



Civil Society Human and Institutional Development Programme

A Company set up under Section 42 of the Companies Ordinance, 1984

Procurement Policies and Procedures Manual

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1. General

1.1 Short Title

This document will be called the CHIP Procurement Policies and Procedures.

1.2 Commencement and Application

These Policies shall deem to have come into force with effect from 1st January 2005 (except where noted otherwise). These policies shall supersede all previous policies, rules and/or regulations relating to the subject matter of this document

1.3 Definitions

In these rules unless there is any thing repugnant to the subject or context:

- 1.3.1** Company means Civil Society Human and Institutional Development Programme, a company registered under Section 42 of the Companies Act.
- 1.3.2** Competent Authority means the Board of Directors of the Company or any person to whom powers are delegated by the Board of Directors.
- 1.3.3** Executive Director means an employee of the Company who is also a member of the Company's Board of Directors.
- 1.3.4** Employee means full time confirmed employee of the company on monthly salary and includes all Managerial and Non-Managerial staff.
- 1.3.5** He / his / him refers to both the masculine and feminine gender.
- 1.3.5** Contract Employee / Consultant means any individual working for the Company who is not an Employee/Probationer/internee, and whose terms and conditions of employment are primarily governed by his terms of contract in addition to the relevant Clauses of these Rules.
- 1.3.7** Person means Employee, Probationer, Contract Employee, Consultant and Internee working in the company or paid wages by the Company.
- 1.3.8** Year refers to the July- June period, unless specified otherwise.

1.4 Right of Amendment and Interpretation

All policies governing the operations and conduct of CHIP are subject to review, addition, deletion, variation, perception and revocation by the Competent Authority at its sole discretion and upon such review, addition, deletion, variation and revocation by the Competent Authority it shall be binding on all Persons. Such amendments may be communicated to Persons by a general circular or by any other means of communication as the Competent Authority may decide. All questions, disputes and ambiguities regarding the implementation and interpretation, of these Rules shall be referred to the CEO.

2. Hierarchy

The hierarchy of the Company shall be as follows:

- a. The supreme policy making and operations controlling body of the company is the Board of Directors. The detailed functions, powers, authority, rules of business, and obligations of the Board of Directors are as contained in the Company's Articles of Association.
- b. The Board has already delegated, or may delegate, any part of its functions, powers and authority, to company's Chief Executive Officer who will in general be deemed to be responsible for all operational matters

3. Specific Responsibilities Of Employees

The Company shall prepare Job Descriptions for each staff member (for detail see Admin manual).

4. Committees

4.1 The company may create committees from time to time and assign specific responsibilities to them. Principally the following two types of committees may be formed:

- a. Committees to be formed by the Board of Directors. These can be formed through passing a simple resolution at any meeting of the Board of Directors. The resolution shall specify the composition, functions, powers, business rules and obligations of any such committee. Examples of such committees are Audit Committee, Remuneration Committee, Nomination Committee (for seeking new directors upon expiry of tenure of any director of the company), etc.
 - b. Committees to be formed by the CEO. These will essentially be formed to assist various managers in their operational matters, or to resolve dispute, or solve an issue pertaining to more than one department, or to attend to a special task, etc. CEO can form such committees by issuing an office order, detailing the composition, nature, function, powers, business rules, authorities and obligations of any such committees.
- 4.2 Some of the committees to be created by the Board of Directors may be permanent in nature (for example Audit Committee, Remuneration Committee) while others may be formed for a specific purpose at the attainment of which they may be discontinued (e.g. Nomination Committee to be formed upon resignation of a director, assigned with responsibility of finding a suitable replacement).
- 4.3 Similarly, some of the committees to be formed by the CEO may be permanent in nature (for Procurement Committee, Programmes Committee, Budget Committee, Fixed Assets Purchases Committee, Disciplinary Committee) while others may be formed for a specific purpose at the attainment of which they may be discontinued (e.g. Investigation Committee formed to inquire into a disciplinary matter, Grievances Committee formed to look into a particular grievance).

5. Procurement

Procurement is the acquisition of goods or services from an external source keeping in mind needs, quality, quantity and cost. There are the following two main elements in procurement:

- 5.1 Purchase of Supplies
- 5.2 Purchase of Capital Asset Items
- 5.3 Procurement of Services

5.1 Purchase of Supplies and Consumables

5.1.1 Purchase of Supplies

General supplies means and includes office stationery, consumable and miscellaneous items required for office use. A regular and a proper check shall be made to ensure a constant supply of these items. Such items when purchased in bulk and collectively may reduce the total cost per item. However, a cost benefit analysis must be carried out to ensure that cost of buying large stocks (and tying up funds there-on) does not exceed the perceived benefits of being always in stock.

5.1.1.1 Criteria and Schedule

Stationery items and consumable, which expire, fast and has less durability e.g. kitchen items and eatable etc. shall be purchased every month once or sometimes twice. Stationery items and durable consumables e.g. ball pen, paper clips, cards; file covers etc. shall be purchased in bulk and collectively. A constant check shall be maintained for their regular supply through stock register. No item should be purchased in large quantity unless it has been tested and tried and found to be of satisfactory usage and price.

5.1.1.2 Price Comparison

The prices from different suppliers in market shall be checked through market visits or over phones. Items shall be purchased from the supplier who offers lowest price for the item without compromising on the quality.

5.1.1.3 Records

A close check kept on the available items and their quantity. Procurement Assistant or Office Secretary will be responsible for the supply of items to the staff and recording these in the register and upkeep of records.

5.1.2 Purchase of Consumables

All purchases of regular nature including but not limited to consumable items like stationery, periodicals, books, journals, office supplies, etc. shall be regulated as follows:

- a. All purchases shall be made within the budget allocation.
- b. A department requiring such items must make a request get it approved by the CEO.
- c. If the item(s) is covered within the budget, the Finance Manager can recommend the purchase.
- d. The actual purchase, i.e. placement of order will be handled by procurement section. While payment will be made by finance department.
- e. Due consideration should be given to a balance between quality and price of items to be bought.

5.1.2.1 Library

All purchased books, reports, newsletters, documents; magazines, CHIP documents, videos, cassettes and photographs are parts of CHIP library. Library material is classified into development sectors, donors, partner NGOs, Consultants etc. Presently all available books and publications are recorded which gives the information about the material available with CHIP. The library system is based upon the CHIP filing index system.

5.2 Purchase of Capital Asset Item

Equipment, vehicles and furniture are capital asset items. As far as possible, no capital asset shall be acquired unless it has been provided for and approved in Capital Expenditure Budget. In case of emergency, CEO can take a decision on purchase of a capital asset not included in the budget.

5.2.1 Request For Purchasing A Capital Asset Item

A department requiring an item of equipment, vehicle or furniture shall make a written request for purchase of the item, giving all necessary details including the estimated price, nature, description, salient features, justification for purchase, time period within which it must be bought, etc. This request should be submitted to the head of the department who shall forward it with his comments to the finance section (**Annex 1 – Purchase Request Form**).

- a. The section head shall add his comments and forward it to Finance Section who will compare it with Budget. The Manager Finance will confirm the budget position and also give his remarks on the request and forward it to CEO.
- b. Only after the CEO authorizes the purchase, the actual process of placing an order shall commence.
- c. As far as possible, equipment, vehicle and furniture must be acquired only from the manufacturers or their authorized dealers only.

5.2.2 Actual Purchase Procedure

- a. Specifications for the item to be bought are finalized.
- b. Quotations are invited from manufacturers or authorized suppliers. In case of repeated purchase, quotations may not be invited.
- c. The Procurement Section makes a comparison of quotations. Procurement Section along with the head of the section requiring the item prepare a recommendation as to where should the order is placed. The price is an important

consideration, but not the only one. Due consideration should be given to all pertinent factors like quality of service, durability, capacity, brand name, reliability of after-sale service, etc.

- d. CEO approves the placement of order.

Procurement Section issues the Purchase order and handles all matters related to delivery, receipt and acceptance of the item while the payment to the vendor is released after signing of good received note by the HR and Procurement assistant.

5.2.3 Segregation of Responsibility for Purchasing

#	Action	#	Responsibilities
1.	Services Request Form	1.	Request by any staff from any department
2.	Budget Allocation	2.	Finance
3.	Approval Of Purchasing Or Rendering Services	3.	CEO
4.	Procurement Process/Direct Purchase	4.	Coordinator Procurement
5.	Purchase Order/Consultancy Agreement	5.	Procurement cum HR Assistant
6.	Goods Receiving Note (GRN)	6.	Store In-charge/Receptionist
7.	Vendor Invoicing And Verifying	7.	Coordinator Procurement
8.	Payment Request For Approval	8.	CEO
9.	Preparation Of Voucher/Cheque	9.	Coordinator Finance
10.	Cheque Signatures And Approval Of Voucher	10.	CEO and the other signatories
11.	Disbursement Of Cheque	11.	Coordinator Finance
12.	Acknowledgement Of Cheque Receipts	12.	Coordinator Finance

5.2.4 Maintenance And Repair Of Equipment / Furniture

The following considerations govern this aspect:

- As far as possible, regular maintenance and service agreements must be made with suppliers or authorized agents of the equipment.
- A suitable maintenance / servicing schedule must be drawn and adhered to for all capital assets items. It will be the responsibility of each Section to prepare such a schedule for all items under their control at the commencement of each financial year.
- Regular checks on the performance of equipment must be made by the appropriate section to ensure that they stay in good condition.

5.2.5 Inventory of Equipment

Finance Manager is responsible for maintaining a Fixed Assets Register for all the capital items held by CHIP and issued to projects. This register must be verified, at least once per annum by the auditors who shall also reconcile it with their depreciation schedule and fixed assets records.

5.2.5 Equipment Supplies (Consumable Items)

As far as possible, all supplies must be of finest quality keeping in mind the price and other relevant factors. Purchase of consumable items shall be regulated in accordance with CHIP's normal expenses policy.

5.2.7 Insurance of Equipment and Furniture

All fixed assets must be kept suitably insured against fire, theft and other pertinent perils. As

far as possible, CHIP shall maintain a regular insurance company (which must be of repute and among the three largest companies of the country) to ensure best coverage and prices.

5.2.8 Sale of Equipment or Furniture Items no longer required

Disposal of inventory items may be made if:

- a. The useful life of inventory item (s) has been finished and its replacement is required.
- b. The inventory item (s) has become redundant
- c. The inventory item (s) has become obsolete
- d. At the time of closure of project

In first three cases, applying to vehicles or equipment with market value of more than Rs. 20,000/-, the fair market price would be assessed through invitation of closed / sealed quotations or ascertaining the book value by applying standard depreciation rate (whichever is high). First right for its purchase lies with CHIP employees and thereafter the inventory can be sold to any successful bidder. For inventory item beyond repairable / obsolete or CHIP usage, may be sold to an employee or an outsider by assessing the fair market value by CHIP for which offer letter should be obtained from the open market and shall determine the minimum price. In above-mentioned fourth case, the decision lies with the CEO.

5.2.9 Lost Items

Officer to whom any asset is issued will be responsible for safe custody of the asset. If asset is lost during his/ her custody, price of item lost will be recovered from the custodian. The formula to calculate the price would be as under.

Purchase prices of the item less depreciation.

5.2.10 Theft

In case of theft of any item by any external person (non employee), matter will immediately be reported to CEO by MIS and procurement Coordinator at head office level and by field coordinator/field office in charge at field office level. CEO will form an enquiry committee to investigate the matter. Committee will report back to CEO within 24 hours. A first information report will be registered in the respective police station. In case of theft at head office, complaint will be lodged with the security company and if it is proved that the incident occurred because of negligence of the security guards on duty at the time of theft, amount will be recovered from the security company. In case of theft of utility company installations i.e. WAPDA, Sui Gas etc. a complaint will also be registered with the respective utility company.

5.2.11 Disposal of Fixed Assets

- All fixed assets (Computers, Furniture and Fixture, Office Equipment etc.) excluding vehicles, having Nil book value may be auctioned among the respective Field Office employees or donated to some local organization (CCB, CBO, WO etc.) on the recommendations of the Disposal Committee headed by CEO.
- Assets having book value will be shifted to Head Office or any other Field Office on requirement basis.
- In case assets are not required at Head Office or any other Field Office, these will be auctioned at Field Office level among employees or in the local market.
- A cost benefit analysis will be carried out for the items to be shifted to Head Office or any other Field Office (in connection with transportation charges, storage space etc.).
- Assets will be shifted/handed over/delivered/transferred as per prescribed delivery Note.

5.3 Services

5.3.1 Utility Services / Bills

- All utility bills (Electricity, Telephone, Gas, Water etc.) will be paid and a copy of these bills (for last month) will be attached with the letter of handing over to the building owner /Lessor.
- Proper acknowledgement/receiving of these bills will be taken from the building owner /Lessor for office records.
- Before handing over of the premises all Telephone/fax lines will either be closed down or handed over to the building owner /Lessor.
- WAPDA, PTCL, SUI Gas departments will be informed.

5.3.2 Rent

- Building rent will be paid as per lease agreement and proper acknowledgement/receiving will be obtained from the building owner /Lessor.
- Lease Agreement termination letter will be issued to the building owner /Lessor.

5.3.3 Hired Vehicles

- Vehicle rental will be paid as per rental agreement and proper acknowledgement/receiving will be obtained from the vehicle owner.
- Vehicle Agreement termination letter will be issued to the vehicle owner.

5.3.4 Renting Office Premises

The following considerations govern this aspect:

- a. Budget allocation for such purposes has been made / exists.
- b. CHIP Chief Executive Officer and land lord/owner in the presence of witnesses sign agreement for new premises after ensuring ownership and authorization of telephone connections.
- c. Agreement is signed for the maximum period of two years but not exceeding one month over the period of the current programme, which allocates the rental cost, especially in the case of field offices.
- d. Before going into lease agreement it is ensured that all the bills of the new premises have been paid and there are no outstanding bills to be paid by the previous tenants or the landlord.
- e. It is made clear to the Lessor at the time of signing the lease agreement that CHIP will not be responsible for payment of any outstanding bill on behalf of previous lessee or landlord. A letter signed by landlord in this regard may be obtained by CHIP.
- f. New telephone connections if required or transfer of telephone/fax from previous premises to new one are applied to the relevant authorities preferably before moving into the new premises.

5.3.5 Vacation Of Office Premises

- All the difficulties faced by the CHIP and its employee in the premises is recorded over time of occupancy. Such difficulties may be due to the lessor or building architecture, means of communication, office space etc.
- Decision is made whether to continue the rental or not at least six months before the expiry of lease agreement.
- The time for relocation is based upon the load of work and time available with staff during the year.
- Duties are allocated well before time of shifting among employees for efficient relocation.
- Nearer the time of moving all concerned organizations are informed about the address, telephone and fax numbers.
- Before handing over the premises all bills are paid and telephone/fax lines are either closed down or moved to the new premises.

- To avoid any inconvenience a letter of handing and taking over of premises is signed by both CHIP and the landlord of the premises.
- All copies of latest paid bills along with other document of vacated premises are kept for CHIP record.

5.3.6 Travel And Accommodation Arrangements

The Procurement section makes the accommodation arrangements for official visits. Bookings are made at hotels/guest houses approved by the CEO. The arrangements for air travel shall keep in mind the following principles:

- Shortest available route will be used.
- All staff is entitled to travel on economy class.
- Chief Executive Officer is entitled to travel on business class.
- If Chief Executive Officer is traveling with other employees then it will be on CEO discretion to travel on Economy or Business Class.

5.3.7 Hiring of Services

The following considerations govern this aspect:

- In all these cases, a formal Agreement should be signed between CHIP and relevant parties (consultants, clients, etc.) with detailed TOR.
- A list of consultants shall be maintained by HR section. The following procedure is recommended:

1.	Develop Terms of Reference
2.	Identify Possible Consultant
3.	Review and Verification relevant Consultants from Pre Approved List
4.	Negotiate and Prepare Agreement between CHIP-Finally Selected Consultant
5.	Mutual Agreement and Signing
6.	Delivery of Services as per Terms of Reference
7.	Submission of Documentation As per Agreement
8.	Services Received Note

5.3.8 Authorization Chart

Agreement with consultants	CEO
Agreement with vendors	CEO
Purchase order	CEO
Accounting Entries	CEO/Chairman And Director And Company Secretary
Disbursements	CEO/Chairman And Director And Company Secretary
Receipts of Funds	CEO/Chairman And Director And Company Secretary
Payroll	CEO

- For cases involving sending CHIP staff to workshops, both local and abroad, the training must be covered by the budget and approved by the CEO.
- All employees sent to workshops or training seminars etc. must file a report with CHIP.

6. Revenue Management (finance manual chapter 6)

6.1 Delivery of Goods and Services (finance manual chapter 6)

The rendering of services shall always be documented through signed agreement between CHIP and client duly signed by CEO on behalf of CHIP.

6.2 Invoicing (finance manual chapter 6)

As soon as any particular service is rendered the copy of completion of relevant activity shall be sent to finance section by the programme persons. Finance section shall issue an invoice mentioning CHIP reference, nature of services rendered, amount, date, mode of payment etc. The invoice shall be signed by the relevant finance person whereas the cover letter shall be signed by the Manager Finance. The copy of the invoice shall be used as supporting document for recognizing revenue.

6.3 Credit to Clients (finance manual chapter 6)

For all assignments a mobilization/1st advance shall be taken from clients. Later on all the invoices shall be sent after completion of specified activity. However for clients with good credit history or good background, it is possible to render any service and then bill them for payment of services. CEO is the authority to take such a decision, if such a decision is taken it shall be reflected in the agreement.

6.4 Monitoring of Receivables (finance manual chapter 6)

It is the overall responsibility of Manager Finance and the prime responsibility of Coordinator Finance to keep a track record of receivables and especially monitoring and follow up of overdue receivables.

As part of an objective approach, all overdue receivables who fail to settle their debt either through phone calls or reminder letters, shall be offered concessions / relief either through rescheduling the payment deadlines or by waiver of a part of receivable. These decisions will only be taken by the Manager Finance in consultation with the CEO.

Receivables, that become overdue by one year, may be recommended for write off by the CEO. A detailed report for every such case shall be submitted before the Board for final approval of write off.

6.5 Receipts and Tax Deducted by Clients (finance manual chapter 6)

Control shall be established over all cash and cheque receipts which would be deposited promptly in the respective project's bank account or organization's own bank account. The Finance Section shall issue official receipt as an evidence of acknowledging of the receipt of funds. The withholding income tax, deducted by buyers out of our payments under Income Tax Ordinance, 2001, shall be monitored and recorded appropriately. The tax challan evidencing deposit of such income tax shall be obtained from the buyers within 10 days from the date of receipt of payment there from. This challan should be accounted for at the time of filing tax returns with the Income Tax Authorities.

7. Fixed Assets and Procurements (finance manual chapter 7)

7.1 Budget (finance manual chapter 7)

Fixed assets shall always be procured if the budget is available in the relevant project or from CHIP Own Funds, however in case of any emergent need of procuring any asset without availability of budget, CEO shall decide for such procurement out of CHIP funds.

7.2 Purchase Requisition Form (finance manual chapter 7)

All the purchases of fixed asset nature shall be duly approved through purchase

requisition form given in admin manual. Manager Finance in case of general office equipment items and individual employee for items being used by him/her submits Purchase Requisition form to CEO for inventory item to be added / upgraded.

7.3 Quotation & Approval (finance manual chapter 7)

Specifications of item to be purchased are drawn and finalized with the help of input from different sources (e.g. employees, users etc). CHIP purchases equipment from authorized dealers ensuring after sales service plus spare availability. Quotations are called from authorized dealers of the related item if the purchase is above PKR 20,000-. If necessary, demonstration is also requested. However, quotations may not be called, if material is being purchased from the seller whom CHIP has long term and satisfied business relations with reasonable price, fine quality and after sale services. Price plays an important role but it is not a deciding factor. After the purchase and receipt of items all documents related to the purchase of item e.g. quotations, order, correspondence with IC, delivery receipt, etc. are filed in a separate plastic folder for office record and auditors.

Value of Purchase / Service request	Required from
Up to PKR 5,000/-	Field Coordinator
Up to PKR 10,000/-	Manager Finance
Between PKR 50,000 to PKR 1,000,000	CEO
Above Rs. 1,000,001	Board of Directors

7.4 Purchase Order (finance manual chapter 7)

A Purchase Order showing name of supplier, agreed amount, specifications, attached clauses, payment terms and delivery date etc shall be issued duly signed by the approving authority.

7.5 Recognition & Capitalization Policy (finance manual chapter 7)

Minor renewals replacements, maintenance and repairs less than Rs. 5,000/- are charged as expense, as and when they are incurred, while major renewals and improvements are capitalized. Hence, an item 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. 5,000; and
- Item has useful life of more than one year.

Cost of an asset includes purchase price, installation cost, import duties, all non-refundable Governmental taxes and cost of bringing the asset into working condition. All trade discounts and rebates are deducted in arriving the purchase price. Any subsequent expenditure on non-expendable items, which extend the useful lives, enhance the capacity or substantially reduce the operating cost, shall also be capitalized.

7.6 Listing & Physical Identification of Fixed Assets (finance manual chapter 7)

At the time of acquisition, all assets shall bear exclusive identification of reference. This identification mark should be tagged and entered into Fixed Assets Register. Relevant code shall be assigned which shall also identify the donor. A register/detail in excel sheet shall be maintained for all fixed assets showing:

- Description & cost of each item
- Date of acquisition
- Location of asset

- Item Code
- Rate of depreciation and per year charge
- Accumulated depreciation

Fixed assets records must be reconciled with General Ledger on a regular basis. The finance personnel shall take a physical inventory of all fixed assets at least annually to ensure the completeness and accuracy of the records. The inventory of assets on hand shall then be compared to actual. All the differences will need to be resolved by a responsible staff member.

7.7 Insurance of Fixed Assets (finance manual chapter 7)

A comprehensive insurance will be made from a reputable insurance company as per following policy:

Vehicles:	Comprehensive at Depreciated Price
Equipment & Furniture:	Fire & Theft at Depreciated Price at CHIP Premises
Laptops:	Comprehensive (Any Where)

The insurance expense shall be charged to donors according to common cost policy.

7.8 Depreciation & Useful Life (finance manual chapter 7)

Depreciation is charged to income from the year of acquisition, and no depreciation is charged in the year of disposal. Depreciation rates reflect the useful lives of the assets. The annual depreciation rates, applied on a straight-line basis, are as follows:

Building	10%
Soft Furnishing	25%
Furniture and Fixture	15%
Computer Equipment & Mobile Phones	33.33%
Motor Vehicles	20%

The rates can be changed as and when income tax department declare any change. The useful life of an asset will be estimated after consideration of following factors:

- Expected physical wear and tear; and
- Technological obsolescence

7.9 Disposal of Assets (finance manual chapter 7)

Boarding / disposal of inventory items may be made if:

- i) the useful life of inventory item (s) has been finished and its replacement is required.
- ii) the inventory item (s) has become redundant
- iii) the inventory item (s) has become obsolete
- iv) at the time of closure of project and inventory is no more required

In first three cases, applying to vehicles or equipment with market value of more than Rs. 50,000/-, the fair market price would be assessed through invitation of closed / sealed quotations or at the book value, first right for its purchase lies with CHIP employees and thereafter the inventory can be sold to any successful bidder. For inventory item beyond repairable / obsolete or CHIP usage, may be sold to the employee or outsider by assessing the fair market value by CHIP for which offer letter should be obtained from the open market and shall determine the minimum price.

8. Book Of Accounts And Periodic Reports (finance manual chapter 8)

8.1. Details of Books and Records (finance manual chapter 8)

Since CHIP has a computerized accounting system, under which the transactions are recorded in ACCPAC accounting software, the following accounting record / books of accounts are maintained at CHIP:

- A. Sets of completed vouchers.
- B. Monthly Cash Report
- C. Quarterly General Ledger Listing
- D. Quarterly Trial Balance
- E. Quarterly Income / Expenditure Reports & Balance Sheet
- F. Payroll sheets attached with monthly vouchers.
- G. Monthly bank statements & bank reconciliation statements.
- H. Lease / rental agreement of office premises.
- I. Vehicle log books, duly signed by the Coordinator Finance
- J. Personal files of the employee.
- K. Inventory list

8.2 Physical Verification (finance manual chapter 9)

8.2.1 Fixed Asset/Inventory: CHIP would have an essential element of physical verification of Internal Control Policy. The Manager Finance will be a key person to ensure the verification of tangible assets with the records. At the end of every financial year, each office inventory and fixed assets will be reconciled with the Fixed Asset Register, which should be reviewed by Manager Finance on sample basis. The one report of reconciliation of physical verification will also be shared with the CEO in a formal meeting. In case of any theft or loss or misuse of office belongings, the report will be immediately shared with the CEO for further action.

9. Anti Fraud and Corruption (finance manual chapter 11)

Although adequate internal control measures are in place in order to avoid any fraud or corruption, never the less in case of any reporting of fraud or corruption refers to financial embezzlement or theft of capital item minimum amount of PKR 1000/- or any important legal document of the company such as original ownership papers of assets, partnership agreements, cheque books and any personnel file etc. Any fraud or corruption identified in the field office/community level and or partner level will be immediately reported to manager finance who will immediately inform CEO. CEO will form an inquiry committee to investigate the matter and prepare a fact-finding report within 24 hours. The composition of inquiry committee may have senior managers or any reliable field staff as well depending on the volume of fraud or corruption. In the event of any fraud or corruption at the head office level, the information will be immediately shared with the CEO who will immediately inform company secretary and Chairperson of Board of Directors. An inquiry committee will be formed to prepare a fact-finding report. There will be zero tolerance if fraud or corruption will be confirmed. The following measures can be taken in case of confirmation of the fraud or corruption:

- Termination of the staff employment agreement
- First information report in the respective police station
- Legal proceedings in the Pakistani Court.

The inquiry committee will try to recover the principle amount or capital asset or legal document through adopting any of the above measures.

10. Procurement Procedure for Infrastructure Related Projects

CHIP field offices facilitate the community mobilization process in remote villages and organize communities into Village Coordination Committee and or Community Organization (VCCs/COs). Also

helps them analyze their communal problems, prioritize and prepare village development plans accordingly. VCCs/COs also identifies sources, which can be contacted for acquiring resources for the implementation of village development plans.

During one of the meetings, VCC/CO identifies the need for construction/rehabilitation of infrastructure related project(s) as per their village development plan. The meeting passes a resolution, which has to be signed, by at least 70 % of its executive body. The resolution includes the following:

- Type of proposed infrastructure related work
- Location of proposed infrastructure related work
- Land ownership where proposed infrastructure related work needs to be done
- Possibility of transfer of land ownership in the name of VCC/CO for public welfare
- Number and type of direct beneficiaries from the proposed infrastructure related work
- Signatures of at least 70 % of its executive body members

Once the resolution has been passed, the designated VCC/CO representative arranges for the affidavit, which stipulates land transfer in the name of VCC/CO for public welfare. The affidavit is to be attested by relevant government land transfer agent (PATWARI).

The original resolution is to be submitted to the UCMBO while copy is retained by VCC/CO. The UCMBO executive body develop consensus for its implementation and submits this to CHIP field office for necessary action.

CHIP field office verifies the application on the basis of baseline/situation analysis survey and if it is in alignment with the baseline/ analysis report, CHIP field office asks VCC/CO through UCMBO to submit a formal written resolution-requesting CHIP to facilitate implementation of the requested infrastructure project. It is mandatory that the resolution be endorsed by at least 70% members of requesting VCC/CO.

On the basis of resolution by VCC/CO, UCMBO is asked to prepare and submit the village profile and map according to an already approved format to CHIP field office. Which further submits this to Project Coordinator for arranging for technical help and cost estimates of the proposed infrastructure project.

If CHIP already has a full time civil engineer available than the technical proposal and cost estimates are prepared by him and if CHIP does not have a civil engineer available than services are hired for the said task of technical feasibility. (The technical feasibility includes: lay down design, list of required materials including specification of local materials with specification of quality and quantity.)

The technical feasibility is submitted to procurement department of CHIP to identify vendors and collect quotations with complete transportation, loading and unloading costs etc. The procurement department prepares the cost estimates and shares it with the civil engineer who guides the procurement department if any adjustments/revisions are needed. Procurement department shares the final technical proposal and cost estimates with the concerned Project Coordinator.

The Project Coordinator shares the cost estimates with the finance department of CHIP, who reviews and confirms if the budget is available to implement the feasible project and shares this again with the Project Coordinator. The Project Coordinator shares this further with CHIP field office.

CHIP field office shares the technical feasibility and cost estimates with the VCC/CO to acquire consensus on:

- (a) Technical design
- (b) Estimated costs
- (c) List, quality and quantity of materials to be used
- (d) Amount and type of community contribution to be made
- (e) Participation in the procurement process

If there is any constructive feedback of the community on the technical design, it is to be incorporated in the final layout. If there is any change in the quantity and quality of the required materials then updated technical design needs to be shared with procurement department for re-calculating financial

costs. The revised final financial costs are then reconfirmed from finance department in relevance to the availability of budget. The final technical design and estimates are shared with CHIP field office for onward sharing with UCMBO and VCC/CO.

CHIP field office forwards the final design and final cost estimates to UCMBO and VCC/CO and sign Memorandum of Understanding to endorse the following:

- a. Final technical design
- b. Final cost estimates
- c. Final list, quality and quantity of materials to be used
- d. Amount and type of community contribution to be made. CHIP field office facilitates VCC/CO in arranging the community contribution and its documentary proof
- e. Participation in the procurement process. A procurement committee be formed which comprises of one person from VCC/CO, one person from UCMBO, one person from CHIP field office and one person from CHIP head office.

Once the MoU has been signed and above mentioned documents have been endorsed with all necessary action under point c and e, CHIP field office submits the complete file containing the following documents to their respective Project Coordinator to coordinate the official approval process:

- A formal material request form containing final list, quality and quantity of materials for the procurement
- a. Village profile
 - b. Village map
 - c. Technical design
 - d. Cost estimates
 - e. Resolution by the community
 - f. Proof of community contribution
 - g. Photos of pre-construction situation
 - h. Type and number of direct beneficiaries with specific information about benefits to women, elderly, children and disabled.

The Project Coordinator submits the file to Procurement Department for further processing. The procurement department forwards the complete file to CEO for final approval.

The approval is communicated to the Project Coordinator who further communicates this to CHIP field office, who is to fix a date and availability of procurement committee for actual procurement.

If total estimated cost is above PKR 20,000 than the procurement committee collects at least three quotations from three different vendors/suppliers and a comparative statement is prepared and recommendations are made on the basis of the received quotations. If the estimated cost is above PKR 20,000 then the comparative statement is shared with the CEO and approval is sought.

If the estimated cost is below PKR 20,000 than the procurement committee purchases the required materials as per specified quality after surveying the market and acquiring competitive price.

Purchase order mentioning all the terms and conditions / specifications / payment schedule and timelines etc. is issued to selected vendor for supplying the requested/required material.

The vendor supplies the material as per specified quality and quantity and gets the signature on three copies of delivery note (one copy for vendor's own record, one copy for CHIP head office and one copy for VCC).

The procurement committee members of respective VCC/CO receive the supplied material and also sign the delivery note. CHIP field office is to visit the area and verify the quality and quantity of the supplied material and send a confirmation note to Procurement Department in CHIP head office.

The vendor submits the bill of the supplied material along with the copy of delivery note to CHIP field office for the release of payment. CHIP field office is to undertake site visit(s) and get feedback from UCMBO and VCC about the quality and quantity of materials. CHIP Field Office requires to take a no objection note from UCMBO and VCC/CO and to insert its comments on the note as well.

CHIP field office is required to submit the following documents to Procurement Department for arranging the release of payment:

- (a) Bill
- (b) Delivery note
- (c) No objection note by UCMBO, VCC/CO
- (d) Site visit observations as a confirmation against no objection note of UCMBO, VCC/CO

The Procurement Department analyzes the above documents, compares the bill with the purchase order, approved design, cost estimates and forward the file to finance department for arranging approval.

Different technical persons like civil engineer, internal auditor and finance department are to conduct monitoring visits to verify the quality and quantity of the material. Civil Engineer undertakes visits to extend technical guidance and ensure quality of construction and timely completion of the project.

Project completion report is to be prepared by CHIP field office in consultation with UCMBO and VCC/CO and submit this to Project Coordinator in CHIP head office to arrange for the release of payment to vendors if any payments are pending.

List of formats utilized in the procurement process:

#	Type of Formats
1.	Level of Efforts for Rehabilitation of Infrastructure
2.	Village Profile
3.	Checklist for Village Map
4.	Quantities of Materials
5.	Design
6.	Implementation Guidelines
7.	Checklist for Monitoring
8.	Checklist for Completion Report
9.	Material Request Form
10.	Delivery Note
11.	Good Receipt Note
12.	Comparative Statement of Quotations
13.	Purchase/Work Order
14.	Request for Quotation

Types of Positions Involved in the Procurement Process

#	Positions Involved in the Procurement Process
1.	Representative of VCC/CO
2.	Representative of UCMBO
3.	Designated Staff of CHIP Field Office
4.	Designated Staff of CHIP Head Office
5.	Finance Manager
6.	CEO
7.	Project Coordinator
8.	Civil Engineer
9.	Vendor
10.	Internal auditor

11. Conflict of Interest

Any position working on a full time or part time basis in CHIP is not authorized to seek any personal benefits from any procurement of goods or services. All procurements would be done through a laid down procedure as described in company's approved policy documents. All employees working full time or part time with CHIP must read, complete, sign and return conflict of interest declaration form attached in Annex 6 in Procurement Manual.

Annex 1(a): Purchase Request Form

Requisition#: _____

Name : _____	Designation : _____
Delivery Location : _____	HO/FO: _____
Date of Requisition : _____	Required Date: _____

S. No	Description	QTY	Procurement Section	
			New/Stock	Approx. Unit Cost

Justification: _____

AVAILABLE BUDGE	CHARGE TO(BUDGET REFERENCE) HEAD REF NUMBER AND DESCRIPTION)	PROJECT NAME

Requested By: _____ **Signature:** _____ **Date:** _____

Verified By: _____ **Signature:** _____ **Date:** _____
 (Finance Section)

Approved By: _____ **Signature:** _____ **Date:** _____

Admin /Procurement Section

Received By
 Name: _____ **Signature:** _____ **Date:** _____

Note: If items are available in the stock, it will be provided immediately, otherwise please allow 3 to 12 working days for procurement

Annex 1(b): Quotation Format

Name of the Vendor

Address:

Contact:

Fax:

Email:

Sales Tax/GST Reg. No: _____

Name of Contact Person

Civil Society Human & Institutional Development Programme (CHIP)

CHIP House Plot# 5, Fayyaz Market, Street 9, G-8/2, Islamabad

Ph: + 92 51 111 111 920

Fax: +92 51 2280081

Email: info@chip-pk.org

Quotation

Date: _____

S#.	DESCRIPTION	QTY	UNIT PRICE	TOTAL
	SPECIFICATION OF THE ITEM			
TOTAL				

Name of Vendor: _____

Signature: _____

Annex 1(c): Comparative Statement

S#.	DESCRIPTION OF ITEM	QTY	UNIT MEASURED	UNIT PRICE		
				VENDOR 1	VENDOR 2	VENDOR 3
TOTAL						

Appropriate vendor is: _____

Prepared By
Procurement Coordinator

Annex 1(e): Goods Receipt Note

Date: _____

Description: _____

Supplier: _____ **Signature:** _____

Quantity: _____

Received above mentioned Item(s) in satisfactory condition

Received By:

Name: _____

Signature: _____

Annex 1(f): Stationary Requisition

Charged To:

Date:

S.#	ITEM DESCRIPTION	UNIT	QUANTIT Y REQUIRE D	FOR PROCUREMENT USE ONLY	
				QUANTITY ISSUED	QUANTIT Y BALANC E

Requested By Name: _____

Signature:

Issued By Name: _____

Signature:

Received By Name: _____

Signature:

Note: If stationary is available in the stock, it will be provided immediately otherwise Please allow two days for procurement.

Annex 1(g): Delivery Note

ORIGINAL

Delivered To	
D.C #	
Date	

From
CHIP House, Plot No. 05 (Fayyaz Market) Street No. 09, Opposite National Institute for Handicapped G-8-2/2, Islamabad PAKISTAN

Detail of item delivered is as under:

#	Item Description	Product Serial #	Qty	Remarks

Received The Above Item(S) In Satisfactory Condition.
SIGNATURE OF THE RECEPIENT
NAME:
DATE OF RECEIVED:

Authorized By(Name): _____
Signature: _____
Delivered By (Name):: _____
Signature: _____
Date of Delivery: _____

Annex 1(h): Acknowledgement Receipt

I Mr.

Has received a sum of Rs

On account of

Dated _____

Signature:

Name: _____

CNIC #: _____

Date: _____

Verified By

Signatures: _____

Date: _____

Annex 3: Service Request Form

Service Number: _____

This section to be completed by the applicant.

Name:

Designation:

Date Submitted:

Description of Problem:

Type of Service Required:

- I.T Service
- Electrical Service
- Furniture Service
- Vehicle Service
- Security Service
- Cleaning Service

• **If any other, please mention:**

Requested By : _____ Signature: _____ Date: _____

Approved By : _____ Signature: _____ Date: _____

Received By: _____

Admin Section: _____
(Signature & Date)

Annex 4: Travel Request Form

Civil Society HID Programme (CHIP)			
Travel & Hotel Stay Request Form (For Staff, Partners and Others)			
<i>(To be submitted minimum 3 days before travel)</i>			
Visit of:	Staff <input type="text"/>	Partners <input type="text"/>	Others <input type="text"/>
Visit / Purpose:	_____		
Place of Visit	_____		
Visit Dates (Start-End):	_____		
Travelling Request:			
By Air	<input type="text"/>	CHIP Vehicle	<input type="text"/>
			Rented Car <input type="text"/>
In Case of CHIP Vehicle	Start Meter reading	<input type="text"/>	End Meter reading <input type="text"/>
Start of Journey	(Date, Time & Flight Number) _____		
Return (Date, Time, Flight Number)	_____		
Hotel Stay Request:	_____		
Stay of:	CHIP Staff <input type="text"/>	Consultant <input type="text"/>	Partner/Others <input type="text"/>
	Male <input type="text"/>	Female <input type="text"/>	Single Rooms: <input type="text"/>
			Twins <input type="text"/>
At:	Hotel <input type="text"/>	Guest House <input type="text"/>	Other (specify) <input type="text"/>
Check in date & approximate time:	_____		
Check out date & approximate time:	_____		
Preferred Payment Mode:			
Bill to CHIP	<input type="text"/>	Cash	<input type="text"/>
			Credit Card <input type="text"/>
Approximate Cash Needed	<input type="text"/>		
Submitted By & Date	_____		Approved by
			Chief Executive Officer Director
<i>Finance Section</i>			
Received Cash Amount Rs.	_____ Rupees _____		
Payee:	_____ Finance Officer: _____		
<i>Procurement Section</i>			
Received in Admin	_____		Procurement Officer
1	Travel reservation fax sent/Driver informed (attach copy):	<input type="text"/>	
2	Travelling reservation confirmed (attach copy):	<input type="text"/>	
3	Hotel Reservation fax sent (attach copy):	<input type="text"/>	
4	Hotel Reservation confirmed (attach copy):	<input type="text"/>	
5	Arrangements informed to individual:	<input type="text"/>	
Please attach sheet(s) consisting individual's and organization's name for group reservations / travel.			

Annex 5: Consultancy Request Form

Consultancy Request Date: _____ Requested by: _____

Nature of Services to be rendered:

Designation _____

Nature of Services to be Rendered:				
Duration of Consultancy Tentative Dates):				
Frequent travel	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Consultancy Completion Report	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
MOVs Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

The above section will be fulfilled by HR Section

As per Consultant List :			
Name	_____	_____	_____
Relevancy of education & work Experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost Effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willing for Consultancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: If no one is willing to take this assignment, advertise this consultancy

The above section will be fulfilled by HR Section

This consultancy is awarded to Mr/Ms _____ on the following basis:			
Competitive Rate	<input type="checkbox"/>	Relevant Knowledge	<input type="checkbox"/>
Relevant Exposure	<input type="checkbox"/>	Past Experience with CHIP	<input type="checkbox"/>
Able to Deliver in Required Time	<input type="checkbox"/>	Others (specify)	<input type="checkbox"/>

The above section will be fulfilled by Program Section after communication and negotiations

Approved by: Name _____ Signature _____ Date _____

Annex 6: Conflict of Interest Disclosure Form

All employees working full time or part time with CHIP must read, complete, sign and return this form.

1. CONFLICT OF INTEREST DEFINED

In general, conflicts of interest relate to the potential for self-gain usually, but not always, of a fiscal nature. Potential for self-gain can serve to undermine the judgment or objectivity of a person such that its mission and dedication to CHIP values and activities are compromised. Furthermore, not only bias, but the appearance of bias, may undermine public trust in CHIP and may prove harmful to the Company's reputation.

A potential or actual conflict of interest exists when commitments and obligations to CHIP or to widely recognized professional norms are likely to be compromised by a person's other interests or commitments, especially economic, particularly if those interests or commitments are not disclosed.

If any employee that is likely to be part of procurement of goods or services, below, these persons should be referred to as "Disclosable Persons."

2. ILLUSTRATIVE CONFLICTS OF INTEREST

Below is an illustrative list of situations and actions that should be disclosed because they can be viewed as potential conflicts of interest.

- 2.1 Accepting financial benefits or special favours from companies or individuals who could be potential vendors or service providers
- 2.2 Purchasing goods or services from the company in which respective employees's immediate family has a financial, managerial, or ownership interest in the company. Dependents, the spouse, and all members of the household are considered members of the immediate family. Circumstances or relationships that must be disclosed or resolved as to a Company usually must also be disclosed or resolved if the Company knew or should have known that a member of his or her immediate family had such a relationship.
- 2.3 Providing privileged or otherwise special access to information to someone for personal benefit.
- 2.4 Purchasing of equipment, instruments, or supplies from an entity in which any of the full time employees member has a significant financial or other interest.

3. CERTIFICATION:

I hereby certify that, except as disclosed below, to Company's knowledge, there are no situations or actions that would violate the list of illustrative conflict of interests with my anticipated duties:

- 3.1 Disclosable Person is not involved or engaged in any private business venture or enterprise, directly or indirectly, with any CHIP's employee or Board member or his or her family member;

3.2 Neither me nor my family member owns or has a material personal business transaction with Company; and

3.3 It appears that I am in some situation or actions that might be regarded as potential conflicts of interest with my expected duties in CHIP. Details of each of these situations and/or actions are as follows (if necessary, continue on another sheet):

Yes _____

No _____

Conflict of Interest Disclosure

Name of employee, board member, or family member with whom there may be a conflict of interest (“Disclosable Persons”)

Nature of the potential conflict(s)

I agree to notify CHIP, promptly if any new situation or actions that might be regarded as a potential conflict of interest with my duties in CHIP.

[ENTER NAME OF EMPLOYEES]

By (Sign): _____

Full Name (Print)

Title

Date