawardees; this includes sending the engagement letter to potential subawardees as per defined monetary thresholds, conducting entrance meeting to discuss the purpose of the assessment, conducting exit meeting to discuss the results of the assessment, and finalizing the report
- Summarizing the results of assessment for review and approval of GMC.

Technical aspects of the risk assessment are covered by the technical experts of the concerned program or Monitoring and Evaluation team of TDEA which may or may not accompany the operational risk assessment team. The technical experts of the concerned program or Monitoring and Evaluation team will produce its report based on the site survey, references from donors, local government and beneficiary communities about the work of the applicants. Depending on the type of assessment and given the availability of time, the Monitoring and Evaluation team may also hold meetings with the applicant staff, study their products and gather technical information necessary to frame a technical assessment of the applicant. Results from both the technical and operational assessments would theoretically corroborate and would provide valuable information to the GMC about avenues for capacity building for the applicants. It also complements the operational risk assessment to give a complete picture to the management for decision making.

3. Conflict-of-Interest Statement

All individuals stated in [Section 2](#) must declare any conflict of interest, such as financial or personal interests in organizations that will participate in the competition for subaward. A conflict of interest presents a risk that the individual's objectivity is impaired while performing their roles in the subaward process.

A Conflict-of-Interest Statement is signed by all individuals stated in [Section 2](#) and updated periodically, e.g., every six months. Such statement should indicate the names of all organizations in Pakistan the individual has personal and/or financial interests in. A specimen format to be used for declaration is available as [Annex 27](#).

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An individual with conflict of interest must not participate in tasks such as recommending and selecting subawardees for subaward.

4. Subaward Purpose and Types

4.1 Subaward Purpose

TDEA and USAID/Pakistan's Democracy and Governance (DG) program seek to support the evolution of democratic governance in Pakistan by embedding principles of citizens' voice and public accountability in government planning and program implementation. Recognizing, however, that state-based, "supply side", support interventions are unlikely to yield the measure of good governance needed to support and sustain Pakistan's fledgling democracy, TDEA and USAID seek to implement a civil society strengthening activity that cross-cuts, in a complementary fashion, each of the supply-side support activities mentioned above. The proposed civil society support program will provide an important modality to integrate, strategically, the delivery of assistance to support citizens and non-state entities engaging with government actors in a variety of public decision-making contexts.

4.2 Types of Subawards

There are two types of subawards available from the Project. These differ from each other by their type of purpose, size, duration, payment method, and other aspects. Choice of subaward instrument will depend on factors like program design, results of pre-award responsibility determination and capacity of the applicant organization including the cash flow requirements. The types of subawards that may be awarded under the Project include:

- Fixed Obligation Subawards (FOSA)
- Simplified Subawards (SSA)

FOSA grant is awarded to support a program with very specific elements. It allows performance without monitoring the actual costs incurred by the subawardee. It has the following specifications:

- Maximum subaward period: The maximum period of such type of award should be as per ADS 303. In case of incremental funding/ implementation for similar activities for subsequent years, the grant duration may be increased by way of modification/ amendment instead of issuing new subaward. However the total grant duration should not exceed the maximum period mentioned in the ADS. Any such situations will be documented and reviewed by GMC followed by COP approval. All subawards must close ideally, two months before the end of the project.
- Maximum subaward amount: The maximum subaward amount should be Pakistani Rupee equivalent of the limit mentioned in ADS 303.
- Allowable purpose: Intended to finance projects where there is a reasonable certainty about the costs and where the results and implementation of milestones are readily discernible, for example organizing a conference, or conducting a training seminar. FOSAs support projects where there is limited risk that the specific subaward activity will change.
- Other specifications:
 - A FOSA subaward schedule of disbursements must be associated with one or more very specific program milestones where there is a certainty about the cost of achieving each benchmark and where accomplishment of each milestone by the subawardee is readily discernible in fact and in time. The schedule of disbursements reflects both the timing and the amount of subawardee payments for the accomplishment of each milestone, and it is therefore essential that the GMC be satisfied that there is sufficient cost basis to negotiate the schedule of disbursements.

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- **Allowable costs:** No specific costs are assigned to FOSAs. FOSAs are awarded to achieve specific milestones. There is no requirement for monitoring of types and magnitudes of the actual costs of achieving the milestones, except in those instances where advances have been provided to support specific cost elements.
- **Approval required:** Approval by USAID/Pakistan, which is dependent upon the following factors:
 - The ability to easily identify and quantify programmatic accomplishments or results in establishing subaward milestones;
 - Limited risk that there will be changes to the program; and
 - Adequate cost (historical or unit pricing) information is available to determine and negotiate a fair and reasonable subaward. Local organizations should budget costs as direct charges.
- **Required certifications from subawardee:** Refer to [Section 16.1](#) for a list of certifications
- **Payment type:** Payment made to subawardee after presentation and verification of accomplishment of milestones.
- **Additional help document for Awarding Fixed Obligation Grants:** Refer to Annex 34.

As mentioned at the end of this section, advance can also be provided to FOSA recipients depending on risk rating and practical needs of program at any time during the award.

- **PSC approval required:** Yes

Simplified Subaward (SSA) is the type covering small, medium and large sized subawards and can, where appropriate, be used for all tiers of subawards. It has the following specifications:

- **Maximum subaward period:** One year or more but less than three years – These grants must close before the end of the project. All subawards must close ideally, two months before the end of the project.
- **Maximum subaward amount:** Pak Rupees equivalent to US\$ 150,000.
- **Allowable purpose:** Similar to FOSA, it is intended to finance discrete results-oriented activities that are measured with verifiable indicators and strengthen the capabilities and program activities of eligible organizations.
- **Other specifications:**
 - Flow-down of all USAID regulations that should be complied with by the subawardee
 - Monitoring of compliance with the subaward agreement
- **Allowable costs:** Costs that are allowable, reasonable and allocable following the criteria set forth in the OMB Circular A-122. Advance payments are authorized.
- **Approval required:** Approval by USAID/Pakistan
- **Required certification/s from subawardee:** Refer to [Section 16.1](#) for a list of certifications.
- **Payment type:** Advance payments are authorized being default mode. Cost reimbursement approach might be followed depending upon recommendations of the pre-award assessment if level of risk is higher. GMC will finalize the recommendation for payment type in such cases. Reimbursement of allowable expenses supported by bona fide receipts from subawardee or advance payment supported by analysis of cash flow requirement related to planned activities.
- **PSC approval required:** Yes

Advances can be paid out under both mechanisms. For FOSA advances may be provided for discrete, verifiable, cost elements bearing in mind the need to provide enough liquidity to the subawardee to implement the program. Refer to [Clause 5](#) of “Fixed Obligation Grant (FOG) Entity Eligibility Checklist” for requirements for authorizing advances under FOG.

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5. Eligibility for Subawards

5.1 Organizations Eligible for Subawards

Applicants that are eligible to receive subawards from the Project include national, regional, and/or local civil society organizations working individually or in partnerships for joint implementation. Grants shall be awarded only to Pakistani entities. A brief description of potential subawardees is given below. Subawards to locally registered non-Pakistani entities may be approved under exceptional circumstances by USAID. The amount of such subawards shall not exceed \$250,000. Subawards of higher value may be approved under exceptional circumstances by USAID.

Cost share from the subawardees is encouraged and will be determined on case to case basis.

Potential subawardees could include non-governmental organizations (NGOs), community-based organizations (CBOs), policy think tanks, academic research and training institutes, professional/business organizations (PSOs), labor organizations as well as civil society/media partnerships. Because the Project will be working to foster productive connections, Government of Pakistan (GOP) entities (Federal, Provincial or lower) working on the “supply side” of the equation are also viewed as potential subawardees.

For the purposes of this document, “civil society” is defined as any non-state, non-government, network, or organization entity whose primary purpose is to contribute to the promotion of principles and practices of good governance and to improve the lives of the people they represent. These are multi-faceted and multi-layered groups organized around community, functional and sector concerns; they do not include political parties for the purposes of this document. Civil society groups critical to sustaining Pakistan’s transition to civilian, democratic governance have been identified as human rights groups, conflict management groups, civic or political education groups, anti-corruption groups, constitutional reform groups, organized labor groups, women’s organizations, youth groups, student organizations, business and professional associations, and religious groups, among others.

TDEA’s priority is to work with organizations that possess the following general criteria:

- Registered as not-for profit organization under the appropriate governmental body; organizations working for-profit are eligible if they waive their profit element.
- Have basic financial management systems
- Currently active in the community with existing programs
- Commitment and flexibility to work in partnership with TDEA
- Commitment to TDEA working principles
- Credibility and proven relevant experience

The eligibility criteria provided in this Manual are indicative and will be approved for each funding cycle by USAID which would be considered final.

Subject to GMC recommendation and COP’s approval, and risk management practices of TDEA, no organization will be simultaneously or concurrently awarded more than 3 grants under the project. However, if the concerned organization has completed one of the three grants, it will be eligible to apply for a grant again. Modifications in scope of existing grants, incremental funding or a cost/no cost extension are excluded from the ambit of this restriction. Additional grants will be in special cases, for more than 3, subject to PSC/ USAID approval for such exceptions.

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5.2 Organizations Ineligible for Subawards

Individuals and political organizations are not eligible for subawards under the Project. State or governmental institutions and foreign-owned organizations are eligible only with prior written approval of USAID. General ineligibility criteria are:

- Public international organization;
- Entity directly affiliated with TDEA or any of its Directors, Officers or employees;
- In the various lists of Pakistan Government, U.S. Government, as screened through different GOP, USG and UN resources maintained for prohibited organizations or individuals (subawardee and key personnel);
- Organizations whose previous awards were terminated by TDEA or USAID on performance grounds; and
- Subawardee and its key personnel were convicted by a court of competent jurisdiction in Pakistan or fine of more than Rs.50,000 or imprisonment or both. The objective is to avoid inclusion of organizations or individuals with proven track record of fraud and lack of fiduciary behavior.

All applicants will have to disclose whether they are organizations led or managed by political personalities. They will also need to certify that the benefits from subawards will not be used by them for claiming votes for a particular political party or individual. The ineligibility criteria provided in this Manual are indicative and will be approved for each funding cycle by USAID which would be considered final.

A disclosure statement for political affiliation as well as familial relationships within the organizational structure is required as a part of pre-award certifications. The requirements of "subaward reporting and executive compensation" are also included in these certifications. Please refer to [Annex 6](#) for sample documents.

6. Overview of Subaward Process

This section describes the steps in the project subaward process, from the solicitation to when the subaward agreement is signed. The project selects organizations for award by utilizing a competitive, open and transparent process by using one or more of the following approaches. Any changes/ bypass in procedural steps or approaches delineated in this Manual are allowed upon recommendation of the GMC, approval of PSC and USAID.

The subaward process is shown in a flowchart form in [Annex 26](#). However for Quick Impact or Time Sensitive sub awards, the steps outlined in this manual could be converged or skipped with recommendations from GMC followed by approval of COP, PSC and COR.

6.1 Periodic General Programming Statements requesting Concept Papers (CPs) – [Two-step process: CPs followed by specific requests for applications]

1. PSC gives the directions for solicitations pursuant to USAID approval;
2. Nation-wide call for Concept Papers from potential subawardees covering the target geographical areas identified by USAID;
3. Virtual Q&A sessions and posting of FAQs on project website;
4. Receipt of concept papers and their logging;
5. Sifting, review and short-listing of applications;
6. GMC review, COP approval;
7. PSC vetting and final approval by USAID for selection of the CP and applicant (Note: This approval is deemed to be granted subject to satisfactory grant application);

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8. Issuance of “concept specific” request for application to the qualified/ selected organizations;
9. Optional orientation to potential applicants on grant application development;
10. Q&A sessions in which comments are provided to applicants whose concept paper has been approved;
11. Receipt of grant applications and their logging;
12. Evaluation (Technical and Cost) of the applications submitted;
13. GMC review, COP approval;
14. Instructions for rapid and detailed pre-award assessments as applicable;
15. Participatory organizational assessments/desk surveys;
16. Assessment (scoring) of participatory organizational assessments/surveys;
17. PSC vetting of Subawardee followed by USAID approval;
18. Negotiation with selected Subawardee; and
19. Subaward agreement
20. Periodic reporting of Subawards status to PSC and USAID.

6.2 Specific Requests for Applications [One Step process]

1. PSC gives the directions for solicitations pursuant to USAID approval;
2. Targeted call for grant applications from potential organizations covering the priority geographical areas identified by USAID;
3. Optional pre-application clarification meeting;
4. Virtual Q&A sessions and posting of FAQs on project website;
5. Receipt of grant applications and their logging;
6. Sifting, evaluation (technical) of the applications submitted;
7. Short-listing of potential subawardees based on applications;
8. GMC review, COP approval;
9. Instructions for rapid and detailed pre-award assessments as applicable;
10. Participatory organizational assessments (rapid assessment/ detailed pre-award assessments as applicable);
11. Assessment (scoring) of participatory organizational assessments/surveys;
12. Review of cost applications will be carried out for shortlisted applicants only.
13. PSC vetting followed by USAID approval and final selection of the Subawardee
14. Negotiation with selected Subawardee; and
15. Subaward agreement;
16. Periodic reporting of Subawards status to PSC and USAID.

6.3 Invitation to “Required Organizations”

1. Identification of “required organizations” in the targeted districts that have capacity to conduct activities aimed to contribute towards project objectives:
 - a) A review of organization registered in the district is conducted by TDEA or its affiliate organizations in the target geographical area.
 - b) Local government and donors working in the district will be contacted to ensure that NGO's are not missed that work in activity areas intended for support under the subawards program
 - c) Other required organizations may be state or parastatal entities eligible for receiving subawards under the project e.g., public sector universities and training institutions.
2. Interview on the phone or in the field will be conducted with representatives of the organizations that meet the criteria specified above to ensure that they have the specific technical capacity and are interested in a TDEA/ USAID subaward.

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3. A matrix of all identified subawardees crossed with the criteria will be developed;
4. A short list would be developed of potentially qualified subaward awardees;
5. Issuance of Request for Application (RFA) to the qualified organizations;
6. Optional pre-application orientation to potential subawardees;
7. Receipt of grant applications and their logging;
8. Evaluation (technical and cost) of the applications submitted;
9. Short-listing of potential subawardees based on applications;
10. GMC review, COP approval, desk review of approved applications below local currency equivalent of US\$25,000;
11. PSC vetting followed by USAID approval and final selection of the Subawardee (Note: This approval is deemed to be granted subject to satisfactory results of rapid assessment/ detailed pre-award assessment as applicable and negotiation of grant award);
12. Instructions for rapid and detailed pre-award assessments as applicable;
13. Participatory organizational assessments (rapid assessment/ detailed pre-award assessments as applicable);
14. Assessment (scoring) of participatory organizational assessments/surveys;
15. Negotiation with selected Subawardee and other relevant stakeholders/partners for best and final offer; and
16. Subaward agreement
17. Periodic reporting of Subawards status to PSC and USAID.

The steps in this process, after issuance of RFA, are similar to para 6.2 above with slight modifications.

7. Developing a List of “Required” Organizations

A list of “required” organizations (similar to the concept of “required” vendors) is developed to facilitate a more efficient subawarding process. This could be used for sole sourcing of applications to government institutions which have no competition with private sector or to private institutions where they are the only logical choice for subawarding and the same is documented for record. This could also be used to target the state and parastatal entities which require organizational development and capacity building support. An organization could also be included as “required” by the PSC by documenting the reasons. The template for Justification for Exception to Competition (JEC) is attached as Annex 35 and the justification will be subject to TDEA Executive Council and USAID approval.

7.1 Steps Involved in Developing a List of “Required” Organizations

The following are the steps involved in developing a list of “required” organizations:

- Identifying all possible organizations that are eligible to receive subawards
- Screening them against the basic qualifying criteria (see [Section 12.1](#))
- Conducting organizational assessment of short-listed organizations (see [Section 14](#))
- Selecting “required” organizations (see [Section 15](#))
- Entering into a Memorandum of Understanding (MOU) with “required” organizations (see [Section 7.4](#))
- Periodic updating of the list of “required” organizations

7.2 Identifying all Possible Organizations

The PSC identifies all possible organizations by obtaining a list of registered organizations from the members, local government agency or ministry and through contacts with and referrals

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from other NGOs and the donor community including USAID. Another way of reaching out to such organizations is to announce a call for Concept Papers in the newspaper and/or on the Project website (see [Section 9.2](#)). The objective is to demonstrate and document the source of a require organization and at the same time how it came to the knowledge of project staff.

Any announcement for such purposes should explain that the main purpose of such announcement is to identify organizations that met certain criteria and are willing to participate actively in competing for subawards that will be sought from time to time during the Project period; indicate the deadline date for submission of applications; and provide contact points at Project for any questions about the announcement.

The identified organizations are then invited to apply for funding by requesting them to submit a Subaward Application form ([Annex 6](#)) and the documents that support meeting the basic qualifying criteria.

7.3 When to Develop and Update the List of “Required” Organizations

The list of “required” organizations is developed upfront and updated periodically, e.g., every six months thereafter by the PSC.

Once the list of “required” organizations is established, these organizations may then respond to solicitation of Request for Applications. The GMC may then immediately proceed to evaluating the applications. The organizations do not have to be screened against all the basic qualifying criteria and organizational assessments do not have to be conducted; elimination of these two steps reduces the subawarding process by at least a week.

While a considerable amount of time is invested upfront in developing the list, it replaces having to screen the organizations against basic qualifying criteria and to conduct organizational assessment every time there is a need for subaward.

7.4 Memorandum of Understanding

A Memorandum of Understanding (MOU) is established between TDEA and the “required” organization. The MOU is a non-binding agreement, in which the tone of the agreement encourages both parties to honor the conditions without having to invoke legal recourse in case one party did not abide by the conditions in the MOU.

The MOU does not involve funding commitment. In the case of a “required” organization, the MOU will state that the “required” organization will actively participate in competing for subawards within a certain timeframe and may be approached as a “sole-sourced” provider of service subject to meeting any of the exceptions to competition requirements in [Section 19](#); provide cost share when selected for a subaward; and submit all required certifications (e.g., certification on terrorist financing).

See [Annex 4](#) for the MOU template.

8. Identification of thematic areas

The Thematic areas for the program to issue subaward solicitations will be provided by USAID. These will represent core issues related to democracy and governance initiatives of USAID and also to support other interventions of USAID in the areas of education, health, economic growth etc. TDEA may also suggest thematic priorities and inputs from PSC will be included in the process of identification.

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9. Solicitation

9.1 Preparation of Solicitation Documents

PSC gives the directions for solicitations pursuant to USAID approval. The solicitation documents will be prepared based on the thematic areas and funding levels. TDEA can take any of the solicitation approaches defined in [Section 6](#) above. In cases where the intent is to invite the ideas from the interested parties in general thematic areas, a two-step solicitation process will be used to solicit applications with concept papers from eligible applicants followed by grant applications from shortlisted applicants in the given thematic areas. Please refer to [Section 6.1](#) for the list of steps involved. Similarly, where the program description is specific and USAID decides that TDEA should directly go for grant applications; a one-step process can be used to issue RFAs. Please refer to [Section 6.2](#) for a list of steps involved in this process.

Every solicitation document is approved by USAID. The information provided in this Manual with respect to the contents of solicitation documentation is indicative while the final set of all solicitation documents remain subject to USAID approval. Any subsequent modifications in the solicitation documents will not require revision to this Manual.

The time limits and criteria provided in this manual are indicative. Final time limits and criteria will be defined in the approved RFA/GPS.

9.2 Announcement of Solicitation

The selection of organizations for subaward is done through **a competitive, open and transparent** process consisting of the following approaches:

- Advertisement of General Programming Statements requesting for CPs – These could be required where the project is looking for innovative approaches from the applicants and aims to address a variety of non-specific issues related to its core components.
- Advertisement of RFA under one step process.

The objective is to maximize the communication of solicitation so that all interested applicants are aware of the solicitation. While advertising in newspapers is one way of wide spreading the information, other avenues like emailing to list of organizations maintained by TDEA secretariat, placing links on project and USAID website and all possible means of reaching grass-root level and reasonably communicative/ visible must be explored and utilized.

It is TDEA's policy to provide for full and open competition through use of the competitive procedure(s) contained in this Manual that are best suited to the circumstances of the project action and consistent with the need to fulfill its obligations to donors/ clients efficiently. Full and open Competition means that any type of organization or business will be permitted to compete for the planned subaward (subject to the source, origin, nationality and other restrictions of the solicitation). Besides that, Limited Competition may also be used with USAID approval. This includes any other authorized method which would mean less than full & open competition. This will be marked for any subaward action that will be solicited using less than full and open competition.

For two step approach, the solicitation for CPs is advertised in the local newspapers and/or on the Project website while the resulting request for full applications is only directed to applicants whose concept papers have been approved. For the one step approach, the solicitation is advertised in local newspapers and/or on the Project website. In both situations,

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the complete solicitation document does not need to be advertised but a link to the project website for complete details must be provided in the advertisement.

The Grants Manager coordinates with Procurement and/or Communications Unit/s for the advertisement and/or posting of Solicitation on the Project website. It is important to note that cost of advertising in newspapers or other media is different depending upon circulation. The PSC may also guide about the choice of newspapers and geographical coverage. Sometimes, there are USAID internal directives for circulation and TDEA's voluntary compliance builds goodwill with the client.

TDEA may arrange for virtual or in-person Q&A sessions with applicants and may also publish the FAQs on the project website so that applicants responding to RFAs are better informed about the specific nature of the solicitation.

There are cases when full and open or even limited competition may not be possible. See [Section 19](#) for exceptions to competition requirements.

9.3 Cancellation of Solicitation(s)

The cancellation of an RFA costs both parties i.e., TDEA and applicants in terms of time, effort, and money. TDEA should cancel RFAs only when cancellation is mandatory, logical, defensible, unavoidable and beyond its control. For example:

- (1) When there is no longer a program or project, when USAID is no longer supporting the program or project or it is directed by the USAID to cancel the RFA.
- (2) When amendments to the RFA would be of such magnitude that a new RFA is desirable.

If TDEA cancels an RFA, it will return any applications it has received unopened and will issue a notice of cancellation, either posted electronically as a general notice or sent to all prospective applicants, or both. TDEA must purge any electronic applications for a cancelled RFA from primary and backup data storage systems.

The notice of cancellation must:

- (1) Identify the RFA number and provide the title or the subject matter,
- (2) Briefly explain the reason why TDEA cancelled the invitation, and
- (3) Assure prospective applicants that they will be given an opportunity to apply for any subsequent or future RFA for the program, if appropriate.

The Grants Manager must document the:

- (1) Circumstances and rationale for the cancellation;
- (2) Applications received, returned, and purged; and
- (3) Cancellation notice and RFA issuance dates.

10. Two-Step Solicitation Process

10.1 Preparation of the General Programming Statements

Based on the approved thematic areas and funding allocation, a quarterly or annual programming statement is prepared to solicit concept papers from the interested parties for the two-step process. The annual or quarterly programming statement includes the following:

1. Title of the program.

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2. Instructions for Application Format.
3. Selection Criteria.
4. Program Summary/ Program Description Requirements
5. Application Submission Criteria for Full Applications
6. Annexes

The instructions for application format include title of the program, eligibility criteria, and preparation and submission guidelines for concept paper applications, financial allocation, award information, technical instructions for Concept Papers and any other issues to be brought to the attention of applicants. Please refer to [Annex 5](#) for a template of a quarterly programming statement (general periodic programming statement).

Every solicitation document is approved by USAID. The information provided in this Manual with respect to the contents of solicitation documentation is indicative while the final set of all solicitation documents remain subject to USAID approval. Any subsequent modifications in the solicitation documents will not require revision to this Manual.

10.2 Contents of PS/PD

The applicant organizations will provide the PS/PD a part of their application. The PS/PD summarizes the intended outcome of the intervention and based on the limitations of the parameters of the project, will require the information outlined below. Since the project anticipates innovative ideas from the applicants and aims to address the issues related to its core components, maximum space will be provided to the applicants for expressing their ideas and interventions. The PS/PD should include at least the following requirements to be met by the applicant organizations:

- Purpose of the subaward
- Thematic areas involved
- Proposed program activity;
- Problem statement and its analysis with the innovative ideas to address the issues;
- Target beneficiaries including gender mix;
- Overall project goals and objectives;
- Measurable project objectives;
- Duration of the activity;
- Monitoring, evaluation and reporting systems; and
- Estimated cost.

For the one-step process, most PS/PD will be developed by USAID's core technical teams. Funding parameters for each solicitation will be provided by USAID based on annual budget plans.

10.3 Advertisement of General Programming Statement

This solicitation is then advertised as detailed in [Section 9.2](#). Most solicitations will remain open for fourteen business days from the date of the announcement, after which applicants can no longer submit their CPs. The Grants Manager and M&E Manager ensure that any applications received after the deadline shall not be processed or reviewed.

10.4 Receipt and Processing of CPs

Receipt and processing of CPs involves the following steps:

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- 1) TDEA's application process is web-enabled, email enabled as well as hard copy receipt based. Although the intent is to shift towards information technology enabled processing, paper-based applications may be accepted in start-up.
- 2) Every solicitation of applications (Periodic General Programming Statements or direct RFAs) will detail the process of submission which will be deemed final for that cycle.
- 3) Acknowledgement of receipt of application to the applicant organization by the TDEA MIS Department in the same manner as application is submitted i.e., web-based, email notification or hard copy acknowledgement. Contents of the application are not checked at this stage.
- 4) For initial sifting, a desk review of the concept papers will be carried out by the M&E department to establish eligibility of the applicant organization, and any ineligible or incomplete applications will be rejected out of initial sifting.
- 5) If a CP lacks certain critical information as mentioned above, it will not be processed further and TDEA will inform the applicant accordingly.

10.5 Review and Approval of CPs

After the closing date of applications provided in the solicitation, complete CPs will be reviewed by the designated review panel. A preliminary technical review will take place and summary of the application along with findings/recommendations will be forwarded to GMC.

All CP applications will be reviewed against a set of technical criteria. The relative importance of each criterion is indicated by the number of points assigned; a total of 100 points is possible:

Technical Evaluation Criteria	Weight
a. Technical Quality and Innovation, including clear objectives and goals	50
b. Institutional Capability and Past Performance	10
c. Project Management Capability	10
d. Cost Realism/Cost-Effectiveness of budget	15
e. Demonstrated sustainability of the project	15
<i>Total points/ weight</i>	<i>100</i>

The above criteria and weight/points are indicative while the Periodic General Programming Statement approved by USAID will include a final set of requirements. If there are any changes to the criteria subsequently, a revision to this Manual will not be required.

GMC will review the findings/ recommendations of the review and recommend successful applications for approval to COP. COP can disagree with the recommendations of GMC but will have to record the decision in writing and communicate the same to PSC as well.

COP will then forward the short list to PSC for vetting. From there, the ranked shortlist goes to USAID for final approval.

10.6 Informing the Applicant

- 1) At all review levels like GMC, COP, PSC and USAID, the Concept Papers can also be sent back to the program team for gathering more information for decision-making. Also, the review level may suggest slight improvements (add, update, delete) in the concept paper for revision before approval. Since the program is conceived and owned by the

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subawardee, no significant changes would be proposed by TDEA/USAID requiring revision and resubmission of CPs. It is also important to note that if there is too much back and forth, a short list will never be materialized.

- 2) Decision for approval or non-award rests with USAID and will be communicated to the applicant by TDEA.

10.7 Issuance of Concept Specific Requests for Applications

Based on the approved CP, a concept specific request for a full application will be sent to applicants. Applicants will be provided application requirements as well as the evaluation criteria upon which their full applications and detailed budgets will be evaluated.

11. One-Step Solicitation Process – [Specific RFAs]

For the purposes of this Manual, the process from this point onwards is converged and applies to both one step and two-step processes. The difference is that in one step process, PS/PD is provided by USAID.

In a one-step process, RFAs are prepared and advertised when USAID requires TDEA to go directly for issuing RFAs based on pre-approved PS/PD developed by USAID for discrete and mature interventions in selected thematic areas and funding allocation according to the objectives of Citizens' Voice Program. COR will provide the approved PS/PD to the COP who will forward it to the Grants Manager and other technical leads.

Please refer to [Annex 5](#) for the templates of RFA and other solicitation documents.

11.1 Preparation of RFA

After receiving the approved PS/PD, the Grants Manager drafts an RFA, under the supervision of the Director of Finance and Grants Administration and in consultation with the relevant experts (e.g., Technical Managers/ Directors, etc.). The RFA should have at least the following items:

- Background information on the Project
- PS/PD approved by USAID
- Deadline for submission of applications
- Funding limitations and conditions
- Basic qualifying criteria
- Technical application guidelines
- Financial application guidelines
- Cost share guidelines
- Documents required to support meeting each criterion (basic qualifying criteria, technical and financial applications)
- Application evaluation criteria

The first template for RFA will be approved by USAID. This template will then be fixed for future use of the project and only PS/PD as well as submission timelines will change.

11.2 Advertisement for RFA

An RFA from potential organizations is advertised using different channels including the local newspapers, the Project and USAID website, email list maintained by TDEA secretariat and other public options to maximize the outreach as defined in [Section 9.2](#).

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The standard contents of an advertisement are:

- 1) Client and TDEA Project logo as per approved marking policy;
- 2) Title of project/ program;
- 3) Brief introduction to the project;
- 4) Purpose of solicitation;
- 5) Type of funding e.g., subawards and funding allocation;
- 6) Geographical area where project is working;
- 7) Donor acknowledgement and program tenure;
- 8) Eligibility criteria of subawardees clearly defined;
- 9) Last date for obtaining complete RFA package;
- 10) Address from where the above documents can be obtained;
- 11) Last date and time of submission of applications;
- 12) Contact points at the Project for any questions about the advertisement;
- 13) Safety caveats like: Late applications will not be entertained. TDEA reserves the right to reject one or all applications with or without giving any reasons. Applicant shall bear any and all costs associated with preparation of and filing the application; TDEA will not be responsible to reimburse any costs whatsoever related to the application process. TDEA will select the most advantageous application and may or may not fund all applications due to budgetary restrictions etc.

Depending on the degree of the PS/PD's complexity, an orientation of applicants may be held. In such a case, the advertisement should also include the date and time of the orientation.

The advertisement is open for fourteen business days from the date of the announcement, after which applicants can no longer submit their grant applications. The Grants Manager and M&E Manager ensure that any applications received after the deadline should not be go through the qualification process.

11.3 Required Documents for Submission by Applicants

Applicants will be required to submit their applications in two parts:

- Technical application
- Financial application

In addition to the applications, applicants will be required to complete the Subaward Application form ([Annex 6](#)) and submit the following documents to support meeting the basic qualifying criteria and other documents for evaluating the technical and financial applications, as listed in the RFA:

- Copy of certificate of registration, charter, by-laws or founding agreement
- Evidence to support applicant's banking experience.
- Copy of the audited annual financial statements in the last two years, if available for TDEA's desk review.
- Latest organization chart for the whole organization that shows the position title and name of the person related to the position title. This will not be required for grants less than local currency equivalent of \$25,000
- Resumes of key personnel
- Past performance reports from donor agencies/ clients

The requirements related to documentation provided in the Manual are indicative while the RFA approved by USAID will include a final set of requirements for each cycle of funding.

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11.4 Optional Orientation of Applicants

If necessary and as required by the PSC, the concerned technical team along with Grants Manager conducts an orientation of applicants on the date as indicated in the advertisement of RFA. The applicants are oriented on the following:

- About the Project
- PS/PD
- Application requirements
- Deadline for submission of application and applications
- Outline of contents of the applications
- Technical application guidelines
- Financial application guidelines
- Guidelines on costing of milestones or results
- Cost share guidelines
- Certifications required
- Short-listing process
- Application evaluation criteria
- Organizational assessment

The Technical team documents the list of applicants that attended the orientation.

11.5 Responding to Queries from Applicants

In the interest of communication flow, to avoid conflict of interest and to maintain integrity of the process, an email address will be created for applicants to submit their queries on that address and the ownership of that address will lie with the Grants Manager. Creation of a separate email address will restrict direct access of the technical team with the applicants and will avoid any potential conflict of interest. The Grants Manager will ensure that all received queries are circulated at the end of each business day to the review panel including GMC members with assigned responsibility to get an answer from the technical or finance team. The names of organizations or persons asking questions will not be revealed to the project team. Such answers will then be sent back using the same email address and will also be posted in the FAQ section of the project website. It is therefore important to advise all the applicants to continue visiting the website for updates about the solicitation.

Queries from applicants within fourteen business days from the date when applications (or ten business days, in the case of call for CPs) where requested must be responded to in a timely manner by the relevant experts i.e., technical, financial, M&E or Communications as applicable. Questions from applicants and answers provided to applicants must be documented and shared, as appropriate, with all applicants. While questions and answers are shared with applicants, the contents of applications must not be shared among applicants.

11.6 Receipt of Applications

Each application received is logged by the MIS staff in a register or subaward applications database, taking note of, at least, the date of receipt, name of applicant, and documents submitted by the applicant. The MIS staff submits applications to the Grants Manager after the closing date of applications who then requests a GMC meeting.

The MIS Staff, through electronic or hard copy notifications, informs each applicant of the receipt of its application in writing.

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12. Selection of Short-listed Applicants

Whether a call for CP or RFA has been made; applicants must go through a review and short-listing process.

12.1 Review of Applications against Basic Qualifying Criteria

The GMC reviews the applications against the basic qualifying criteria and the documentary evidence as stated in the table below.

Criteria	Documentary Evidence Required
Must be a legally constituted, registered professional association, training institute, NGO or CBO in Pakistan.	Copy of certificate of registration and charter, bye-laws or founding agreement
Must not be a public international organization	
Must not be an entity directly affiliated with TDEA or any of its Directors, Officers or employees	
Must not be in the various lists of GOP, U.S. Government, as screened through different GOP, USG and UN resources (subawardee and key personnel).	Report from GOP, USG and UN resources supporting documents to clear false positives (done internally and copies of screen shots maintained)
Have basic financial management systems	- Information verifying banking experience for the last twelve months - Results of the audited financial statements in the last two years, if available; results should indicate a reasonable amount of net equity - Current organization structure
The organization should either be an organization not-for-profit or an organization for-profit such as a private firm or an association, provided it works on a non-profit basis with regard to a TDEA subaward	Certification to waive / forgo any profits in the subaward
Must demonstrate currently active, successful program or activity implementation;	Profile and references
NGOs or groups of individuals that have proven track record of working for TDEA's program related activities and/or working with other donor funded projects.	Profile and references

The results of the review must be documented using the template in [Annex 7](#), file "Basic Criteria Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, with emphasis on those that met all the basic qualifying criteria; and must be supported by all documents submitted by the applicants.

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Any applicant that did not meet all the criteria stated above is disqualified or does not continue to the next qualifying round.

The review against the basic qualifying criteria should be done as applications are received and should end within three business days from the deadline date of submission of applications.

In performing its duties hereunder, TDEA shall scrupulously avoid any conflicts of interest. Should any conflict of interest arise, TDEA shall immediately notify the USAID Contracting Officer as to the conflict and TDEA's proposed solution for avoiding the conflict, and the TDEA shall follow the instructions of the Contracting Officer.

The criteria provided in the Manual are indicative while the RFA approved by USAID will include a final set of requirements for each cycle of funding.

12.2 Review of Applicants' Technical Applications

This focuses on the content and quality of the application. Specific selection criteria depend on the objectives and outcomes of each program, additional conditions imposed on TDEA by the USAID, and local laws. In general, TDEA review will be based on the following:

- Anticipated results
- Implementation plan
- Organizational capacity and experience
- Creativity and community involvement
- Beneficiaries
- Cost breakdown
- Feasibility of program activities/approaches and results
- Sustainability of proposed interventions

The above selection criteria may vary and can include other criteria important to a specific program. The final evaluation criteria will be provided by USAID which will make part of the solicitation documents.

The technical applications that pass the basic qualifying criteria are reviewed by the Technical review panel/ technical experts. Based on the above list, each application should be reviewed against the required PS/PD for the subaward and scored in the following manner, with a total possible score of 100 points.

Technical Evaluation Criteria	Weight
a. Technical Approach	55
b. Management Plan	15
c. Institutional Capacity	15
d. Past Performance	15
Total possible technical evaluation points	100

The above criteria and points are indicative while the RFA approved by USAID will include a final set of requirements. If there are any changes to the criteria subsequently, a revision to this Manual will not be required.

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An applicant must score a minimum of 60 points to be short-listed. However, the PSC or USAID may decrease the passing score with reasons documented in writing. These would ideally be situations where, after eliminating reviewer's bias, a stronger need of capacity development is identified and PSC is of the view that the applicants should not be deprived of the assistance due to formal/ structured nature of the decision making process.

USAID reserves the right to decrease the qualifying marks for either a particular thematic area which after evaluation by TRC and GMC, remains at less than anticipated level of awarding or for the cycle as a whole. This right could be exercised by the COR in form of a documented direction. After GMC's recommendations of shortlisted applicants to COP, the COP will inform PSC including USAID about the status of announced vs., recommended applications and any short falls in the targeted number of awards. COP will recommend decrease in qualifying marks for a thematic area or the cycle as a whole depending upon the status. PSC or USAID COR can then lower the qualifying marks and document this direction in form of a memo to COP. Additional applications which become qualified as a result of revision to the qualifying marks will be reviewed by GMC, COP, PSC and USAID. TDEA will however evaluate the risk of awarding to such entities and a partial award or award with targeted interventions only could be made. GMC and COP may also recommend organizations with documented justification as special cases which would not have qualified on an overall basis but present a strong and appealing idea for consideration by PSC and USAID. If such applications are approved, the marks of these applications would form the approved ceiling in respective thematic areas. TDEA may also split the total award into an initial FOSA to support development of systems followed by an SSA for the remaining life of the approved intervention depending upon the progress made by grantee and it's capacity building in the tenure of FOSA. If there is no significant progress, TDEA can drop the grantee and terminate the FOSA as well as not extend the subsequent SSA.

The evaluation results must be documented using the template in [Annex 8](#), file "Technical Application Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, and the short-listed applicants; and must be supported by all documents submitted by the applicants.

The technical team should complete within one day or lesser the evaluation of one technical application. The Director for M&ER will review the marking before it is formally closed for further edits in the Grants Management Information System. S/he will review and equate the markings by all the reviewers and inquire about significant variations in markings to evaluate review patterns or reviewer's bias. The Director can guide and lead the process however; s/he will not influence the technical reviewers to change their scores. After the equalization exercise is concluded, the technical review marking will be closed for editing by the MIS department. This can also be done by assigning a date to the system by MIS department (based on GMC's approved plan for reviews) after which the system is closed. Please refer to the [Annex 29](#) for a specimen of the review checklist used for technical review.

The technical team submits the documented results of review against basic qualifying criteria and evaluation of technical applications and all relevant supporting documents to the GMC for review and recommendation of short-listed applicants. GMC reviews and recommends to the COP that shortlisted applicants be tested further through a pre-award responsibility determination exercise along with the recommendation of type of such assessment. After the assessment, results are submitted to COP for approval through GMC and final short list is then presented to PSC by the COP for approval.

In a situation where an applicant organization has a strong institutional capacity and past performance (i.e. if it obtains a minimum of 65% marks in these areas), but fails to obtain the qualifying marks due to weak quality of technical proposal and management plan, the project

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management may provide input and guidance to the applicant organization to get their application revised and then recommend it for the award. Such a course will, however, be adopted only when the required number of applicant organizations have not obtained the qualifying marks or when there is a strong need for specific intervention in a certain area for which the selected organization has the demonstrable capacity.

Similarly, in a situation where an applicant organization has obtained a minimum of 65% marks in the technical proposal and management plan, but has failed to achieve the qualifying marks due to weak institutional capacity and past background, the project management may negotiate with the applicant organization a capacity action plan and other appropriate conditions and, subject to its satisfaction, may recommend the same for the award. This course will be adopted only when the required number of applicant organizations has not obtained the qualifying marks or when there is a strong need for specific intervention in a certain area for which it is important to build capacities of non-governmental organizations.

12.3 Recommendation of Short-listed Applicants by the GMC

The GMC review process takes place in two stages. Initially when the sifted applications are provided for review and recommendation and finally when the results of pre-award responsibility determination results are available.

The GMC reviews the evaluation (review against basic qualifying criteria and evaluation of technical applications) conducted by the panel experts and the relevant documents supporting the evaluation. After the needed iterations of clarifications, the GMC makes appropriate changes to the evaluation, if needed, and recommends the selection of short-listed applicants to panel members for further action. The approval is documented in a memo and communicated back to the panel members. If no changes are required, a recommendation is made to the COP for his approval of the initial short list/ sifted list for pre-award responsibility determination along with the type of assessment to be used (desk review, rapid assessment, detailed survey etc.).

As a granting agency, it is not TDEA's mandate to dictate its terms to the applicant organizations. This is an assistance program and grantee reserves right to the ownership of the program. During the review process however, there could be questions and clarification required for certain propositions laid down in the contents grant application. These include but are not limited to: questions related to technical approach, unclear or missing linkages, lesser information for decision making, gaps in the proposed implementation model, questions related to geographical and political risks, missing or unclear risk analysis etc., besides these, there could be questions in implementation plan, M&E plan, staffing, past performance and other areas of technical applications. The GMC can review and advise about collection of the missing information and clarification from the applicants who have passed the technical review and may also review applications which did not pass the technical review. Possible means of such iterations with the applicants could be through email, phone, meetings, presentations etc. It is however important that all applicants be advised that the project is in the process of shortlisting and communications from TDEA do not entitle the applicants for a grant. Please refer to [Annex 28](#) for an initial communication/ letter to applicant grantees informing them about the shortlisting process and what they are required to do.

The Assessment Team carries out the responsibility determination. After the pre-award responsibility determination exercise is completed, its results are again brought to the GMC. After deliberation on these results, the GMC once again recommends COP for approval of final short list and taking the matter up to PSC.

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The recommendation and approval process should be completed within five business days from receipt of evaluation results from the panel of technical experts. The documented results of review against basic qualifying criteria and evaluation of technical applications and all relevant documents are forwarded to the Grants Manager and M&E Manager.

13. Selection of Potential Subawardees from Short-listed Applicants

The COP's approval based on GMC's recommendation triggers the detailed evaluation of financial applications of the short-listed applicants. Financial applications of only technically vetted applicants, approved by COP are evaluated. The financial applications of short-listed applicants are reviewed by the Grants Management team in order to select the potential subawardees.

13.1 Criteria for Evaluating Financial Applications

Each financial application should be evaluated based on the criteria stated below, with a total possible score of 100 points.

Criteria	Maximum Points (100 total)
Cost assigned to each activity or result is realistic and reasonably prudent compared to acceptable benchmarks or market rates. Note 1	60
Costs are appropriately broken down by cost category to facilitate understanding of assumptions behind the costs.	40
Total Possible Points	100

Note 1 - For training costs, recurrent costs per trainee should be at a sustainable level and benchmarked at an appropriate rate.

The above criteria and possible points are indicative while the RFA approved by USAID will include a final set of requirements for each funding cycle. The short-listed applicant must score a minimum of 60 points to be considered as a potential subawardee. There can be instances where there are no points for cost application and 100% weightage is given to technical application.

The evaluation results must be documented using the template in [Annex 9](#), file "Financial Application Evaluation Sheet". Such documentation must show all applicants reviewed against each criterion, as stated above, and the potential subawardees; and must be supported by all documents submitted by the applicants.

[Explanation: Please also refer to [Annex 9A](#) for evaluation checklists related to cost applications in the event USAID decides not to allocate any marking to the cost applications].

The Grants Management team should complete within one day or lesser the evaluation of one financial application.

The Grants Management team submits the documented evaluation of all financial applications and relevant supporting documents to the COP for review and approval of potential subawardees and onward submission to the PSC.

13.2 Approval of Potential Subawardees by the PSC

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The PSC reviews the evaluation recommended by GMC as approved by the COP and the relevant documents supporting the evaluation. After the needed iterations of clarifications, the PSC makes appropriate changes to the evaluation, if needed, and approves the selection of potential subawardees. The approval is documented in a memo and communicated back to the COP.

The approval process should be completed within three days from receipt of evaluation results from the GMC.

The documented evaluation of all financial applications and relevant supporting documents are forwarded to the Grants Manager.

13.3 Inform Applicants of Status of Applications

Potential subawardees and those that were not selected during the first and second qualifying rounds are informed in writing by the Grants Manager upon instruction of COP primarily through change of status in the online Grants Management Information System (GMIS). The extent of any additional information will vary depending on the number of rejections and availability of time. TDEA may also publish the list of successful applicants on the project website stating that organizations excluded from this list were unsuccessful. In cases where organizations demonstrated substantial value in their concept papers or grant applications, but have not been short-listed, they may be given feedback for improvement and encouraged to apply for next grant cycle under the same theme if repeated or a different theme if instructed by COP. TDEA may also include applications which are marginally below the qualifying marks for targeted interventions.

TDEA may make efforts to guide the applicants which score substantially below 60 marks by way of putting demo applications with marks as a general guideline or publish dos and donts for applicants to follow in order to score better marks. When there is large volume of applications, innovative methods may be applied to provide generic feedback as individual feedback would not be possible. Preaward orientations about how to gain better marks, FAQs on project website and help text in application forms can also serve this purpose. This section applies to both one step and two step processes.

14. Conducting Organizational Risk Assessment of Potential Subawardees

14.1 Types of Assessment

TDEA performs the risk assessment of potential subawardees by way of performing a pre-award responsibility determination exercise. It has categorized the assessments according to the nature and size of subawards as follows:

	Type of assessment	Applicability
1.	Desk Review	For small and very straightforward type of subawards. These include performance based training and advocacy activities for less than one year duration. The estimated value of award could be up to \$25,000
2.	Rapid Assessment	For relatively medium sized type of performance based subawards and with very specific

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		interventions when the applicant has demonstrated ability of carrying out the intervention successfully in the past. The estimated value of award could be over \$25,000 and less than \$100,000. Estimated completion would also be within one year.
3.	Detailed pre-award assessment	These are formal detailed assessments and would be used for relatively larger and complex/ cross cutting interventions where estimated value of award would be over \$100,000 and the duration could be up to or over one year.

Risk assessment of subawardees must be completed prior to entering into subaward agreement with subawardees. These also provide several opportunities of capacity building to TDEA and as a result strengthen the applicant organizations for future funding and sustainability.

Subject to approval of GMC, COP and PSC, TDEA may use the reports of existing pre-award assessments done by TAF, GT-AASR or other USAID projects (referred to as external reports) for award of grants. Such reports will be reviewed by Grants team and GMC and any updates from the date of the report will be factored in for developing recommendations, a capacity action plan, prior approvals, any other pre and post award conditions and specific deliverables or reports. Risk management remains the responsibility of TDEA and hence all steps must be carefully taken including the assessment of quality of external report being and its scope.

A brief of the processes including indicative nature, timing and extent is as follows:

- a) **Desk Reviews** will be carried out for subawards having value under US\$25,000. This mode of assessment will be executed through a documentation based approach. Assessment tools used for desk reviews include (1) enquiries, and (2) analytical testing.

A desk review will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the desk review template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation review and its ability to utilize the subaward for the required purpose.

A senior associate and a supervisor will be involved in carrying out a desk review, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Each desk review will require one day. No travelling will be involved in this mode of assessment. Please refer to [Annex 10](#) for a template of Desk Review

- b) **Rapid Assessments** will be carried out for subawards having value US\$25,000-100,000. This mode of assessment will be executed through documentation and system based approach. Assessment tools used for rapid assessment include (1) inquiries, (2) analytical testing, and (3) walk through testing.

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A rapid assessment will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the rapid assessment template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation and systems review and its ability to utilize the subaward for required purpose.

A senior associate and a supervisor will be involved in carrying out a rapid assessment, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Three days will be required for executing a rapid assessment. Travelling will be involved in this mode of assessment. Please refer to [Annex 11](#) for a template of Rapid Assessment

- c) **Detailed assessments** will be carried out for subawards having value US\$100,000 and above. This mode of assessment will be executed through documentation, system and transaction based approach. Assessment tools used for detailed reviews include (1) enquiries, (2) analytical testing, (3) walk through and (4) substantive testing.

A detailed assessment will be initiated from sizing up the organization based upon the documentation provided at solicitation stage which shall be used to structure the pre award assessment template accordingly.

Based upon the scope and steps defined in para (d) given below, the purpose of the assessment is to obtain limited assurance on the effectiveness of the organization at an institutional level through documentation review, systems review and transaction testing and its ability to utilize the subaward for set purposes.

A senior associate and a supervisor will be involved in carrying out a detailed assessment, whereas Manager and Assistant Manager will be involved in qualitative review, drafting of report and overall management.

Five days will be required for executing a detailed assessment. Travelling will be involved in this mode of assessment. In case of larger subawards e.g., having value above US\$ 400,000 a time span of at least ten days will be required given the increased extent of testing. Please refer to [Annex 12](#) for a template of Detailed Assessment.

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d) Steps to be performed for execution of pre award reviews and assessments – Operational/ financial

Type /Category of Pre Award Review and Assessment	Desk Reviews	Rapid Assessments	Detailed Assessments	Indicators
Subaward Value	US\$ 0-25,000	US\$ 25,000 – 100,000	US\$ 100,000 and above	Following indicators would serve as touchstones to conduct review and assessments
Framework For the Implementation/Execution of Assessments, and M&E A. List of Documents Required at the time of solicitation would include the following: 1. Registration documents including Charter or Constitution or Memorandum and Articles of Association and Objectives for which the organization was established 2. Audited Financial statements for the past 2-3 years 3. Profile and experience of the organization in doing similar projects including reference certificates from previous donors/ clients 4. Organizational Chart 5. CVs of the proposed team for the implementation of the project 6. Details about other partners and donors 7. Financial and technical applications of the proposed intervention				

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B. Areas vis a vis Indicators to Accomplish Assessments				
The following indicators will be used in the pre-assessment stage against which suitability of subawardees shall be assessed to determine whether a subaward shall be made to them or not. These indicators with minor variances shall be applicable across the three tiers of subawards to be awarded by TDEA.				
Areas	Desk Reviews	Rapid Assessments	Detailed Assessments	Indicators
Documentation				
a. Review of registration documentation with trusts, societies, authorities, and regulatory bodies.	✓	✓	✓	1. Registration certificate, 2. Registered with SECP under section 42, 3. Societies Registration Act, 1861, 4. Any other registration legislation/ authority.
b. Review of financial statements and accounts – if any	✓	✓	✓	1. Bank statement, 2. Annual accounts statement, 3. Donor report, 4. Audit reports, 5. Periodic financial reports
c. Review of legal documentation of the organization such as charter, M&A of association, set up Deed etc.,	✓	✓	✓	1. Charter of the organization, 2. Memorandum and Articles of association, 3. Set up deed etc.
2. Relevance of the Organization to the Project				
a. Meeting with Key Management		✓	✓	1. Head of the institution, 2. Chairman of the Governing body/Board, 3. Executive Director, CEO etc.,
b. Review of institutional/ organizational structure	✓	✓	✓	1. Organogram, 2. Management and Administrative Structure.
c. Review of ownership and governance structure and its effectiveness	✓	✓	✓	1. Is it a public body or privately owned organization? 2. Is the governing body elected by the general members or few selected members? 3. TORs for the elections of the governing body, SOPs, internal and external auditing reports.
3. Systems Review of the Organization				
a. Review of organization's systems – policies and procedures, SOPs etc.		✓	✓	1. Procurement systems and controls, 2. HR management, 3. Financial Management etc.
b. Documenting of procedures in practice		✓	✓	1. Manuals, 2. SOPs, 3. Internal audit, 4. M&E and corrective measures.

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c. Identification of gaps		✓	✓	1. Annual assessments, 2. Monitoring and evaluation of operations and project, 3. Identification of gaps, 4. Any corrective measures suggested and adopted by the organization.
4. Transaction Review				
a. Verification of internal control and internal checks including segregation of duties			✓	1. Internal controls, 2. Internal audit manuals, 3. SOPs etc.
b. Sample based transaction testing of major functions of the organization			✓	1. Financial management and accounting, 2. Procurement, 3. HR and internal audit etc.
5. Risk Analysis: identification and verification of the key weaknesses therein based on the assessment	✓	✓	✓	1. Weak M&E mechanisms, 2. Weak or no reporting, 3. Absence of audit SOPs and reports, 4. No record of internal/external audit, 5. No or weak documentation, 6. Not following procurement and HR best practices, 7. In case of previous subawards, have laid down procedures of donor(s) been followed or not? 8. Is the organization ever engaged or associated with any terrorist activity or organization? 9. Weak or adverse references, 10. Application of Source, origin and nationality regulations as per USG and USAID Regulations.
6. Absorptive Capacity Analysis: Verifying the capacity of organization's capability to take on and perform the tasks associated with the subaward			✓	1. Institutional capacity, 2. Availability of hard and soft infrastructure, 3. Experience in similar activities and projects, 4. Institutional harmony- is activities in accord with stated organizational objectives or not? 5. Trained and skilled staff availability, 6. Is capacity building initiatives, undertaken and staff training encouraged or not?
7. Recommendations: Identifying enabling conditions which facilitate the subawardee to achieve the goals of the subaward	✓	✓	✓	1. Recommendations which address gaps identified during review and assessment, to enable the subawardee for successful execution of subawards

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8. Report: A consolidated report will be prepared based upon the findings of the review and assessment	✓	✓	✓	An assessment report would be generated at the completion of the assessment for each applicant
C. Framework For the Identification of Indicators and Tools For Review and Assessment Following three major standard are used to identify the tools and indicators for assessments				
1. Documentation This involves reviewing key documentation in order to validate authenticity of an organization.	✓	✓	✓	- Office and other associated infrastructure, - Telephone No., - Email address, website etc.
2. System based This involves reviewing the systems in practice, their effectiveness, and gaps therein.		✓	✓	- Reviewing the SOPS, - Internal controls and Systems, - Absence of compliance with best practices identified of management, program implementation, auditing, office maintenance and bookkeeping, - Gaps.
3. Transaction based This involves verification of the effectiveness of the internal controls through review of transactions.			✓	- Reviewing the SOPS to ensure compliance of the subawardee with identified and laid down internal procedures, - Internal controls,
D. Tools /Methods For Review And Assessment				
1. Inquiries	✓	✓	✓	- Telephonic, - Personal, - Walk through, - Visiting the office, - Meeting the relevant persons.
2. Analytical Testing	✓	✓	✓	- Reviewing the documents submitted at the time of solicitation - Manual - SOPS - Internal and external controls - Subawards and other relevant manuals for HR, Financial and Procurement Management - Registration deed - Memorandum of articles etc.
3. Walk through testing		✓	✓	- By looking at the on ground situation/condition, - Any discrepancies between the on-paper and on-ground situation/conditions of the organization, - Meeting the relevant persons and officials of the organization,

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4. Substantive Testing			✓	1. This tool would employ all the above mentioned tools for analysis and assessments, 2. This would involve the transaction based testing for the assessment.
E. No. of Working Days				
1. Staff				
• Execution staff per assessment	2	2	2	
• Management Staff per assessment	2	2	2	
F. Total Working Days For Each Category Of Assessment	1	3	5	

The rapid assessment and detailed Preaward risk assessment is done, mostly through site visit, by the [Assessment Team](#). Prior to the assessment, the [Assessment Team](#) sends an engagement letter to inform the potential subawardees of the assessment to be done and prepares for the assessment by reviewing the applications and evaluation results of potential subawardees. A pre-requisite for conducting the assessment is the orientation of applicants, through an email which includes explanation of the assessment process (see [Section 14.2](#)).

e) Steps to be performed for execution of pre award reviews and assessments- Program Area

Activities	Desk Reviews	Rapid Assessments	Detailed Assessments
Grant Value	US\$ 0-25,000	US\$ 25,000 – 100,000	US\$ 100,000 and above
A. FRAMEWORK FOR EXECUTION			
1. Review of documentation received during solicitation stage			
a. Review of mission statement and organization's goal/s. (if any)	✓	✓	✓
b. Review of progress report and achievements in accordance with organizational mission and goal.	✓	✓	✓
c. Review of the work undertaken for the Citizens' voice project (campaigns, demonstration lobbying etc. /advocacy strategy. (if any)		✓	✓
d. Review of the work undertaken for public accountability initiatives and monitoring of public services (health Education, Policing etc.) (if any)	✓	✓	✓
e. Review of the CV's of organizational head and 2 key staff members to judge their experience and ability for the advocacy based work.	✓	✓	✓
f. Review of the publications, annual reports and other material relevant to the application. (if any)	✓	✓	✓
g. Review of the organization's strategic plan			✓

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2. Understanding of the Organization			
a. Meeting with Key Management for verifying and clarifying the queries coming out from the desk review		✓	✓
b. Meeting/ interview with a staff member to judge the capacity of the organization and training needs		✓	✓
c. Review of the staff training program (capacity building) if any		✓	✓
d. Verifying the capacity of the organization in making alliances and networks to achieve advocacy targets. (If applicable)			✓
e. Judge the organizational capacity to deal with and use media to achieve the public outreach and advocacy targets. If applicable.		✓	✓
3. System Review			
a. Review of organization's governance system, decision making processes, board and executive council role. (Organizational chart)		✓	✓
4. Risk Analysis: Reporting the key weaknesses therein based on the program side assessment	✓	✓	✓
5. Recommendations: Defining the conditions for capacity building to enable the grantee to achieve the goals of the funding	✓	✓	✓
6. Report: A consolidated pre award assessment report based upon the findings of the above mentioned steps.	✓	✓	✓
B. APPROACH			
1. Documentation based: Involves reviewing the key reports/ documentation in order to validate the capacity of an organization.	✓	✓	✓
2. Interviews: Involves interviews of the organizational head and key staff to judge the strength and finds the gaps in implementing the application.		✓	✓
C. TOOLS OF ASSESSMENT			
1. Interview questioners		✓	✓
2. Training need assessment questioners		✓	✓
3. Review of the reports and material provided with application form	✓	✓	✓

The [Assessment Team](#) gathers relevant supporting documents to support the evaluation of each area and criterion covered in the organizational assessment.

The [Assessment Team](#) must also recommend the mode of payment for the subaward activity, i.e., advance or reimbursement.

14.2 Purpose of Assessment

The risk assessment is done to determine the risk level of a potential subawardee. The level of risk impacts the decision to subaward or not and determines which type of subawardee monitoring will be performed for a subaward type.

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The assessment categorizes risk levels into three risk rankings as a result of the assessment and size of the subaward, as follows:

Level of risk	Definition of levels
High	High risk has been allocated to the areas where documented system and compensating controls do not exist and our review highlights certain material weaknesses. Or the documented system is in existence, however material weaknesses were observed.
Moderate	Moderate Risk Rating was assigned to the areas where documented system does or does not exist and during the transaction testing levels certain significant but not material weaknesses were observed, however the existence of compensating controls reduce the likelihood of such risks.
Low	Low Risk Rating was assigned to the functions where documented system exists, controls are in place and only certain procedural weaknesses, if any, were observed.

Size of the subaward

Level of Risk	Risk Ranking
Low	Under \$25,000
Medium	\$25,001 to \$100,000
High	\$100,001 to \$250,000
High +	\$250,001 and over

An assessment for an organization done on desk or rapid basis will need to be updated in the event the total portfolio of the project increases beyond the limits specified for desk review and rapid assessment. This is essentially done to put in place mitigating factors to cater for the increased risk of TDEA in a particular subawardee. Since the assessments done by TDEA or subcontractors have step-wise procedures for different assessments, the type of assessment performed initially will be used to update the results of the assessment as a full re-assessment will not be required. This is to control the time spent on each assessment and remain reasonable. In the event other subcontractors are engaged for pre-award assessments by TDEA, the provisions of this clarification will apply.

14.3 Areas Covered in Organizational Risk Assessment

The assessment identifies four areas in which each subawardee is to be evaluated, as follows:

- Inherent Risk
- Control Risk
- Reporting Capabilities
- Prior Experience Administering USAID awards or subawards

Each area is discussed in detail in [Annex 15](#).

The same areas are covered when assessing organizations for the purpose of developing the list of "required" organizations.

M&E team will prepare and use a programmatic review checklist that should also address the mission order 200.4 requirements.

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14.4 Discussions with Potential Subawardees

Entrance meeting is held with the potential subawardee's management team to explain how the organizational risk assessment is to be done and information requirements for the assessment. Exit meeting is held with the potential subawardee's management team at the end of the assessment to discuss the results – risk level rating and any recommendations to address significant issues noted during the assessment. It is important to manage expectations that the potential subawardee is informed that a final decision of subaward has not yet been made.

Exit meeting can be done with or without the GT-AASR or other subcontractor Assessment team. In this meeting, any points which remained unaddressed from GT-AASR review could be addressed. Also, the PDR and M&E team can take part in this meeting for any further clarifications that they would require. The CAP and any pre or post award conditions to be mentioned in the grant agreement will also be discussed and negotiated in this meeting.

At the same time, a time bound Capacity Development Action Plan ([Annex 16](#)) will need to be developed which will form part of the subaward. The subawardee will be required to implement the capacity development measures identified in the review/assessment process besides any other technical capacity development needs which will be addressed by the Organizational Development and Capacity Building unit of the project.

14.5 Reporting the Results of Organizational Risk Assessment

The [Assessment Team](#) separately presents the results of organizational risk assessment. Such assessments show the overall risk level rating.

The Assessment Team should also list the special conditions to be included in the subaward agreement; these special conditions should focus on areas that contributed to high risk rating.

All relevant supporting documents are collated and properly labeled, filed and Manager Grants compiles and categorizes the identified special conditions into four categories to facilitate the review and approval by the GMC as defined below:

- 1) Recommendation: These are the conditions which are essentially directed towards system improvements without legally binding the sub awardee.
- 2) Prior Approval Requirements: The conditions where either systems are weak or nonexistent for procurement of goods and services or the activity is critical to the objectives of the sub award.
- 3) Pre Award Conditions: These are the conditions without meeting which the applicant remains very high risk, to the extent of precluding the award.
- 4) Post Award Conditions: These are normally included as Capacity Action Plan (CAP) in the sub award, and represent targeted capacity building initiatives. In case of small short term awards, capacity building trainings conducted by the subcontractors will serve as CAP. The Capacity Action Plan will be part of the Letter of Grant and will be periodically reviewed during the period of the grant.

14.6 Review of Organizational Risk Assessment done by Assessment Team

Grants team will review and perform quality control check of the working paper files submitted by the subcontractors of the risk assessments undertaken by them. The quality control check will be performed atleast for those applicants which have been finally approved by USAID. The quality control check list is attached as [Annex 32](#).

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In order to meet tight deadlines, applications can be forwarded to USAID without submitting operational pre award results and USAID can be requested for approval. These approvals will be subject to satisfactory results of operational pre award assessments.

The risk assessment of each subawardee is reviewed at each periodic financial review, and is revised whenever required.

The GMC reviews the organizational risk assessment conducted by the [Assessment Team](#) and the relevant documents supporting the assessment. After the needed iterations of clarifications, the GMC makes appropriate changes to the assessment, if needed, and documents approval of the assessment results in a memo. The review should be completed within three days from receipt of assessment results from the [Assessment Team](#). After the final deliberations at GMC level, the COP approves the selection and takes it up to the level of PSC. The PSC's approval triggers the final selection of subawardee. The Assessment team also recommends payment mechanism for the subaward i.e., advance or reimbursement.

The proposed budget reviewed till last minute changes and hence final amounts communicated to PSC and USAID in the approval memo may change. However, the budget must not exceed the amount of funding allocated for this grant by USAID. Depending on the overall risk of the organization and its past experience for proposed interventions, TDEA may split the total award into an initial Fixed Obligation Subaward (FOSA) to support development of systems followed by a Simplified Subaward (SSA) for the remaining life of the approved intervention depending upon the progress made by the grantee in the tenure of FOSA. If there is no significant progress, TDEA can drop the grantee and terminate the FOSA as well as not extend the subsequent SSA.

15. Short-listing of Applicants by PSC

The results of the financial application evaluation and organizational assessment for all potential subawardees are consolidated by PSC to facilitate the final selection of subawardee. After thoughtful deliberations, the PSC chooses the subawardee for the subaward. The PSC documents the selection of subawardee through minutes of meeting and communicates the selection to the COP.

In the case of selecting "required" organizations, only the results of organizational assessment are reviewed by the PSC.

The minutes of meeting are forwarded to the Grants Manager.

As a granting agency, it is not TDEA's mandate to dictate its terms to the applicant organizations. This is an assistance program and grantee reserves right to the ownership of the program. During the review process however, there could be questions and clarification required for certain propositions laid down in the contents grant application. These include but are not limited to: questions related to technical approach, unclear or missing linkages, lesser information for decision making, gaps in the proposed implementation model, questions related to geographical and political risks, missing or unclear risk analysis etc., besides these, there could be questions in implementation plan, M&E plan, staffing, past performance and other areas of technical applications. The PSC can review and advise about collection of the missing information and clarification from the applicants who have passed the technical review. Possible means of such iterations with the applicants could be through email, phone, meetings, presentations etc. It is however important that all applicants be advised that the project is in the process of shortlisting and communications from TDEA do not entitle the applicants for a grant. Please refer to [Annex 28](#) for a letter to applicant grantees informing them about the shortlisting process and what they are required to do.

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15.1 Final approval of subawards by USAID

USAID's COR will take lead in the process at this stage and by forwarding all scored, vetted, application summaries received from TDEA on a periodic basis to the USG Inter-Agency Grants Review Committee (GRC) for timely review and decision.

Please refer to [Annex 30](#) for a specimen of approval memorandum to be used for requesting USAID approval.

USAID may approve more than the number of grants allocated in the RFA. USAID can also allow for increase in ceiling or award of a larger grant by combining more than one smaller application from the same applicant.

The GRC will review all application summaries received from TDEA and TDEA's funding recommendations, and make a final determination to proceed with an award, or to deny an award to the applicant. Manager Grants will communicate regrets to the unsuccessful applicants, also, an approval memorandum will be provided by the COR for TDEA's further action with the selected subawardees.

15.2 Inform all Potential Subawardees of Selection Results

Grants Manager will prepare a list of all unsuccessful potential subawardees to be kept on file or the online system. If possible, copies of the regret notification emails will also be retained on file or the online system.

The selected subawardee is formally requested by the Grants Manager to accept the subaward terms and conditions.

In the unlikely event that a selected subawardee no longer wishes to receive a grant award, the GMC may choose to recommend an alternative "competitive" applicant to be considered for the award. COP, upon agreement with GMC, will send the application to PSC for vetting and then to GRC through COR at USAID for approval. This implies that the next most qualified application will have to go through the same process as earlier applications.

16. Entering into Subaward Agreement with Selected Subawardee

The Grants Manager collates and checks completeness of all documents related to the subaward prior to drafting the subaward agreement. The file should have the following:

- Documented approval of selected subawardee by USAID.
- Documented vetting of selected subawardee by the PSC.
- Documented approval of organizational risk assessment by COP based on GMC recommendations – supported by documented organizational risk assessments/reports, all financial applications and relevant supporting documents (Second Stage GMC approval).
- Documented approval of potential subawardees by COP based on GMC recommendations supported by documented evaluation of technical applications, results of review against basic qualifying criteria, evaluation of technical applications and relevant supporting documents
- Documented approval of RFA by PSC and RFA document itself.
- Documented approval of PS/PD by PSC and PS/PD document itself
- Documented basis for approving or not approving the concept note by GMC and concept note itself.
- Separate files about the solicitation, applications received, logged and initial shortlisting/sifting, letters to successful and unsuccessful applicants, approval or denial letters to

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potential subawardees, minutes of GMC and PSC are also procurement documents which must be retained and maintained by the Grants team.

16.1 Drafting of Subaward Agreement

The Grants Manager reviews the RFA and PS/PD to understand what aspects in these two documents need to be in the subaward agreement. The Grants Manager also obtains the following required certifications from the selected subawardee:

- i. Certification regarding terrorist financing
- ii. Certification regarding debarment, suspension, ineligibility and voluntary exclusion
- iii. Certification regarding Narcotics offense and drug trafficking by key individuals
- iv. Certification regarding Narcotics offense and drug trafficking by participants
- v. Certification regarding drug free workplace
- vi. Certification regarding Lobbying
- vii. Certification regarding prohibition on assistance to drug traffickers
- viii. Initial environmental examination form
- ix. Certification Regarding Voluntary Population Planning Activities (for health and population subawards only)
- x. Certification that the subawardee and its key employees have never been convicted by a court of competent jurisdiction in Pakistan.
- xi. Declaration about the family relationships within management and governance structure of the subawardee organization.
- xii. Certification regarding local cost financing.
- xiii. Certification regarding political leadership or management of subawardee and declaration for non-political use of subaward funds
- xiv. Requirement and guidelines for obtaining a DUNS number
- xv. FSRs Executive Compensation and Subaward Reporting Form

The Grants Manager drafts the subaward agreement and attaches in it the certifications obtained from the selected subawardee. After the needed iterations of clarifications between the Grants Manager and concerned technical manager, the draft subaward agreement is sent to the selected subawardee.

The Grants Manager answers any questions the selected subawardee may have about the subaward agreement. After the needed iterations of clarifications, the subawardee conveys agreement with the terms and conditions in the subaward agreement.

To simplify accounting for the use of TDEA funds, it is preferred that funds “advanced” be placed in separate bank accounts established exclusively for that purpose. Further, should the bank account be interest bearing, Subawardee will inform TDEA of the amount of interest earned on funds advanced under the subaward, if any, and such interest earned will be refunded to the TDEA. Should Subawardee deposit the funds in a non-exclusive bank account, it is understood that Subawardee will be able to accurately account for the receipt and expenditure of these funds. Separate bank account requirement does not apply where subawardee is incurring expenditure itself and reimbursements are being made by TDEA or for FOSAs where no advances are paid.

As a result of negotiations with the subawardee, any changes in the PS/PD or the proposed budget from the initial application must be documented by way of a negotiation memorandum and signed by both the Grants Manager and Technical Manager concerned. Such negotiation memorandum documents the differences between original and final application and reasons for these deviations. Please refer to [Annex 17](#) for a template of Negotiation Memorandum.

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This negotiation memorandum is mandatory for awards above Pak Rupee equivalent of USD 100,000. For awards less than the threshold communication records evidencing negotiation are to be maintained.

This drafting of subaward agreement and obtaining subawardee's agreement should be completed within five business days. In the event the selected subawardee does not successfully complete the negotiation, the GMC recommends to the COP for subjecting the next most qualified party to the review and approval process. COP, upon agreement with GMC sends the application to PSC for vetting and then to GRC at USAID for approval. This implies that the next most qualified application will have to go through the same process as earlier applications including pre-award responsibility determination.

See [Annex 18](#) for the subaward agreement templates. The subaward agreement must include all respective provisions related to management of the subaward and approval requirements.

16.2 Finalizing the Subaward Agreement

Only after receiving the approvals of the selected subawardee from PSC, the Grants Manager can pursue finalization of the subaward agreement.

A subaward agreement number is allotted to each subaward and indicated on the agreement. Two copies of COP signed subaward agreement is sent to the subawardee for signature and subawardee returns one for TDEA record.

17. Subaward Management

17.1 Post award Orientation

All subawardees must be provided a post award orientation either individually or in groups as applicable and convenient immediately after the subaward to bring them on the same page with respect to the provisions of the subaward, the reporting requirements and expectations from the program. Please refer to [Annex 31](#) for a sample agenda for post award orientation.

17.2 Subaward Period

The subaward period is specified in the subaward agreement and must not go beyond the Project completion date.

17.3 Payments to Subawardees

A subawardee under a FOSA is reimbursed its costs based on milestones or results achieved. A certification of completion of milestones or results and documented evidence are submitted by the subawardee to TDEA when seeking reimbursement of its costs.

The Project technical staff verifies that milestones or results were indeed completed as agreed in the subaward agreement, either before each reimbursement or toward the completion date. Any discrepancy between the agreed and actual milestones or results achieved should have an equivalent adjustment in costs sought for reimbursement or final payment by the subawardee. The technical staff who verified the milestones or results recommends the reimbursement of subawardee's costs accordingly. Since further break-down of milestone costs and partial payments makes financial tracking of grant expenditure difficult, these are not preferred. In the event of anticipated major variations, a modification/ amendment to subaward is the preferred approach.

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For SSA, the financial report must be verified by the concerned technical department of TDEA and reviewed by the grants/finance team as applicable. The detailed review of the records of subawardees could be initiated depending on the nature and extent of expenditure reported. The decision to review the underlying financial records must be made with the approval of concerned Director and COP. Subawardee should be informed about the review beforehand and results must be documented and communicated to the subawardee. Please refer to the [Annex 19](#) for a template of a Subawardee Financial Report Review Letter.

Similarly, for capacity building and ensuring compliance with the Subawardee Capacity Building Action Plan which is a part of the subaward agreement, TDEA can initiate a field financial monitoring visit of the subawardee premises for review of its records and progress on the recommendations of the pre-award assessment. Although it is unconventional for FOSA but the objective here is to build capacity in previously identified areas. An engagement letter similar to pre-award assessment will be sent to subawardee in advance notifying about the review, areas covered, number of financial reports under review and timing of the review. Please refer to [Annex 20](#) for template of a Subaward Financial Monitoring Checklist (Onsite review). A letter of feedback will be provided to subawardee based on the findings of the review.

TDEA can make direct payments to suppliers on behalf of a subawardee. In such cases, the Grants Manager must verify that: (a) the good or service is clearly specified in the Subaward Application, (b) the good or service is allowable, allocable, and reasonable, (c) the selection of source was based on full and open competition to the maximum practicable extent. The same amount will be deducted from the budget of subawardee by way of sending a debit note and the subawardee will report it as an expense by TDEA on its behalf by adding to its total expenditure for reporting purposes.

Reimbursement can be made only upon presentation of at least the following documents:

- Subawardee's certification of completion of milestones or results
- Documented results of verification of subawardee's completion of milestones or results by a designated competent technical staff of the project
- Adjustment in costs if the agreed milestones or results were not fully achieved by way of modification/ amendment.

Nature, timing and extent of technical and financial monitoring and mentoring also depend upon the judgment of the concerned manager based on the responsiveness and interactions with the subawardee. Some subawardees might require more attention compared to others as their capacity building needs are greater than others while some subawardees might require lesser attention due to stronger systems meeting basic requirements of the subaward.

For all other purposes, USAID COR must be in the loop for a final decision related to relaxation or a legal action against the subawardee under the provisions of a subaward e.g., suspension, termination, recovery etc.

Payment mechanism where TAF will be executing grants for TDEA: A letter of instructions to the Country Representative TAF from the COP will be issued with names, bank account information, grant agreement number and amount to be disbursed. Advance will be obtained from USAID and will be routed to TAF for onward disbursement to the subawardees. The letter will state that all the pre-award and post award verifications, as applicable have been concluded satisfactorily.

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17.4 Advances

The Project may also advance funds to subawardees under FOSAs (see [Section 4.2](#)) where the typical payment method is cost-reimbursement (allowed by ADS 303). Advance payments may be made to subawardees under SSA. Cost-reimbursement will only be required for SSA when the special conditions for risk mitigation as recommended by GMC based on the results of pre-award assessment. Wherever advance payments are authorized, opening of a separate bank account will be required for the subawardee.

17.5 Monitoring of Subawardees' Activities and Milestones or Results Achieved

The milestones or results (outputs or outcomes) of subawardees, as indicated in the subaward agreement, should be verified, either before each reimbursement or toward the completion date, i.e., before final reimbursement.

The [Annex 21](#) provides template of a checklist used for monitoring of field activities. The different monitoring levels/ extent for FOA and SSA will be based on the performance and capacity issues of the subawardee.

17.6 Amendments/ Modifications to subawards

An amendment to a subaward is any document that changes programmatic and/or financial terms as defined in the original agreement, including schedule changes, PS/PD changes, or major line item budget shifts. When required by the subaward, an amendment must be requested and approved **prior** to a significant deviation from the original agreement. Additionally, amendments to subawards can only be made by the TDEA's authorized person.

I. Extensions

An extension is a document that authorizes the subawardee to continue spending on a subaward after the original completion date stated in the agreement. This is most common when funding has not been fully expended during the life of the project or there has been a delay in implementation. The following supporting documentation should be included in all extension requests:

- Original PS/PD and budget.
- Reason for extension request.
- Analysis of spending to date, expected spending until the original end date, and projection of funds remaining at the original end date; and
- Description of the use of funds if the extension is approved.

a) Extension (funds only)

If the extension being requested involves a request for additional funds, the request must be approved by COP before submission to USAID. The request will be discussed at GMC and sent to COP. It should include a detailed explanation of the need for extra funding and the reason for the time extension. Program team should circulate the extension request with the Subaward Amendment Review and Approval Form [Annex 22](#) to all of the appropriate signatories. Once the request is approved, it can be submitted to USAID. A subaward amendment template is also included in [Annex 18](#).

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Note: No charges may be made to a subaward after the approved written completion date.

Once the written extension is received from USAID, the information should be shared with Program department and concerned subawardee immediately.

b) Extension (time only)

Extensions that do not involve a request for additional funds would require prior approval from COP. The PSC will be informed about all time extensions in a subsequent meeting. In most subawards the extension request must be made between 30-45 days prior to the end date. The Grants Manager must also maintain all extension requests and approvals in the subawardee's file. Once the written extension is received from COP, the information should be shared with Technical Team, Finance Team, and M&E Team immediately. However, if a time extension involves a budget revision, the approval process is outlined in the following Section.

Note: No charges may be made to a subaward which has ended and which does not have a written approved extension from TDEA.

II. Budget Realignments

If the modification being made involves budget realignment or budget decrease, the modification would require prior approval of COP. The PSC will be informed about the modifications in a subsequent meeting.

TDEA's written approval in advance is required for the following. This approval will be given by COP as requested by Manager Grants with a copy to GMC. :

Additional funding (COP and USAID approval will be required);

For SSA, the transfer of amounts budgeted for non-program costs to absorb increases in program cost or vice versa. (COP approval will be required);

For SSA, if costs that require prior approval according to OMB circular A-122 were not budgeted originally, but are now necessary for the satisfactory completion of the project. (COP approval will be required).

For amending milestones (COP's approval will be required).

III. Program Revisions

For FOSA COP may amend milestones during the period of the grant, if the original milestones are no longer feasible or appropriate due to circumstances beyond the control of the recipient, and if the amended milestones are compatible with and satisfy the original purpose of the grant. The COP may terminate the grant if he/she concludes that multiple or substantial amendments indicate that continuing the grant is no longer in the best interests of the Agency.

In case of SSA approval must be sought from the COP through GMC recommendation before any change from the agreed-upon PS/PD occurs as indicated in the subaward agreement.

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Subawardee must seek prior written approval from the COP before any one of the following occurs:

- Change in the PS/PD or objective of the project or program (even if there is no associated budget revision requiring prior written approval);
- Change in key personnel specified in the application or subaward document;
- The absence of more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principle investigator; and
- The subawardee intends to contract or subgrant any of the substantive programmatic work under the subaward, and such contracts or subgrants were not included in the approved subaward document.

17.7 Termination or Suspension of Subawards

TDEA reserves the right to terminate a subaward, with information to USAID, as follows:

- For material failure - The subaward may be terminated at any time, in whole or in part, upon written notice to the subawardee, whenever it is determined that the subawardee has materially failed to comply with the terms and conditions of the award. Termination should only be invoked when all other corrective measures have failed. If a subaward activity is well designed, failure to achieve the objective will most likely result from either a wholly unanticipated event or condition (an invalid assumption) or negligence on behalf of the subawardee.
- With consent of the subawardee - the subaward may be terminated, in whole or in part, with consent of the subawardee. Both parties shall agree upon the termination conditions, including the effective date and, in case of partial terminations, the portion of the subaward to be terminated. The agreement to terminate will be in written form.
- Upon request of the subawardee - The subawardee may terminate the subaward in whole or in part upon sending a written notice to TDEA. The notice must specify the reason for termination, the effective date, and, in case of partial termination, the portion to be terminated. If in the opinion of the TDEA a partial termination will mean that the purpose of the subaward will not be achieved, TDEA may terminate the subaward.
- When continuation is not in the national interest of U.S. Government - If at any time USAID determines that continuation of all or part of the funding for a subaward should be suspended or terminated because such assistance would not be in the national interest of the United States, or would be in violation of an applicable law, USAID may instruct TDEA to suspend or terminate the subaward in whole or in part on an immediate basis.
- Right of USAID to Supersede Contractor Decisions: Recognizing the paramount interest of the United States and USAID in grant-making, TDEA has agreed that USAID may, in its sole discretion, supersede any decision, act or omission taken by TDEA in respect of any subaward made by it, or proposed to be made by it, hereunder. Notwithstanding any other provision of this Manual and the prime contract, USAID retains the right, at all times hereunder, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any subaward; (2) rectify an omission by TDEA with respect to the award or administration of any subaward; (3) take over the administration of any subaward awarded hereunder; and/or (4) terminate, in whole or in part, the TDEA's authorities under this Contract.

If any of the above conditions exit, the matter will be brought on the agenda of GMC and after discussions; a recommendation for suspension or rehabilitation would be made. The COP will have the authority to suspend the subaward and the Grants Manager will communicate this decision to the subawardee by issuing a suspension notice. If termination of subaward is considered due to any of the instances stated above, it should only be undertaken after a full discussion with the PSC and with its written approval.

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All legal notices related to suspension or termination must be vetted by the Compliance Team and Director of Finance & Grants Administration before submission to COP by the Grants Manager. Also, if a subcontractor [e.g., TAF] is implementing subawards on behalf of TDEA, the COP will instruct the subcontractor in writing to suspend the subaward rather than directly writing to the subawardee. Such subcontractor will comply with COP's instruction within three business days.

17.8 Records to be Maintained

The Grants Manager ensures that the following documents are maintained in the subaward agreement file for each subaward:

- All GMC, PSC and USAID approvals.
- Subawardee Activity Completion Report and Subaward Activity Completion Certificate accepted by the Technical Manager and supported by a checklist of items required for closing out a subaward completed by Grants Officer
- Documented monitoring results (beneficiary selection; whether selected beneficiaries indeed participated in the activities; number of women who benefited from the project, etc.)
- Approved monitoring plan
- Documented verification of completion of milestones or results by the project technical staff
- Certification on completion of milestones or results submitted by the subawardee
- Signed copy of subaward agreement and any modifications thereto
- Negotiation memorandum
- All invoices bearing technical and financial approvals
- All invoice review documentation for the FOSA and SSA.
- Any waivers received for the subaward from USAID
- Calendar of reports due and when received
- All correspondence related to the subaward – internal and external.
- Audit and evaluation reports as applicable.
- List of equipment/ inventory with the subawardee
- Close out checklist

17.9 Dispute Resolution and Complaints

The subaward agreement delineates dispute resolution mechanism which needs to be followed for any contractual disputes. Besides that, TDEA's Whistleblower Policy will be followed for any complaints and issues which are required to be escalated to higher management level. Subawardees must be given orientation about these mechanisms of dispute resolution and complaints.

18. Subaward Close Out

The Subaward Activity Completion Certificate [Annex 23](#) officially terminates TDEA's involvement in the subaward activity and closes the subaward activity file. The Subaward Activity Completion Certificate is prepared only after the Subawardee Activity Completion Report [Annex 24](#) has been submitted by the subawardee, reviewed by the Subawards/Grants Officer, and accepted by the concerned Technical Manager.

The Grants Manager reviews the Subawardee Activity Completion Report using a checklist of items required for a proper close-out [Annex 25](#). Another checklist is provided in the same annex which is required to be completed by the subawardee to ensure a proper close out of the subaward.

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Explanation: It would be better to write an email or a letter to all subawardees before and upon completion of the grant asking them to send final outstanding documents and reports. Program team must also be consulted to ensure that there is no outstanding program report which needs to be mentioned in the email or letter. A template of such letter is attached in [Annex 25](#).

19. Exceptions to Competition Requirements

USAID will approve non-competitive awards based on one of the following exceptions (ADS 303.3.6.5):

- a. Follow-on subaward agreements and amendments – A follow-on subaward is a new agreement subsequent to the completion of an existing agreement for either the same activity or to further develop an existing subaward relationship. A follow-on subaward may be implemented through an amendment to an original subaward or as an entirely separate subaward. The follow-on exception cannot be used to continue a relationship with a subawardee that received a non-competitive subaward based on the Small Subaward exception.
- b. The justification should indicate why the benefits of continuing the subaward activity with the same subawardee exceed the benefits of a competitive process favored by Federal Law and Agency policy. Amendments which require justifications are those which, for example, extend the life of the subaward and simultaneously either increase the total amount of the subaward or change the PS/PD.
- c. Exclusive or predominant capability – Competition is not required when a subawardee is considered to have exclusive or predominant capability based on the following criteria:
 - Proprietary capability;
 - Specialized facilities or technical expertise; or
 - An existing and unique relationship with parties relevant to the Project (e.g., business sectors, local government, etc.) or beneficiaries.

The uniqueness of the proposed subawardee and how it applies to the supported activity must be described in sufficient detail. The justification must also describe what, if any, other options were explored. The exception may not be used to continue an ongoing relationship when the applicant developed the exclusive or predominant capability during performance of an award. In that case, justification should be prepared following the guidance for amendments and follow-on subaward agreements. The exception also may not be used to continue an ongoing relationship with a subawardee that received a non-competitive award based on the Small Subaward exception.

- d. Small subawards – These are subawards with an estimated total amount of \$250,000 or less and with a term of no more than one year. These awards may not be amended to either add funds beyond \$250,000 or extend the date beyond one year from the original date of the subaward. A justification must explain how the proposed subaward fits the exception.
- e. Limited competition – The COP, as directed by USAID, may authorize limited competition when it is necessary for reasons of efficiency. The written justification must describe in sufficient detail what other options were explored.
- f. Other exceptions – Specific blanket justifications for a particular purpose or period of time, for example, operational security.

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All non-competitive application, together with complete justifications, shall be submitted to PSC for their review and approval after the review by GMC and COP and Grants Manager and authorization by COP.

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ANNEX 1 – Approval of Subawards Manual and Effective Date

Attached scanned copies of USAID approval and TDEA BOT approval.

1. Approval notification received from COR through email dated Monday October 17, 2011 1819 hrs.

Subawards Manual (September 2012)



Date:

Ref:

Resolution No: bot7-03/2012-01
Pages 1 of 1

The Seventh Meeting of the Board of Trustees of the Trust for Democratic Education and Accountability was held on March 25, 2012 at FAFEN-TDEA Secretariat, Islamabad.

The Board approved Sub-Awards Manual of the Trust for Democratic Education and Accountability. The Sub-Award Manual will replace the Sub-Grant Management Policy under Section 36 of the Compendium of Policies and Procedures.

The Sub Awards Manual is an integral part of this Resolution.

Chairman Fafen	Secretary Fafen	Member Fafen	Member Fafen	Member Fafen	Member Fafen	Member Fafen	Member Fafen
Signed for	Signed for	Signed for	Signed for	Signed for	Signed for	Signed for	Signed for

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(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 2 – Terms of Reference of Project Steering Committee

Already approved by USAID
(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 3 – Terms of Reference of Grants Management Committee

(Click on the file to open)

Terms of reference of Technical Review Committee/ Panel

(Click on the file to open)

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ANNEX 4 – Memorandum of Understanding Template

(Click on the file to open)

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ANNEX 5 – Request for Application and Other Solicitation Documents Templates

(Click on the file to open)

All RFAs and advertisements are subject to USAID approval.

Any income tax withholding on grant payments to be clarified by GT-AASR

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ANNEX 6 – Subaward Application Form Template

Already a part of solicitation document

Concept Paper Application Template (Two Step Process)

Direct specific RFAs (One Step Process)

Pre-award certifications

Sample Matrix of Familial Relationships

(Click on the attached file to open)

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ANNEX 7 – Evaluation Against Basic Criteria Template

The objective is to document the initial screening in a structured manner so that results are mechanically available for technical short listing and there is documentary trail of the decision in the event of any audits and questions from PSC and USAID.

(Click on the attached file to open)

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ANNEX 8 – Technical Application Evaluation Template

Each main criterion will need to be broken down into sub-criteria with allocation of marks from the total of the main criterion. The objective is to make a structured decision and documenting the same to the maximum extent possible. This will also support the Project's decisions in the event of any questions from PSC and USAID.

Please note that the criteria provided in the Subaward Manual are examples and therefore, content of each evaluation worksheet will follow the criteria provided in each solicitation document and the templates will need to be modified to accommodate that.

(Click on the attached file to open)

Subawards Manual (September 2012)

ANNEX 9 – Financial Application Evaluation Template

Please note that the criteria provided in the Subaward Manual are examples and therefore, content of each evaluation worksheet will follow the criteria provided in each solicitation document and the templates will need to be modified to accommodate that.

(Click on the attached file to open)

Subawards Manual (September 2012)

ANNEX 10 – Preaward Assessment: Desk Review Template

**ANNEX 10, 11 and 12 – Preaward Assessment: Toolkit by GT-AASR
for Pre-award Assessments**

(Click on the attached file to open)

Subawards Manual (September 2012)

ANNEX 11 – Preaward Assessment: Rapid Assessment Template

Being Developed by AASR

Templates developed by AASR must include the minimum requirements of TDEA / TAF before grant making.

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 12 – Preaward Assessment: Detailed Assessment Template

Being Developed by AASR

Templates developed by AASR must include the minimum requirements of TDEA / TAF before grant making.

(Click on the attached file to open)

Subawards Manual (September 2012)

ANNEX 13 – Engagement Letter Template for Preaward Assessment

Please refer to the [Annex – 28](#), initial communications with the applicants. Those communications now contain the TOR of pre-award assessments and a list of documentation required.

Redundant files just for reference

Engagement Letter – Desk Review
(Only applicable if more documentation is required than what is already provided)

Engagement Letter – Rapid Assessment

Engagement Letter – Detailed Preaward Assessment

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 14 – Feedback Letter Template after Preaward Assessment

Made inactive due to revised approach of GT-AASR as they finalize the report with grantee internally.

However, TDEA will be conducting close out meetings with each applicant to close the pre-award process and finalize the pre and post award conditions if any. That meeting will determine the final outcome of negotiations regarding CAP and pre-award/ post award conditions.

Feedback Letter – Desktop Review

Feedback Letter – Rapid Assessment

Feedback Letter – Detailed Preaward Assessment

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 15 – Organizational Risk Assessment Tools

From Program Perspective

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 16 – Subawardee Capacity Development Action Plan Template

Subawardee Capacity Action plan is the document which details the observations TDEA has made during the pre-award responsibility determination exercise, the improvements required and agreed points of action plan. The Subawardee will be required to report on the progress of items in the action plan as part of it quarterly narrative reports.

Item	Observation	Agreed recommendation and action	Proposed completion date
1			
2			
3			
4			

Subawards Manual (September 2012)

ANNEX 17 – Negotiation Memorandum Template

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 18 – Subaward Agreement Template

As anticipated in the project, Subawarding function will be initially carried out by the Asia Foundation. Accordingly, the subaward agreement templates from the Asia Foundation are annexed with this manual. These include separate templates for grant and terms and conditions. The Fixed Price agreement templates will be used for FOSA while the Advance reimbursement/ Cost reimbursement templates will be used for SSA type subawards. The templates will be modified for “with” and “without” advance payment mechanism of funding.

A template for amendments/ modifications to existing subawards has also been included.

(Click on the file to open)

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 19 – Subawardee Financial Report Review Letter Template

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 20 – On-Site Financial Monitoring Checklist Template

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 21 – Programmatic Monitoring (in field) Checklist Template

Being Developed by Project M&E

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 22 – Subaward Amendment Review and Approval Form

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 23 – Subaward Activity Completion Certificate

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 24 – Subaward Activity Completion Report Template (Internal)

(Click on the file to open)

Subawards Manual (September 2012)

ANNEX 25 – Subaward Close Out Checklist

Subaward Close out checklist for TDEA/the Project

Subaward Close out checklist for Subawardee

Letter to subawardee for close out

(Click on the file to open)

Subawards Manual (September 2012)

Annex 26 – Subaward Process Flowchart

(Click on the file to open)

Subawards Manual (September 2012)

Annex 27 – Disclosure forms for Conflict of Interest

(Click on the file to open)

Subawards Manual (September 2012)

Annex 28 – Initial Communications with Shortlisted Applicants

(Click on the file to open)

Subawards Manual (September 2012)

Annex 29 – Specimen Checklist for Technical Review of Grant Applications

(Click on the file to open)

Subawards Manual (September 2012)

Annex 30 – Specimen Grant Application Approval Memo for USAID

(Click on the file to open)

Subawards Manual (September 2012)

Annex 31 – Specimen Agenda for post award orientation

Calling in CB team is must for their introduction with subawardee organizations

(Click on the file to open)

Subawards Manual (September 2012)

Annex 32 Quality Assurance Checklist for 3rd Party Conducted Pre and Post Award Assessments

(Click on the file to open)

Annex 33-35 are incorporated by reference.



RULES AND PROCEDURES FOR BOARD OF TRUSTEES

As Updated on: November 2014

Free and Fair Election Network (FAFEN) is a network of Pakistani civil society organizations, governed by the Trust for Democratic Education and Accountability (TDEA).

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1. Vision

A democratic and just society that guarantees rights, respect and dignity of all individuals

2. Mission Statement

TDEA-FAFEN strives to strengthen public accountabilities by enhancing capability of citizens' associations to work for civil liberties, improved governance, democracy and peace in Pakistan.

3. Values

TDEA/FAFEN upholds the following Principles and Values in the performance of its work, public interactions and organizational procedures and process:

- **Inclusion:** TDEA/FAFEN believes in inclusion as the basis for strengthening democratization, and therefore, encourages greater participation of all stakeholders particularly the marginalized in its work.
- **Integration:** TDEA/FAFEN believes in partnerships and networks as critical in integrating and strengthening voices of citizens and their associations for civil liberties, improved governance, democracy and peace in Pakistan.
- **Neutrality:** TDEA/FAFEN does not support any political party.
- **Transparency:** TDEA/FAFEN procedures and processes maximize organizational transparency.
- **Accountability:** TDEA/FAFEN is open to public accountability of its governance, work, performance and conduct.
- **Objectivity:** TDEA/FAFEN gives primacy to robust methodologies and information based on facts and/or credible research and evidence as a cornerstone to its processes, programming, public positions and advocacy.
- **Rule of Law:** TDEA/FAFEN adheres to the all provisions in the constitution, law, rules and regulations in vogue in the country that are not in violation of civil and political liberties.
- **Non-Discrimination:** TDEA/FAFEN does not discriminate and condone discrimination on the basis of caste, color, ethnicity, creed, gender, religion, political, geographical or linguistic background, marital status, sexual orientation, age or physical disability, etc.
- **Best Practices:** TDEA/FAFEN enhances its organizational competence by incorporating best program and management practices and standards.
- **Commitment to Democracy:** TDEA/FAFEN practices democratic decision-making processes in its management and programs.

4. Objectives

The aims and objects of the Trust shall be as follows:

- To educate people of all ages, gender, race, ethnicity, creed and religion about their democratic rights and responsibilities;
- To educate people of all ages, gender, race, ethnicity, creed and religion about the significance of engaging in all forms of democratic processes for democratic governance;

- To engage people and civil society groups in carrying out democratic accountabilities such as election observation, oversight of legislatures, government oversight and any other as may be decided by the Board; and
- To undertake research and bring out periodic print and online publications in areas it deems fit in order to inform its work and for democratic education of general public.

5. Trustee code of conduct

The Code of Conduct is meant for the Trustees to ensure high standards and makes it clear how potential conflicts of interests are dealt with. Each Trustee shall sign the Code at the first meeting of each year.

5.1. Selflessness

Trustees of Trust for Democratic Education and Accountability (TDEA) have a general duty to act in the best interests of TDEA as a whole. They should not do so in order to gain financial or other material benefits for themselves, their family, their friends or the organization they come from or represent.

5.2. Integrity

TDEA's Trustees:

- should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their role;
- as well as avoiding actual impropriety, should avoid any appearance of improper behavior;
- should avoid accepting gifts and hospitality that might reasonably be thought to influence their judgment.

5.3. Objectivity

In carrying out their role, including making appointments (including trustee appointments), awarding contracts, recommending individuals for rewards and benefits or transacting other business, TDEA's Trustees should ensure that decisions are made solely on merit.

5.4. Accountability

TDEA's Trustees:

- have a duty to comply with the law on all occasions in accordance with the trust placed in them and in such a way as to preserve public confidence in TDEA.
- are accountable for their decisions and actions to the public, funders and service users. They must submit themselves to what scrutiny is appropriate to their role.

5.5. Openness

TDEA's trustees:

- should ensure that confidential material, including material about individuals, is handled in accordance with due care;

- should be as open as possible about their decisions and action that they take. They should give reasons for their decisions and restrict information only when the wider interest clearly demands.

5.6. Honesty

TDEA's Trustees:

- have a duty to declare any interests relating to their Trustee role and to take steps to resolve any conflicts that may arise. Where private interests of a Trustee conflicts with their Trustee duties, he she must resolve this conflict in favour of the Trustee role;
- must make relevant declarations of interest in the different circumstances and roles they play both within and outside TDEA.

5.7. Leadership

TDEA's Trustees:

- should promote and support the principles of leadership by example;
- be able to respect boundaries between executive and governance functions. There will be circumstances under which Trustees will be working directly with TDEA staff. Guidelines for such working relationships must be clear to both staff and Trustees and, when these occasions arise, the Chief Executive/Chair should be informed in advance.

5.8. Confidentiality

Confidential Information shall mean any and all information obtained by or disclosed to a Trustee in the course of serving on the Board, including but not limited to, TDEA employee salaries and benefits, donor identities and contributions, TDEA's negotiations and plans, performance of member organization of the Free and Fair Election Network, etc. As of part of the Trustee's consideration of membership on the Board, the Trustee agrees to the following regarding use and disclosure of Confidential Information.

The Trustee acknowledges that the work of the TDEA is undertaken in strict confidence and with an understanding of privacy. Disclosure of Confidential Information will cause the TDEA irreparable harm, which may result in loss of TDEA credibility, personnel or a loss of contributions, donations, plans, and progress or other serious harm.

The Trustee agrees that he/she shall not use any Confidential Information except to perform his/her duties on the Board.

The Trustee agrees that he/she shall not disclose, discuss, divulge, or distribute (or assist any third-party) to or with any party outside the Board any Confidential Information.

6. Board of Trustees

TDEA shall be governed by a Board of Trustees.

6.1. Composition

The Board shall comprise seventeen Trustees. Fifteen shall be permanent members and two shall be co-opted from the General Council of the Free and Fair Election Network for a term of two years through elections.

6.2. Eligibility of a Trustee

A Trustee shall be:

A citizen of Pakistan;

- Shall be more than 35 years of age on the day of appointment as a Trustee;
- Have more than 10 years of professional experience that may be useful in furthering the objectives of the Trust.

6.3. Ineligibility of a Trustee

A person shall not be eligible to become a Trustee if he/she has been:

- is holding any remunerating capacity directly funded by TDEA;
- Convicted by any court of law in any act that carries a punishment of more than one year imprisonment or a fine of more than 50,000 or both; however, the final decision in this regard shall be made by the BOT or its Committee constituted in this regard. The designated Committee shall submit the report to the board, whether the person has been victimized on political grounds or has defensible reasons to justify his position or otherwise.
- Terminated in any of his/her earlier employment for sexual harassment, fraud and corruption;
- Declared of unstable mind by any court of law.
- Affiliated with a political party as its officer-bearer
- Affiliated with any terrorist/extremist outfit or organization that has been proscribed under the law.

6.4. Appointment of Trustee

6.4.1. Permanent Trustee

If a seat of a permanent Trustee fell vacant by virtue of his/her death, retirement, resignation or dismissal, the Board of Trustees shall fill the vacancy through the following process:

- The TDEA Secretariat shall furnish names of at least three persons who fulfill the qualifications as defined in F (2) of this document to the Chairperson of the Board of Trustees. Each nomination shall be submitted on a Prescribed Form for rationale and justification.
- Any Trustee may also use the Prescribed Form to recommend a nomination to the Chairperson through the TDEA Secretariat.
- The Chairperson, in his discretion, shall finalize at least three nominations for presentation to the Board of Trustees meeting subsequent to the date the seat falls vacant. The nominees shall be required to be present at the meeting of the Board that is to consider their appointment.

- The Board of Trustees shall consider each nomination and if so desire may also interview each of the nominee.
- The Trustees shall be required to vote through secret ballot for each nominee on a single vote basis. The nominee who has polled the highest vote shall be considered elected as permanent Trustee.
- The Chairperson shall administer oath to the Permanent Trustee at the same meeting.

6.4.2. Elected Trustee

Two Trustees shall be elected from the General Council of the Free and Fair Election Network.

6.4.2.1. Tenure

Elected Trustees shall hold office for a period of two year.

6.4.2.2. Procedure for Election

Electoral College

All duly members of the General Council duly nominated by their organization shall form the Electoral College for the election of coopted Trustees. Nominees of any organization who is affiliated with one of the Trustees shall not be eligible to vote for the election of coopted Trustees.

Election Process

- The Board of Trustees shall appoint a three member Election Committee to be headed by a Chairperson on the recommendation of the TDEA Secretariat through simple majority decision. The members of the Committee shall be independent persons of impeccable record and reputation who shall have no affiliation with any of the organizations affiliated with the Trustees of members of the General Council.
- The Election Committee shall be notified by the TDEA Secretariat after the approval of the Board of Trustees.
- The Election Committee at its first meeting shall notify to all members of the General Council, Election Schedule that will outline dates for:
 - o Submission of nomination paper;
 - o Display of preliminary list of candidates;
 - o Last date for the filing of objections to nominations
 - o Hearing of objections and disposal of appeals
 - o Display of final list of candidates
 - o Campaign period
 - o Polling day
- All nomination papers can be submitted either through an email to a designated email addresses or in person, as may be decided by the Election Committee.
- The Election Committee shall not take more than 30 days from its first meeting to the polling day to complete the election process.
- The polling shall take place through secret ballot at the annual meeting of the General Council. Only members nominated by the organizations shall be eligible to vote. Proxy voting shall not be allowed.

- The Election Committee shall notify the results on the same day of the Elections. The results shall be signed by three members of the Election Committee.
- The Chairperson shall administer oath to the elected Trustee at the same meeting.

6.5. Retirement, Resignation and Dismissal of a Trustee

The office of a Trustee shall be vacated if a Trustee:

- is disqualified from acting as a Trustee;
- becomes incapable by reason of mental disorder, illness or injury of managing or administering his/her affairs;
- resigns his/her office by noticing in writing;
- is absent from three consecutive board meetings of the Trustees and/or for good and sufficient reason three quarter of the other Trustees pass a resolution that such Trustee shall be removed from the office PROVIDED THAT a Trustee faced with removal shall have the rights to be heard by the other Trustees before a vote is taken.

6.6. Powers of the Board of Trustees

In furtherance of the objects of TDEA, the Board shall have the powers to take any measures as it may deem fit to help the TDEA achieve its objectives. The Board shall:

- take steps to ensure that the Trust is functioning in such a manner that it is in harmony with its objectives;
- manage the operations of Free and Fair Election Network and may form other thematic or geographic networks of civil society organizations as it may consider necessary to advance its objectives and to ensure a maximum outreach to its beneficiaries;
- employ and pay any person or persons not being a Trustee to supervise, organize and carry out the operations of the Trust;
- enter into contracts and borrow money for the purpose of the Trust and management of its properties and assets;
- receive and accept gifts, grants, aids, donations, and to raise, establish and maintain funds and assets by subscriptions and contribution;
- adjust, settle, compromise, compound or refer for arbitration all actions, suites, claims, demands, and proceedings regarding the Trust affairs;
- co-operate and collaborate with governmental and non-governmental bodies with the purpose of furthering the objectives of the Trust;
- make, amend and revoke rules and regulations for the functioning of the Trust including, but not limited to the following:
 - o the conduct of business including the time, place and method of calling meetings of the Board;
 - o ensure all decisions in the Board meetings shall be made on the basis of two-third majority of the prerequisite quorum; and
 - o acceptance and termination of new members to the network;
- seek legal opinion of lawyers and/or Chartered Accountants as and when required.
- form sub-committees from time to time as and/or when required for the execution of Trust objectives.

- The Trustees will not be entitled to receive any remuneration as Trustee but may reimburse themselves of all expenses actually incurred by them in connection with the Trust or their duties relating thereto.
- The Trustees may from time to time appoint one of them or any other person through resolution of the Trustees to be secretary who shall exercise such powers and authority as may be conferred upon him by the Trustees.
- From amongst one of the members of the Board, one Trustee will be appointed as “Chairperson” of the Trust through election and he/ she shall hold such office for one calendar year.

6.7. Chairperson of the Board of Trust

6.7.1. Tenure

From amongst one of the members of the Board of Trust, one Trustee will be elected as “Chairperson” of the Trust by the Board for period of one year.

6.7.2. Responsibilities of the Chairperson of the Board of Trustees

The Chairperson shall:

- act as the Head of the Trust and shall have all the necessary powers to run and control the affairs of the Trust;
- have an extra vote, in case of equal votes and shall exercise the right of casting vote in any of the meetings of the Trust;
- have the right to adjourn the meeting of Board and General Council if he/she considers that the proceedings are injurious to the interest of the organization. Such adjourned meetings would be held within one week from the date of adjournment;
- be responsible for running of the trust in accordance with the aims and objectives of the trust;
- chair the meetings of the Board and the General Council. In case the Chair is not present, the Board/General Council shall choose one of its members to chair the meeting;
- approve the agenda for the Board meetings;
- cause proper minutes of all Board decisions, resolutions and proceedings to be kept and entered into the Minutes Book;
- keep himself informed of all the activities of the Organization/Trust;
- guide and help the TDEA Secretariat in discharge of its duties;
- have the powers to nominate/designate the Sub-Committees as and when required in the best interest of the Trust;
- guide, advise and provide approvals to TDEA Secretariat on various operational and programmatic matters on behalf of Board of Trustees;
- represent the TDEA-FAFEN at various forums as and when required

6.7.3. Election of the Chairperson of the Board of Trustees

- The TDEA Secretariat shall appoint a three member Election Committee to be headed by one person from the committee. The members of the Committee shall be independent persons of impeccable record and reputation who shall have no

- affiliation with the Trustees, any of the organizations affiliated with the Trustees, members of the General Council or the TDEA Secretariat.
- The Election Committee shall be notified by the TDEA Secretariat.
- The Election Committee at its first meeting shall notify to all members of the Board of Trustees, Election Schedule that will outline dates for:
 - o Submission of nomination paper
 - o Display of preliminary list of candidates
 - o Last date for the filing of objections to nominations
 - o Hearing of objections and disposal of appeals
 - o Display of final list of candidates
 - o Campaign period
 - o Polling Day
- Nomination papers can be submitted either through email to a designated email address or in person, as may be decided by the Election Committee.
- The Election Committee shall not take more than 30 days from its first meeting to the polling day to complete the election process.
- The polling shall take place through secret ballot at the special meeting of the Board of Trustees. Only Trustees shall be eligible to vote. Proxy voting shall not be allowed.
- The Election Committee shall notify the results the same day of the Elections. The results statement shall be signed by three members of the Election Committee.
- The outgoing Chairperson shall administer oath to the elected Chairperson at the same meeting.

6.8. Meeting of the Board of Trustees

The Board of Trustees shall hold regular meetings for the disposal of business and review and oversee the operations and projects of the Trust. Such meetings will require a written notice of at least fifteen days. However, the Board of Trustees shall convene special meetings for the conduct of the election of Chairperson and amendments to the Trust deed. Such meetings will require a written notice of at least two days.

6.8.1. Periodicity

The Board shall meet four times in a calendar year, once every quarter or as and when needed.

6.8.2. Quorum

At least two-thirds of the total number of Trustees shall constitute the quorum.

6.8.3. Agenda

Agenda for the meeting shall be proposed by the TDEA Secretariat, to the Trustees at least seven days before the date of the meeting of the Board of Trustees. However, any agenda item proposed must accompany a rationale, justification and background documents if applicable. The Agenda for the meeting shall be approved by the Chairperson at least five days before the meeting and duly circulated among all Trustees by the TDEA Secretariat.

6.8.4. Types of Decisions

6.8.4.1. Strategic Decisions

All decision pertaining to the strategic, programmatic matters will be made through majority consensus of the present members.

6.8.4.2. Resolution

All policy decisions pertaining to the TDEA operations will be approved by two-third majority of the pre-requisite quorum through resolution.

6.8.4.3. Resolution by Circulation

Any urgent matter requiring immediate decision of the Board of Trustees will be approved by two-third majority of all Board of Trustees through resolution by circulation.

6.8.4.4. Minutes of the meetings

- The Chairperson shall cause proper minutes of all Board decisions, resolutions and proceedings to be kept and entered into the Minutes Book.
- The draft minutes shall be circulated amongst all the Trustees for approval a week after meeting of the Board of Trustees.
- The key decisions of the meeting shall be circulated within a week of the meeting.
- The minutes shall be signed by all the present Trustees in the subsequent meeting of the Board of Trustees.

6.9. Conflict of Interest

A situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his/her official duties as, say, a public official, an employee, or a professional and/or situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional-interest or public-interest.

- Members are expected to avoid conflicts of interest with the exercise of professional discretion and impartial judgment. In case of a conflict of interest (real or potential), it is obligatory on every member to disclose it to the Board of Trustees in writing and to seek necessary steps to resolve the issue in a manner that makes the Trust interests primary and protected to the maximum possible extent.
- In such a case the concerned member faced with a Conflict of Interest on a particular issue would be ineligible to vote as a Trust member or have any role on matters pertaining to that particular issue.
- Instances may arise where a members ethical obligations conflict with the Trust policies, laws or regulations. When such a situation arises, members must make a responsible effort to resolve the conflict in a manner that is consistent with the values, principles, and standards expressed in the Code of Ethics. If an appreciable resolution does not appear possible, members should seek proper consultation of the Chairperson who may formulate a three (3) member committee to resolve the matter before a final decision by the Board of Trustees.

7. Trust Secretariat

TDEA Secretariat is setup by the Board of Trustees to be headed by a Chief Executive Officer to carry out the day to day management of the Trust operations. The Secretariat shall act on behalf of The Board of Trustees and be answerable to the Board for the tasks it undertakes:

- The Trust Secretariat shall be governed by administrative and financial policies approved by the Board of Trustees.
- The Board shall maintain a minimum staff at the Secretariat against positions that are essential to conduct its legal, financial, networking, program, information technology and fund-raising operations.
- The Trust Secretariat shall manage all administrative, financial, legal and corporate matters of the Trust on behalf of the Board of Trustees.

7.1. Responsibilities

7.1.1. Program and Logistical Support

Secretariat shall:

- be responsible for day-to-day management and maintenance of the Trust's Secretariat;
- be jointly responsible to generate funds for the Trust along with the Board of Trustees;
- carry out program support activities such as: research, data management, data analysis, report writing, training/capacity building of member organizations and planning of programs and projects etc. as per the provisions of contracts and as directed by the Board of Trustees;
- Keeping in view that member organizations, while remaining part of the Network, may directly sign funding agreements with the donor(s); role of the Secretariat in affairs of any such project/contract shall be limited to the extent it is mentioned in the contract and agreed in advance with the Secretariat;
- incur expenses for carrying out activities of the projects/programs it undertakes, and for its maintenance. It shall follow laid down financial procedures, and shall be responsible for accuracy and verification of its financial matters;
- maintain accounts of the Trust as per the financial procedures, and as prescribed under the law. Statement of income and expenditure shall be presented in the Board of Trustees meetings, or as and when required by the bodies;
- be responsible for proper auditing of the Trust's accounts by an auditor duly appointed by the Board of Trustees.
- prepare annual work-plans, budget/financial plans and place it before the Board of Trustees and/or donors.
- prepare progress reports and annual reports of the work undertaken by the Secretariat and present it to the Board of Trustees.
- prepare funding proposals to raise funds for the programs and projects approved by the Board of Trustees. The Secretariat may also identify funding opportunities for projects and programs relevant to the objectives of the Network. Upon approval from

the Board of Trustees, the Secretariat shall develop and pursue such funding opportunities.

7.1.2. Coordination

Secretariat shall:

- coordinate and make the following arrangements for meetings of the Board of Trustees and the General Council and other committees/forums of members in accordance with the laid procedures or as directed by the Board of Trustees;
- send invitations;
- prepare the draft agenda and circulating to all concerned;
- make logistical arrangements for the meetings;
- prepare and circulate minutes of the meetings;
- maintain a proper record of the meetings;
- make all arrangements for the elections of the Chair of the Board of Trustees;
- be responsible for the execution of all resolutions and directives of the Board and the General Council;
- act as neutral body to facilitate coordination, communication and interaction among the Network members. Facilitate interaction among members of the Network for getting help and facilitation from each other on aspects related with the objectives of the Network. The Secretariat may play a role in the resolution/settlement of conflicts among Network Members, between Member(s) and donor(s), as directed by the Board of Trustees;
- monitor media, and other avenues to identify developments/changes related to the objectives of the Trust. Secretariat shall notify these developments to the Board of Trustees and other members. It may also give suggestions about responding the developments/changes;
- the Secretariat may, as directed by the Board of Trustees or at its own, conduct research/gather information to develop the TDEA positions on matters/issues (it deem important) related to the objectives of the Network;
- be responsible for developing and maintaining data center, the TDEA web portal, the TDEA print and electronic publications etc.

7.1.3. Contact/Focal Point

Secretariat shall:

- undertake all correspondence/communication on behalf of the TDEA;
- negotiate programs and projects with donors on behalf of the Trust;
- sign legal and funding agreements on behalf of the Trust;
- act as information repository of research and other activities undertaken by the TDEA;
- act as the information center for media, and shall respond or redirect media queries;
- issue press releases, research information, the Trust/ FAFEN positions, or other items to media as and when required/approved by the Executive Council, or as it deem appropriate;
- receive and collect all donations, grants-in-aid, subscription dues, membership fees, and other payments on behalf of the Trust and issue proper receipts thereof

7.1.4. Chief Executive Officer

The Secretariat headed by the Chief Executive Officer. Under overall supervision of the Chief Executive Officer, the Secretariat shall act on behalf of the Board of Trustees.

7.1.4.1. Qualification

The chief executive officer of the Trust must fulfill the following minimum requirements:

- a citizen of Pakistan;
- a minimum of master degree in social or management sciences;
- at least 15 years of progressive experience in senior management capacity particularly in development sector;
- not convicted by any court of law in any act that carries a punishment of more than one year imprisonment or a fine of more than 50,000 or both;
- not terminated in any of his/her earlier employment for sexual harassment, fraud and corruption;
- not declared of unstable mind by any court of law;
- not affiliated with a political party as its officer-bearer.
- not affiliated with any terrorist/extremist outfit or organization that has been proscribed under the law.

7.1.4.2. Tenure

The Chief Executive Officer shall be appointed for three years extendable subject to performance to be evaluated through annual appraisal to be done by the Chairperson or a BoT committee designated by the Chairperson.

7.1.4.3. Appointment

CEO will be appointed through competitive process as defined in the TDEA Compendium of Policies and Procedures. Governance Oversight Committee of Board of Trustees shall supervise the recruitment process.

7.1.4.4. Responsibilities

Role of Chief Executive Officer

Major role/functions of the Chief Executive Officer are given below. However, specific responsibilities of the Chief Executive Officer shall be given in the detailed job description:

Chief Executive Officer shall:

- be responsible for actions taken by the Secretariat and its staff;
- be responsible for hiring, maintaining and firing staff of the Secretariat in line with the Trust policies, approved procedures, and program requirements. It is expected that the Chief Executive Officer shall work in full harmony with the Board of Trustees, thereby taking the Board of Trustees in confidence on managing matters related to the Secretariat;
- lead Secretariat staff in a way that they perform to their full potential to achieve objectives of the Trust. The Chief Executive Officer shall also arrange necessary training, and guide staff to perform their duties efficiently;

- manage the Secretariat and coordinate with members in such a manner that the Network performs efficiently and effectively for achievement of its objectives.
- provide/arrange assistance required to members for performing their obligations related to the objectives of the Trust, as directed by the Board of Trustees;
- manage affairs of the Secretariat in a cost and time efficient manner to maximize benefits for the Network, the Secretariat staff, and Member Organizations;
- act as the Ex-Officio Member-secretary to the Board of Trustees and the General Council.
- Chief Executive Officer shall be one of the joint signatories of the Trust's bank account(s).
- The Chief Executive Officer shall have the power to make ad-hoc decisions over and above the provisions governing the Human Resource Administration and Financial Management to ensure the smooth running of the TDEA Secretariat. All such decisions shall have to be approved by the Board of Trustees for their incorporation in the TDEA Compendium of Policies and Procedures

7.1.4.5. Scope of Work

The Chief Executive Officer (CEO) is the leader of an effective and cohesive management team for the Trust, setting the tone for the Secretariat and Project Offices by demonstrating consistent values of high ethical standards, integrity and fairness. S/he bears the responsibility to ensure that the Trust and its projects meet its short-term operational and long-term strategic goals and objectives. S/he shall have such skills and abilities as are considered necessary by the BOT. S/he shall act honestly and in good faith in the best interests of the Trust and its stakeholders and must exercise care, diligence and skill that to steer the operations of the Trust. S/he works is accountable to Board of Trustees long-term strategic goals and objectives.

7.1.4.6. Responsibilities

The CEO has the following specific responsibilities:

Strategic Leadership

- develop and recommend short and long-term goals, strategies, and objectives to the Trustees to ensure the maximization of TDEA resources and the long-term success of the TDEA;
- lead and manage the TDEA within parameters established by the BOT;
- review and report regularly to the BOT concerning the TDEA's progress towards its goals and all material deviations from the goals, strategies, and objectives approved by the BOT, including updating and making changes as required, and involving the BOT in the early stages of developing strategy;
- develop, recommend to the BOT and implement Programs and Projects that support the TDEA's long-term strategic objectives;
- review and report regularly to the BOT on the overall progress and results against operating and financial objectives and initiate courses of action for improvement;
- identify the principal risks of the TDEA's operations and ensure the implementation of appropriate systems to manage these risks; and

Keep the BOT fully informed of all significant operational, financial, and other matters relevant to the TDEA, including legal, regulatory, and governmental policy developments

Financial Leadership

Develop annual operating forecasts of revenue, expenditures, operational results, and financial performance;

- authorize commitment of TDEA resources, including contracts, transactions and arrangements in course of TDEA business, in order to pursue the approved strategies, plans, and objectives of the TDEA, provided, however, that major commitments, exposures, and risks are reported to the BOT in a regular and timely basis; and
- take reasonable steps to ensure that the TDEA's assets are adequately safeguarded and optimized in the best interests of the BOT

Administrative Leadership

- develop and maintain a sound, effective organizational structure and ensure that personnel and systems are in place to appropriately manage the affairs of the TDEA;
- maintain a positive work environment that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels;
- ensure that all members of the TDEA have their responsibilities and authorities clearly established;
- ensure, in cooperation with the BOT, that there is an effective succession plan in place for the position of CEO; and Ensure that the TDEA has an effective management team and establish a plan for senior management development and succession, including the appointment, training and monitoring of senior management

Compliance Leadership

- ensure that appropriate personnel and systems are in place for the integrity and adequacy of the TDEA's internal control and management information systems.
- take steps to ensure the safe, efficient operation of the TDEA and to ensure compliance with the TDEA's environmental, health, and safety policies, procedures, and practices;
- ensure that all operations and activities of the TDEA are conducted in accordance with applicable laws, regulations, the TDEA's Code of Ethics, sound best practices, and any other policies and practices approved by the BOT; and
- foster a high performance working culture that promotes ethical practices, encourages individual integrity and accountability, and fulfills social responsibility.

Retirement, Resignation and Dismissal of CEO

The office of a CEO shall be vacated if the CEO:

- is dismissed on any of grounds as determined by TDEA's Compendium of Policies and Procedures;
- become incapable by reason of mental disorder, illness or injury of managing or administering his/her affairs;
- resign his/her office by noticing of three months in writing and approved by the Board of Trustees with consensus;

Dismissal

Process of dismissal

Any complaint against the CEO shall be referred directly to the Chairperson. After determining the veracity of the complaint through any mechanism that he/she may deem appropriate within seven days of the filing of the complaint, the Chairperson shall form an investigation committee comprising no more than three Trustees to formally look into the complaint and furnish its findings within fifteen days of its constitution. During the period of the investigation the Chairperson shall suspend the CEO and appoint an acting CEO in his stead from amongst one of the Directors of the TDEA.

The investigation committee in his first meeting shall frame the charges and formally issue a show cause notice to the CEO. The investigation committee shall have the powers to interview any official of the TDEA, or any other person depending upon the nature of the charges in course of its investigation. The committee shall also have the power to review any of the documents maintained in files or electronically by the TDEA. The committee shall also have the power to require the CEO to furnish any detail of his assets, bank accounts, etc.

In case the investigation committee recommends to the Chairperson dismissal of the CEO, the Chairperson shall convene a special meeting the Board of Trustees to seek a resolution for the dismissal of the CEO. The dismissal resolution is required simple majority of the pre requisite quorum.

In case the investigation committee recommends to the Chairperson any penalty other than dismissal of the CEO, the Chairperson shall in his discretion take necessary and appropriate action.

The CEO shall have the right to challenge any punitive action by the Board of Trustees with the Board of Trustees for a review. He shall have the right to challenge the reviewed decision by the Board of Trustees in a court of law.

8. Sub-Committees:

The Board shall form sub-committees to:

- ensure information is communicated from the Board to TDEA Secretariat, and vice versa;
- ensure relevant stakeholders are informed and consulted on various issues and decisions;
- ensure Trust operates within relevant laws and regulations, policies and Procedures and Code of Ethics and Conduct;
- act with the utmost integrity and putting the organization ahead of personal interests;
- review Trust procedures, programs, training and review executive positions;
- set long-term goals that are consistent with the Trust's mission and objectives;
- review budgets and securing the organization's financial security;
- provide leadership and direction

Following are the Sub-Committees Board shall form to ensure that Trust operates within relevant laws and regulations, policies and Procedures and Code of Ethics and Conduct. However the Chairperson of the Trust shall have the powers to nominate any of the other Sub-Committee as and when required. The Formation of such committees is depending on the nature of the matter at that time

TDEA Governance Committee:

Membership	Scope of Work	Guidelines/ Policies and Procedures	Membership
BOT-1	- Ensure information is communicated from the Board to TDEA Secretariat, and vice versa; - Ensure Trust operates within relevant laws and regulations, policies and Procedures and Code of Ethics and Conduct; - The GOC may advise on advocacy positions as well as positions on the other relevant programmatic matters of the TDEA/FAFEN. - Review budgets and securing the organization's financial security; - Provide leadership and direction in Trusts' operational matters. - Appointment and termination of CEO and Directors	- TDEA Financial Manual. - TDEA Procurement Manual - TDEA HR Manual. - TDEA Trust Deed - Any other notification, memorandum issued by Chairperson.	Permanent
BOT-2			
BOT-3			
BOT-4			
BOT-5			

TDEA Funds Management Committee:

Membership	Scope of Work	Guidelines/ Policies and Procedures	Membership
BOT-1	- To work for augmenting the TDEA Funds including, Endowment and Gratuity Funds; - To review and finalize investment options; - To manage and maintain TDEA Funds and present reports to Board of Trustees; - To review TDEA Funds Management policies from time to time and advise the Board of Trustees. - To grant approvals of payments from TDEA Funds.	- Endowment Fund Deed and Rules - TDEA Financial Manual - Gratuity Fund Deed and Rules. - TDEA Internal Audit Manual. - TDEA Human Resources Manual.	Permanent
BOT-2			
BOT-3			
BOT-4			

TDEA Internal Audit Committee:

Membership	Scope of Work	Guidelines/ Policies and Procedures	Membership
BOT-1	- To ensure that the audit work will be carried out in line with the internal audit procedures manual, professional standards and best practices - To recommend broader corrective action to improve TDEA Operations. - To review quarterly basis, activity reports of the Internal Audit and present the reports in the BOT Quarterly meetings. - To maintain professional knowledge and skill at the level required to ensure that TDEA receive competent and professional internal auditors.	- TDEA Internal Audit - TDEA Financial Manual - TDEA Procurement Manual - TDEA HR Manual - TDEA Trust Deed	Permanent
BOT-2			
BOT-3			
BOT-4			

TDEA Strategic Planning and Development Committee:

Name	Scope Of Work	Guidelines/ Policies and Procedures	Membership
BOT-1	- Set and define Mission, Vision and values of the Trust - Develop long term Strategic Plans. - Review and approve TDEA Policies and procedures. - Review Trust procedures, programs, training, projects, and area of work and furnish recommendation to Board of Trustees. - Support and guide TDEA Chief Executive Officer in Programmatic, fund raising and strategic levels of decision making.	1. TDEA-Trust Deed 2. Trust Act 1882 3. TDEA Compendium of Policies and Procedures. 4. TDEA Projects documentation.	Permanent.
BOT-2			
BOT-3			
BOT-4			
BOT-5			
BOT-6			



FAFEN Manual

As Updated on: November, 2013

Free and Fair Election Network (FAFEN) is a network of Pakistani civil society organizations, governed by the Trust for Democratic Education and Accountability (TDEA).

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The Free and Fair Election Network (FAFEN) is governed by the Trust for Democratic Education and Accountability:

1. Mission:

TDEA-FAFEN strives to strengthen public accountabilities by enhancing capability of citizens' associations to work for civil liberties, improved governance, democracy and peace in Pakistan.

2. Values:

TDEA/FAFEN upholds the following Principles and Values in the performance of its work, public interactions and organizational procedures and process:

Inclusion: TDEA/FAFEN believes in inclusion as the basis for strengthening democratization, and therefore, encourages greater participation of all stakeholders particularly the marginalized in its work.

- **Integration:** TDEA/FAFEN believes in partnerships and networks as critical in integrating and strengthening voices of citizens and their associations for civil liberties, improved governance, democracy and peace in Pakistan.
- **Neutrality:** TDEA/FAFEN does not support any political party.
- **Transparency:** TDEA/FAFEN procedures and processes maximize organizational transparency.
- **Accountability:** TDEA/FAFEN is open to public accountability of its governance, work, performance and conduct.
- **Objectivity:** TDEA/FAFEN gives primacy to robust methodologies and information based on facts and/or credible research and evidence as a cornerstone to its processes, programming, public positions and advocacy.
- **Rule of Law:** TDEA/FAFEN adheres to the all provisions in the constitution, law, rules and regulations in vogue in the country that are not in violation of civil and political liberties.
- **Non-Discrimination:** TDEA/FAFEN does not discriminate and condone discrimination on the basis of caste, color, ethnicity, creed, gender, religion, political, geographical or linguistic background, marital status, sexual orientation, age or physical disability, etc.
- **Best Practices:** TDEA/FAFEN enhances its organizational competence by incorporating best program and management practices and standards.
- **Commitment to Democracy:** TDEA/FAFEN practices democratic decision-making processes in its management and programs.

3. Membership Policy

The membership of the Free and Fair Election Network (FAFEN) shall be governed by the Trust for Democratic Education and Accountability (TDEA) Board of Trustees (BoT) under process as defined in this policy.

3.1. Criteria for Membership

Not-for-profit organization working in Pakistan that meets the following criteria will be eligible to apply for FAFEN membership:

- Registration under Societies Registration Act 1860; the Trust Act 1882; The Voluntary Social Welfare Agencies Ordinance 1961; or Section 42 of the Companies Ordinance 1984.
- Demonstrated experience of more than five years in any governance and democratization related fields;
- It must have been registered and operational for at least five years at the time it applies for the membership;
- Conduct their external audit by ICAP-registered companies as attached in Annex 7-B
- Willing to complete documentation requirements and due diligence process as admissible under this process;
- Willing to abide by the Code of Ethics as prescribed by the Trust;
- Willingness by Executive Directors to disclose details of their assets and Annual Income and Wealth Tax Returns at the time of submitting their application as well as for its possible display on the Trust website;
- Willing to pay an annual membership as admissible under this policy that may be reviewed from time under the approval of the TDEA Board of Trustees.

3.2. Ineligibilities for Membership

Organizations shall not be eligible to apply for membership in case they:

- Distribute profit among their Directors;
- Are convicted in criminal case(s) or black listed by any donor agency for financial or other irregularities;

3.3. Process of Membership

3.3.1. Membership Request

The Secretariat shall publish the call for FAFEN Membership as and when required and directed by the Board of Trustees (BoT). The decision about opening membership shall be taken keeping in view the programs and project requirements. The Board of Trustees (BoT) shall decide the number of new members to be taken, from different province/area, and the requisite areas of expertise.

Membership applications shall be invited preferably three months before the scheduled meeting of the Board of Trustees (BoT). The call for membership to potential members is to be made in a timely and cost efficient manner. Any or all of the following methods may be used as decided by the secretariat:

- Nation-wide advertisements via (major) newspapers;
- Website;
- E-mail circulations through other NGOs; and
- E-mail groups/lists etc.

The call for applications must clearly mention the objectives of FAFEN, eligibility criteria, areas from where members are required, area of expertise, last date for sending application (giving at-least a period of one month), required supporting documents, contact for submission of applications, contact for further inquiries, statement clearly mentioning that the FAFEN membership does not ensure funding to any organization.

The membership requests received prior to or after the published deadline for applications shall be kept on files by the Secretariat. Such applications shall be responded to by the Secretariat informing the applicants about the next opening of memberships. When the FAFEN Membership is open, the Secretariat shall inform the applicants. If already received application(s) are complete in all aspects, new applications shall not be required and the application shall be presented to the Board along with new applications.

Membership applications shall be received on a Prescribed Form (Annex 7-A). The form may be amended by the Board of Trustees as and when required. The (updated) application form shall be made available at the Secretariat, and on the FAFEN Website.

Each applying organization shall designate a person (preferably head of the organization) as the 'first contact person' to represent the organization in the General Council and attend matters related with the FAFEN. A second nomination as the 'second contact person' shall also be made who may attend to the FAFEN matters and represent the organization in the absence of the first nominee.

3.3.2. First Shortlisting

The membership forms along with the required documents shall be received in hard copy or as signed soft copies of the original forms and required documents, to ensure that the authorized official(s) has signed the documents. The membership applications shall be examined by the Secretariat for:

- Completion of the application;
- Minimum requirements; and
- Necessary documents

Incomplete applications or applications without required documents shall not be considered. Using the criteria for awarding membership set by the Board of Trustees (BoT) for each membership call, the Secretariat shall short-list applications that are complete in all respects. The short listed applications will move to the Stage-2 of scrutiny – Due Diligence.

3.3.3. Due Diligence

The members will be gauged with the help of a due diligence framework. This framework will serve as a tool for FAFEN in organization's management capacity. The Due Diligence Framework is inclusive of the following categories:

- Financial Standards
- Human Resource Management Standards
- Governance Standards

A due diligence form (Annex 4-A) will be filled by the member organizations. The form lists the standards and verifies the extent to which standards are being met under every category. For this specific purpose, every standard is supported by Means of Verification i.e. quantifiable indicators that verify that these standards are being complied with. Through these indicators, it will become easier for the member organizations to monitor and measure their management capacity.

Moreover, a Ranking of these indicators has been added to differentiate the core requirements from the augmented ones. These are categorized as follows:

- E = Essential;

- R = Recommended;

The purpose of adding ratings to the indicators to the check-list is two-fold. One, it marks where the organization stands in terms of management and performance and pinpoints the areas that need improvement and two, it differentiates levels of criteria for the member organizations as follows:

- E: Essential = The standards that organizations must meet (for membership)
- R: Recommended = The standards that organizations may meet to improve their own productivity and the overall synergy of the FAFEN Network.

The following is the list of standards:

Sr. No.	Standard	Means of Verification	Ranking
Financial Management Standards			
1.	The Member Organization maintains updated organizational information.	Detailed organizational chart	E
		List of members of governing body and officers	E
		Biographies of senior management and directors	R
		List and description of current programs/projects/activities	E
		Address details of Head office and sub-offices	E
		List of sources of funds/donors	E
		Listing and description subsidiaries/joint ventures/partnerships/network memberships	E
2.	The Member Organization maintains updated corporate and legal documentation as required by their type of registration.	Original certificate of incorporation	E
		By-Laws on governance, finance and human resource management of the organization	E
		NTN Certificate	E
		Listing and description of key supply contracts	R
3.	The Member Organization meets highest financial standards in vogue through effective internal controls.	Double Entry System	E
		Joint [multiple signatories] Operation of Accounts	E
		Chart of Accounts	E
		Payment Approval Policy	E
		Cash Management Policy	E
		Expense Management Policy	E
		Procurement Policy	E
		Inventory Management Policy	E
		Management Reporting Policy	E
4.	The Member Organization maintains updated financial records to comply with statutory and contractual requirements.	Accounting Software	E
		Audit reports of last three fiscal years	E
		Consolidated financial statements for last five years	E
		Monthly income statements for last 12 months	E
		Internal financial (Income and Expenditure Statements/profit and loss, capital expenditures, etc.) projections, and all supporting information	R

		Schedule of current notes payable/receivable, intercompany advances and description	R
		Income tax returns and tax statements	E
		List of operating banks	E
		List of current inventory	E
Human Resource Management Standards			
1.	The Member Organization has written human resource management policies that are in compliance with internationally recognized best practices.	Recruitment, Resignation & Termination policy	E
		Compensation Policy and Salary Structure	E
		Contract Policy	E
		Staff Rules of Discipline	E
		Grievance and Dispute Settlement Policy	E
		Health and Safety Policy	E
		Sexual Harassment Policy	E
		Equal Employment Opportunity	E
		Leave Policy	E
		Medical Policy	E
		Provident Fund	R
		Gratuity	R
		Group Insurance	R
		Social Security	R
		EOBI Registration	R
		Disabilities Policies	E
		360 ⁰ Staff Performance Appraisal Policy	
2.	The Member Organization maintains effective human resource management system to maximize organizational output.	Personnel Staff Files	E
		Periodic Appraisals	E
		Leave Records	E
		Daily Worksheets	R
		Hours of Work	E
		Staff Training Need Assessment	R
3.	The Member Organization provides conducive working environment and opportunities for staff growth.	No Smoking	E
		Staff Notice Boards	E
		Office Maintenance	E
		Staff Retreats	R
		Employee Satisfaction Surveys	R
		Complaint Box	E
		Staff Trainings	E
		Opportunities for Domestic and International travel	R
		Performance-based Incentives	R
Governance Standards			
1.	The Member Organization has Governance Policy defining roles and responsibilities of directors and secretariat.	Gender Balance	E
		Roles of Governing Body	E
		Responsibilities of Directors	E
		No-Remuneration Policy	E
		Periodic Elections	E
		Conflict Resolution Policy	E

		Decision-making and Quorum Rules	E
2.	The Governing Body of Member Organization conducts periodic meetings to oversee the organizational performance and approve/amend program/policies/procedures.	Schedule of Meetings	E
		Minutes of Meetings	E
		Resolutions Approved	
4.	The Governing Body of Member Organization works in a voluntary capacity and is not remunerated for its services.	Declaration	
5.	The members of Governing Body and the Head of the Member Organization are not blood relatives (immediate relationships).	Declaration or Disclosure	
6.	The Member Organization has a policy not to recruit immediate relations among staff.	Declaration or Disclosure	E
7.	The Head of Member organizations are not Managers of FAFEN Projects.	Membership Form	E
8.	All corporate, legal and financial information of member organizations is available to public (and/or as and when requested).	Website	E
9.	The Member Organization has Sustainability Policy and maintains an Endowment Fund.	Sustainability Policy	E

3.4. Acceptance of Membership

Applicants passing the Stage-1 and Stage-2 scrutiny will be presented to the scheduled Board meeting for decision about their membership. The Board shall carefully review the cases and may decide to reference check before granting membership. The decision of the Board shall be final and cannot be challenged in any court.

The decision of the Board about each application shall be communicated to the applicant in writing. The organization whose membership application is accepted shall be asked in writing to deposit membership fee as per the fee structure. The membership shall start from the date

of submission of membership fee following the acceptance of membership decision by the Board.

3.5. Rights and responsibilities of members

- All members organizations hold elections for five rotating Trustees every two years;
- All member organizations shall pay annual fee as determined by the Board;
- All member organizations shall form the General Council of FAFEN (for details see Section 8);
- All member organizations are entitled to attend meetings of the General Council. In case no funds are available with the Secretariat, members shall pay their own traveling, boarding and lodging costs;
- FAFEN Membership does not guarantee funding to any member organization;
- All member organizations shall be considered for funding as and when the FAFEN obtains such opportunity/ funds, or assumes a grant management role;
- All member organizations shall be entitled to FAFEN's published materials;
- Member organization's name shall appear on the FAFEN website;
- The Board of Trustees may request members organizations to serve on specific technical committees/sub-committees; and

3.6. Membership Fee

All members shall pay annual membership fee as per the fee structure determined by the Board. The membership fee shall be paid through cross cheque or demand draft deposited in the TDEA bank account.

To keep the same tenure of membership for all the members, and make the renewal procedure simple, the annual Membership period shall start from July 1 to June 30 of subsequent year.

The Membership fee is non-refundable. Before expiry of the membership (fee) period, the Secretariat will issue 30 days advance notice for the renewal to all members. If Membership fee is not paid by the due date, a second notice of 15 days to deposit the fee will be given. If dues are not cleared by the date given in the second notice, the membership shall be considered suspended until the outstanding dues are cleared.

3.7. Suspension and Termination

3.7.1. Grounds for Suspension/Termination

The Membership of any Member Organization may be suspended and/or terminated by the Board on any of the following grounds:

- **For non-payment of annual membership fee:** Membership of the Member Organization who fails to pay annual membership fee, within 45 days of expiry of membership, shall be suspended automatically.
- **Absence from meetings:** Any Member Organization who fails to attend two consecutive General Council meetings, without prior written intimation or justification, shall cease to be the Member of FAFEN;
- **Conduct being Detrimental:** If the conduct of any Member Organization is deemed by the Board to be prejudicial to the interest of the Network, defame, or cause disrepute

to the Network, its membership may be suspended/cancelled following the inquiry procedure given below;

- **Financial Irregularities:** If any of the member organization(s) is found engaged in financial impropriety, its membership may be suspended/ cancelled following the inquiry procedure given below.
- **Withdrawal:** Any member organization may on its own accord, withdraw its membership by sending a “withdrawal of membership” request in writing to the Secretariat. The Secretariat shall present such requests in the next scheduled Board of Trustees meeting. The membership shall remain suspended from the date when such withdrawal request is received at the Secretariat. The withdrawal request shall be presented in the next meeting of the Board of Trustees for approving withdrawal or otherwise. In case of withdrawal of membership, the membership fee shall not be refunded.

3.7.2. Inquiry Procedure for Suspension/Termination

Any of the matters mentioned above (except due to non-payment of membership fee) shall be brought to the attention of the Chairperson of TDEA by the Secretariat. If deemed appropriate the Chairperson shall appoint a committee of no more than three Trustees to be assisted by the Secretariat to investigate. The committee shall frame charges and issue a 15-day show cause notice to the Member Organization concerned.

If the explanation is found unsatisfactory, the committee shall recommend to the Chairperson to suspend membership of the organization concerned. The Chairperson may issue suspension notice to the organization concerned through the Secretariat or may decide to refer the matter to the Board of Trustees. In either case, the Chairperson shall raise the matter to the Board of Trustees at its subsequent meeting for confirmation of the suspension leading to termination or restoration of membership depending on the proved charges, as the case may be.

If membership of any organization is suspended by the Board of Trustees the organization shall be informed in writing by the Secretariat, clearly mentioning the date of suspension, reasons for suspension, and the date of the Board of Trustees meeting in which the decision was taken. The suspended organization shall also be informed about the next course of action as decided by the Board of Trustees.

In the state of Suspension, Member Organization shall be barred from attending the meetings of the General Council/Board of Trustees of the Network and may also be stopped from conducting programs, projects and other activities on behalf of FAFEN.

In the event of the restoration of membership status, the restoration date shall be decided by the Board of Trustees and shall be communicated by the Secretariat in writing. Any withheld funds or other program related inputs shall also be released as decided by the Board of Trustees. Once the restoration has taken effect, the Board of Trustees may also decide to release funds and other inputs, if any, to cover the FAFEN related costs that might have been incurred during the period of suspension.

In case termination is due to non-payment of membership fee, the membership may be restored after payment of outstanding dues along with a fine, which may not be higher than double of outstanding dues, as determined by the Board of Trustees.

The Board, if satisfied with the explanation of a suspended member, may restore the membership at its annual meeting (or any other meeting having quorum). However, the member being restored shall give a written assurance that it shall not work against the interests of the FAFEN. A second-time restoration shall not be granted.

4. General Council

4.1. Composition

The General Council (GC) of the Free and Fair Election Network (FAFEN) shall comprise of Member Organizations (legal entities, not legal persons) through their designated representatives who are preferably directly engaged in the implementation of the FAFEN-related programming, Executive Directors, Chief Operating Officers or any other legal head.

4.2. Powers and Functions of the General Council

The General Council (GC) shall determine the implementation policy, implementation strategy, programmatic choices, and other details of the FAFEN work to achieve the objectives, targets, and strategic choices set by the Board of Trustees.

- The General Council (GC) may review and make recommendations to improve programmatic, administrative and financial aspects of the Network.
- The General Council (GC) may advise on advocacy positions as well as positions on the other relevant programmatic matters of the Network.
- Whenever a vacancy in the Board is announced by the Board of Trustees (BoT), it shall be offered to representatives of the non-Board of Trustees members of the General Council. The process of recruitment shall be decided by Board of Trustees.

4.3. Meetings

The Secretariat, with approval of the Board of Trustees (BoT), shall send invitations for the General Council (GC) meeting mentioning date, venue, time, and agenda to the members, at least 15 days before the meeting.

Each member organization is expected to confirm its participation in the General Council meeting; confirmation should reach the Secretariat at least seven days before the meeting so that appropriate arrangements can be made.

The General Council (GC) meetings shall be chaired by the Chair of the Board of Trustees (BoT). In their absence, the Chief Executive Officer may be assigned to facilitate the meeting. To address/attend to matters of urgent nature, the Board of Trustees (BoT) may decide to call a special General Council (GC) meeting. For the special meeting at least 7 days advance notice to all members shall be required.

4.4. Minutes of the Meeting

The Chief Executive Officer (member-secretary of the General Council) is responsible for taking minutes of the General Council (GC) meetings by making appropriate arrangements. Only major decisions shall be recorded in the minutes. However, where asked by the Chair or Secretary, full transcription of the discussion shall be documented. Minutes of the meeting must include the following items:

- Title of the meeting (Meeting of the Governing Body)
- Venue
- Date
- Time
- List of persons attending the meeting
- List of persons who did not attend the meeting
- Agenda
- Major decisions taken by the General Council (GC)
- Minutes drafted by
- Minutes reviewed by

After reviewing, the Secretary shall forward the minutes/draft to the Board of Trustees (BoT) for comments. After receipt and incorporation of comments from the Board of Trustees (BoT), the Secretariat shall circulate the minutes to all members of the General Council (GC) within 2 weeks of its meeting. Members are expected to send their comments to the Secretariat within 1 week. The Secretary shall review the comments and update the minutes accordingly. Minutes of the meetings shall be approved by the General Council (GC) in its next meeting. A complete record of minutes shall be kept on file at the Secretariat.

4.5. Tenure

The General Council shall meet once a year on dates and at venues notified by the Secretariat in consultation with the Board of Trustees. If no funds are available, Member Organizations shall bear their own expenses for attending the General Council (GC) Meetings. Upon request, the Board of Trustees may approve partial funding (from the membership funds) for those Member Organizations who cannot afford to bear their own expenses.

4.6. Quorum

The General Council (GC) shall form a quorum of not less than three-fourth of its total strength in order to exercise its powers and for performing its designated functions. In case the required number of members fail to confirm their participation (to the Secretariat) in the stipulated time, the Secretariat in consultation with the Board of Trustees (BoT), shall reschedule the General Council (GC) meeting to a time when required quorum can be achieved.

4.7. Decision Making:

All decision-making at the General Council (GC) shall preferably be through consensus. In cases where consensus cannot be reached, the matter shall be decided by two-third majority of the present members.

4.8. Code of Ethics

The Code of Conduct is meant for the Trustees to ensure high standards and makes it clear how potential conflicts of interests are dealt with. Each Trustee shall sign the Code at the first meeting of each year.

4.8.1. Selflessness

Trustees of Trust for Democratic Education and Accountability (TDEA) have a general duty to act in the best interests of TDEA as a whole. They should not do so in order to gain financial or other material benefits for themselves, their family, their friends or the organization they come from or represent.

4.8.2. Integrity

TDEA's trustees:

- should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their role;
- as well as avoiding actual impropriety, should avoid any appearance of improper behavior;
- should avoid accepting gifts and hospitality that might reasonably be thought to influence their judgment.

4.8.3. Objectivity

In carrying out their role, including making appointments (including trustee appointments), awarding contracts, recommending individuals for rewards and benefits or transacting other business, TDEA's trustees should ensure that decisions are made solely on merit.

4.8.4. Accountability

TDEA's trustees

- have a duty to comply with the law on all occasions in accordance with the trust placed in them and in such a way as to preserve public confidence in TDEA.
- are accountable for their decisions and actions to the public, funders and service users. They must submit themselves to what scrutiny is appropriate to their role.

4.8.5. Openness

TDEA's trustees:

- should ensure that confidential material, including material about individuals, is handled in accordance with due care;
- should be as open as possible about their decisions and action that they take. They should give reasons for their decisions and restrict information only when the wider interest clearly demands.

4.8.6. Honesty

TDEA's trustees:

- have a duty to declare any interests relating to their trustee role and to take steps to resolve any conflicts that may arise. Where private interests of a trustee conflicts with their trustee duties, he / she must resolve this conflict in favor of the trustee role;
- must make relevant declarations of interest in the different circumstances and roles they play both within and outside TDEA.

4.8.7. Leadership

TDEA's trustees:

- should promote and support the principles of leadership by example;
- be able to respect boundaries between executive and governance functions. There will be circumstances under which trustees will be working directly with [name of organization] staff. Guidelines for such working relationships must be clear to staff and trustees and, when these occasions arise, the chief executive / Chair should be informed in advance.

4.8.8. Confidentiality

Confidential Information shall mean any and all information obtained by or disclosed to a Trustee in the course of serving on the Board, including but not limited to, TDEA employee salaries and benefits, donor identities and contributions, TDEA's negotiations and plans, performance of member organization of the Free and Fair Election Network, etc. As of part of the Trustee's consideration of membership on the Board, the Trustee agrees to the following regarding use and disclosure of Confidential Information.

- The Trustee acknowledges that the work of the TDEA is undertaken in strict confidence and with an understanding of privacy. Disclosure of Confidential Information will cause the TDEA irreparable harm, which may result in a loss of TDEA credibility, personnel or a loss of contributions, donations, plans, and progress or other serious harm.
- The Trustee agrees that he/she shall not use any Confidential Information except to perform his/her duties on the Board.
- The Trustee agrees that he/she shall not disclose, discuss, divulge, or distribute (or assist any third-party) to or with any party outside the Board any Confidential Information.

5. Media Policy

In pursuance of objectives of the FAFEN, the media plays an important role. Thus it needs to be carefully and responsibly handled. Effective use of media may help the Network in:

- **Advocacy:** Informing public and policy makers about the FAFEN positions on various issues, information generated, problems identified etc.;
 - **Education/awareness:** Public awareness and developing public opinion on issues related with democracy and the elections; and
 - **Visibility:** Promoting the FAFEN achievements, activities and events of significance.
- Media includes both print and electronic media including: newspapers, TV, radio, journals, public notices, the FAFEN publications and awareness materials, website, e-mail circulations etc.

5.1. Content-Authority Matrix

The Secretariat shall manage media as per the matrix given below:

Content	Mode	Source	Authorization Required
Advocacy (New issues)	Press release, press briefing, interview, seminar, participation in talk shows, response to media queries	Research, position on regulations, reports on violations of law etc.	Yes
Advocacy (issues on positions which have been already formulated)	As above	Position papers, research reports etc.	No
Visibility	Newspapers, TV, radio appearances, publication and dissemination of project/ research reports, website	Project outputs, future plans, research-based information etc.	No
Education	Posters, leaflets, public meetings, brochures etc.	The FAFEN publications, awareness materials etc.	No

5.2. Authority to Represent

The Chair of the Board of Trustees (BoT) is an authorized media spokesperson of the FAFEN entrusted to convey official position(s). No representative of any other Member Organization or the FAFEN Secretariat shall speak on behalf of the Network unless authorized by the Board of Trustees (BoT). Official statements of the FAFEN must be authorized by the Board of Trustees (BoT).

The Secretariat shall facilitate development of the FAFEN media position and may develop draft for discussion among the Board of Trustees (BoT) members. On matters of critical significance or controversial issues, the Secretariat shall consult/work with other members of the Board of Trustees (BoT) by providing details of the situation; summarize the FAFEN draft position, and recommendations. Such positions shall be released and explained to the media by the Chair of the Board of Trustees (BoT) or any other person authorized by the Board of Trustees (BoT). For such matters, the person authorized to speak to the media shall be referred to answer all the media queries. In such instances, only the person authorized by the Board of Trustees (BoT) shall speak to the media and answer the calls/queries.

On non-controversial matters, generally the matters on which common position has already been developed, the Secretariat may issue media reports/releases. On such issues, the Secretariat may also issue press items, based on the research compiled by the Secretariat.

All media liaison shall be coordinated through the Secretariat. The Secretariat shall also assist in arranging press conferences, developing awareness materials, preparing and distributing press releases etc. In case a Board of Trustees (BoT) Member or the Chair is contacted by the media (or s/he interacts with media without involvement of the Secretariat), the member shall report the media interaction to the Secretariat for documentation before or after the interaction.

5.3. Members' Media Appearance in Private Capacity

Members may express their opinion in media in their private capacity as a citizen and/or on behalf of their parent organization, however, statements made in this context should not mention positions which are not been finalized by the FAFEN. Any Member making such statement shall take full responsibility of their actions so as not to affect the reputé of the Network. Members are expected to be careful in this regard as at times it is difficult to control the final matter carried in the media. No Member shall act as representative of the FAFEN unless authorized by the Board of Trustees.

5.4. Acknowledging Member Organizations in Media

Names of member organizations in press releases/conference shall be mentioned as per their role in the specific work mentioned in the press release, for example research work, advocacy campaigns, election monitoring of specific constituencies etc. In case of the common position of the FAFEN on a collective matter, names of all Member Organizations shall be mentioned where possible; however, names and logos of Member Organizations shall be displayed on the FAFEN website, and it shall be appropriately mentioned by the spokesperson as well as in press release. Wherever it is possible to mention the names of Member Organizations, these shall appear in alphabetical order; names of the Board of Trustees (BoT) shall appear before other members.

In case press briefings or press releases are issued for specific districts, or province, names of the Organizations who participated in the work being reported shall be mentioned. It shall be responsibility of the designated spokesperson that s/he duly acknowledges the names of the participating organizations to give due credit.

5.5. Media Center

Keeping in view the nature of work, workload and observation during elections, etc. the Chairperson may decide (or the Secretariat may request the Chairperson) to establish media center at the Secretariat to facilitate media liaison. The media center shall be established and managed by the Secretariat (under supervision of the Chief Executive Officer) keeping in view the availability of funds.

5.6. Guidelines for Release of Information to Media

Below are guidelines to effectively interact with print and electronic media:

- Instead of theoretical debates, credible research information, information from constituencies, and clear positions of the Network shall be issued to the media.
- As a best practice, in all press conferences/briefings, written press releases must also be provided to journalists along with contact details for further information.
- All official positions of the FAFEN on critical matters must be issued on FAFEN letter-head and signed by the Chair of the Board of Trustees, the Chief Executive Officer, or other designated person.
- The press releases must be posted on the FAFEN website, and forwarded by e-mail to all Members Organizations for information.
- The best approach with the media is to be prompt, helpful and honest. Ensure that all queries from the media are understood and appropriately responded.

- Issues that should not be released in media include: 1) legal issues, 2) personnel/organizational issues, 3) internal affairs of the Network (including disputes within or among members, secretariat, donors) or 4) critical matters on which the FAFEN positions have not been finalized. Refer all such inquiries from media to the Secretariat.

5.6.1. Performance Management

Quality assurance and performance evaluation aim to promote efficient use of time, financial and other resources, professional growth and development and to get quality supplies and services to further the objectives of the FAFEN.

The quality assurance shall be emphasized for work performance of the Secretariat staff, various committees and sub-committees, research and other activities undertaken by Member Organizations, and for supplies and services procured for the FAFEN.

5.6.2. Efficiency of Committees of Members

The Board of Trustees operates through its committees and the General Council (GC). For stipulated forums/committees and sub-committees of Members procedures have been proposed for output efficiency. It is suggested that improvements in these procedures and systems be made as and when required. Responsibility for quality assurance of work performance of each committee lies with chair/head of the committee/forum. It is suggested that delegation of work for any specific task to a member or sub-committee within a committee, will require advance discussions to clarify expectations and quality standards. The committee, sub-committee, or Members are expected to perform the assigned task(s) to the highest standards & expectations.

5.6.3. Members Performance

Most of the FAFEN programs are carried out through Member Organizations in the relevant field and areas. Quality assurance of the field-work is vital to maintain overall high quality standards of the FAFEN outputs. Since most of the activities or projects are assigned to Member Organizations through work proposals and contracts, it is suggested that these documents include input, output and process indicators mentioning quality, quantity and a time-frame to assess and assure quality. It is also suggested that the process for quality monitoring and/or advising on quality matters (e.g. EC, Secretariat, third party etc.) is mentioned in the project documents.

Quality assurance of the project/activity is basic responsibility of the executing Member Organization; however, the Secretariat (if it has technical capacity on the subject) may also point out quality issues in good faith to ensure that overall quality of the FAFEN output is of the highest standard.

To ensure quality output, the existing capacity of the relevant Member Organization(s) may be assessed at the time of commissioning of any project. The Secretariat or any other relevant body shall also take into account the capacity building needs, if any, of the Member Organization and shall make appropriate arrangements for the same.

5.6.4. Performance and Management Standards for Member Organizations

FAFEN has compiled a comprehensive list of Financial, Human Resource and Governance Standards for its member organizations. The purpose of developing this model is three-fold:

- To monitor and enhance performance
- To facilitate development of management structures that can inculcate institutional efficiencies and maximize organizational output
- To enhance donor confidence

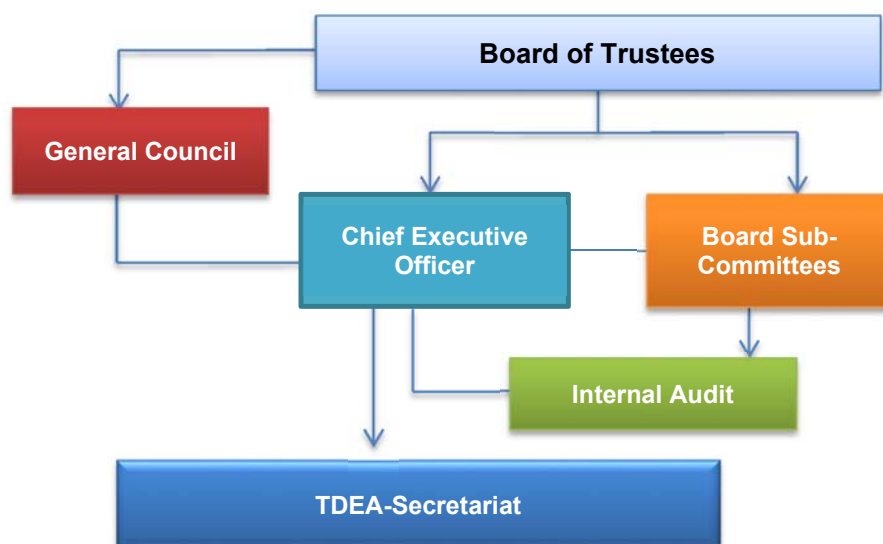
Through the implementation of this Model, FAFEN aims to add value to every active member in its network. While the existing member will be expected to opt for meeting these standards with an active financial and technical support to be provided by Free and Fair Election Network, all new members will be expected to fulfill the essential criteria as described in 2(c)(iii).

6. WORKING RELATIONSHIPS

As a moderate forward-looking organization, the Trust organizes itself to maximize efficiency. As accountability is one of the guiding principles of the Trust/FAFEN, all staff, Members of the Board of Trustees, Member Organizations, and other associates are accountable for the assigned responsibilities and delegated authority. While remaining an organization that supports informal but productive internal structure a certain level of formality shall be maintained. Roles and responsibilities of various bodies, procedures for meetings, internal financial, administrative, and other operations, etc. have been documented and must be followed.

6.1. Overall Structure

An organogram to clarify the relationships between the Board of Trustees (BoT), Members, Board Sub-Committees, the General Council, and other member bodies is given below. The Board of Trustees is a voluntary body and is the ultimate decision making forum that has the authority to dissolve the Trust. The Board of Trustees entrusts operational level authority to the TDEA Secretariat headed by Chief Executive Officer for day-to-day running of the Trust. The Board of Trustees may nominate sub-committees for specific purpose(s) as they deem fit. The sub-committee(s) shall report to the body that formed it.



6.2. Member Organizations

Member organizations are expected to maintain their own reporting lines and internal accountability mechanisms. However, any working relation between the staff of Member Organizations and the Secretariat shall be clearly mentioned in the project document. In cases where Member Organization(s) hire staff specifically for the Trust/FAFEN related projects, employment contract of concerned staff shall also mention nature of relationship with the Trust/FAFEN and its staff. It is suggested that the reporting lines/working relationship are kept as simple as possible. However, where dual reporting lines are necessary (staff hired by Member Organization report work-output to the Secretariat), management supervisor (hiring authority) and the technical supervisor (recipient of work product) will be expected to clearly identify the work flow and necessary approvals required for the release of any payments.

6.3. Secretariat Staff

The Secretariat staff shall have clear reporting lines according to the seniority of the positions as per the level of responsibility. The Chief Executive Officer heads the Secretariat. Reporting line(s) of other Secretariat staff shall be mentioned in the employment contract. The Secretariat shall maintain an updated organogram of all staff indicating their reporting lines. Any consultants appointed by the Secretariat will normally report to the Chief Executive Officer, unless any other arrangement is mentioned in the contract.

Since working relationships between Member Organizations and the Secretariat shall vary according to nature of project, and depend on nature of agreement between donor agency and Member Organization(s), the Secretariat is expected to maintain organograms/work flow chart indicating relations between different actors.

6.4. Working Relations with Other Partners

To pursue its objectives the Trust/FAFEN shall develop working relationships with other external partners while observing its Code of Ethics, values and principles through appropriate forum (BoT, sub-committees, Secretariat, etc.). The Trust/FAFEN shall develop working relationships with other actors in such a manner that does not compromise independence of the Trust or its Members. Such other actors may include relevant government agencies, media, legislators, political parties, voters, opinion leaders, other NGOs, donors etc.

7. Network Communication

The Trust/FAFEN encourages and promotes open communication among its Members, bodies of Members, between Secretariat and Members, and with other relevant actors, including target audience, government, media, donors etc. Communication must be given due importance to develop confidence among Members, between Members, Secretariat, and Members' bodies.

The communication flow through the Network must be relevant to the Trust/FAFEN objectives, meetings, programs, projects, activities, management etc. A certain degree of care is necessary to check the flow of unnecessary information and communication for efficiency.

7.1. Modes of Communication

All modes of communication including, but not limited to: e-mail, letter, fax, phone, SMS, face to face meetings etc., are recognized and used as appropriate. Appropriate communication mode should be selected by the persons involved keeping in view the subject at hand and expected recipient(s). For communicating matters of urgent nature it may be necessary to use the phone, whereas, for routine official matters, e-mail, letter, and fax may be used, however, as for the matters of personal nature, inquiries, handling matters related to conflict of interest, face to face communication is suggested. For sharing project reports, position on a certain matter, e-mail medium may be used, whereas, for discussions on new projects, developing strategies, discussing plans or policies, meetings may be preferred. In cases where action, decision, or position on a certain matter is taken through verbal communication, the Secretariat or other relevant person shall prepare a note for the file so that it may be documented appropriately. The note shall briefly mention background, discussion, process of decision, final decision/position, and follow-up actions, if any. The note must be circulated to all concerned members for information and follow up, as required.

7.2. Internal Communication

Written communication among the Trust/FAFEN Members about: meetings, joint programs/projects, media reports, progress reports, working of committees etc. may be copied to the Secretariat for information and record. The Secretariat is expected to maintain an orderly record of such communication in computer and/or paper files. The Secretariat may nominate a staff member as the focal person for correspondence with Members. The Secretariat shall frequently communicate with members for programmatic, governance; financial, administrative etc. matters to run the affairs of the Network. All communication related with any Member Organization must be carefully forwarded to the designated person in that organization. Any response required or expected, must be clearly mentioned in the communication. The Secretariat shall send invitations, agenda and minutes, decisions taken by the Executive Council, the General Council, and the Board of Trustees to concerned members. Any comments, suggestions, queries from the members shall be appropriately responded or forwarded to the concerned person by the Secretariat. The Secretariat shall act as communication hub for Members, the Executive Council, the Board of Trustees, and any other committees formed for specific tasks. The Secretariat shall keep members informed about members' activities, initiatives, positions being developed, meetings held internally or outside, press notes issued, capacity building activities, new projects, completed projects, etc. through website and/or e-mails. This shall help in keeping members informed about the Trust/FAFEN activities. The Secretariat shall also communicate with concerned members regarding joint project/program activities for timely completion of work. Any matter/issue forwarded to the Secretariat by any Member must be responded to or forwarded to the concerned person/body within 7 days. If full response from the Secretariat is not possible, an interim response must be sent informing the member about the next course of action and a possible time frame required to deliver a full response.

Since the Secretariat communicates frequently with BoT or sub-committee, prompt response from the BoT or sub-committee is expected, in particular for the matters of urgent nature. Communication where a response is required, the secretariat shall categorize matters in three categories; normal, urgent and most urgent. The matters categorized as 'normal' must be responded within one week, 'urgent' not later than 48 hours, and the 'most urgent' within 4

hours. In case response, comments or objection from any or all Members are not received within the indicated time frame, the matter shall be considered endorsed by the non-responding members. Communication under funding contracts between Members and donors of the Trust/FAFEN related projects shall be handled by the respective Member(s); however, it is advisable that the communication is copied to the Trust/FAFEN Secretariat. In particular, those projects and activities in which the Secretariat has a role to play, the communication including updates and progress must be copied to the Secretariat.

Communication regarding violation(s) of the Code of Conduct, other irregularities, confidential matters, grievances among Members, or other matters of personal nature may be restricted for communicating it to the public, other members, or outside the Trust/FAFEN. Such matters may be communicated to the Chairperson or the Chief Executive Officer at the Secretariat for appropriate handling. Members are expected to carefully treat such matters to avoid any possible disrepute to the Trust or member(s) involved.

The Board of Trustees, Sub-committees the General Council, and Members are expected to communicate with the Secretariat through the Chief Executive Officer or the person designated for members' affairs. In case the Chief Executive Officer is not available, a staff member shall be nominated for communication with Members. The internal communication among the Secretariat staff shall be facilitated and overseen by the Chief Executive Officer in such a manner that brings about trust and confidence among the staff in its management so as to perform to the best of their abilities. Staff meetings, informal gatherings, planning review meetings, e-mails, intranet, memos, and office notes etc. are various modes which can be used for communication among the staff.

7.3. External Communications

The Secretariat shall engage in all correspondence with external partners, actors, or stakeholders on behalf of the Trust/FAFEN to maintain record and continuity in the stance or position. The Board of Trustees or the sub-committees may advise the Secretariat for communicating with external stakeholders. All communications with media on behalf of the Trust/FAFEN shall be executed by the BoT or the Secretariat. Copies of all external communication shall be documented in files in the Secretariat.

No Member, except the Chairperson, the Chief Executive Officer, or other designated person shall represent the Trust/FAFEN in media, or communicate on behalf of the Trust/FAFEN with the government, other NGOs, political parties etc.

All materials on the Trust/FAFEN website shall be uploaded with the approval of the Chief Executive Officer.

Public awareness messages/campaigns must be carefully developed to communicate the desired message. For such campaigns, appropriate medium of communication, language, presentation must be selected to reach the identified target audience.

8. REPRESENTATION & CAPACITY DEVELOPMENT

The Trust/FAFEN receives invitations for representation at various national and international forums, initiatives, activities, workshops, meetings, seminars, trainings etc. Such representations are recognition of the Trust/FAFEN work and its credibility. In addition it helps the Trust/FAFEN in getting further recognition at various levels and capacity building of the

Board of Trustees, the staff of Member Organizations, and the Secretariat staff. The Trust/FAFEN welcomes such opportunities which are beneficial for the Network.

All such invitations shall be received at the Secretariat for nomination(s) from the Trust/FAFEN. Nominations shall be made keeping in view the nature of the opportunity. Three different groups (BoT, staff of Member Organizations, and Secretariat staff) may be considered for representation and/or capacity building opportunities in the country or abroad. Only those opportunities shall be considered for nominations from the Trust/FAFEN which are fully paid or well-funded to cover costs. The Trust/FAFEN does not allocate budgets for such opportunities.

The Chief Executive Officer is authorized to decide which group(s) may be invited for nominations against a particular opportunity. Keeping in view the nature of opportunity, the Chief Executive Officer shall forward the invitation received to the relevant Members Organizations, the Board of Trustees, and/or the Secretariat staff by providing necessary information for nominations.

The opportunities for representational purposes (non-technical) shall be open to the Board of Trustees and/or the Secretariat staff keeping in view the nature of representation required. The opportunities of technical nature (for specific programmatic areas or capacities) shall be considered for the relevant staff of Member Organization and/or the Secretariat staff. In case of self-nomination, the Chief Executive Officer shall obtain approval from the Chairperson.

This Section details the procedure for nominations from the Board of Trustees and the relevant full-time staff of Member Organizations. Nominations from the Secretariat staff shall be made in accordance with the procedure given in Section 19 (Staff Capacity Building and Career Growth) of the TDEA Human Resources Manual.

If a relevant Member of the Board of Trustees or staff member of a Member Organization have already availed a similar opportunity, the opportunity shall be offered to the next relevant person. However, relevant persons should not be barred to attend similar successive opportunities.

All training and other capacity building invitations received shall be forwarded to the Chief Executive Officer. After deciding the nature of the opportunity, the invitation shall be circulated to the relevant Members of the Board of Trustees or Member Organizations for nominations. The number of nominations shall be decided as per the availability of funds or as invited by the host organization. In case more than one nomination is available the Chief Executive Officer may distribute the available positions between the Board of Trustees, the staff of Member Organizations, and the Secretariat staff as per the nature of opportunity.

For opportunities relevant to Members of the Board of Trustees, necessary information, invitation received, skills and background required shall be forwarded to the relevant Members along with nomination. The nomination forms must be received at the Secretariat within the time frame indicated by the Secretariat for registration and necessary arrangements. For international events, passport details (with necessary validity) are must for consideration of nominations. Approval for nomination of Members of the Board of Trustees shall be given by Chairperson.

For opportunities considered relevant to the staff of Member Organizations, invitation for nominations shall be forwarded to the concerned staff and/or the head of the organization. Only full-time staff of Member Organizations shall be considered for external capacity building

opportunities, whether in country or abroad. Staff shall be provided with all the necessary information for nomination including: invitation from organizer, required experience, skills and background. Nominations shall be received on form. The nomination forms must be received at the Secretariat within the time frame indicated by the Secretariat for registration and necessary arrangements. For international events, passport details (with necessary validity) are must for consideration of nominations. Such nominations must be approved by head of the organization. The Trust/FAFEN shall assess all nominations keeping in view the nature of the opportunity and the basic requirements for participation.

Specific criteria for assessing nominations for an opportunity shall be developed by the Secretariat as per the requirements indicated for participants. Broad guidelines are given below:

- **Relevance:** The available opportunity is directly relevant to present work of nominee and availing the opportunity is expected to maximize benefits for the Trust/FAFEN.
- **Fulfilling minimum requirements:** The person(s) applying fulfill minimum requirements of education, skills, area of work, experience in relevant field, language etc. as specified by the organizer(s) and/or the Trust/FAFEN Secretariat.
- **Hindrance to FAFEN work:** The opportunity does not affect any of the Trust/FAFEN programs/activities with regard to time or other factors.
- **Positive Action:** Preference will be given to field staff, women staff and ethnic minorities, who do not get such opportunities otherwise, to help them prepare for senior positions. It is expected that the head of the organizations and other senior staff (who have already availed such opportunities) give chance of exposure to junior/field staff.

All delegates who participate in any external event, whether in-country or abroad, on behalf of the Trust/FAFEN shall submit a report of the event to the Secretariat for documentation. The report may include the following:

- Title of the event;
- Date and place of the event;
- Major activities in brief ;
- Role of the Trust/FAFEN representative
- Usefulness for the Trust/FAFEN and personal development; and
- Any other noteworthy aspect.

9. DRAWING PUBLIC POSITION

9.1. Need

The nature of the Trust/FAFEN work requires rigorous monitoring of matters related to its objectives at the grass-root as well as at the national policy level. Similarly any positive or negative development/change may require a response from the Trust/FAFEN as a vibrant coalition of civil society organizations concerned with matters of its interest.

9.2. Identification

In order to make sure that no such development(s) remains unnoticed, it is expected from all members to remain vigilant about developments on matters of concern to the Network. Any development considered important must be noted, and forwarded to the Secretariat. The Secretariat having technical capacity, information sources, and necessary infrastructure to

notice such developments, shall take the lead responsibility of monitoring any developments at the policy level.

Any development considered important and worth responding to shall be noted by the Secretariat. In case of it being identified by any Member, it is expected to be notified to the Secretariat. The Secretariat shall bring all such matters to the notice of the Chairperson at the earliest.

9.3. Response

If the matter is considered obvious for response by the Secretariat, and the Trust/FAFEN position has already been developed on it (or on a similar issue) the Secretariat shall prepare and release the response appropriately. It is expected that the Secretariat shall get consent from the Chairperson before release of the response.

In cases where Network's position on a matter has not been already decided, secretariat shall coordinate and facilitate development of the Trust/FAFEN position. Any Member notifying a matter to the Secretariat for response, shall also forward notes about its importance and guidance for developing a position. The Secretariat shall seek approval from the Chairperson (by phone or e mail, as per urgency of the matter) for developing and releasing the Trust/FAFEN position. In case more than half of BoT members object to take up the matter, the matter shall be dropped. If the Chairperson decides to respond to the matter, the Secretariat shall draft response/position in consultation with the relevant Chairperson and Member who notified the matter, and/or relevant sub-committee, as and when required.

The draft position shall be shared with the BoT for comments. In most cases such matters may require a quick response; the BoT and other Members (who receive the draft response from the Secretariat) are expected to respond within the time frame indicated by the Secretariat. To facilitate timely response the Secretariat shall categorize matters in three categories; normal, urgent and most urgent. The matters categorized as 'normal' must be responded within one week, 'urgent' not later than 48 hours, and the 'most urgent' within 4 hours. The comments received shall be appropriately incorporated. No comments or objection shall be considered as endorsement by the non-responding members.

For matters of the 'most urgent' nature, Secretariat may seek advice/opinion from the relevant Sub-committees on phone to prepare response and release as advised by the members of the Sub-Committee. Such cases must be documented later for record keeping. The documented record must include the nature of the matter, the process of getting responses, and the permission granted by the Chairperson. The Trust/FAFEN positions shall be released to target audience either by the Secretariat, the Chairperson or by the individual authorized by the Chairperson and or Chief Executive Officer.

All responses/positions finalized and released by the Secretariat shall be documented in files at the Secretariat, posted on the Trust/FAFEN website, and copied to all BoT and General Council by e-mail for information.

9.4. Basis of Drawing Public Position

The public positions of the Trust/FAFEN on various matters shall be based on the ethical principles and values it has adopted. Prime importance shall be given to the interests of the Trust/FAFEN. Public positions shall be developed with consensus; however, where

consensus cannot be reached, the decision shall be taken as per the decision making criteria of the forum where such matter is being discussed. Members are expected to take neutral stance and remain above their own party orientation, if any, in making contributions for developing public positions.

The Secretariat shall be careful in developing public position, keeping in view the following aspects:

- Ensure that the matter being considered has relevance to the Trust/FAFEN;
- Basis of response is in line with the code of ethics and the agreed principles;
- Response is based on authenticated data and facts;
- The position is as objective as possible;
- The position taken does not unnecessarily promote or defame any natural person or legal entity;
- Maximum possible documentary evidence about the matter and response is obtained;
- The Trust/FAFEN' position presents clear stance on the issue under consideration and advance objectives of the Network;
- The Trust/FAFEN position is not based on ideological debate alone; rather it is based on research and existing regulations; and
- The response is substantial, and does not merely promote any individual, Member Organization, or the point of view of any individual etc.



**TRUST FOR DEMOCRATIC EDUCATION
AND ACCOUNTABILITY**

FINANICAL MANUAL

2014

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A NOTE ON PRONOUNS

On occasions in this manual, 'he' is used for "he or she", 'him' for 'him or her' and so forth. Whilst we try to avoid this practice, it is sometimes necessary for reasons of style. No prejudice or stereotyping according to gender is assumed or intended.

DOCUMENT HISTORY

Date of Approval	Effective Date	Version	Issues / Comments	Description of Change / Event / Activity*

*A review, approval, amendment, revision or approvals of amendments are examples of events. All events / activities shall be recorded in chronological order.

LIST OF ABBREVIATIONS

Admin Dept.	Administration Department
BoT	Board of Trustees
BPV	Bank Payment Voucher
BRV	Bank Receipt Voucher
CEO	Chief Executive Officer
CRV	Cash Receipt Voucher
CPV	Cash Payment Voucher
DFG	Director Finance & Grants
EF	Endowment Fund
FO(s)	Finance Officer(s)
F&A	Finance & Accounts Department
GL	General Ledger
HoD	Head(s) of Department(s)
HR	Human Resource
IA	Internal Auditor
IA dept.	Internal Audit Department
IT Associate	Information Technology Associate
JV	Journal Voucher
MF	Manager Finance
PO F&A	Programme Officer Finance & Accounts
Project FO	Project Finance Officer
RRF	Restricted Reserve Fund
TDEA	TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
PC	Procurement Committee
WHT	Withholding Tax

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**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

THE MANUAL

THE MANUAL

INTRODUCTION

This is a customized Financial Management Manual of TDEA prepared by in-house resources. It has been prepared after defining the information requirements of TDEA and is for the specific use of the organization and its employees.

The purpose of this manual is to provide guidelines for consistent accounting treatment of financial transactions. Accordingly, the policies and disclosure requirements pertaining to various heads of financial statements are designed to provide guidance in the understanding of transaction and adherence to the reporting requirements of Trust Act 1860 and applicable Accounting and financial reporting framework.

Overall responsibility rests with the BoT to establish and maintain a system of internal control, prepare and present financial statements in conformity with the approved accounting and financial reporting standards and the relevant provisions of the Trust Act 1860. However, day to day implementation is to be carried out by the management, which in turn reports to the board regarding financial position and performance.

The manual will help to smooth the operations of TDEA by providing the management timely information for control and decision making. It will help to facilitate corrective action before things go wrong. It is intentionally written in straight and easy language that makes it user friendly and one can learn from it on its own.

CLARIFICATION, UPDATING AND ADMINISTRATION

Amendments/additions may only be approved by CEO/TDEA Board. Once a policy amendment has been approved and is ready to be incorporated in the manual, the responsibility will shift to Finance Director/Manager. In order to advise staff of specific changes, s/he will issue circulars to the custodians of the manual, along with a copy of the amended policy for review and advise them to ensure that proper dissemination of this information has occurred. Finance Director/Manager will then ensure that the amendment is incorporated into all the copies of the manual. It will be crucial that the amendment is assigned the proper numbering and is dated accurately. Finance department shall ensure that the superseded manual sections are removed from the master copy to a "superseded sections" file and the date of supersession annotated in the relevant section.

Requests for clarification or explanation of any policy shall be addressed to the Director Finance.

As and when required, the manual should be updated to incorporate changes in:

1. International best practices of finance;
2. Local regulations or legislations governing the financial management process.
3. Management considerations



It shall be the responsibility of Director Finance with the approval of CEO/BoT to ensure that the manual is constantly updated to meet the changing needs of the organization and governing laws.

The manual shall be presented to the BoT for its approval after its development the first time and thereafter, and no subsequent amendment can be made to the manual without approval of the BoT. The manual will be implemented for six (6) calendar months to check its applicability and a final approval will be sought from the BoT based on testing and resulting amendments.

Confidentiality

This policy manual is the property of TDEA for the exclusive use of its authorized employees to facilitate in performance of day to day finance and accounting activities and provide guidance and direction in connection with those accounting transactions, procedures, and reports. Under no circumstances should it be removed from the office premises, or copied with a view to disseminating the information contained herein to outsiders.

Authorized employees have an obligation to respect this element of confidentiality regarding the manual and its contents.

CUSTODY AND ACCESS

This manual will remain in permanent custody of the following:

- Director Finance; and
- Manager Finance;

Copies of the Manual must not be provided to any external party without the prior written approval of the CEO. However, access to this manual will not be restricted from such external parties who are entitled to it in accordance with the provisions of any law for the time being in force or by virtue of performance of their duties.

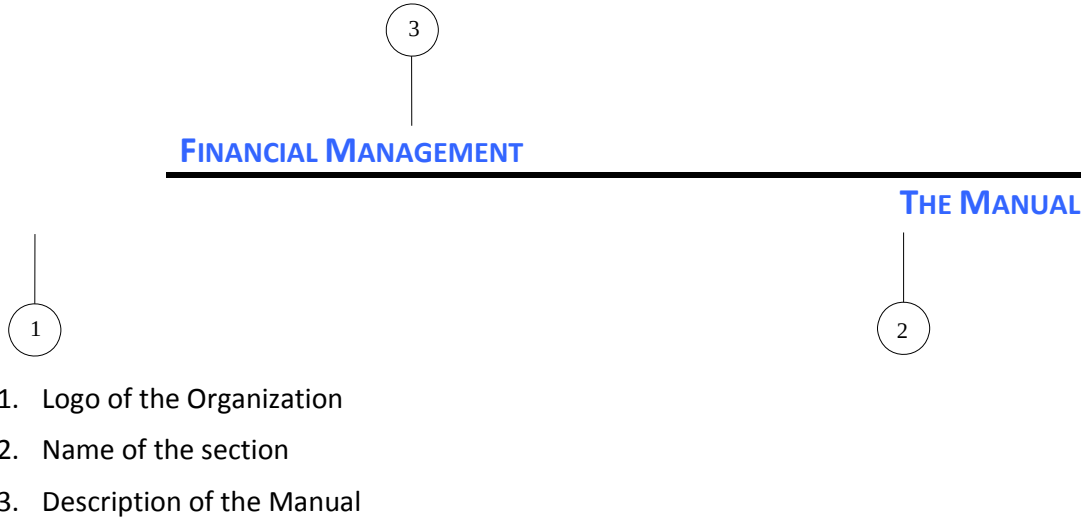
The Manual is the property of TDEA and must be returned to TDEA when the concerned employee leaves the organization or is assigned to a position, which does not require the use of the manual. Unauthorized use or copying of the manual is strictly prohibited.



USING THE MANUAL

This section describes the basis to use Financial Management Manual effectively.

HEADER

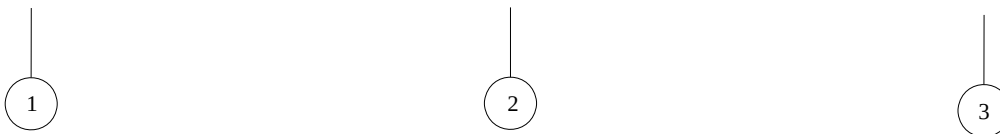


FOOTER

Issue Date:

Revision Date:

11





**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

THE ORGANIZATION

THE ORGANIZATION

INTRODUCTION

Trust for Democratic Education and Accountability ("TDEA") was established under the Trust Act 1882 on 11 October 2008. TDEA is situated at House No. 224, Margalla Road F-10/3, Islamabad.

THE MAIN OBJECTIVES OF TDEA:

The main objective of the organization can be elaborated as follows:

The objectives of TDEA are as follows:

- To educate people of all ages, gender, race, ethnicity, creed and religion about their democratic rights and responsibilities.
- To educate people of all ages, gender, race, ethnicity, creed and religion about the significance of engaging in all forms of democratic accountabilities for democratic governance.
- To educate and engage people and non-political civil society groups in carrying out democratic accountabilities such as election observation, oversight of legislatures and legislators, monitoring of government functioning and any other as may be decided by the board.
- To undertake research and bring out periodic print and online publication in areas it deems fit in order to inform its work and for education of general public.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

FINANCE AND ACCOUNTS DEPARTMENT

FINANCE AND ACCOUNTS DEPARTMENT

FINANCE ACCOUNTS DEPARTMENT

This manual outlines the standard operating policies and procedures of F&A functions thereby containing detailed procedures and principles for preparation of financial statements and other financial information of TDEA. F&A dept. undertakes the financial and accounting functions relating to collection, recording, classifying, summarizing, analyzing and reporting of financial information.

OBJECTIVES OF F&A DEPARTMENT

The F&A dept. performs dual functions of financial management and accounting and reporting of financial information up to the satisfaction of its stakeholders by meeting international best practices prevailing across the world. In this regard, F&A dept. shall work to achieve the following objectives:

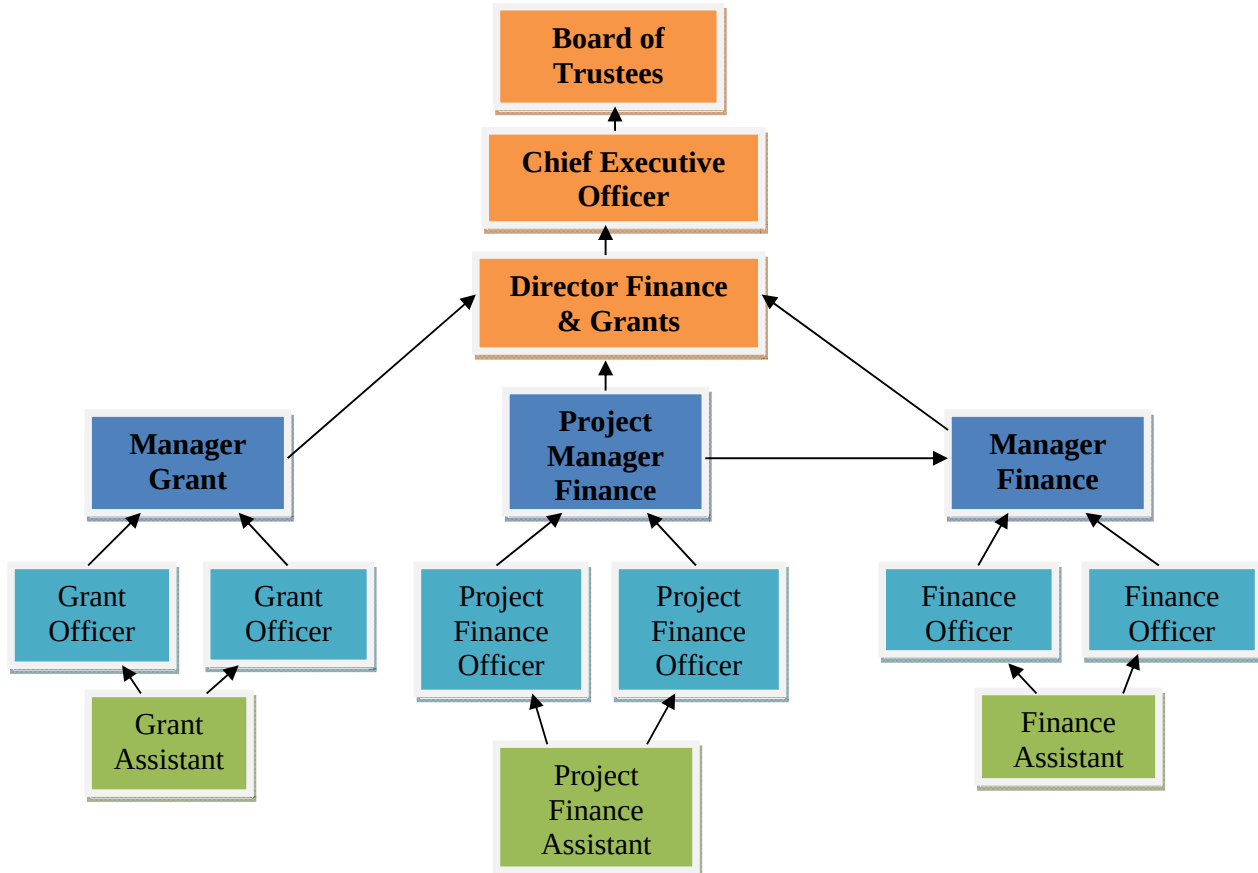
- To identify all the relevant processes underlying the preparation of the Financial Statements;
- To identify the reports along with the periodical submission timelines, which are to be generated by F&A Dept. to assist management in decision making and to assist in the monitoring of the grants provided;
- To identify the responsibilities of F&A personnel in respect of respective reporting responsibilities;
- To ensure that F&A personnel discharge their responsibilities in accordance with the guidelines provided in this manual; and
- To ensure that delegation of duties and authorities has been properly done to facilitate personnel in performing their due roles effectively.

FINANCIAL MANAGEMENT

FINANCE AND ACCOUNTS DEPARTMENT

DEPARTMENTAL STRUCTURE OF F&A DEPARTMENT

The functional organogram of F&A Dept. is presented below reflecting the reporting lines of all the related positions:



case of absence of CEO, all powers related to Finance and Accounts activities as mentioned in this Manual shall be performed by the Director Finance & Grants.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

KEY POSITIONS AND RESPONSIBILITIES

KEY POSITIONS & RESPONSIBILITIES

Below are the descriptions of the key positions in the F & A Dept. and the organization. The descriptions include the reporting lines for these positions and broad terms of duties.

FINANCE AND ACCOUNTS (F & A)

Following are the TORs of the F&A approved by the Board and need to be taken into account:

- The F & A shall be responsible for making recommendations to the Board of Trustees of TDEA;
- Reviewing Annual Budget in detail for submission to the Board for approval;
- Reviewing TDEA Financial and Accounting Policies from time to time;
- Suggesting strategic plans in terms of financial sustainability of TDEA;
- Reviewing budget utilization on a quarterly & six monthly basis;
- Assessing the proposals for investments and selecting the options;
- Reviewing draft audited accounts, board letter and auditor's report along with the detailed Management Letter of the auditors and making recommendations to the Board;
- Reviewing pay scales and employees rules and making recommendations to the Board for approval;
- Approving procurements/investments as per "delegation of authority "; and
- Any other task that may be assigned by the Board of Trustees of financial matters.

DIRECTOR FINANCE AND GRANTS

DFG shall report to, CEO. The duties of DFG shall include but are not limited to:

- Primary responsibilities shall include conducting the monthly operations review, identification of areas for cost reductions and operational improvements, annual budget process, periodic forecasting, and periodic analysis of operational performance;

FINANCIAL MANAGEMENT

KEY POSITIONS & RESPONSIBILITIES

- Provide support to CEO and projects, through information analyses (e.g. current processes, actual performance vs. budget and prior year budget, etc.);
- Ensure preparation of periodic reports regarding TDEA's progress towards its goals, including updating and making changes as required by the Board;
- Ensure the achievement of TDEA's mission on time and within budget by monitoring the implementation of effective internal controls (Standard Operating Procedures) and also assess credibility of controls through internal and external audits;
- Preparation of operational data/analysis for publication on various programmes throughout TDEA (Management, Donor Funds, Consultancy Income, Operations, etc.) for CEO, and Board who rely on/benefit from the information to make informed business decisions;
- Ensure arrangements and timely completion of external audit and facilitate the monitoring visits and audits by funding agencies and donors;
- Ensure that all operations and activities of TDEA are conducted in accordance with laws, regulations, TDEA's code of business conduct, Corporate Governance, sound business practices, and other policies, procedures and practices approved by the Board;
- Oversee the compliance with different government departments (SECP, Tax, etc.) for matters pertaining to legal and operational aspects of TDEA;
- Formulating strategic and long-term business plans and shall identify the liquidity requirements and surplus funds available for timely investment purposes;
- Oversee the preparation of year-end financial statements in compliance with the local governing laws and regulations in a timely manner; and
- Any other duty as prescribed in this Financial Management Manual and as CEO and Board shall assign to perform.

MANAGER FINANCE AND ACCOUNTS - TDEA

Manager Finance and Accounts shall be reportable to DFG. The MFA roles and responsibilities shall include but are not limited to:

- Provision and interpretation of financial information, analyzing change and advise accordingly;
- Monitoring and interpreting cash flows and predicting future trends;

FINANCIAL MANAGEMENT

KEY POSITIONS & RESPONSIBILITIES

- Conducting reviews and evaluations for cost-reduction opportunities;
- Managing TDEA's accounting, monitoring and reporting systems;
- Updates in Fixed Asset register and proper calculation of impairment, revaluation etc. under specific provisions of International Financial Reporting Standards;
- Preparation of annual financial statements according to the governing laws and regulations and necessary calculations at year-end as prescribed in this manual;
- Supervise the transfer of assets among different departments;
- Shall supervise that the annexure are being used properly and the approval of respected authorities;
- Producing accurate periodic reports as prescribed in this manual to specific deadlines;
- Review, consolidation, amendments and presentation of budgets;
- Supervision of updates in Computerized Accounting and Financial Information System (Quick Books Business One);
- Assisting DFG in Tax matters;
- Supervise the functioning of Finance and Accounts department;
- Preparation of Financial Statements of TDEA and coordination with External and Donor agency audit; and
- Any other duty as prescribed in this Financial Management Manual and MF delegate him to perform.

FINANCE AND ACCOUNTS OFFICER

Finance and Accounts Officer shall be reportable to MF, his/her role and responsibilities shall include but are not limited to:

- Ensure proper accounting, book keeping and financial management of the programme;
- Compile and sort documents and preparation of documents such as invoices, cheques and substantiating business transactions;
- Deposit of banking instruments and maintenance of records;
- Verify and enter details of business transactions, such as funds received, disbursed and update accounting books;

FINANCIAL MANAGEMENT

KEY POSITIONS & RESPONSIBILITIES

- Compute and record charges, refunds, rentals, and similar items;
- Computation and recognition of indirect cost recovery, timely ascertainment of profit on bank deposits, calculation of gain or loss on foreign currency conversion etc.;
- Preparation of Bank Reconciliations for projects by Project Officer;
- Effectively coordinate for communication with banks, vendors and project teams;
- Finance Officer shall Coordinate for preparation and Project FM shall prepare and amend budgets;
- Perform monthly payroll calculations and arrange for funds to be transferred to employee accounts;
- Preparation of annual physical count reports, maintenance of cheque book and cheque book register and other correspondence related to banks;
- Deduction of tax, preparation of tax statements and maintenance of tax records;
- For projects, Project FO shall prepare bank and payroll reconciliation for review;
- Preparation of financial and other periodic reports for TDEA and Donors;
- Coordinate with external and internal auditors as specified by PO F&A and MF; and
- Any other duty which Finance and Accounts Officer and MF assign them to perform.

ASSISTANT FINANCE OFFICER(S)

Assistant Finance Officer(s) are reportable to Finance and Accounts Officer and MF (when required), their roles and responsibilities are include but not limited to:

- Verify and post details of business transactions, such as funds received and disbursed;
- Verification of computed charges/interests, refunds, rentals and calculation of gain or loss on disposal and similar items;

FINANCIAL MANAGEMENT

KEY POSITIONS & RESPONSIBILITIES

- Effectively communicate with banks, vendors, project teams and FO/Project FOs;
- Perform Bank Reconciliation, monthly payroll reconciliation and arrangements for funds to be transferred to employee accounts;
- Perform physical count and coordination for preparation of report;
- Coordinate for preparation, review, amendments and presentation of budget;
- Coordinate with external and internal auditors;
- Preparation and coordination for preparation and review of periodic reports for donors as specified in donor agreements;
- Maintain/Update Computerized Accounting and Financial Information System (Quick Books Business One); and
- Any other duty as prescribed in this Financial Management Manual and as PO F&A and Manger Finance assign him to perform.

GRANT MANAGER

As defined in Grants Manual

GRANT OFFICER (S)

As defined in Grants Manual

GRANT ASSISTANTS (S)

As defined in Grants Manual

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

**BASIS FOR THE PREPARATION OF FINANCIAL
STATEMENTS**

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

BASIS OF MEASUREMENT

The objective of designing this framework is to assist those who are responsible for the preparation of the financial statements, to improve the quality of financial reporting by TDEA, thereby providing adequate information to the users of the financial statements.

Financial statements also show the results of the stewardship of management, and the accountability for resources entrusted to the management. Those users who wish to assess the stewardship or accountability of management do so in order that they may make economic decisions on, for example, whether or not to finance activities to be carried out by TDEA.

Financial Statements shall be prepared using the accrual basis of accounting except for cash flow information.

Financial year of TDEA shall be a period for twelve (12) months commencing from July 01st of each year and ending on June 30th of next year. Financial Statements shall be prepared accordingly.

ACCOUNTING CONVENTION

Financial statements shall be prepared under the historical cost convention except for staff retirement benefits which shall be measured by using actuarial assumptions.

FIXED ASSETS AND DEPRECIATIONS

ASSET CAPITALIZATION POLICY

The objective of this policy is to ensure that TDEA follows a uniform policy for capitalization of its fixed assets.

Each item of Fixed Asset costing PKR 10,000 and above and having a useful life of more than one year shall be capitalized and depreciated over its estimated useful life. All fixed assets capitalized shall be included in the Fixed Assets Register. Items costing less than PKR 10,000 or having a useful life of less than one year shall be charge as an expense in the year of purchase. Fixed assets shall be stated at cost less accumulated depreciation and any recognized impairment losses.

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Normal repairs and maintenance shall be charged to income as and when incurred whereas major renewals and improvements shall be included in an asset's carrying amount or shall be recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses shall be charged to income during the period in which they are incurred.

ASSET DISPOSAL

Any asset that has become redundant for use due to any reason (e.g. a new asset has been purchased to replace the existing one) shall be disposed.

TDEA's Procurement Committee shall be responsible for managing the disposal of the respective asset. The concerned asset can either be sold in the open market by way of advertising in the newspaper, or to employees at market price or as decided by the management of TDEA from time to time.

Gain or loss on sale or disposal of fixed assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) shall be recognized in the period of its occurrence.

▪ **DE-RECOGNITION**

An item of property and equipment shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) shall be recognized in the period of its occurrence.

▪ **DEPRECIATION**

Useful lives shall be determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

TDEA shall review the appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets shall be made for possible impairment on an annual basis. In making these estimates, TDEA shall use the technical resources available with the Trust.

The assets' residual values, useful lives and methods shall be reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods shall be recognized prospectively as a change of accounting estimate.

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Depreciate shall be charged applying the reducing balance method whereby the cost of an Asset shall be written off over its estimated useful life. Depreciation shall be charged from the month of acquisition till the month of its disposal and de-recognition. TDEA shall use the following rates for the calculation of depreciation.

SR. NO.	DESCRIPTION	DEPRECIATION RATE (%)
1	Building	5%
2	Motor vehicles	20%
3	Fixtures & Fittings	10%
4	Computer Equipment	33%
5	Office Equipment	15%

REVALUTION

Subsequent to initial recognition of an asset, it may be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, provided that fair value can be measured reliably.

IMPAIRMENT

The carrying amount of TDEA's assets shall be reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount shall be estimated in order to determine the extent of the impairment loss. Impairment loss is recorded on a judgmental basis, for which, provisions may differ in future years based on actual experience.

RELATED PARTY TRANSACTIONS

- TDEA shall disclose all the transactions with the related parties which includes the nature of related party relationship as well as information about the transactions and outstanding balances;
- The related parties shall comprise of:
 - Projects/Partner Organizations working under the umbrella of TDEA;

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

- The Trustees, key management personnel and entities over which the directors are able to exercise significant influence;
- The Employees' Provident Fund.
- Remuneration of the CEO shall be disclosed in notes to the financial statements of TDEA;
- All transactions involving related parties shall be entered under contractual terms and conditions subject to the approval of the BoT;
- Some of the related party transactions that TDEA may enter into are as follows:
 - Purchases or sales of goods on behalf of its related parties;
 - Purchases or sales of property and other assets;
 - Rendering or receiving of services on behalf of related parties;
 - Lease agreements on behalf of related parties;
 - Provision of guarantees or collateral on behalf of related parties;
 - Commitments on behalf of related parties; and
 - Settlement of liabilities on behalf of related parties.

INTANGIBLE ASSETS AND AMORTIZATION

Intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets includes software, patents, copyrights, motion picture films, customer lists, mortgage servicing rights, licenses, import quotas and franchises which shall be stated at its cost less accumulated amortization.

SHORT TERM DEPOSITS

HELD-TO-MATURITY

Any investments with fixed maturity, where TDEA has both the intent and the ability to hold to maturity, are classified as held-to-maturity and the organization carried at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method. For investments carried at amortized cost, gains and losses are recognized in the income and expenditure account when the investments are derecognized or impaired, as well as through the amortization process. Interest earned or incurred is recorded in "Interest Income" in income and expenditure account. Assets in this category are included in the current assets except for maturities greater than 12 months which are classified as non-current assets.

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

GENERAL AND SPECIFIC PROVISION

TDEA shall recognize a provision in the balance sheet when the Trust has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Estimates of the amount of provisions and liabilities recognized shall be based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in circumstances, the carrying amounts of provisions and liabilities shall be regularly reviewed and adjusted to take account of such changes.

ADVANCES AND OTHER RECEIVABLES

These shall be recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Known impaired receivables shall be written off when identified. However, doubtful receivables or recoveries shall be fully provided for.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment that has a maturity of three months or less from the date of acquisition shall qualify as a cash equivalent.

ACCRUALS, LIABILITIES AND OTHER PAYABLES

Liabilities for trade and other amounts payable shall be carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

REVENUE RECOGNITION

GRANTS

Grant shall be recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

▪ CAPITAL GRANTS

Grants received for purchase of fixed assets shall be initially recorded as deferred revenue income upon receipt. Subsequently, these shall be recognized in the income and expenditure account, on a systematic basis over the periods necessary to match them with the carrying value of the related assets.

▪ REVENUE GRANTS

Grants of a non-capital nature shall be recognized as deferred income at the time of their receipt. Subsequently, these shall be recognized in the income and expenditure account to the extent of actual expenditure incurred. Expenditure incurred against grants committed but not received, shall be recognized directly in the income and expenditure account and reflected as a receivable from donors.

INTEREST INCOME

Profit on bank deposits and term deposits received during the year shall be recognized as income as and when received. Whereas, profits accrued at the yearend shall be recognized on a time proportionate basis using the effective interest rate method.

CONSULTANCY INCOME AND MANAGEMENT/SUPERVISION FEES

Income generated from management/supervision and consultancy services shall be recognized as income when the related services are provided.

RENTAL INCOME

Rental income arising from operating leases shall be accounted for on a straight line basis over the lease term. Incidental expenses and lease incentives granted shall be recognized as an integral part of the total rental income, over the term of the lease.

INVESTMENT PROPERTY

The Trust shall apply the cost model on its investment property. Accordingly, investment property shall be stated at cost less accumulated depreciation and impairment losses, if any. Cost shall comprise acquisition and other directly attributable costs.

Depreciation shall be calculated on the cost of the building using the reducing balance method and shall be charged to the income and expenditure account to write-off the depreciable amounts over the estimated useful life of the investment property.

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Depreciation on additions shall be charged from the date of the addition till the date of disposal. Renewals and replacements shall be recognized in the carrying amount of investment property, if it is probable that the future embodied economic benefits will flow to the Trust. Other maintenance and repairs shall be charged to the income and expenditure account as and when incurred. Gains or losses on disposal shall also be taken to the income and expenditure account.

FOREIGN CURRENCY TRANSACTIONS

The financial statements shall be presented in Pak Rupees, which shall be the Trust's functional and presentation currency. Foreign currency transactions during the year shall be recorded at the spot rate on the date of the transactions. Monetary assets and liabilities in foreign currencies shall be translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation shall be taken to income or deferred revenue grant as appropriate.

STAFF RETIREMENT BENEFITS

DEFINED CONTRIBUTION PLAN

The Trust operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Trust and the employees, to the fund at the rate of 4.17% of the basic salary of employees. The liability in respect of provident fund shall be recognized at the fair value of contribution outstanding.

DEFINED BENEFIT PLANS

The Trust shall operate a gratuity scheme for all its eligible employees. The liability recognized in respect of gratuity shall be the accumulated value of the defined benefit obligation under the scheme at the reporting date less any provision created for gain/loss.

The gratuity obligations shall be calculated at one (1) gross salary per year calculated at 1/12 each month. The gratuity is charged to the respective cost center where the employee is charged on monthly basis and at the year end a provision is created for adjustments to the cost center. The gratuity fund is invested in high quality Government securities, TDRs which have terms to maturity approximating to the terms of the related obligation.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities shall be recognized when the Trust becomes a party to contractual provisions of the instrument. These shall be initially measured at cost which is the fair value of the consideration given and received, respectively. These financial assets and liabilities shall be subsequently measured at amortized

FINANCIAL MANAGEMENT

BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

cost. The Trust shall derecognized financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

OFF-SETTING

Financial assets and liabilities shall be set-off in the balance sheet, only when the Trust has a legally enforceable right to set-off the recognized amounts and intends, either to settle them on a net basis, or to realize the assets and settle the liabilities, simultaneously.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

**CHART OF ACCOUNTS AND QUICK BOOKS
MAINTENANCE**

CHART OF ACCOUNTS AND QUICK BOOKS MAINTENANCE

With QuickBooks we can track what's owed and who owes it, and then expend time and effort to collect it. All of the effort you spend on the money your customers owe you is called tracking accounts receivable (or, more commonly, tracking A/R). QuickBooks offers several tools and reports that simplify this necessary chore. The real value in accounting software is the reporting power. The reports you create in QuickBooks are reports you'd have to spend hours generating if you were using a manual bookkeeping system or tracking amounts in a spreadsheet. Additionally, in QuickBooks you can change, customize, and manipulate these reports to get all sorts of information about your business.

POLICIES

01. Each project maintains its separate books for each donor, which are subsequently consolidated at Head Office level by MF.
02. Manager Finance shall be responsible for financial maintenance of Accounting software (i.e. QuickBooks) regarding that project;
03. Chart of Accounts (COA) shall form the basis of financial records of TDEA;
04. DGF shall review the COA for each project at least once a year;
05. Manager Finance shall be responsible for proper implementation and usage of COA in his own project and also ensure that COA is in line with other projects;
06. The GL shall be the primary information repository for TDEA's activities. Accordingly, the GL's coding structure and values (its "chart of accounts") must be maintained accurately to ensure the integrity of TDEA's financial reporting;
07. Any modifications (additions, deletions or changes) to the COA shall be with the approval of Manager Finance but if the modification is not in line with COA of other projects then approval of DGF shall also be required.

PROCEDURES

QUICK BOOKS MAINTENANCE

01. QuickBooks Maintenance shall be carried out by Finance Officer of relevant project includes following functions:

FINANCIAL MANAGEMENT

CHART OF ACCOUNTS AND QUICK BOOKS MAINTENANCE

- COA maintenance;
 - Implementing partners;
 - Utilities; and
 - Other financial functions as specified in different sections of this manual.
02. All changes on account of QuickBooks maintenance shall be verified by Manager Finance before being carried out.

PREPARATION AND AMENDMENT OF COA

01. All accounts shall have titles and numbers that indicate specific ledger accounts such as Cash, Furniture (Fixed Assets), Accounts Payable, etc.;
02. Accounts shall be arranged in the same sequence in which they appear in the financial statements, i.e., asset accounts should be numbered first, followed by Long term liability, current liability, retained earnings, Endowment fund, Revenue or expense accounts as follows:

DESCRIPTION	ACCOUNTS
Petty Cash	12000
Bank Accounts	13000
Accounts Receivables	11000
Current Assets	14000
Non-Current Assets	15000
Current Liabilities	16000
Long Term Liability	17000
Retained Earnings	31000
Endowment Fund	32000
Revenue/Grants	41000
Expense	60000

FINANCIAL MANAGEMENT

CHART OF ACCOUNTS AND QUICK BOOKS MAINTENANCE

03. Unassigned number sequences shall be left open within each group of accounts to provide for additional accounts which may be added later;
04. Each account shall be given a short title description that is brief but allows the reader to quickly ascertain the purpose of the account;
05. In case of an amendment (addition/ deletion/ editing), relating to a head of account, Manager Finance shall amend it and subsequently, after getting approval from the DGF, the COA shall be updated in the Accounting Software to facilitate working of other employees;
06. The F&A staff shall also be informed and trained, if required, on how to operate the new/amended COA under the supervision of Manager Finance;
07. Account codes shall only be closed / inactivated with the approval of Manager Finance. In case of Main Accounts, approval of DGF shall also be required; and
08. **Account Code:** Account code explains the nature and category of the account i.e. fixed asset, current asset, Long term liability, current liability, retained earnings, Endowment fund, Revenue or expense.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

RECORDING OF TRANSACTIONS

RECORDING OF TRANSACTIONS

POLICIES

01. The F&A department shall be responsible for the generation and proper posting of Journal entries to the GL and for the maintenance of the accounts to ensure accuracy, validity and reliability of financial records.
02. This policy shall apply to all F&A staff with involvement in recording the accounting transactions.
03. Following types of vouchers/documents shall be used for the recording of accounting transaction in QuickBooks:
 - Payment (Bank and Cash Payment Vouchers)
 - Incoming Payment (Bank and Cash Receipt Vouchers)
 - Journal Voucher

PAYMENTS

All payments shall be made after the approval of payment vouchers supported by bills and/or other relevant documents as per the authority limits given below. Such supporting documents shall be checked by the designated person in the Finance Unit (Finance Officer) prior to their submission for approval of payment before the approving authority.

Following types of transactions shall be recorded through Purchase orders in QuickBooks:

- All Payments to Vendors (suppliers, Service Providers, Consultant) ;
- All Payments that have WHT Effect
- Advances to Organization involving GL Accounts e.g., Advance payment to Partner Organizations etc.
- All Advances to Staff (Personal and Operational);
- All Utilities payments;
- Payment of Tax withheld from different vendors and employees;
- Payments of Benefits deducted from employees' salaries i.e., Provident Fund, Severance, Leave encashment, and EOBI etc. and the employer's contribution related to these deductions;

- Any account settlement or payment on account to Partner Organizations. All Reimbursements e.g., Reimbursement to Partner Organizations, Employees;
- Payment of Management Fee / Indirect Cost.

There are two ways to pay vendors in QuickBooks: You can enter the bill you received into QuickBooks and then pay it later, or you can simply write a check without entering a bill. This chapter covers paying vendors, either by paying the bills you entered into QuickBooks or writing a check without entering a bill first. It also shows you how to link expenses on those bills to customers, so you can later send an invoice to the customer in order to be reimbursed for the vendor expense. Some businesses don't use A/P; they don't enter vendor bills at all. They pay bills using direct disbursements, which mean using the Write Checks feature. Most businesses use a combination of bills and direct disbursements. They enter bills when they receive a physical bill from a vendor and use a direct disbursement to pay vendors that don't send bills (such as rent, COD delivery charges, petty cash, and so on).

In making payments at TDEA, Finance Officer will print bank payment voucher detailing Payee name, Basic Description, Bank Account and Check number, then proper checks shall be prepared.

The screenshot shows the 'Bank Payment Voucher' form in QuickBooks. The form includes a header section with fields for 'Vendor', 'Class', and 'Drop Ship To'. Below this is a table with columns for 'Account Code', 'Budget Code', 'Description', and 'Amount'. The table has multiple rows for data entry. At the bottom of the form, there is a section for 'Exchange Rate / P/B' and a 'Total' field. The form also includes a 'Print' button and a 'Save' button.

For Preparing Checks, Select "Write Checks" from the Home window, then following box will appear, and then fill it accordingly.

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

Write Checks - Company Checking Account

Previous Next Save Print Find Journal Attach

Bank Account: Company Checking Ac... USD Ending Balance: USD 37,695.99

Pay to the Order of _____ No. To Print
Date 02/01/2013
USD 0.00

_____ USD

Address _____

Memo _____

Order Checks

Expenses USD 0.00 Items USD 0.00 Online Payment ☐ To be printed ☒

Account	Amount (...)	Me...	Customer: Job	B...	Class

Exchange Rate 1 USD = 1 USD

Clear Splits Recalculate Save & Close Save & New Clear

RECEIPTS

TDEA shall receive funds from:

- its donors as per the provisions of contract/ agreement of funding;
- donations;
- membership fees;
- reimbursement of various funded activities;
- profit on investments;
- sale of assets; or
- Others

All revenues shall be properly documented; responsibility of documentation lies with the Manager Finance or the designated person(s). All receipts through cash, cheque or other instruments shall be promptly documented in the respective book along with the relevant voucher and other details in following section of QuickBooks.

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

Receive Payments

Previous Next Print History Journal Attach

Accept Payments

Add credit card processing
Set Up Recurring Payments
Add eCheck processing

Manage Payments

Edit payment preferences
Payment Snapshot

Processing Options

From your web site
From your mobile phone
From your e-mailed invoices

Close Toolbar

Customer Payment

Received From: [Dropdown] Customer Balance: USD 0.00
Amount: USD 0.00 Date: 12/15/2012
Exchange Rate 1 USD = 1 USD
Print Method: Check Check #: [Field]
Memo: [Field] [Where does this payment go?](#)

☐ Process payment when saving

Find a Customer/Invoice...

Date	Number	Orig. Amt.	Amt. Due	Payment
Select the customer or job in the Received From field				
Totals USD			0.00	0.00

Amounts for Selected Invoices

Amount Due	USD
Applied	USD 0.00
Discount and Credits Applied	USD 0.00

Auto Apply Payment
Discount & Credits...

Save & Close Save & New Clear

Receiving Cash Donations:

Donations that were not invoiced may enter them in QuickBooks either as a deposit or a cash sale. To enter a cash receipt, select "Enter Sales Receipts" from the "Customers" menu. Select the "Custom Sales Receipt" or any other sales receipt template

Enter Sales Receipts

Previous Next Save Print E-mail Ship Find Spelling History Journal

Accept Payments

Add credit card processing
Set up recurring charges
Add eCheck processing

Manage Payments

Edit payment preferences
Payment Snapshot

Processing Options

From your web site
From your mobile phone
From your e-mailed invoices

Close Toolbar

Customer: Job Class
Template: Print Preview
Custom Sales Receipt

Date: 12/15/2012 Sale No.: Deposit

Sold To: [Field]

Check No.: [Field] Payment Method: [Field]

Item	Description	Qty	Class	Rate	A.	Tax
Customer Message						
Tax: Sales Tax (6.25%)				Total		

Exchange Rate 1 USD = 1 USD

☒ To be printed ☐ To be e-mailed Customer Tax Code: [Field] Memo: [Field]

Add Time/Costs...

☐ Process payment when saving

Save & Close Save & New Clear

Recording Donated Goods and Services Nonprofit organizations often receive donated goods and services. Donated goods should be recorded as revenue and as inventory or expense (whichever is appropriate) at fair value in the period they are received. Donated services should be recorded at fair value if the services (a) create or enhance a nonfinancial asset or (b) involve specialized skills, provided by entities possessing those skills that would be purchased if they were not donated. Donated services are recorded as revenues and as additions to nonfinancial assets (if related to a nonfinancial asset) or expense. The best way to record donated goods and services in QuickBooks is through a journal entry. To record a journal entry, select “Make General Journal Entries” from the “Company” menu.

Make General Journal Entries

Previous Next Save Print... Find History Reverse Reports Attach

Date: 12/31/2012 Entry No.: DEPR13 ☐ Adjusting Entry

Account	Debit	Credit	Memo	Name	Billable?
Depreciation Expense	76.92		Dec03 Depr Expense		
Accumulated Depre...		76.92	Dec03 Depr Expense		
Totals	76.92	76.92			

Show List of Entries Save & Close Save & New Revert

JOURNAL VOUCHER

Following types of transactions shall be recorded through Journal Voucher in QuickBooks:

- All adjustments;
- Booking of payroll;
- Booking of vendor bills, where various business partners are involved e.g., booking of telecommunication bills, where expenses are over the approved limited of individuals are charged to their personal accounts (employee customer business partner);
- Conversion of funds from one currency to another;

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

- All Entries involving inter project receivables/payables.

To record a journal entry, select “Make General Journal Entries” from the “Company” menu.

Make General Journal Entries

Previous Next Save Print... Find History Reverse Reports Attach

Date: 12/31/2012 Entry No.: DEPR13 ☐ Adjusting Entry

Account	Debit	Credit	Memo	Name	Billable?
Depreciation Expense	76.92		Dec03 Depr Expense		
Accumulated Depre...		76.92	Dec03 Depr Expense		
Totals	76.92	76.92			

Show List of Entries Save & Close Save & New Revert

POSTING TRANSACTIONS AND JOURNALS

The following functions shall be performed on a daily basis to update the GL:

- All transactions shall be properly coded as per the structure defined in COA section;
- All transactions shall be posted in **QuickBooks** using the vouchers/documents defined above;
- Adequate supporting documentation shall be prepared and maintained for each Journal Voucher and the following procedures shall be followed for processing of a Journal voucher;
- AFO/Project FO shall prepare a manual Journal Voucher;
- Finance Officer of that respective project shall verify the manual Journal Voucher. After the verification of FO F&A, he/she shall forward to MF for his/her approval;
- MF shall review manual Journal Voucher and forward it to Director Finance & Grants for approval;

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

- DF&A shall forward the approved manual Journal Voucher to Finance Officer of respective project. Then, that Finance Officer shall post the approved Journal voucher in QuickBooks.

CONVERTING FOREIGN CURRENCIES

- Each time TDEA has a transaction (grant/funds received) in foreign currency, FAO/Project FAO shall translate the currency into PKR for recording of receipt using the foreign currency exchange rate prevailing on the day of transaction.
- The rate used by TDEA shall be taken from the relevant bank;
- While converting the receipts in PKR, exchange gain/loss may arise which shall be recorded as exchange gain/loss or deferred revenue grant as appropriate in the context of donor agreement;
- Manager Finance shall translate the year end balances of foreign currency at the closing rate of the day. The related gain/loss shall be recognized as exchange gain/loss or deferred revenue grant as appropriate in the context of donor agreement.

SOURCE DOCUMENTS REQUIRED FOR RECORDING OF TRANSACTIONS

- The F&A department shall use the following list as guidance for source documents required for recording of transactions.

DESCRIPTION	DOCUMENTS REQUIRED					
Procurement from non-qualified vendors	Purchase requisition	RFQs or quotation	Comparative Statements	Purchase Order	GRN	Invoice
Procurement from Pre-qualified vendors	Agreement / contract	Purchase Order	GRN	Invoice		
Payment against services	Agreement / contract	Service order	Services completion acknowledgment	Invoice		
Expenses	Agreement / contract	Original Bill / Invoice	Attendance sheets			
Staff Advances	Approved Advance request	Approved Travel request				

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

Advances to Partner Organizations	Agreement / contract	Approved advance request	Recommend ation of Project / Activity Manager			

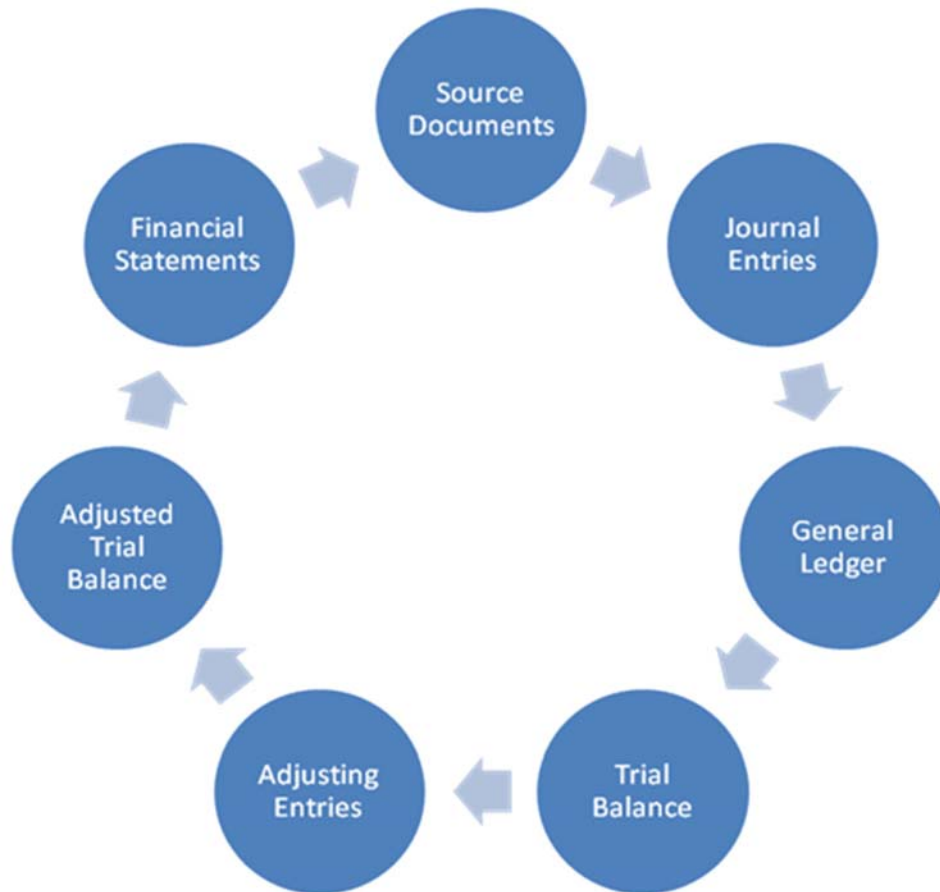
MANUAL VOUCHERS

- Following list of manual vouchers shall be used for recording of transactions.

MANUAL VOUCHERS	DESCRIPTION	PREPARED
JV	Journal Voucher	For non-cash/bank items of Income/ Expense or for Adjustment
BRV	Bank Receipt Voucher	When amount is received in bank
BPV	Bank Payment Voucher	When amount is paid through bank
CRV	Cash Receipt Voucher	When amount is received in cash
CPV	Cash Payment voucher	When amount is paid in cash

ACCOUNTING CYCLE

- Accounting cycle identifying different stages in the processing of a transaction is given below:



REGISTERS & BOOKS REQUIRED TO BE MAINTAINED AS PER TRUST ACT 1860

- TDEA shall maintain such Registers and Books at its office as may be required by the Trust Act 1860 from time to time. The Trust Secretary shall be responsible for maintenance of such Registers and Books. The Legal Advisor may be consulted by the Trust Secretary where needed.

RECORD MAINTENANCE

- TDEA shall maintain records of all the transactions for a period five years or as per requirements of the respective project / donor, whichever is higher.

CLOSING OF ACCOUNTS

FINANCIAL MANAGEMENT

RECORDING OF TRANSACTIONS

- Accounts shall be closed annually incorporating therein any adjustments as may be required.
- DFG shall present the financial statements bi-annually, as are prepared, before the Board in its meeting, held next to preparation of financial statements and shall brief the Board about the major variation in financial position and financial performance of organization as well as each project.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

BUDGETING

BUDGETING

BUDGETING

Planning is an important function in the preparation of an accurate and reliable budget. The planning phase of the budget process among others shall include:

- Setting out guidelines and preliminary assumptions for the budgetary exercise;
- Review of the budget package to incorporate any information, which may be required for various reporting purposes; and
- Incorporation of any changes in the budget package in line with changes in operational requirements.

POLICIES

- 01 BoT of TDEA shall approve the annual budget and any revisions made to it thereafter;
- 02 DFG of TDEA shall review the annual budget and recommend the same to the BoT of TDEA for approval;
- 03 The budget shall be prepared before the start of each financial year and shall be presented to the BoT by the DFG for approval;
- 04 Manager Finance, with the assistance of the Program Division shall prepare a consolidated activity/work plan for achieving the specified targets in accordance with timelines agreed through Implementation Plans submitted by HoDs/Project Managers and Partner Organizations;
- 05 Manager Finance shall be responsible for the consolidation of annual budget (core and projects) based on consolidated activity/work plan for presentation of the same to the DFG. DFG shall then present the same to CEO/Board;
- 06 After the end of first six (6) months, budgetary control procedures shall be applied to check if any revision is required in the annual budget;
- 07 If revisions are required, a revised annual budget shall be presented to the BoT for approval by the DFG, highlighting changes from the original annual budget and explaining the variances;
- 08 The revision request shall include details about the activities performed in the first six months and a variance report for the same with detailed reasons of variance and the proposed revisions in the budget for next six months;

- 09 At the end of financial year, TDEA shall have board meeting in which actual performance against the revised budget shall be presented by the DFG. In the same meeting, the annual budget of TDEA for the next financial year shall be approved;
- 10 The purpose of budgeting and budgetary control procedures shall be:
- To compare and monitor cumulative expenditure with the original (or revised) budget allocations;
- 11 Principal activities that shall be performed in the budgeting process are:
- Prepare annual activity/work plan and budget;
 - Prepare operational budgets; and
 - Record the original (or revised) budget for the financial year.

PROCEDURES

BUDGET PREPARATION

- 01 Budget preparation function shall be assigned as follows:

TASKS	PERFORMED BY
HoDs, Sector Heads, Project Managers, Partner Organizations asked for information on their activity/work plan	Finance and Accounts Officer / Project Finance and Accounts Officer
Preparation of draft budget estimates / Revisions – based on prior year's operational costs, signed project agreements, projects starting during the year, projects due to end during the year or projects for which proposals have been sent out	Finance and Accounts Officer
Review and consolidation of draft budget	Manager Finance
Review of consolidated draft budget	Director Finance and Grants and CEO
Finalization of Draft Budget	DFG

Final Approval of Budget and Revisions	BoT
Implementation and regular Monitoring	Manager Finance
Periodic Monitoring Report	DFG

- 02 Manager Finance / FAOs shall liaise with all HoDs, project heads and Partner Organizations to understand their respective activity/work plans. Project budgets shall be based on the agreements in hand and the proposals sent out or in pipe line; which shall be consolidated and made ready for the review of DFG; with any time apportionment done as necessary;
- 03 Subsequent to receipt of annual activity/work and staffing plans duly approved by the CEO, MF/Project MFs shall translate them into monetary terms and consolidate budgets of all the departments/projects;
- 04 MF/Project MFs shall ensure that the consolidated annual budget coincides with the consolidated activity/work plans approved by the CEO;
- 05 MF shall consider following matters while reviewing and finalizing the draft budget for presentation to the CEO/DFG:
- Vision of TDEA;
 - Mission of TDEA;
 - Scope of budget; and
 - Annual Activity/Work and Staffing Plans.
- 06 DFG shall review the consolidated draft budget before it is presented to the CEO and the Board.
- 07

BUDGET APPROVAL

- 01 Consolidated Draft Budget as well as individual draft budgets of each Dept. and Project shall be presented before CEO by DFG for recommendation to the BoT for approval.
- 02 CEO shall discuss, review and recommend draft budgets to the BoT for approval. The CEO may ask for the amendments to the draft budgets;
- 03 MF/Project MFs shall incorporate the amendments as recommended by the CEO/DFG and shall prepare final draft of the budget;
- 04 Final draft shall be presented before BoT by the DFG for approval. The BoT shall approve the **Annual Budget Document “Annexure FM-01”**, which shall be circulated as follows:

Original	Chief Executive Officer
1 st Copy	DFG
2 nd Copy	Internal Audit Department
3 rd Copy	Finance and Accounts Department
4 th Copy	HoDs/Project Managers and Projects MF/FO

- 05 HoDs/Project Managers and Project Finance Officers shall be given only their respective approved budget plans whereas Internal Audit and F&A Departments shall be given departmental/project wise and consolidated budget plans.

BUDGET EXECUTION AND CONTROL

- 01 HoDs/Project Managers and MF shall ensure that activity plans are executed within the boundaries defined by the approved budget.
- 02 MF shall authorize incurrence of individual Dept.'s/project's operating/programme expenses only if they are in compliance with the approved budget.
- 03 A monthly management report demonstrating budgeted vs. actual expenditures shall be prepared by Project MF/FOs for projects and MF for TDEA core functions to identify and analyze major reasons for variance through **Budget vs. Actual Expenditure Report "Annexure FM-02"**.
- 04 The report shall first be presented by the FAO for review by MF. After the review of MF, FAO shall present the Monthly Budget vs. Actual Expenditure Report by the 10th of every month before the CEO/DFG for review and approval;
- 05 CEO/DFG may ask for additional information or reports based on the requirements of the Donor or Project. He/she may also require the justification for any significant variance in the monthly progress report against the approved budget. All such additional information and justification shall be provided by FAO after coordinating with the relevant Project Manager / Project MF.
- 06 MF shall present a bi-annual Budget vs. Actual Expenditure Report to the DFG for finalization and presentation to the BoT.
- 07 DFG shall present the bi-annual Budget vs. Actual Expenditure Report to the BoT. He/she shall brief the BoT on the variances in the budget during the first six months and shall also make recommendations on how to manage the variances in next six months.

- 08 Based on the recommendation of DFG, the BoT shall approve or reject the amendments in the budget for the next six months.

REVISION OF BUDGET

- 09 In case of any change in the activity/work plan due to any reason, HoDs/project Managers shall revise the budget before the end of first half of financial year and shall notify this envisaged revision to MF/Project MF through **Budget Revision Request Form “Annexure FM-03”**;
- 10 FAO shall review reasons for the proposed revision and shall forward his/her recommendations to MF;
- 11 MF shall review the proposed revision in accordance with the budget as approved by BoT/donors and availability of other financing resources;
- 12 MF may refuse the proposed revision and shall intimate the respective HoD/Project Manager of his/her decision. If MF approves the proposed revision, it shall be forwarded to the CEO/DFG for his/her approval;
- 13 CEO/DFG may refuse the proposed revision and shall intimate MF of his/her decision. If the CEO/DFG approves the proposed revision, changes approved shall be forwarded to the MF;
- 14 MF shall forward the agreed changes to the FAO for incorporation in the draft revised annual budget;
- 15 FAO shall prepare **“Consolidated Revised Budget Annexure FM-04”** and shall present the amended/revised draft annual budget to MF;
- 16 MF shall present the revised draft annual budget to the DFG for finalization;
- 17 DFG shall review the revised draft annual budget and BoT shall approve it on the recommendation of the DFG. After the approval of the BoT, revised annual budget shall be circulated as follows:

Original	Chief Executive Officer
1 st Copy	DFG
2 nd Copy	Internal Audit Department
3 rd Copy	Finance and Accounts Department
4 th Copy	HoDs/Projects Managers and Project Finance Officers

- 18 HoDs/Project Managers and Project Finance Officers shall be given only their respective revised budget plans whereas Internal Audit and F&A Departments

shall be given departmental/project wise and consolidated revised budget plans.

19 IMPLEMENTING OFFICE COSTS (IOC)

Description:

Implementing Office Costs (IOC) represent a prorated share of the operating costs of the implementing office supporting the project. The operating costs of the implementing office are classified as direct costs. For proposal budgeting, IOC rates are based on the implementing office's most recent annual budget. However, **only actual implementing office costs incurred are distributed to projects, using the ratio of actual direct hours worked on the office's projects. The donor is charged only these actual costs.**

IOC is divided into two components: facilities cost and logistics costs. Facilities costs include (but are not limited to) rent, utilities, communications, office supplies, expendable equipment, depreciation on capital office assets such as furniture, and amortization on leasehold improvements, if any. Facilities costs are charged only for staff working in or otherwise using the implementing office. These costs are allocated to projects based on level of efforts (LOE) which is calculated as the number of hours worked by staff assigned to the office or unit. Again, only actual time spent is claimed (this is important to emphasize in the case of staff working part time on the project).

Logistics costs include all other normal and necessary operating costs of an implementing office including, but not limited to, administrative labor, insurance, security and miscellaneous costs.

Budgeting Implementing Office Costs (IOC):

The IOC is budgeted on the projected expenditure that the implementing office would incur during the fiscal year. This cost pool is apportioned to all projects which the staff record time against during the relevant fiscal year. As mentioned above, this would only be an estimate, because a project's share of the IOC pool will change as each project is charged by ratio for their staff time devoted to that project during the month.

Charging of IOC:

The actual IOCs vary month by month as they are based on actual expenses. Each month the IOC is distributed by the time (number of direct hours) that the staff charges to the projects.

20 COSTING POLICY

All common expenditure shall be charged to the project budgets on pro-rata basis. Common expenditure includes those costs which cannot be separated or which are incurred irrespective of the project activity. Examples of common expenditure and methodology for allocation are given below:-

Cost item	Cost per program varies with...	Possible cost driver (units)
Salaries/benefits of staff members who work on more than one program (on activities identifiable by program)	Time required of staff member	Hours spent by the staff member on each program / total hours worked by the staff member/ Number of hours spent for a project
Salaries/benefits of staff members who work toward general organizational initiatives (not identifiable by program)	Time required of staff member (if possible to allocate by program); otherwise, size of program	- Hours spent by the staff member on each program / total hours worked by the staff member (if identifiable) - Proxy drivers: For marketing, number of beneficiaries/ total beneficiaries; For fundraising, finance, and management, total costs of program/ total costs of organization; For human resources, size of staff on program/ total staff - Number of hours spent for a project
Office space rent and facilities maintenance	Number of people; amount of space utilized	- Number of office staff in each program / total staff - Sq. ft. occupied per program / total sq. ft.
Utilities	Utilities used	Number of office staff in each program / total office staff
Supplies	Supplies used	- Supplies ordered by program/ total supplies - Other potential drivers, depending on the supply category (paper, toner, stamps, ...) - Total project cost
IT hardware and maintenance	Number of people using IT equipment; units of equipment	- Number of laptops used by program / total laptops - Proxy drivers: number of staff per

FINANCIAL MANAGEMENT

BUDGETING

	requiring service	program / total staff
IT software licenses	Number of licenses required	• Number of software licenses utilized by program/ total licenses • Proxy driver: flat allocation across programs
Depreciation (equipment)	Equipment used	• Amount of equipment ordered by program / total equipment • Hours that the equipment is used by each program / total hours used
Legal fees	Hours of legal services required	• Legal hours billed by program/ total hours billed by organization • Proxy drivers: flat allocation across programs
Shared marketing materials and advertising costs	Materials printed; number of advertisements; number of beneficiaries	• Materials ordered by program/ total materials (if available) • Advertisements produced for each program / total ads (if available) • Proxy driver: number of beneficiaries per program/ total beneficiaries
Subscriptions used by more than one program	Number of subscriptions	• Number of readers per program / overall staff
Training, conferences and special events	Staff attendance	• Number of attendees per program / overall staff

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ACCOUNTABILITY**

FIXED ASSETS

FIXED ASSETS

POLICIES

- 01 All Fixed Assets shall be procured in accordance with the procurement policies of TDEA as mentioned in the Procurement Manual;
- 02 Fixed Assets either purchased wholly or partially from grants will be stated at their cost less its accumulated depreciation and impairment loss, if any;
- 03 Assets procured under any of the donor projects will remain property of TDEA unless otherwise specified in the agreement;
- 04 Ownership of all assets acquired under finance lease arrangements would remain with the lessor till the maturity of the lease after which its ownership would be transferred to TDEA as per the lease agreement;
- 05 A finance lease shall be recorded as an asset and as an obligation to pay future rentals in the Statement of Financial Position;
- 06 At the inception of the lease the sum to be recorded both as an asset and as a liability shall be the fair value of the asset or, if lower, the present value of the minimum lease payments;
- 07 Capital work-in-progress would be recognized based on the stage of completion method and it is stated at cost less impairment loss, if any;
- 08 Fixed assets of value of USD 500 or PKR 50,000 and above will be insured subject to the availability of funding. The admin dept. will request proposals from different suppliers which will be reviewed and assessed by the PC. Copy of the insurance certificates, agreements and payment schedule would be maintained in F&A Dept. by FO;
- 09 A Fixed Asset Register shall be maintained and updated on every purchase and disposal by FO F&A;
- 10 Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management;
- 11 Depreciation of asset is calculated on straight line basis and depreciated as per the rates defined in Depreciation policy;
- 12 Assets acquired for the projects shall be depreciated on the basis of the life of the project if it is mentioned in the agreement that the asset will be returned to the donor agency after the completion of the project.

- 13 In all other cases, all the assets shall be depreciated over the useful life of assets;
- 14 Assets transferred to TDEA after the life of the project, would be transferred at carrying value;
- 15 Depreciation shall be charged on reducing balance method according to following schedule::

S. NO.	DESCRIPTION	DEPRECIATION RATE (%)
1	Building	5%
2	Motor vehicles	20%
3	Fixtures & Fittings	10%
4	Computer Equipment	33%
5	Office Equipment	15%

- 16 Depreciation of an asset ceases when either the asset shall be classified as held for sale or it is derecognized;
- 17 Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated;
- 18 Depreciation on leased asset would be charged over the shorter of its useful life or the lease term;
- 19 TDEA shall assess the indication of impairment of fixed assets at the end of each financial year;
- 20 If any indication of impairment in value of assets exists, the entity shall estimate the recoverable amount of the asset;
- 21 After the recognition of an impairment loss, the depreciation (amortization) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life;
- 22 All Fixed Assets will be disposed off in accordance with the Assets Disposal Policy of TDEA;
- 23 Disposal of fixed assets shall be carried out through an Asset Disposal Form;
- 24 Gains and losses on disposal of fixed assets after deducting costs incurred on disposal of assets are included in Income and Expenditure Account for the year;

- 25 The safeguarding of fixed assets will be the responsibility of concerned HoDs and employee holding the asset;
- 26 MF shall fix rate for depreciation on fixed assets in case of new category of fixed asset is identified;
- 27 All fixed assets owned by the entity will be inspected at least once a year by the IA;
- 28 Adequate and strong controls should be kept over fixed assets and their related records to ensure that all fixed assets are recorded in the books of accounts with appropriate carrying costs and all recorded assets existing in the organization are safeguarded and are operational.

PROCEDURES

RECEIPT AND RECORDING OF FIXED ASSETS

- 01 Admin Dept. shall forward the Request for Payment Form along with all relevant supporting documents to F&A Dept. for the recording of fixed assets;
- 02 In case of advance payment to suppliers, MF shall direct the FO to prepare cheque for the amount appearing in the purchase order;
- 03 In case of payment to supplier on the receipt of fixed assets, F&A Dept. shall receive the bill/invoice along with a delivery challan and a Goods Receipt Note from Admin Dept., while MF shall direct accordingly to the FO F&A to make the arrangements for the payment;
- 04 At the time of receipt of fixed assets, Admin PO shall make the arrangements for inspection of items received to ensure its compliance with the prescription and purchase order;
- 05 At the time of receipt of fixed assets, the PO Admin shall affix a stamp on the bill along with the GRN and delivery Challan ensuring the goods have been received.

FIXED ASSET REGISTER

- 06 **Fixed Asset Register** will be maintained by FO F&A for all fixed assets owned and held by TDEA.
- 07 FO F&A will update the Fixed Asset Register in the following instances:
 - Purchase of fixed asset;
 - Disposal of fixed asset;
 - Charging off year end depreciation;
 - Transfer of fixed asset; and

- Capitalization of subsequent expenditure.
- 08 Amendment/Updating the Fixed Asset Register will be checked by MF.
- 09 Assets acquired under lease agreements shall be classified separately in the GL coding and also separately maintained in the fixed assets register.

TRANSFER OF FIXED ASSET

- 10 PO Admin shall present a request for transfer of fixed assets from one department to another. The request will contain the following information:
- Reasons for transferring fixed asset;
 - Old location and custodian of fixed asset;
 - New location and custodian of fixed asset; and
 - Change in asset identification number from old to new.
- 11 After approval of request by MF, FO F&A shall update the Fixed Asset Register.

INSURANCE OF FIXED ASSETS

- 12 The Admin Dept. of TDEA shall arrange comprehensive insurance coverage from approved insurance agent against loss of its movable and immovable assets of Projects subject to availability of insurance budget in the project;
- 13 On receipt of premium notice, disbursement will only be made through cross cheque in the name of insurance Trust;
- 14 A comprehensive record of insured assets will be maintained by the F&A Dept. manually as well as in Quick Books;
- 15 Copies of relevant documents should also be maintained for every insurance policy relating to organization's property by the F&A Dept.;
- 16 Assets received from the donors in kind should be insured in a similar way to other assets unless specified in the agreement or as the BoT will decide in their meeting.

TAGGING OF FIXED ASSETS

- 17 Every fixed asset will be assigned a unique identification number constituted as follows:

Owned / Leased	Donor code	Project Code	Asset type	Sequential number
TDEA / TDEA-LA	Acronym	(Max 6 digits)	(2 characters)	(4 digits)

FINANCIAL MANAGEMENT

FIXED ASSETS

Example:				
TDEA	USAID	CVP	FF	0001

- 18 Following abbreviations will be used for coding purposes for identifying different categories of assets:

Category	Unique Asset Type Code
Office equipment	OE
Computer equipment	CE
Furniture and fixture	FF
Vehicles	VH

- 19 Admin Dept. with the coordination of F&A Dept. shall affix the unique asset identification number on the asset under the supervision of FO F&A;
- 20 For transfer of asset to any department, **Asset Issuance Form** shall be used, prepared by the requiring department/employee subject to verification of PO Admin and approval of CEO;
- 21 Asset Issuance Form will be distributed as follows:

Original	Kept in records of Admin Department
Duplicate	To the concerned department
Triplicate	To Finance and Accounts Department

ISSUANCE OF FIXED ASSET

01. An employee requiring a asset for official use shall make a request to the PO Admin with recommendation from HoD/Project Manager for the issuance of identified asset on a prescribed form;
02. The person requiring a asset, shall be required to give acknowledgment of his/her satisfaction in respect to the physical condition of the asset;
03. PO Admin shall verify the request and forwarded it to the DOP for approval of issuance;
04. Upon approval of issuance of fixed asset request, PO Admin shall issue the fixed asset to the employee and shall obtain receipt acknowledgment of concerned employee on the approved form;

05. PO Admin shall forward a copy of the approved and acknowledged form to FO F&A who shall update the fixed asset register.

RETURN OF FIXED ASSET BY EMPLOYEES

06. At the time of return of fixed asset, the employee shall fill out the **Return of Asset Form** and shall forward it to PO Admin;
07. PO Admin shall verify and inspect the condition of asset. In case of any issue with the present condition of the asset, this shall be dealt in accordance with the provisions laid down in HR Manual;
08. PO Admin shall forward a copy of the Return of Fixed Asset form to PO F&A who shall update the fixed asset register.

ANNUAL PHYSICAL COUNT

- 22 Annual Physical Count of fixed assets shall be carried out by a team comprising the following employees:

Members	Department
Member 1	PO Admin / HR Officer / Project Admin or HR Officer
Member 2	Internal Auditor
Member 3	Finance Officer/Project FO

- 23 This inspection may be planned during periodic visits/audits by IA Dept.;
- 24 FO/Project FO shall prepare a report **Physical Count of Fixed Asset** and present it to SPO F&A;
- 25 PO F&A shall prepare a cumulative report representing inspection of all locations/projects or separately for each inspected location/project and shall present it to MF within a week from the completion of Annual Physical Count;
- 26 In case of any difference between the physical asset count and the fixed asset register, reasons for variations should be identified and reported to MF;
- 27 MF shall take any appropriate decision after the review of the Annual Physical Count report, if this requires an amendment in the fixed asset register; the PO F&A shall amend the fixed asset register accordingly.

DISPOSAL OF FIXED ASSETS

- 28 The BoT shall approve all disposals exceeding the limit mentioned in Section 196(2)(j) of the Companies Ordinance, 1984. All disposals with amount less than the specified limit shall be approved by CEO in the **Asset Disposal Form**
- 29 For disposals exceeding the limit as specified above, PO Admin shall advertise in the newspaper. The three quotations offering the highest amount shall be included in the **Comparative Statements of Quotations**;
- 30 The statement shall present to the PC for recommendations. The PC would select a bidder based on their assessment of offered prices;
- 31 Fixed assets shall be disposed off due to one or more of the following reasons subject to approval of competent authority:
- Asset's operating / productive life has expired;
 - Uneconomical to use;
 - Asset no longer needed;
 - Asset is technologically out dated and it is intended to be replaced by a newer model, to improve efficiency; and
 - Any other reason as the CEO may decide.
- 32 After disposal of asset, Project FO shall calculate the gain or loss on the retirement/disposal of assets and record the gain or loss subject to verification by SPO F&A. The PO F&A shall also update the fixed asset register.

DEPRECIATION

- 33 Accounts/FIS Officer shall prepare depreciation worksheet at the year end to record depreciation for the year;
- 34 Depreciation worksheet shall be reviewed by PO F&A and approved by MF.

IMPAIRMENT TEST OF FIXED ASSETS

- 35 PO F&A shall be responsible for testing the impairment of fixed assets or class of assets at each year end if applicable. In assessing whether there is any indication that an asset may be impaired, PO F&A shall consider the external and internal sources of information.
- 36 Following are the indications that an asset(s) may be impaired:

EXTERNAL SOURCES:

- Market value declines;
- Negative changes in technology, markets, economy, or laws; and

- Increases in market interest rates.

INTERNAL SOURCES:

- Obsolescence or physical damage;
 - Asset is part of a restructuring or held for disposal; and
 - Worse economic performance than expected.
- 37 Further, an indication that an asset may be impaired may indicate that the asset's useful life, depreciation method, or residual value may need to be reviewed and adjusted;
- 38 In case recoverable amount of an asset is less than its carrying amount in consequence of impairment testing by PO F&A, impairment loss shall be recognized;

REVERSAL OF AN IMPAIRMENT LOSS

- 39 At each balance sheet date, PO F&A shall ensure whether there is an indication that an impairment loss may have decreased. If so, he/she shall calculate recoverable amount;
- 40 PO F&A shall ensure that increased carrying amount due to reversal shall not be more than what the depreciated historical cost would have been if the impairment had not been recognized;
- 41 Reversal of an impairment loss shall recognized as income;
- 42 PO F&A shall adjust depreciation for future periods.

REVALUATION OF ASSETS

- 43 Currently TDEA is using cost model for its all class of assets, but if in future TDEA may decide to reclassify all of its assets or certain class of assets from cost model to revaluation model. Then following provisions needs to be taken into account to revalue assets:
- If items of property, plant and equipment experience significant and volatile changes in fair value, then this will require annual revaluation;
 - For other items of property, plant and equipment TDEA can revalue the item only every three or five years; (Para 34 las-16)
- 44 For valuation purposes, MF shall delegate the task to PO F&A of arranging valuation reports from expert valuer.

TREATMENT OF DEPRECIATION IN CASE OF REVALUATION

- 45 In case of revaluation of assets, depreciation may be calculated by applying any of the following methods by PO F&A:
- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to determine its depreciated replacement cost; and
 - b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. This method is often used for buildings.

TREATMENT OF REVALUATION SURPLUS AND DEFICIT

- 46 PO F&A shall recognize a Revaluation surplus in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.
- 47 The decrease in the carrying value of asset as a result of a revaluation, PO F&A shall recognize decrease in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.
- 48 PO F&A shall transfer a revaluation surplus to retained earnings directly from equity in respect of an item of property, plant and equipment when the asset is derecognized. However, some of the surplus may be transferred as the asset is used by an entity.

LEASED ASSETS ACCOUNTING

Initial recognition of assets acquired under a finance leased shall be dealt in accordance with the following provisions of IAS-17, rest of the accounting treatments shall be similar to owned assets:

- 49 The asset acquired under a finance lease shall be recorded as an asset and as an obligation to pay future lease payments;
- 50 At the inception of the lease, the sum to be recorded both as an asset and as a liability shall be the fair value of the leased asset or, if lower, at the present value of the minimum lease payments;
- 51 As soon as ownership title is transferred at the maturity of the lease, the coding of the asset shall be changed from the leased asset (LA) to owned asset (TDEA);

- 52 For operating leases, the lease payments shall be recognized as an expense over the lease term.

FINANCIAL RECORDING OF TRANSACTIONS

- The acquisition of fixed assets shall be recognized when control of organization has been established on the asset;
- The disposal of fixed asset shall be recognized when organization loses control over the asset; and
- Expenses on repair of fixed assets shall be recognized at the time of occurrence of repair costs.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

CASH AND BANK

CASH AND BANK

POLICIES

- 01 New bank accounts shall only be opened and existing bank accounts may be closed subject to approval of the BoT. However, of the BoT through a resolution may delegate the authority for opening, closing and other relevant banking activities to the CEO;
- 02 All bank accounts shall be maintained in the name of TDEA with signatories as approved by board from time to time. All bank accounts shall have three groups of signatories. Moreover all cheques above the value of Rs. 150,000 shall be signed by three of the authorized members, one each from panel-1, panel-2 and panel-3. All cheques above the value of Rs. 100,000 maximum up to Rs. 150,000 shall be signed by two of the authorized members, one each from panel-2 and panel -3. All cheques value of Rs. 100,000 or less shall be signed by any two authorized members from panel-3. The composition of these groups for TDEA and its projects shall be as follows:

Panel 1 shall comprise four members of the BOT. Panel 2 shall comprise Chief Executive Officer and directors who are permanent staff of the Trust. Panel 3 shall comprise Finance Manager, project manager and managers duly approved by the BoT.

A different composition may be approved by the Board from time to time on need basis;
- 03 Cheque in the favor of signatory shall not be signed by that signatory;
- 04 Accounts/FIS Officer / Project FO will prepare **Bank Reconciliation Statement** of each bank account on monthly basis;
- 05 Bank reconciliation statements shall be reviewed by the PO F&A and approved by MF on a monthly basis;
- 06 All payments exceeding Rs. 10,000 shall be paid through crossed cheque or any other banking instrument (e.g. bank transfer);
- 07 The above mentioned provision does not apply in case of payment for:
 - Utility bills;
 - Freight charges;
 - Travel fare;
 - Postage; and

- Taxes, duties, fees, fines or other statutory obligations as mentioned in section 21 of Income Tax Ordinance, 2001.
- 08 Credit facilities with bank shall only be obtained with the approval of the BoT or CEO (subject to authority via board resolution);
- 09 Separate bank account shall be opened/maintained for each project;
- 10 FO / Project FO shall also maintain separate bank file for each bank account.
- 11 FO / Project FO shall maintain petty cash on an imprest system to meet daily expenses of TDEA/Projects and reconcile it on a weekly basis;
- 12 Imprest amounts for TDEA and its Projects and any increase/decrease shall be approved by CEO with the recommendation of DFG/MF;
- 13 The imprest system of TDEA and its projects shall be replenished on needs basis;
- 14 Cash in hand shall be kept in safe custody;
- 15 All payments shall be prepared by PO F&A, reviewed by MF and approved by DFG;
- 16 FO / Project FO shall make all cash payments as approved above;

PROCEDURES

OPENING OF BANK ACCOUNT

01. Manager Finance shall identify the need for opening a new bank account, which may arise due to receipt of a new grant or any other opportunity, and forward a request to the DFG;
02. DFG shall analyze the request and obtain approval of CEO/BoT for opening a new bank account;
03. In case of a change in the composition of signatories, DFG shall present the recommendations to the CEO, who shall sanction the recommendation and shall forward these for BoT's approval. CEO shall have the right to refuse the recommendations and may forward his/her own recommendations to the BoT;
04. Any change in the approved composition of signatories shall take effect if and when approved by the BoT;
05. The list of signatories shall be distributed by Manager Finance upon opening of a new bank account or in case a change occurs in the list;
06. Signatories shall also be informed through Inter-Office Memo that their respective names have been included in/excluded from the list of signatories that has been forwarded to the respective bank by MF.

BANKING OF CASH/CHEQUE RECEIPT

07. All cash receipt other than for replenishment of petty cash would be kept separate to petty cash;
08. Cash/cheque receipt would be banked on daily basis or as early as possible by a person other than FO/Project staff responsible for cash/cheque receipts;
09. All cash/cheque receipt would be received by FO/Project staff responsible for cash/cheque receipts, who shall maintain a schedule for the following heads:
 - Amount received;
 - Received from;
 - Date received;
 - Reason for cash/cheque receipt; and
 - Total of the day's cash/ cheque receipt.
10. The FO/ Project staff responsible for cash/ cheque receipts shall issue a **Cash/Cheque Acknowledgment Receipt**. This document shall have two copies, one shall be provided to the person who is delivering cash/ cheque and one shall be kept for record purposes by finance department;
11. Person depositing cash/cheque in bank would forward a cash/cheque deposit slip to PO F&A/Project FO who shall cross cast the amount with the schedule prepared by the FO/ Project staff responsible for cash/cheque receipts and approve the documents;
12. Cash receipt other than for the replenishment of petty cash would not be used for any expenditure/spending.

CHEQUE BOOKS

13. Only one cheque book shall be used at any one time for each bank account;
14. Receipt and issue of cheque books to the authorized persons shall be controlled through **Cheque Book Register** (modify as issue or receipt) maintained by Account Officer;
15. FO/Project FO shall be responsible for the custody of issued cheque books. All used and unused cheque books shall be kept in safe custody by FO/Project FO;
16. All particulars of the dispatched cheques will be recorded in **Cheque Dispatch Register** maintained by FO/Project FO;

BANK RECONCILIATIONS

17. Standing instruction shall be given at the time of opening a new bank account for dispatch of bank statements on monthly basis;

18. PO F&A shall receive the bank statement for each bank account, maintained by TDEA;
19. Bank Reconciliation Statements shall be prepared by PO F&A on monthly basis. These shall be prepared by 10th of every month;
20. While preparing the Bank Reconciliation Statement, PO F&A shall make sure that all cheques which have been cancelled or are outstanding for more than 180 days are properly addressed in the statement;
21. All bank reconciliation statements shall be reviewed by F&A;
22. MF shall be responsible for checking and follow up of all Bank Reconciliation Statements. He/she shall also ensure that no item remains un-identified and un-reconciled;
23. MF shall approve all Bank Reconciliation Statements; after having been verified by DFG;

DOCUMENTATION RELATED TO BANKS

24. Documentation related to banks shall be maintained by the FO/Project FO;
25. Bank File for each bank account shall contain the following documents:
 - List of signatories and changes thereof;
 - Monthly Bank Reconciliation Statements along with copy of bank statements;
 - Details of any correspondence with banks, pertinent to same bank accounts; and
 - Any other relevant documentation.

CLOSURE OF BANK ACCOUNT

26. Application for closure of any bank account will be approved by BoT or CEO subject to authority given by BoT via board resolution;
27. PO F&A shall obtain final bank statements and closure certificates from the bank and shall retain the same in bank file;
28. In this case, PO F&A shall prepare the Bank Reconciliation Statement and after having approved by MF and finally by CEO, he/she shall file it in bank file.

PAYMENT PROCESS

All payments shall be made after the approval of payment vouchers supported by bills and/or other relevant documents as per the authority limits given below. Such supporting documents shall be checked by the designated person in the Finance Unit prior to their submission for approval of payment before the approving authority.

FINANCIAL MANAGEMENT

CASH AND BANK

Sr. No.	Amount to be paid	Approving authority
1.	Expenses up to Rs. 5,000	Manager Finance
2.	Expenses up to Rs. 150,000	Directors above as authorized by BoT
3.	Expenses above Rs. 150,000	BoT

PO F&A shall be responsible for processing of all payments after enclosing required document's which include Bank Payment Voucher & Payment Approval Forms.

Manager Finance will verify the bank payment voucher which will subsequently be reviewed by DFG and approved by Project Director.

BANK PAYMENTS

Following procedures shall be followed for making bank payments:

- FO/Project FO shall prepare a manual voucher;
- Manager Finance shall verify the manual voucher. After the verification of Manager Finance, he/she shall forward it to DFG for his/her review;
- After review by DFG, Voucher will be forwarded to Project Coordinator/Lead for approval;
- FO/Project FO shall prepare a cheque/bank transfer letter and take signatures on cheque/bank transfer letter;
- PO F&A shall make posting into GL after all necessary approvals and payments.

CASH PAYMENTS

Petty Cash accounts are maintained to pay for the immediate and necessary expenses related to day-to-day office operations. Petty Cash payments to a single individual or vendor should not exceed Rs. 10,000 and expenditure exceeding this limit shall be paid through cross cheque. Following procedures shall be followed for making cash payments:

- FO/Project FO shall prepare a manual voucher;
- Manager Finance shall review the manual voucher. After the review of Manager Finance, he/she shall forward it to Project Coordinator/Lead for approval;
- After necessary approvals, FO/Project FO shall release the cash;
- PO F&A shall make posting into GL after all necessary approvals and payments.

BANK RECEIPTS

Following procedures shall be followed for making bank receipts:

- FO/Project FO shall prepare a manual voucher;
- Manager Finance shall verify the manual voucher. After the verification of Manager Finance, he/she shall forward it to DFG for his/her review;
- After review by DFG, Voucher will be forwarded to Project Coordinator/Lead for approval;
- The PO F&A shall post the incoming in Quick Books. In case a cheque has been received, it shall be deposited by relevant project FO into the relevant bank account.
- Cash receipts shall be banked on daily basis as defined above in **“Banking of Cash/Cheque Receipt”**.

PETTY CASH IMPREST PROCEDURE

29. Petty Cash Imprest shall be maintained at TDEA by the nominated Imprest Holder and Alternate Imprest Holder, as specified in the following schedule;
30. Imprest shall be utilized for the routine operations of the TDEA and other petty expenses as the MF and CEO/COO may approve;
31. Imprest holder shall prepare **Imprest Replenishment Form** at the time of replenishment of petty cash imprest;
32. Imprest Replenishment Form shall be prepared by FO/Project FO;
33. Manager Finance shall plan petty cash needs on a periodic (e.g., weekly basis) and submit a Petty Cash Request (Annexure 2). Petty Cash authorized limit is Rs. 25,000
34. Petty cash requests should be submitted to Manager Finance and must be prepared by Finance Officer by Petty Cash Request form which shall indicate the balance on hand, the projected petty cash expenses for the designated period of time and the amount of petty cash needed. In addition, the requester must document what was spent during the previous period.
35. The custodian shall have a safe in a secure location for keeping petty cash. Generally, one person shall have the primary access to the safe and should be responsible for managing the Petty Cash funds. In every occasion where the primary cashier is absent from the office, the Manager Finance must designate in writing an alternative person to act as petty cashier.

36. In order to replenish Petty Cash, the Petty Cash Account should first be reconciled. For this, total the Petty Cash vouchers that have been received and subtract this total from the original amount of Petty Cash. The difference should be equal to the actual cash on hand in Petty Cash. (e.g. if the original Petty Cash amount was Rs. 10,000 and the vouchers for the amount of Petty Cash that has been disbursed totals Rs. 8,000, there should be Rs. 2,000 of cash remaining).
37. After Petty Cash is reconciled, a cheque request shall be prepared to replenish Petty Cash. The amount of the cheque should be equal to the total of Petty Cash vouchers. When cashed the amount should return the Petty Cash fund to its original amount. Please note that the cheque must be written to an individual (designated person/cashier) and not to "Cash." This will avoid the possibility of the cheque being lost and cashed by someone else. Also, the cheque signer must not be the beneficiary (payee).
38. MF shall carry out independent surprise cash counts through **Physical Cash Count Form**

PREPARATION OF JOURNAL VOUCHER

1. PO F&A is required to prepare the Journal Vouchers on daily basis to record transactions and update the accounting system which shall be pre-printed/pre-numbered. All prepared Journal Vouchers shall be reviewed by the Manager Finance and approved by Director Finance on daily basis.
2. All Journal Vouchers shall be approved by Manager Finance and same shall be entered into the system by PO F&A on a daily basis. All daily approved Journal Vouchers shall be filed separately in a numerical order and all such vouchers passed during the month shall be stored in the record room at the end of the every month.
3. During checking or review, if some corrections are to be made the recommendation of the correction must be proposed by SPO F&A whereas the same shall be reviewed by Manager Finance and computer system shall allow cancellation of the document only to the authorized user after the approval of DFG.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

TAXATION

TAXATION

POLICIES

01. Current tax assets and liabilities should be measured at the amount expected to be paid to (recovered from) taxation authorities, using the tax rates/laws that have been enacted or substantially enacted by the balance sheet date;
02. TDEA shall prepare and submit its annual income tax return as specified in Part I of Chapter X of Income Tax Ordinance 2001;
03. Deduction of Income Tax in respect of all the payments shall be made as prescribed in Division III “**Deduction of Tax at Source**” of Part V of chapter X of Income Tax Ordinance 2001;
04. Deduction of Income Tax in respect of salaries shall be made as prescribed in section 149 of Income Tax Ordinance 2001;
05. Tax Statements shall be prepared and submitted within the time frame as mentioned in section 165 of Income Tax Ordinance;
06. TDEA may use the services of tax consultant for preparation and filing of tax statements, income tax return and for any other tax matter;

PROCEDURES

WITHHOLDING TAX ON SALARIES

01. MF shall approve the schedule of deductions to be made from each employee’s remuneration every month;
02. The amount of tax so withheld shall be deposited by FO/Project FO through a crossed cheque in designated account of the tax authorities. Deposit note shall be filed in the taxation records;
03. Certificates of deduction shall be furnished as and when required by the legislation or employee.

Note: It is the responsibility of the employee to furnish their tax returns

WITHHOLDING TAX ON OTHER PAYMENTS

04. FO/Project FO shall be responsible for the deduction of tax while making the payment and thereafter shall deposit the amount deducted through a crossed cheque in the designated account of income tax authorities within the specified time limit in Rule 43(b) of Income Tax Rules 2002;
05. TDEA shall deduct tax from all payment made to third parties if the amount paid / payable shall be taxable according to the nature of payment and respective taxable limits;
06. FO/Project FO shall record the deduction of tax as a liability at the time of making payments and shall adjust it after the payment of tax deducted at source to the taxation authorities;
07. FO/Project FO shall send the details of the tax deductions to the Manager Finance. Manager Finance shall review the report and ensure that the tax has been calculated accurately and deposited with the tax authorities within the specified time period as stated above;
08. TDEA shall furnish a certificate to the payee for the amount of tax deducted as format defined in Rule 42, Division II of Income Tax Rules 2002.

FILING OF TAX STATEMENTS

09. FO/Project FO or Tax Consultant shall prepare the tax statements for tax deductions in respect of salaries and other payments;
10. Project FO shall forward the tax statements to MF;
11. MF shall approve these statements and after his/her approval, FO/Project FO or Tax Consultant shall submit with the tax authorities.

SUBMISSION OF INCOME TAX RETURN

12. Tax Consultant/PO F&A shall prepare the annual income tax return of TDEA;
13. Tax Consultant/PO F&A shall forward the draft income tax return to MF for approval;
14. MF shall approve the draft and after his/her approval the same shall be forwarded to tax consultant/PO F&A for submission.

DOCUMENTATION

15. Following records shall be maintained by the FO/Project FO:

ACTIVITY	RELEVANT DOCUMENTS
Withholding Tax	Record of deposits with tax authorities and other documentation.
	Copy of Certificates of deductions issued to payees/employees.
	Copy of tax Statements submitted to the tax authorities.
Income Tax Return	Copy of annual income tax return submitted to tax authorities.
Exemptions	Copy of exemption certificates.
Others	Any other correspondence/Document.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

REVENUE ACCOUNTING

REVENUE ACCOUNTING

GRANTS

POLICIES

01. The TDEA shall keep all the funds received from the donor in separate bank account(s);
02. The grants shall only be used for the purposes agreed with the donor in the agreement;
03. Grants of a non-capital nature shall be recognized as deferred income at the time of their receipt. Subsequently, these shall be recognized in the income and expenditure account to the extent of actual expenditure incurred. Expenditure incurred against grants committed but not received, shall be recognized directly in the income and expenditure account and reflected as a receivable from donors;
04. Non-monetary grants received free of cost or at a concessionary rate shall be recognized at fair value;
05. Grants related to assets shall be initially recorded as deferred capital grant upon receipt. Subsequently, these shall be recognized in the income and expenditure account, on a systematic basis over the periods necessary to match them with the carrying value of the related assets;
06. MF shall ensure that the non-monetary grants at fair value are not recognized until the conditions for its receipt and recognition have been fulfilled.

PROCEDURES

01. FO/Project FO shall verify the receipt of grant from relevant bank account(s) where donor has made an online deposit or otherwise from the banking instrument received;
02. In case of the receipt in form of banking instrument, FO/Project FO shall deposit it in the relevant bank account(s) in accordance with the procedures described in "Cash and Bank";
03. FO/Project FO shall also ensure that the amount received in form of grant is in compliance with the agreement terms;
04. FO/Project FO shall record the receipt of grant in accordance with the procedures prescribed in the section "Cash and Bank".

INDIRECT COST RECOVERY

Indirect cost includes the cost that is not directly attributable to the project but is necessary for its smooth functioning and execution. Indirect cost recovery constitutes the recovery on account of charging off to the donor against the provision of human resource, logistical support and back stopping by the TDEA.

POLICIES

01. TDEA shall agree the basis for claiming indirect cost, to be charged during the execution of the project, with the donor at the time of signing off the project agreement;
02. The basis may either be a certain percentage of an agreed base or a fixed amount, depending upon the donor specific requirements.

PROCEDURES

01. Project FO shall compute the amount of indirect cost payable to TDEA on the basis agreed in the agreement;
02. Project FO shall recognize the indirect cost as an expense in the project and record the amount payable/paid to TDEA in accordance the procedure laid down in the chapter "Cash and Bank" and "Recording of Transactions".
03. FO shall recognize the indirect cost charged to the project as an income in TDEA core and record the amount receivable/received from the project in accordance the procedure laid down in the chapter "Cash and Bank" and "Recording of Transactions";
04. While recording the above transactions, the FO/Project FO shall ensure that the amount so recognized is in compliance with the terms of the agreement;
05. In case resources of TDEA are temporarily deployed to the project, the cost of such resources shall also be charged to the project in accordance with the utilization of those resources and the budget/basis agreed with the donor for the project. Cost of such resources shall also be reimbursed by the project to TDEA;
06. Project FO shall compute the amount payable to TDEA on the basis of resources deployed such as employee working hours, office space allocated to the project, etc. or the budget/basis agreed with the donor;
07. Project FO shall recognize the amount so calculated as an expense in the project and record the amount payable/paid to TDEA in accordance the procedure laid down in the chapter "Cash and Bank" and "Recording of Transactions".

08. FO shall recognize the cost charged to the project as a reduction in relevant expense head(s) in TDEA core and record the amount receivable/received from the project in accordance the procedure laid down in the chapter “Cash and Bank” and “Recording of Transactions”.

INCOME FROM CONSULTANCY / TECHNICAL SERVICES

Consultancy / Technical services shall include any services which are provided by TDEA to Partner Organizations or third parties.

POLICIES

01. The duration and charges for the provision of consultancy / technical service shall be agreed upon in advance by TDEA and respective Partner Organizations or third party.

PROCEDURES

01. The approved copy of agreement between TDEA and Partner Organizations or third party shall be shared with Finance and Accounts department;
02. Based on the agreement and/or upon intimation from concerned department, PO F&A shall prepare an invoice which shall be approved by MF. After the approval of MF, PO F&A shall dispatch it to Partner Organizations or third party;
03. After the dispatch of invoice, FO shall record the receivable in accordance with the procedures prescribed in section "Cash and Bank" or "Recording of Transaction".

PROFIT ON BANK/TERM DEPOSITS

POLICIES

01. Profit on bank/term deposits and term deposits received during the year shall be recognized as income as and when received. Whereas, profits accrued at the year-end shall be recognized on a time proportionate basis using the effective interest rate method;

PROCEDURES

01. FO/Project FO Shall ascertain the amount of profit on bank/term deposit received from monthly bank statements;
02. The amount so ascertained shall be recognized as income or deferred revenue as appropriate in the context of donor agreement and shall record the receipt in accordance with the procedures laid down in chapter "Cash and Bank" or "Recording of Transactions";
03. At the year end, PO F&A shall calculate the amount of profit on bank/term deposits to be accrued by applying the effective interest rate method;

04. The amount so calculated shall be recognized as income or deferred revenue as appropriate in the context of donor agreement and shall be recorded in accordance with the procedures laid down in chapter "Recording of Transactions".

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

**ENDOWMENT FUND & RESTRICTED RESERVE
FUND**

ENDOWMENT FUND AND RISTRICTED RESERVE FUND

ENDOWMENT FUND

TDEA shall establish an Endowment Fund to ensure long-term sustainability of its operations. The Trust may employ multiple strategies to build its endowment resources by engaging in income generation activities, savings and investments. The Trust may also initiate negotiations with funding agencies to provide a seed grant for its Endowment Fund.

POLICIES

01. 80% of EF excluding interest income on account & investment income will remain invested (As per Investment policy).
02. TDEA may generate funds for its EF by undertaking following activities;
 - i. Sale proceeds of trust assets;
 - ii. Net receipts from fixed price contracts;
 - iii. Membership Fee received from FAFEN Member Organizations;
 - iv. Provision of technical services/expertise;
 - v. Research consultancies;
 - vi. Sales proceeds from TDEA-FAFEN publications;
 - vii. Any individual and corporate donation to the Endowment Fund;
 - viii. Unused funds at the end of a project provided that such unconsumed money is not to be surrendered to funding source. If case the money is to be surrendered, an approval shall be obtained from the funding source to credit the unspent amount in the Endowment Fund;
 - ix. Any other as decided by the Endowment Fund Trustees;
 - x. Interest income on EF savings account;
 - xi. Seed grant from donors;
 - xii. Surplus transferred from restricted reserve;
 - xiii. Interest income on EF investments.

FINANCIAL MANAGEMENT

ENDOWMENT FUND & RESTRICTED RESERVE FUND

03. The usable funds will be limited to 20% of the EF (excluding interest income on EF account) and interest earned on the account. If there is a need for additional funds to be transferred to Reserve Fund Account, BoT approval will be required. Endowment Fund Account will only be used for purposes specified below;
- i. Acquisition of assets for the Trust;
 - ii. Capacity building of FAFEN Member organizations;
 - iii. Shortfall in restricted reserve up to balance of interest & investment income and 20% of EF (excluding interest & investment income);
 - iv. Any other expense as approved.

PROCEDURES

01. The Endowment Fund shall be managed by the Committee to be called Endowment Fund Committee. The Committee shall comprise members of the BoT to be appointed by the Board of Trustees for a period of two years. The CEO shall be permanent member of the Committee, while DFG of the Trust shall act as member secretary.
02. The Endowment Fund Committee shall have the following functions:
- a. To review and finalize investment options;
 - b. To manage and maintain EF and present reports to Board of Trustees;
 - c. To review EF Policy from time to time and advise the Board of Trustees;
 - d. To manage RRF;
 - e. To approve disallowed expenses.
03. DFG will facilitate the committee by presenting investment options, status of endowment fund and funding requirements based on TDEA annual budget.

RISTRICTED RESERVE FUND

Restricted Reserve Fund Account will be used for inflows and outflows of Endowment Fund Account.

FINANCIAL MANAGEMENT

ENDOWMENT FUND & RESTRICTED RESERVE FUND

POLICIES

01. TDEA may operate a restricted reserve fund for its operations and will be funded by;
 - i. Management Fee from projects;
 - ii. Interest on RRF account;
 - iii. Interest on EF account;
 - iv. Net receipts from fixed price contracts;
 - v. Provision of technical services/expertise;
 - vi. Research consultancies;
 - vii. Sales proceeds from TDEA-FAFEN publications;
 - viii. Cost recovery from projects through IOC and Admin cost.
 - ix. Interest income on EF investments.
 - x. 20% of the EF (excluding interest income on EF account) and interest earned on the account;
 - xi. Additional funds may be approved by the BoT, keeping in view the bridge financing as required for a period not to exceed 3 months.
02. RRF will be used for the following purposes specified below;
 - i. To channelized inflows to EF;
 - ii. Operational expenses (non recoverable) not chargeable to any donor;
 - iii. Bridge financing of operational expenses (recoverable) from donor;
 - iv. Disallowances.
 - v. Logistical expenses of Board of Trustees/Executive Council meetings;
 - vi. Disallowances as approved;

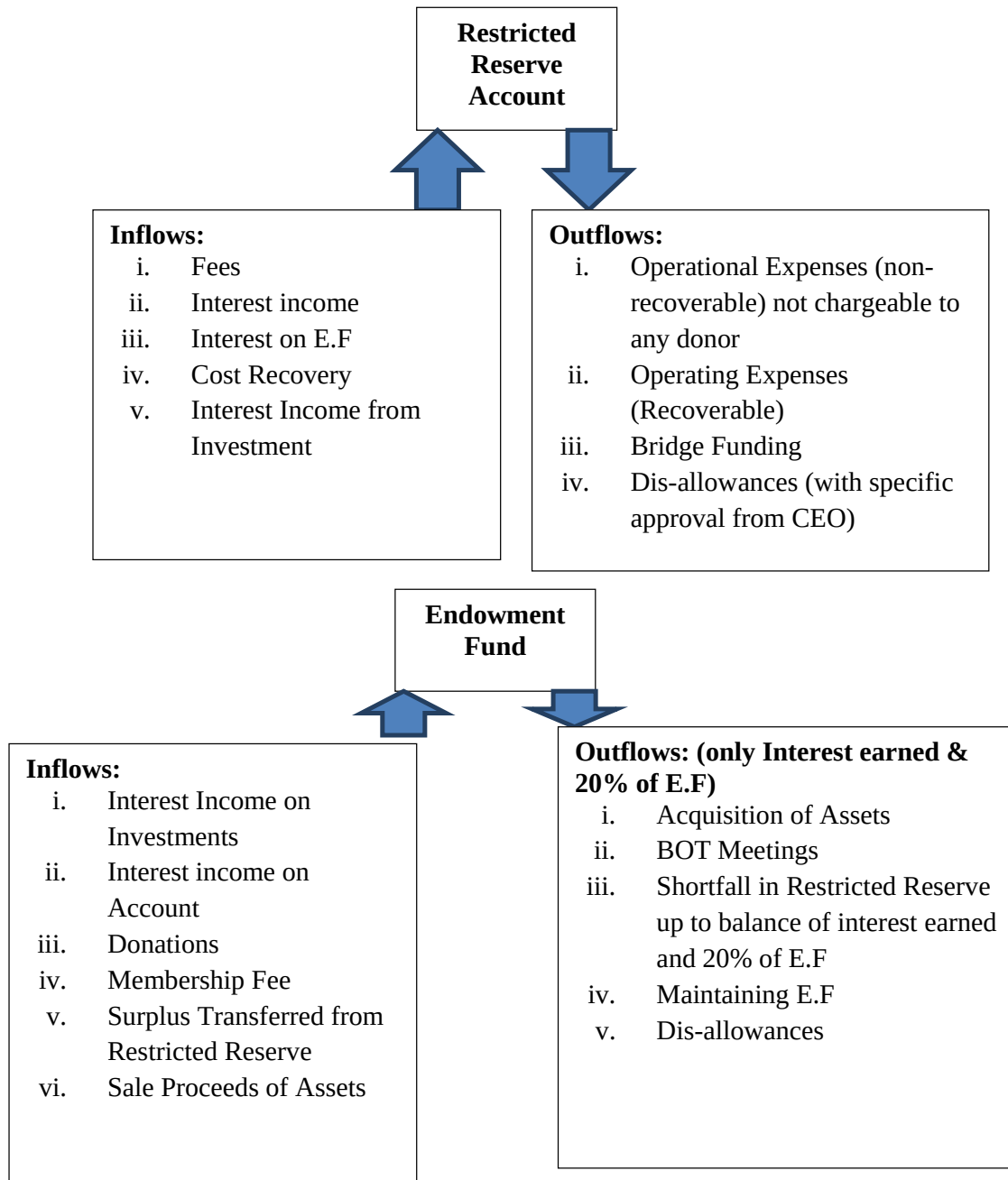
PROCEDURES

01. All inflows and outflows to the EF will be done through RRF.
02. The RRF shall be managed by the Endowment Fund Committee.
03. DFG will facilitate the committee by presenting status of RRF and funding requirements based on TDEA annual budget.

FINANCIAL MANAGEMENT

ENDOWMENT FUND & RESTRICTED RESERVE FUND

FUND FLOW



**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

INVESTMENT POLICY/FRAMEWORK

INVESTMENT POLICY/Framework

POLICIES

01. Investment related transactions shall be undertaken subject to the approval of the BoT or any other person authorized by BoT for this purpose, upon recommendations of DFG;
02. Investment related decisions for funds vest under Contributory Provident Fund and Gratuity Fund shall be undertaken subject to the approval of the Fund committees, upon recommendations of DFG;
03. Investment options/avenues shall be explored keeping in view best return available;
04. TDEA shall limit credit risk (the risk of loss due to the failure of the financial institution) by investing after considering the credit ratings of institutions;
05. The investments shall be limited to relatively low risk avenues in anticipation of earning a fair return relative to the risk being assumed;
06. TDEA shall not be allowed to deploy its funds for the investments in the following assets:
 - Investments in unlisted securities; and
 - Investments in unregistered property.
07. All securities purchased and all investment made with the funds of TDEA, shall be properly designated as an asset of TDEA;
08. Investment shall be recognized at its fair value minus transaction costs that are directly attributable;
09. The investment shall be structured after anticipating the cash flow requirements keeping in view the sufficiency of liquidity to pay obligations as and when they are due;
10. Portfolio for investment shall be structured in such a manner so that investments mature to meet anticipated demand;
11. In order to meet the liquidity perimeters, TDEA shall invest in institutions with flexible liquidation rules.
12. TDEA shall operate its investment portfolio in a transparent manner;

FINANCIAL MANAGEMENT

INVESTMENT POLICY/Framework

13. BoT/Committee member and/or staff of TDEA shall disclose any conflict of interest that they may have in an investment decision. Such BoT/Committee member and/or staff of TDEA shall not be part of such investment decision;
14. The above mentioned policies shall be adhered to while making investment decisions unless otherwise approved by the BoT.

PROCEDURES

01. MF shall identify the liquidity requirements and surplus funds available for investment purposes;
02. MF shall workout various investment options duly supported by proposals from investment companies/financial institutions, where possible;
03. MF shall rank the investment companies/financial institutions primarily on the basis of their ratings and then on the basis of returns offered by them;
04. MF shall present the various options along with their ranking to DFG;
05. DFG shall evaluate different investment options to select the best alternative to meet investment objectives. DFG may require the MF to explore any other investment option as they may deem fit;
06. DFG shall recommend the selected investment option(s) to BoT/Committee for approval;
07. After the approval of BoT, MF shall invest the funds in accordance with the investment option(s) approved by BoT;
08. MF shall make sure that the approval for reinvestment of funds is obtained prior to the maturity of current investment.

DISCLOSURE OF RELATIONSHIPS

09. In case a relationship (close or remote) exists between any member of BoT/Committees and the financial institute being considered, the same must be disclosed to other members of BoT/Committees in a written statement;
10. Non-disclosure, whether intentionally or unintentionally, shall be considered as a serious violation, and shall be subject to appropriate disciplinary action by the BoT.

LIQUIDATION CRITERIA

11. Investments shall only be liquidated prior to maturity with the approval of BoT/Committee or designated person under the authority under the following circumstances:

FINANCIAL MANAGEMENT

INVESTMENT POLICY/FRAMWORK

- The rating of investment Trust / financial institution is declining and therefore it poses a threat to loss of principal;
- Liquidity needs of TDEA have deteriorated and there is need to liquidate the investment; and
- Any other reason as BoT/Committees may approve.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

PAYROLL

PAYROLL

Contract and Permanent Staff monthly salaries shall be paid according to the terms and conditions mentioned in the contract/appointment letter. All staff, except daily wagers, shall be paid through cross cheque/bank advice issued in their name. For the approval of staff salaries, the following information shall be presented for each staff member (preferably a computer sheet). Monthly salary slips with the following details shall be provided to the staff members electronically. Staff members who do not use computers shall get hard copy of salary slips.

- Name of the employee;
- Staff code;
- Monthly salary with details (house rent, transportation etc.);
- Overtime for the month, if applicable;
- Loan/advance sanctioned to the employee (if any);
- Monthly deduction on account of loan or advance (if any);
- Other allowances (if any);
- Deductions (taxes, CPF, personal use of equipment etc.);
- Net payable monthly salary;
- Gross monthly salary; and
- Other payroll related information

Payments to temporary staff including: volunteers, interns, part-time, short-term staff shall be made on monthly basis according to the terms agreed in the contract/letter of appointment through cross cheque/bank advice in their name. If period of employment is less than one month, payment shall be made according to the terms agreed in the contract/letter of appointment, normally upon satisfactory completion of work. Payment to daily wages staff can be made in cash if it falls within the cash payment limits.

Payment to consultants shall be made according to the terms agreed in the contract/letter of appointment; normally the payment procedure shall be as follows:

Payment	Time
First payment of up to 25%	Upon signing of contract
Second payment of up to 50%	On submission of (draft) deliverables. In case, deliverables are other than written items such as software, documentaries etc. second payment shall be made upon submission of deliverables for review and comments.

Third and final payment (25%)	Upon acceptance of agreed deliverables

Keeping in view the nature and length of assignment, payment schedule may be changed; agreed payment schedule must be noted in the contract/agreement with the consultant.

At the time of disbursement of payments to staff and consultants, income tax will be deducted as per applicable laws and rules.

POLICIES

01. Head Office shall prepare payroll for employees working at HO. For projects, the payroll shall be processed at the respective project level;
02. A comprehensive database of all employees and internees shall be maintained and regularly updated by the HR department in accordance with the provisions of HR manual. Payroll data shall be shared with Finance and Accounts department on monthly basis by HR Department;
03. The payroll shall be processed on the basis of attendance record. Time sheets shall be prepared if required by the project agreement;
04. All employee benefits and privileges provided by TDEA shall be treated as payroll expense;
05. Salaries shall be paid to the employees before the end of each month unless otherwise required under the project agreement;
06. Monthly pay slips shall be issued to every employee of TDEA;
07. Deductions and TDEA contributions in respect of employees benefits such as provident fund, EOBI etc. shall be made as per the policy and procedures mentioned in HR Manual of TDEA; and
08. Final settlement shall be processed by the F&A Dept. within seven (7) working days of the receipt of concerned employee's clearance certificate.

PROCEDURES

PAYROLL PREPARATION

01. Upon receipt of payroll data from HR Dept., FO/Project FO shall prepare **Master Pay Sheet** of employees working at HO/Projects;
02. FO/Project FO shall ensure that necessary deductions have been incorporated in the master pay sheet;

03. Employees shall prepare their time sheets (if required by the project agreement) in accordance with the provisions laid down in HR Manual of TDEA. FO/Project FO shall ensure the completeness and accuracy of time sheets prepared by employees;
04. FO shall prepare a reconciliation of the current month payroll with the last month explaining the reasons for the differences;
05. FO shall recognize the payroll expense and record the payment in accordance with the provisions laid down in chapter "Recording of Transactions" and "Cash and Bank".

FINAL SETTLEMENT

06. Upon receipt of duly verified clearance certificate, FO shall prepare a final settlement form and get approval as per the laid down procedures for approval of payments;
07. In case of Provident Fund, calculation sheet will be prepared by FO and approved by MF. After the approval of CPF calculation sheet, Payment of Contributory Provident Fund will be reviewed by Secretary Fund and approved by DFG. It will be authorized by two members of CPF committee;
08. In case of Gratuity Fund, calculation sheet will be prepared by FO and approved by MF. After the approval of GF calculation sheet, Payment of Gratuity will be reviewed by Manager Finance and approved by DFG. It will be authorized by two members of GF committee;
09. After the approval, FO shall record the payment in accordance with the provisions laid down in chapter "Recording of Transactions" and "Cash and Bank".

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

PREPARATION OF FINANCIAL STATEMENTS

PREPARATION OF FINANCIAL STATEMENTS

POLICIES

01. MF shall ensure the completeness, accuracy and reliability of financial statements;
02. Financial statements shall be prepared under the historical cost convention except for staff retirement benefits which shall be measured by using actuarial assumptions;
03. Financial statements shall be prepared for a period of twelve (12) months commencing from July 01st of each year and ending on June 30th of next year;
04. The financial statements shall also be prepared for a period as specified by the donor in the project agreement;
05. Cut off procedures shall be performed at the end of each financial year for the recording of transactions in the correct accounting period and in accordance with the substance over form of the relevant transaction.
06. Disclosures and related notes shall also form an integral part of financial statements and these shall be prepared in accordance with the International Financial Reporting Standards;
07. The draft financial statements shall be prepared and presented to CEO within 45 days after the end of the financial year;
08. MF shall communicate with appointed auditor/audit firm after the approval of draft financial statements for the conduct of statutory audit.

PROCEEDURES

01. PO F&A shall ensure the completeness of project(s) related transactions in the financial statements;
02. The project related transactions shall be incorporated in the financial statements by the FO/Project FO in accordance with the procedure laid down in "Project Accounting";
03. Where the donor requires the financial information of a specific project or of a specific period, the same shall be prepared by PO F&A with the coordination of FO and Project FO;
04. PO F&A shall ensure that correct accounting treatment is made for the transactions occurred during the period;

FINANCIAL MANAGEMENT

PREPARATION OF FINANCIAL STATEMENTS

05. PO F&A shall prepare the draft financial statements and forward it for the review of MF;
06. During review, MF shall ensure completeness, accuracy fair presentation of all financial events occurred during the financial year;
07. MF shall present the first draft of financial statements within 45 days to CEO for his/her review;

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

STATUTORY / EXTERNAL AUDIT

STATUTORY / EXTERNAL AUDIT

POLICIES

01. After the approval of financial statements from CEO, the financial statements shall be audited by an independent and reputable audit firm duly appointed by the audit committee;
02. Donor audits of expenditure verification will be conducted considering the liquidation requirements pursuant to the donor agreement's requirements and approved by Chief Executive Officer.
03. Audit of specific programme/project shall be initiated as per the requirements of project and instructions of donor specified in the project agreement;
04. MF shall give direct and ready access to, records, reports, files, contracts, vouchers, and other documents, as he/she consider necessary for the proper conduct of audit;
05. The control deficiencies highlighted by the auditors during the audit of financial statements shall be communicated to the Management;
06. The adjustments in the financial statements shall be made before presenting in Board meeting;
07. Management letter shall be communicated to the Audit Committee of TDEA;
08. A meeting of External Auditor, MF and Internal Auditor shall be held in accordance with the provisions laid down in Code of Corporate Governance 2012;
09. The audited financial statements shall be presented in the Board meeting for approval.

PROCEEDURES

01. MF shall be responsible for the statutory audit of financial statements as prepared in accordance with the International Financial Reporting Standards;
02. MF shall be responsible for correspondence with appointed audit firm for annual audit;
03. MF shall provide the accounting and financial record to the auditors as required by them for the conduct of an audit;
04. MF shall also present any other record, such as minutes of meeting of BoT, to the auditors which shall be necessary for the audit of financial statements;

05. PO F&A shall incorporate the adjustments in the financial statements as required by the auditors, the same shall be reviewed by the MF;
06. The control deficiencies highlighted by the auditors shall be reported to audit committee by the MF along with the reasoning/ justifications;
07. Upon recommendations of audit committee, MF shall take remedial measures to control those deficiencies and the report shall be presented to audit committee in the next audit committee meeting stating the remedial measure taken by him and the results of those remedial measures.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

PROJECT ACCOUNTING

PROJECT ACCOUNTING

The accounting functions shall be carried out in compliance with the policies and procedures laid down in this Financial Management Manual for the programmes/projects of TDEA which are decentralized or operationally independent. However, the specific division, allocation of Finance and Accounts Functions, roles and responsibilities shall be defined in accordance with the needs of the projects depending on the financial resources available and other factors. This section shall deal with the accounting treatments of transactions related to decentralized or independent project.

STRUCTURE OF FINANCE AND ACCOUNTS FUNCTION FOR THE PROJECT

The project shall have its own Finance and Accounts Function which may comprise on the following personnel in accordance with the needs of the projects:

- Project Head;
- Project Manager Finance;
- Project Finance Officer; and
- Project Finance Assistant.

SETUP AND BUDGETING

The preparation and the revision of budget for independent or decentralized Programmes/Projects shall be exercised in accordance with the following procedures:

- 01 Project MF shall prepare the annual budget with the coordination of Project Manager/Coordinator;
- 02 Project MF shall ensure that Programme/Project budget coincides with the consolidated Activity and Implementation Plans approved by the Donor;
- 03 After the preparation of annual budget document, he/she shall present it to Project Lead/Coordinator for review and recommendations;
- 04 The reviewed and amended budget shall be presented to MF who shall ensure that the budget document is in compliance with the terms of the agreement and shall require the amendment in the budget, if any non-conformity is found in it.
- 05 MF shall consolidate the budget into TDEA core and shall follow the budget approval process as stated in chapter “Budgeting”.

- 06 Once the donor has transferred the funds to TDEA account, management of TDEA shall be responsible for the release of funds to the project on need basis.
- 07 Project MF shall raise the request for the release of fund to MF on monthly basis, who shall ensure that the request so raised is rational and in accordance with the approved budget;
- 08 After satisfying himself, MF shall make replenishment of funds to the project by transferring the amount to project designated bank account after the approval of DFG;
- 09 In case where the donor has delayed the release of funds and operations of the project cannot be stopped for various reasons, funds may be lend to the project from TDEA core after the approval of DFG/CEO for a definite period of time;
- 10 Project MF shall ensure the strict compliance of the utilization of funds in accordance with the approved budget for the period;
- 11 Project MF shall prepare a monthly management report for MF/DFG/CEO showing the comparison of actual expenditure with the approved budget to identify and analyze major reasons for variance through **Budget vs. Actual Expenditure Report**.
- 12 Project MF shall use budget monitoring reports prepared by Project FO for reviewing utilization of project funds;
- 13 Project MF shall forward the 'Monthly Budget vs. Actual Expenditure Report' to MF for review and further approval by DFG.

PROJECT BANKING

- 01 Independent or Decentralized Projects may have three bank accounts:
 - Foreign Currency Account, if required;
 - Pak Rupee Account; and
 - Operational Account.
- 02 Payments to third party (programme/project related expenses up to certain limits specified project to project by TDEA) against their services for project shall be made through Pak Rupee Account maintained by TDEA;
- 03 Signatories shall be from TDEA for the payment from Pak Rupee Account and foreign currency account. However, signatories for operational account shall be from the project as approved by TDEA;
- 04 All the payments for the operations of the project shall be paid out of the operational Account.

MANAGEMENT REPORTING

- 01 Monthly management report shall be presented to MF by the Project MF for review as per requirement and format defined in;
- 02 MF shall review and consolidate the monthly management reports and shall forward it to DFG for his/her reviews;
- 03 Project MF shall also prepare quarterly financial report for the project and forward it to MF. MF shall review and consolidate;
- 04 Consolidated Quarterly Financial Reports shall be presented to CEO/DFG by MF as per the procedure laid down in chapter "Reporting".

PROJECT ACCOUNTING

- 01 All the expenses and income of the project shall be separately recorded by Project FO in accordance with the procedure laid down in chapters 'Cash and Bank' and 'Recording of Transactions';
- 02 Payroll of the staff shall also similarly be booked against a project, as projects have their own full-time staff;
- 03 In case the resource(s) of TDEA is temporarily deployed to the project, the cost of such resource shall also be apportioned to the project in accordance with the utilization of that resource and the budget available for the project.
- 04 Cost of such resource shall also be reimbursed by the project to TDEA.

PAYROLL ACCOUNTING

- 01 Project MF is responsible for the preparation of monthly payroll of employee at projects;
- 02 Project Lead shall approve the monthly payroll prepared by the Project DF / MF;
- 03 Payment of salaries shall be made from the operational account of Programme / Project after the approval of both signatories of Programme / Project.

TAXATION

- 04 Project FM shall be responsible for the deduction of tax from salaries of employees at Programmes/projects as per the provision of section 149 of Income Tax Ordinance 2001;
- 05 Deduction of Income Tax in respect of all the payments shall be made as prescribed in Division III "Deduction of Tax at Source" of Part V of chapter X of Income Tax Ordinance 2001;

- 06 The amount so withheld shall be deposited by Project FO through a crossed cheque in designated account of the tax authorities under the supervision of Project MF.
- 07 Project MF shall prepare and submit its annual statements as specified in Part I of Chapter X of Income Tax Ordinance 2001 within the time frame as mentioned in section 165 of Income Tax Ordinance;
- 08 The project may use the services of tax consultant for preparation and filing of tax statements, income tax return and for any other tax matter;

CLOSURE OF PROJECT ACCOUNTS

- 09 DFG shall issue a Project Closure Notice with the approval of CEO to all the stakeholders, preferably 60 days before anticipated closure of the project;
- 10 Unless extension is applied and granted by a donor for a project, project accounts shall be closed within one calendar month of closure date provided in the project agreement or as extended by the donor, whichever is later;
- 11 MF shall collect all the supporting documents related to the transactions of the project before closure of accounts or the specific instructions of a donor shall be followed for keeping project records;
- 12 MF shall be responsible for the proper disposal of remaining liabilities or assets of the project;
- 13 Assets may be included in the books of TDEA as owned assets based on terms of the agreement;
- 14 Any outstanding project liabilities not refundable by the donor shall be charged to TDEA core budget after the approval of DFG/CEO.

PROJECT AUDIT

- 15 If the auditors sent by the donor agency to validate the accounting arrangements and financial reports of the project, MF and Project MF of the project shall be responsible for facilitating the project auditor in conducting a required audit; and
- 16 If donors require preparation of separate project financial statements, MF and Project MF of the project shall be responsible for fulfillment of such requirements.

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

DONOR REPORTING

DONOR REPORTING

POLICIES

01. Financial reports to donors shall be prepared in accordance with the requirements of donor agreement;
02. Such reports shall be sent on the format prescribed by the donor and shall include such information as may be required by the donor. Further, the frequency of such reports shall be in compliance with the terms of the donor agreement;
03. Donor reports shall be addressed to the contact person specified in the donor agreement;
04. The donor reports shall be approved by the TDEA contact/focal person mentioned in the agreement;
05. The Project MF shall ensure the completeness and timely submission of report to donor;
06. MF shall ensure the compliance with the reporting requirements of donor agreements.

PROCEEDURES

01. Upon signing a donor agreement, Project MF shall prepare a list of reports required to be submitted under the donor agreement along with their respective frequency and deadlines;
02. Project FO shall prepare and present the reports specified in the donor agreement and shall forward it to MF for his/her review;
03. MF shall review the reports and forward it to DFG for approval. After the approval of DFG, the same shall be forwarded to contact/focal person for approval;
04. After the approval, the contact/focal person specified in the agreement shall submit the report to the donor;
05. Whether or not specified by the donor, following reports shall be prepared by the Project MF at the closure of each project:
 - Final Expenditure Report;
 - Inventory Report;
 - Fund Reconciliation Report; and

- Any other report as required by MF.

**TRUST FOR DEMOCARTIC EDUCATION AND
ACCOUNTABILITY**

GRANT MANAGEMENT

GRANT MANAGEMENT**POLICIES**

01. In order to manage and disburse funds held by TDEA of any donor intending to donate for a project, TDEA will share the opportunity with the potential sub awardees for submission of their proposals;
02. Evaluation of submitted proposals shall be made on the basis of objectives of the project and criteria specified by the donor based on the following principles:
 - a) Fairness;
 - b) Transparency; and
 - c) Equal opportunities to all the qualifying recipients
03. The final approval of the selection of sub-awardees shall be made by the Grants Committee.
04. The overall responsibility of the carrying out the process lies with DFG and CEO.
05. Where the nature or objectives of the project relates to a particular Partner Organization (e.g. the project is required to be undertaken in a specific territory in which Partner Organization is already operating), the management shall not undertake above mentioned selection procedure, rather the project shall be granted to that Partner Organization with the consent of donor.
06. TDEA shall follow the Grants Manual for implementation and management of grants

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

ANNEXURE



TDEA Information Technology Manual

As Updated on: November 2014

Free and Fair Election Network (FAFEN) is a network of Pakistani civil society organizations, governed by the Trust for Democratic Education and Accountability (TDEA).

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Purpose

The purpose of this policy is to outline the acceptable use of the TDEA network, computers, software applications and information resources. These rules are intended to protect TDEA, its clients, donors and employees. Inappropriate use of these resources exposes TDEA to security risks, damage due to computer viruses, denial of business-critical services and systems, adverse publicity, potential loss of business and the liability associated with violating the numerous contractual and regulatory requirements affecting TDEA and its employees.

Authority

Approved by the Board of Trustees.

Applicability

Applies to all TDEA & related projects' staff, and guests using computer and communication technologies, including TDEA or the related projects' network, whether personally or Project owned, which access, transmit or store TDEA & its projects' information.

Policy Statement

Use of TDEA & related projects' networks and computer resources should support the basic missions and Business process, tracking; monitoring, evaluation & research Users are responsible to properly use and protect information resources and to respect the rights of others. This policy provides guidelines for the appropriate use of information resources, their safeguard disaster management and continuity contingency planning.

Summary

This policy covers the appropriate use of all information resources and lays out a basis for disaster recovery and continuity planning.

Section Headings:

- DEFINITIONS
- SCOPE
- POLICIES
- OVERSIGHT OF INFORMATION RESOURCES
- BACKUP AND BUSINESS CONTINUITY
- MISUSE OF INFORMATION RESOURCES
- CONSEQUENCES OF MISUSE OF INFORMATION RESOURCES

1. DEFINITIONS

As used in this policy:

- "Information resources" are all computer and communication devices and other technologies, which access, store or transmits DEAS, its Projects or related staff information.
- "Information" includes TDEA, its projects as well as staff information.
- Disaster management and continuity implies contingency planning to mitigate the effects of a catastrophic or an untoward event on the IT operations of the trust and its projects.

2. SCOPE:

This policy is designed to guide the staff in the acceptable use of computers, information systems, and networks owned by the TDEA, related projects & satisfy compliance. More

importantly, it is meant as an application of best practices to ensure availability, integrity, reliability, privacy, and confidentiality of information systems, and networks. The policy is not designed to cover any situations and circumstances beyond the defined scope.

3. POLICIES:

3.1. General Policy

The computing and network resources and services owned by the trust are limited and should be used wisely and carefully with consideration for the needs of others. A user, by using computers, information systems, and networks owned by the trust implicitly assumes personal responsibility for acceptable use and agrees to comply with this policy, as well as applicable laws and regulations. Failure to uphold acceptable uses constitutes a violation of this policy and may be subject to disciplinary procedures. Users of the trust's resources must protect.

Their online identity from use by another individual, the integrity of computer based information resources, and the privacy of electronic information.

In addition, users must refrain from seeking to gain unauthorized access, honor all copyrights and licenses and respect the rights of other information resource.

3.2. Access

Access rights must be authorized on a job requirement basis, i.e. users must be granted only the access rights they need to perform their jobs, and no additional access rights beyond that. This concept is called "least privilege"; which is a basic IT security principle implying that users should be given the least level of system access they need to do their work. Determination of access level rests with the head of respective departments and must be communicated to IT department initially as well as subsequently when access requirements change. Access rights must be revoked when the individual no longer requires access to the data to perform their job. If the user is a temporary employee, subcontractor or other non-TDEA employee, the manager who authorizes their system access is required to provide the IT Department with the expected termination date. The user's account will be made to expire automatically. However, authorized IT team may access information resources, but only for a legitimate operational purpose, namely support and help desk activities and backup.

3.3. Prohibition against Sharing User IDs and Passwords

Sharing an online identity (user ID and/or password) violates this policy. Every individual is responsible to safeguard their user name and password thus the logs, in case of an audit, are authoritative. Users therefore are urged to regularly change their passwords and avoid simple easily guessable passwords. The systems maintain a track of user activities which are logged against the user's login id.

3.4. Information Belonging to Others

Users must not intentionally seek or provide information on, obtain copies of, or modify data files, programs, passwords or other digital materials belonging to other users, without the specific permission of those other users.

3.5. Abuse of Computing Privileges

Users of TDEA and its related Project's information resources must not access computers, computer software, computer data or information, or networks without proper authorization, or intentionally enable others to do so, regardless of whether the computer, software, data, information, or network in question is owned by TDEA and its projects. For example, abuse of the networks to which the TDEA and its Projects belongs or the computers at other sites connected to those networks will be treated as an abuse of the trusts computing privileges.

3.6. Usage

Use of the trust's information resources must comply with the following:

3.7. Prohibited Use:

Users must not send, view or download fraudulent, harassing, obscene (i.e., pornographic), threatening, or other messages or material that are a violation of applicable law or TDEA policy.

3.7.1. Copyrights and Licenses:

Users must not violate copyright law and must respect licenses to copyrighted materials. For the avoidance of doubt, unlawful file-sharing using the TDEA information resources is a violation of this policy.

3.7.2. Social Media:

Users must respect the purpose of and abide by the terms of use of online media forums, including social networking websites, mailing lists, chat rooms and blogs.

3.7.3. Political Use:

TDEA information resources must not be used for partisan political activities.

3.7.4. Personal Use:

TDEA information resources should not be used for activities unrelated to appropriate TDEA functions, except in a purely incidental manner.

3.7.5. Commercial Use:

TDEA's information resources should only be used for commercial purposes, including advertisements, solicitations, promotions or other commercial messages when directly related to TDEA activities. TDEA's CEO will determine permitted commercial uses.

3.8. Integrity of Information Resources

Users must respect the integrity of information and information resources

3.8.1. Modification or Removal of Information or Information Resources

Unless proper authorization, users must not attempt to modify or remove information or information resources that are owned or used by others

3.9. Other Prohibited Activities

Users must not encroach, disrupt or otherwise interfere with access or use of the TDEA's information or information resources. In addition, users must not engage in other activities that damage, vandalize or otherwise compromise the integrity of TDEA information or information resources. "Information resources" are all computer and communication devices and other technologies which access, store or transmit the projects' or its related staff information.

3.10. Locally Defined and External Conditions of Use

Individual units within the TDEA will define "conditions of use" for information resources under their control and have the right to establish more restrictive policies and procedures governing their use. These Usage conditions must be consistent with this overall policy but may provide additional detail, guidelines restrictions, and/or enforcement mechanisms.

When such conditions of use are implemented, the individual units, (e.g. Finance) are responsible for publicizing and enforcing both the conditions of use and this policy. Where use of external networks is involved, policies governing such use are also applicable and must be followed. Responsibility for, and management and operation of, information resources is delegated to the head of a specific subdivision of the TDEA governance structure ("department"), such as a Director, Manager, Administrative Department head etc. Such persons will be responsible for compliance with all TDEA policies relating to the use of information resources owned, used or otherwise residing in their department

3.11. Access for Legal and TDEA Processes

Under some circumstances, as a result of audit or compliance, TDEA may be required by law to provide electronic or other records, or information related to those records or relating to use of information resources, ("information records") to third parties.

Additionally, the TDEA may in its reasonable discretion review information records, e.g., for the proper functioning of the TDEA to protect the safety of individuals, the trust itself or the trust's community. TDEA may also permit reasonable access to data to third-party service providers in order to provide, maintain or improve services to TDEA.

4. OVERSIGHT OF INFORMATION RESOURCES

- Users of computing resources must be aware that although many computing facilities provide and preserve the security of files and passwords, security can be breached through actions or causes beyond the reasonable control of the facility. Users are urged, therefore, to safeguard their data, to take full advantage of file security mechanisms, and to change account passwords frequently. Users of email systems must also be aware that e-mail is not a secure form of communication by default. Sensitive confidential information therefore should not be distributed via email.
- All e-mail systems operated by the TDEA, either intended for the business of TDEA or in the performance of contractual obligations for a client/ donor, are the property of TDEA. Users of these email systems should have no expectations of privacy related to their use of these systems. TDEA reserves the right to access any e-mail content residing in any of its e-mail systems, for any TDEA business or IT security purpose, unless such access is prohibited by local laws.

- The IT Department will respect and strive to ensure users' privacy and intellectual property while managing the computing and network infrastructure and information application transactions and data. The IT Section does not actively monitor network traffic or view content. However, while researching computing and/or network issues, IT staff may need to use tools or utilities that expose content or users' internet habits.
- At times the IT Section may need to reconfigure network and/or computing resources to mitigate situations that negatively impact access to IT resources. These actions include, but are not limited to, temporarily disabling access to an individual system, temporarily disabling access to/from a specific segment of the LAN or modifying priorities. Though rare and short in duration, these steps are necessary to isolate problems and enable a quick resolution.

4.1. Responsibilities

The system administrator is responsible for managing and operating information resources in compliance with TDEA and department policies, including accessing information resources necessary to maintain operation of the systems under the care of the system administrator. (System administrator should refer to the line supervisor for access beyond that necessary to maintain operation of the system.) The system Administrator will maintain the following logs:

- Data Backup & Restoration
- Printing
- Network & Internet usage
- Down times and the reasons thereof and will produce such logs for audit, reference, billing & related procurement purposes.

The system administrator will take all “appropriate actions” to protect the security of information and ensure business continuity & disaster recovery.

The cornerstones of “appropriate actions” encompass:

- Prevention
- Protection
- Detection/Investigation
- Incident Assessment and Damage Control
- Recovery

The System Administrator will:

- Take precautions against theft of or damage to information resources.
- Faithfully execute all licensing agreements applicable to information resources.
- Communicate this policy, and other applicable information use, security and privacy policies and procedures to their information resource users.
- Ensure employees do not have unrestricted access in the system nor should they be permitted to introduce unauthorized changes made to the system.
- Ensure a central authentication mechanism, resource sharing and access to information resources
- Ensure only licensed software (AnnexA) is used and will regularly check users' computer for unwanted installations on the basis of the check list (Annex B) which will be pasted at a visible location in users' cubicles/offices
- Ensure that there is no Unauthorized (Refer AnnexA) and unproductive software like UTorrent, hotspot shield, gaming software's and Skype on users systems.

- Will conduct regular training sessions for the end users to educate them with regards to available services, their optimum usage, backup plan and recovery measures.

4.2. Suspension of Privileges

System administrator may temporarily suspend access to information resource if he believes it is necessary or appropriate to maintain the integrity of the information resources under his oversight.

4.2.1. Physical Security

The System administrator is responsible for physical security of equipment under his direct supervision. This includes all equipment housed in the data center/server and all network active and passive devices in the TDEA & related projects' offices. Physical security of any IT equipment including Laptops and Desktop Computers, once issued is the responsibility of the users. Laptops or any other IT equipment can only be taken off premises if a written approval from the Administration is granted.

- The Data Center must be equipped with locks to limit access, and those access devices must be properly assigned and accounted for.
- Three Keys to the server room/data center and other IT equipment cabinets will be maintained. One key must be securely kept with the Administration department and other two keys shared between the System Administrator and the line supervisor.
- Access log to the server room will be maintained & should contain at least the signatures of individuals who are not regularly on duty in the server room System Administrator will put in place mechanisms to determine how any unauthorized hardware components added to the network would be detected.
- The Server Room & the area immediately surrounding the Server Room must be free from combustible materials & servers and critical network devices must be protected by AnUninterrupted Power Source (UPS) to ensure smooth transition of operations in the event of power failure & guard against sparking due to voltage alteration.
- Desktop and laptop computers must be secured with a password-protected screen saver, approved and installed by the IT department, with a maximum automatic inactivity activation of 15 minutes.
- Individuals must not attempt to disable the password-protection on their unattended workstations when accessing confidential or sensitive information. Individuals must not attempt to access information for which they lack authorization. Anyone having knowledge of such attempts, or other security breaches, must notify their supervisor or their local IT department.
- Depending on contractual agreements, users may be required to sign Non-Disclosure Agreements, Data Usage Agreements or Security Pledges before receiving access rights to sensitive data.

4.3. Back up, Disaster Management and Business Continuity

& its projects' data encompasses any electronic data which directly supports Business operations. While the System Administrator will take necessary steps in light of this manual to regularly back up users' data, users are well advised to be proactive & always take measures to safeguard their own operational and critical data in extreme case scenarios as the worst

effete of a critical data loss is to the operations of the concerned unit itself. The backup policy itself encompasses only electronic data on the trust's owned computers. This does not include data in personal computing devices, any personal data, sub-contractors or any other electronic data which is not pre-declared by the users as critical "TO BE BACKED UP" data. Any new application or data not pre-declared will not be backed up and will be the direct responsibility of the relative section head. The trust's data is classified into four main categories in the order of priority and risk factor:

- Information Systems.
- Staff Emails including attachments.
- All pre-declared official electronic data of the end users.
- TDEA and its related PROJECT's Websites

4.4. Information Systems

Information Systems directly support TDEA functions and constitute the most critical piece of TDEA operations. The Director IT is the custodian of the Privacy, Security, Integrity & flawless Continuous operations of the Information System under the direct supervision of the CEO. The Information system and the information therein will be managed as follows:

4.5. The Core Operations:

- The Information Systems must enforce segregation of user rights and roles
- Tracking, Feedback Loop & Anti Tamper Mechanisms must be in place & complete transaction trail must be visible to the respective owners of the data.
- User driven & and friendly reporting interfaces.

4.6. Access Rights:

Multiple types of access rights exist in Information Systems with the most important being:

- View Only
- Insert information
- Update information

The general flow of the permissions and roles follow:

The grant of access rights to the all information systems will be a segregated operation with the project head being the authority for the provisions of the access rights and roles to the users. Respective information system managers will only grant access rights, to the level desired, and for the duration of the exercise. It is the responsibility of the end user [TDEA Staff] to update about the completion of a said task where after, the permissions will be immediately revoked.

4.7. Historical View:

Information Systems will always maintain "States" stored indefinitely for back tracking and transparency

4.8. Segregation of Duties:

The handling of Information Systems will be a segregated operation with the access of rights applicability already detailed above.

4.9. Change Requests:

Information systems, the information they capture and represent are only as good as the domain specific information provided by the users of the system. Unit heads, therefore, must provide timely & distilled information in the form required by the development teams.

All feature based, functional, view or reporting additions and changes will be handled via change requests – Each change request would be handled on an individual basis as the time and resources involved in implementation will vary based on the requirements. All change requests will be routed through the Director IT. Direct contact with the developers must be avoided.

4.10. Data Owner Ship:

The IT department is directly responsible for development, deployment and maintenance of Information systems. They do not and cannot claim to be the “owners” of the data contained in the systems. The validity, integrity & accuracy of the data being populated in the systems is the responsibility of the user entering the data. IT personnel will not enter/update/delete any data in the system/website on behalf of end users. End users must ensure that they use difficult passwords and refrain from sharing password or related information with others to avoid any untoward situation. In case of a breach, audit logs against the user and the ip address will be authoritative.

The ownership of the data is of the concerned unit who is responsible for ensuring that the data is always up to date as required by the business objectives.

4.11. Continuity:

Pre-emptive measures to ensure business continuity will be put in place in case of an untoward incident t/disaster. Possible situations which may compromise the IS operations include but are not confined to: a Fire Hazard, b. Terrorists Attack, c. Natural Catastrophe, e. Hardware Failure.

4.12. To mitigate the affects

Full backups of the system [Database, Software, Files] will be taken on a daily basis at midnight and stored on:

- Local Disks
- External USB drives
- Back up Servers
- Synced with off-site storage at TDEA/Projects' offices

At least one hot backup/Standby/Replica will be maintained in house 24/7 and synced with designated master servers on an hourly basis i.e. in case of a localized, electronic disaster the total difference of data loss will be the data uploaded/transactions committed in one hour.

4.13. Staff turns over:

Staff turnover must not jeopardize the Information Systems operations in any way. To achieve this end, the following focus will be maintained:

- The building block of the systems will be modular and layered.
- The chosen development environment will be such that its expertise is readily available in the market.
- There will always be more than one individual handling the operations of the Information Systems at any given time.
- The Information Systems will be technically documented and handed over to the CEO.
- All the passwords to the systems will be written down in a sealed envelop and handed over to the CEO.

4.14. Software failure

A development environment/server will be extended to the developers to write, test and debug the code. Only a piece of code which has been thoroughly tested will be uploaded on the production environment. In case of buggy software finding its way to the production server, milestone backups will be restored to mitigate the damage.

4.15. Restoration Drills

All backed up data will be restored on test environments on a weekly basis and logs shared and incidents documented

4.16. Acceptable Downtime

Acceptable downtime in case of any untoward incident shall not exceed 3 working hours.

4.17. Enhanced Bandwidth

In order to avoid bandwidth starvation during critical phases enhanced bandwidth will be acquired from the service providers.

4.18. Incident Reporting:

Any incident relating to a system breach or unauthorized data/system access/handling will be documented and immediately brought to the notice of the CEO. The logs will be preserved and depending on the decision of the CEO, an investigation into the incident will be carried out the findings of which will cover reasons of occurrence and mitigation in future.

The following relates to sub Para 2,3 & 4 of the data classification

- Multiple copies will be managed in house (Server Rooms and IT rooms or, TDEA & project offices.
- The System Administrator will download and maintain PSTs of users' emails to avoid data loss in case
- of server crash/untoward incident. Multiple copies of PSTs will be maintained in multiple locations
- In case PSTs are not available the Network Administrator will physically visit each staff member and download the emails from the web client. The downloaded archive will be

password protected and kept safely in NAS and other backup devices. The network administrator will maintain the backup history and share the backup plan with all staff one week prior to the physical backup

- Users will save official data in non-windows drive (D, E etc.). No official and operational data will ever be stored in C: drive.
- All data must be saved in user named folder e.g. (D:\Waqas).
- Only the data stored in the aforementioned user specific folder will be backed up by the IT section.
- The System Administrator will implement daily, weekly and monthly backups which will include incremental and full backups. Backups must be restored on test computers to validate backups and accuracy of data backed up.
- Data stored in the NAS drive will be password protected.
- All data on every other device will be encrypted.
- Critical data stored in TDEA and its project servers will be securely copied onto off-site storage. Copies of the data will also be maintained in-house.
- All passwords to all resources will be written down and sealed in an envelope and submitted to respective project heads. Any changes in the passwords must be updated and submitted in a new envelop accordingly.
- Hot backups and replica copies will be maintained. In case of a critical service being compromised, the standby must take over with minimum downtime.
- Multiple connections to the Internet will be maintained at all times and failure of one link should not compromise service delivery with automatic fail-over.
- Network traffic & servers' health management software will be installed and monitored 24/7 by the means of automated alarms whenever a threshold or a traffic pattern is breached.

5. MISUSE OF INFORMATION RESOURCES

Besides explained elsewhere in this document, the misuse or unacceptable use includes any activity that is illegal under local, federal or international law while using the trust's resources; violations of sexual harassment, hostile workplace, export, copyright, patent or other intellectual property laws; introducing malicious programs into the TDEA's computer network; attempting to breach system or network security; attempting to access unauthorized data or information; security scanning, port scanning or network monitoring that is not job related; interfering with other users' access to resources; using TDEA resources for personal gain or profit, or to serve the interests of other organizations without TDEA approval; and any activity that might adversely affect TDEA ability to maintain the confidentiality, integrity and availability of client, donor and TDEA data and computing resources.

6. CONSEQUENCES OF MISUSE OF INFORMATION RESOURCES

A user found to have violated this policy may also have violated the Code of Conduct & TDEA policies, and will be subject to appropriate disciplinary action up to and including termination on repeated violations. Contractors, consultants or others violating this policy will be subject to loss of network privileges and the possible abrogation of their contract.

6.1. Annex-A

Operator:

- Microsoft Windows 7 Professional (Service Pack1)
- Microsoft Office Professional Plus 2010.
- Antivirus (AVG Anti-Virus Free Edition S)
- Readers (Adobe , Foxit)
- Browser (Mozilla Firefox and Google Chrome).
- Printing and Scanning Software's.
- Compression software's (WinRAR).
- Document Converters (Free Pdf to word, excel converter).
- Designing Software's for IT or Relevant Department (PHP, HTML and Graphic.)
- Quick Book software for Finance.
- Backup software (Cobian)
- any other software duly authorized for business purposes. Respective Manager MIS will be the authority

6.2. Annex-B

Operator:

- BIOS password in place
- Dual operating system.
- User Account (Standard).
- User Account (Administrator for Backup).
- Genuine Windows and Microsoft Office check
- Antivirus.
- Browser
- PDF Reader.
- Printer Drivers.
- Backup Settings
- Unauthorized Software
- Start Up Services
- Email Backup
- Documents Backup
- protected screen saver element

6.3. IT User Guidelines

6.3.1. Acceptable Use:

- All network and computer resources are TDEA property and are to be used for business purposes serving the interests of the TDEA and its clients/ donors.
- All data stored on TDEA systems remains the property of the TDEA. While the organization makes every effort to maintain privacy of e-mail and data, TDEA cannot guarantee confidentiality.
- Incidental personal use of network resources is permitted. However, authorized users are
-

- expected to exercise good judgment regarding their occasional personal use of these resources. Such personal use must not consume excessive IT resources, degrade the performance of the network or connections to the Internet, or result in incremental cost to the organization. Examples of excessive use are downloading large libraries of music files (MP3) and movies for personal use (this includes copyright issues as well), storing large amounts of personal content on file servers intended for business use, or watching movies/ videos for personal entertainment that are broadcast over the Internet during work hours.
- Network resources and e-mail accounts are for business purposes. Incidental personal use may not involve any activity that would reflect badly on TDEA (e.g. spamming, harassment).
- Personal use should not include: installing personal software on project machines, joining personal machines to the project network, borrowing project machines for vacation use, or the use of any pirated software on project networks.
- Employees should cooperate with the IT organization in keeping their anti-virus software updated and refrain from activities that might infect TDEA computer with viruses.
- Unacceptable use includes any activity illegal under local or international law; violations of sexual harassment, hostile workplace, export, copyright, patent or other intellectual property laws (e.g. software piracy); using TDEA resources for personal gain or profit.

6.4. User Guidelines

Computer and network resources are essential for the work of TDEA and are purchased and installed for work purposes. As an employee or consultant of TDEA it is a privilege to use the resources in the offices and a responsibility to use them carefully. Here are guidelines that will help keep the network free of viruses and other problems.

- Log on and off the computer in a standard manner. Turnoff the computer at the end of the day.
- Learn to recognize viruses and hoax emails as they appear in your account. Do not open an
- Use a password and do not share it or let others use your account. Change the password every 6 months.
- Learn to recognize viruses and hoax emails as they appear in your account. Do not open an email from someone whose name you do not recognize, especially if there is an attachment on the email. Notify Information Systems department of suspected virus activity.
- Backup your work regularly by saving it to the correct network drives. If you are working in a non- networked environment, backup your data to a CD each week. Get guidance from Information System department in this regard as you will be the most affected party in the event data that you manage is lost.
- Do not install personal programs on a work computer without permission from the CEO through Information System department.
- Do not download unnecessary or illegal programs and files from the Internet including games, pictures, cracked programs, or pornography. Viruses and spyware that can be introduced into the office computer and network often accompany these files.

- Do not allow non-project employees to use computers. Lock your door or computer when you are away from your desk.
- Employees who use sensitive company data on their computers should limit access to such files via password protection. This type of information includes (but it not limited to) payroll, budgets, work plans, contracts, HR / employee data, Financial software files, etc. Passwords should be changed regularly.
- Ask for help if something goes wrong with the computer and follow the instructions of the MIS department when help is given.



Date: Dec 17, 2014

Ref: EOS/12/14/11

Inter Office Memorandum

Date: December 17, 2014

Approval Requested From: TDEA Information Technology Unit

Approval Requested To: Mr. Shahid Fiaz-Chief Executive Officer

TDEA Change Management Policy and Software Development Life Cycle Policy are hereby approved by the Chief Executive Officer on behalf of the TDEA Board of Trustees.

The manual will be practiced from date of implementation and any additions, deletion and or up gradations in the Manual will be further approved by the Board of Trustees in upcoming Board Meeting.

This Manual will be implemented with effect from December 17, 2014 across all projects of the TDEA and TDEA-Secretariat.

Software Development Life Cycle and Change Management Policy is integral part of this approval.

Shahid Fiaz
Chief Executive Officer

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SOFTWARE DEVELOPMENT LIFE CYCLE

1. Purpose:

The purpose of the Systems Development Life Cycle (SDLC) Policy is to describe the requirements for developing and/or implementing new software and systems at TDEA and to ensure that all development work is compliant as it relates to any project and donor as well as to describe the minimum required phases and considerations for developing and/or implementing new software and systems at TDEA or its related projects.

2. Applies to:

TDEA staff and related project employees who perform any type of software or systems development work under the auspices of the TRUST.

3. Exemption:

In the event TDEA chooses to seek an exemption for reasons such as inability to meet specific points, tasks, or subtasks within the SDLC Policy or Standards, a SDLC Review Committee, comprised of representatives from across TDEA as designated by Information Technology, will convene in order to assess the specific merits of the exemption request(s) while still adhering to the main principles behind the SDLC Policy and Standards.

4. General:

All systems and software development work done at TDEA shall adhere to industry best practices with regard to a Systems (Software) Development Life Cycle. These industry standard development phases are defined by ISO/IEC 15288 and ISO/IEC 12207. The minimum required phases and the tasks and considerations within these Systems development phases are outlined below. Following sub-tasks and considerations are recommended steps within the required standard development phases.

4.1 System Initiation -

- A need or opportunity is defined.
- Concept proposal is made.
- An initial feasibility study is conducted.
- A project charter (if necessary) is formulated.

4.2 System Requirements Analysis -

- Analyze user needs and develop user requirements.
- Create a detailed Functional Requirements Document.
- Break down the system, process, or problem into discrete units or modules and utilize diagrams and other visual tools in order to analyze the situation or need.
- Any security requirements must be defined.

4.3 System Design -

- This phase transforms the requirements into a Design Document.
- The functions and operations of the system or software being designed are described in detail.

- A risk analysis should be done between the System Requirements and System Design phases.
- A final design review should be done to ensure the design addresses practicality, efficiency, cost, flexibility, and security.

4.4 System Construction (Procurement) -

- This phase entails the transformation of the detailed design documents into a finished product or solution.
- Manual and automated testing at a unit or module level is done throughout this phase by the system or software developers. Security considerations are taken into account during testing.
- A third-party product may be utilized as a system or software solution if it best fits the user requirements and is more practical from a budgetary and/or resource perspective. However, all of the next phases should be followed regardless of whether the solution was developed in-house or purchased.

4.5 System Testing and Acceptance -

- This phase should validate or confirm that the developed system or software meets all functional requirements as captured during the System Requirements Analysis phase.
- Representatives separate from the development group should conduct internal Quality Assurance (QA) testing.
- Representative(s) from the user group should conduct user acceptance testing.
- Documentation during testing should detail and match testing criteria to specific requirements.
- While unit and module testing should be done throughout the entire SDLC, this phase entails holistic testing of the finished product and the final acceptance testing by the user(s).
- Final security assessment testing is now conducted.
- Any problems identified during the previous phases must be resolved or remediated before implementation.
- Random test should be performed After performing planned test cases, which should cover regular and irregular user actions and all features and exceptions, tester should try using the application. Testing procedure describe when and how to use random test before integration.
- Normal test consists in testing the features trying to cover all the requirements.
- Faulty testing consists in trying to feed the system with strange/invalid values, and see how the system reacts.
- Integration test consists in testing modules after their integration in the system.
- Stress test consists in simulating different access and watch if the system performance decrease or if the system crashes.
- All features listed as requirements for all test items will be tested. Test cases are carefully chosen to cover all functional and nonfunctional requirements.
- Developers are responsible for fixing the bugs existing in the applications & to do initial testing of repaired applications
- User representative responsibilities are to check if the application is fulfilling the needs & report any error/bug encountered to tester

4.6 System Implementation -

- The finished, tested, and user-accepted system or software is moved from the testing environment to production.
- All tools, code, or access mechanisms used for development or testing of the system or software must be removed from the software that is being moved into a production environment.
- Any necessary user training should be done prior to or during this phase.

4.7 System Maintenance -

- This phase is the ongoing life of the system or software. Unlike the other phases, this phase only ends when the system or software is decommissioned.
- A customer/user support structure and any other necessary operational support processes should be in place.
- Any planned changes to the system or software should be scheduled, communicated, and documented.
- Continuous security penetration testing is conducted on the system or software throughout its life cycle at regularly scheduled intervals.
- Mandatory security testing is conducted when any major configuration or architecture change is made.

5. Policy Statement:

Relevant IT staff at TDEA and related projects is responsible for developing, maintaining, and participating in a Systems Development Life Cycle (SDLC) for any TDEA related projects. All entities at TDEA engaged in systems or software development activities, must follow the SDLC standards.

6. Additionally, the following apply:

A software development plan should address the areas of preliminary analysis or feasibility study; risk identification and mitigation; systems analysis; general design; detail design; development; quality assurance and acceptance testing; implementation; and post-implementation maintenance and review. This methodology ensures that the software will be adequately documented and tested before it is used in conjunction with critical and/or sensitive TDEA information.

All development work shall exhibit a separation between production, development, and test environments, and have at least a defined separation between the development/test and production environments unless prohibited by licensing restrictions or an exception is made. These separation distinctions allow better management and security for the production systems, while allowing greater flexibility in the pre-production environments.

Where these separation distinctions in environments have been established, development, and QA/test staff must not be permitted access to production systems unless absolutely required by their respective job duties/descriptions.

SOFTWARE DEVELOPMENT LIFE CYCLE

All application/program access paths utilized in development or testing, other than the formal user access paths, must be deleted or disabled before software is moved into production.

Security considerations should be noted and addressed through all phases.

All software and web applications that create, manage, use, or transmit information must be developed and maintained solely by TDEA Information Technology.

NOTE * This Annex forms part of TDEA IT policy

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CHANGE MANAGEMENT POLICY

1. Introduction

1.1 Definition of a change:

A change will be defined as anything that transforms, alters, or modifies the operating environment or standard operating procedures of any system or service that has the potential to affect the stability and reliability of the infrastructure or disrupt the business of the TDEA.

1.2 Purpose:

The purpose of the Change Management Policy is to manage changes in a rational and predictable manner so that TDEA staff can plan accordingly. Changes require serious forethought, careful monitoring, and follow-up evaluation to reduce negative impact to the user community and to increase the value of our IT infrastructure. The purpose of this policy is not to frustrate change or to question the rationale of changes. Rather, it is to make sure that changes have their intended impact while avoiding unintended consequences.

Changes may be required for many reasons, including, but not limited to:

- User requests
- Vendor recommended/required changes
- Changes in regulations
- Hardware and/or software upgrades
- Hardware or software failures
- Changes or modifications to the infrastructure
- Environmental changes (electrical, air conditioning, data center, etc.)
- Unforeseen events
- Periodic Maintenance

1.3 Policy:

This policy covers all changes (additions, deletions and modifications) to an information technology resource regardless of who initiates it and encompasses TDEA's shared IT infrastructure, including but not limited to hardware, software, operating system, data and voice network and applications and data and databases, whenever changes are applied without using live versions of data entry programs; and disaster recovery facilities. A change includes a modification to an existing service, maintenance to an existing service or a project to install a new or upgraded service. It does not apply to changes to test systems, providing they are isolated from the live environments.

1.4 Type of Changes:

This section defines the different type of changes:

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1.4.1 Minor/Routine Change: These are changes that may be done at any time as these have been categorized as low risk to the TDEA and the procedures are known and well documented.

Examples of this type of are:

- Application-based security or business needs patches
- Regularly scheduled maintenance
- Operating system patches (critical, hot-fixes, and service packs) etc.

1.4.2 Major/Significant Change: These are classified as needing approval changes and these must be planned in advance and submitted for approval. The change request should also suggest a time for this change to take place via the change form before being carried out. The Director IT will have ultimate say if the change goes ahead at the suggested time or not. Detailed in the change request should be the documentation about what work is going to happen and the perceived benefit and impact to the users. These types of changes should always have a back out plan or mitigating action plan attached.

Examples of this type of are:

- Change that results in an interruption to a service, or has a significant risk of an interruption to service
- Change that results in a business or operational practice change
- Changes in any system that affect disaster recovery or business continuity
- Introduction or discontinuance of a service
- Operating system patches (critical, hot-fixes, and service packs) *

1.4.3 Emergency/Unscheduled Change: Unscheduled outages (server crashes, etc.) may require immediate attention whenever they happen.

Examples of this type of are:

- Department or Building is without service
- A severe degradation of service requiring immediate action
- A system/application/component failure causing a negative impact on business operations
- A response to a natural disaster
- A response to an emergency business need

1.4.4 New Development: This type of change is specifically for the deployment of new features/functionality, services or applications and is not a fix to a problem.

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This appears in both categories as the impact can vary depending on the content of the patch. The Director IT will be able to provide guidance on which category a particular patch fits into and whether it needs approval before applying.

1.5 Change Request Approval Process

A change request may be initiated via an email or a formal change request form. Owing to the nature of work and the short turnaround time an email request is the preferred method. Any change request must be directed to the Director IT and should be initiated at-least 3 hours before the actual change is required to be "released" into production. The director IT will then authorize the relevant staff to implement the change or otherwise. The email trace will be preserved as a log for change management.

1.6 Release Requests

A "release" is part of a Change Request, all of a Change Request or multiple Change Requests that are tested and introduced into the live environment together. A Release Request must be raised for all changes, as part of the change request email, including emergency changes once the change(s) has been fully tested.

Release Requests must be submitted in accordance with change management procedures so that the Director IT has time to review the request, determine and review potential failures, and make the decision to allow or delay the request.

The Director IT has the authority to deny a Release Request (or send it back to the requestor for further work) for reasons including, but not limited to, inadequate back out plans, the timing of the change will negatively impact a key business process, inadequate communication and / or training for the user base and IT support staff or if adequate resources cannot be readily available.

1.7 Unauthorized Changes

Changes that do not comply with the Change Management Policy and Procedures are classified as 'unauthorized changes'.

IT Services resources will not be made available or committed for an unauthorized change. IT Services has the authority to reverse any unauthorized changes that cause, are suspected as causing, or have the potential to cause disruption to other users of the services.

1.8 Emergency/Unscheduled Change

In some cases, events are critical enough that they must be rushed through, thereby creating an Emergency/Unscheduled Change. Each situation is different and as much consideration as possible should be given to the possible consequences of attempting this type of change. It is still necessary to obtain sufficient approval for the change, but this may be in the form of discussing the matter with a relevant service manager or section head and logging who it was discussed with and how it was approved.

CHANGE MANAGEMENT POLICY

1.9 Post Change Checks

After any change has been implemented, the person who is responsible for implementing the change should perform a check to see if it has been successfully applied.

Date

CEO