



Trust for Democratic Education and Accountability

Annexure-D
Final Report for Detailed Assessment
(Awaz Centre for Development Services)

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Disclaimer –

UHY Hassan Naeem & Co., Chartered Accountants (“here-in-after referred to as UHY”)

This report relates to the assessment of Awaz Center for Development Services (“here-in-after referred to as Awaz CDS”) based on the criteria and scope established and agreed between TDEA and UHY. Our report is solely for the use of TDEA and is not to be used for any other purpose or to be distributed to any other parties. Our report is based on the information and records provided to us by Awaz CDS.

Our assessment neither constitutes an audit nor do we express any assurance on the financial and other data of Awaz CDS. Our Overall as well as core areas risk assessment is based on our professional judgment keeping in view the control environment prevailing at Awaz CDS at the time of our field visit and based on information and records made available to us by Awaz CDS. Although, we have exercised due care in the execution of this engagement, we shall not be held responsible for any loss or liability due to any inaccuracies or omissions reported or from the results derived from our report.

The management of Awaz CDS is responsible for establishing and maintaining systems of internal control and financial management. This engagement does not diminish the financial and operational responsibilities of the management of Awaz CDS for the proper execution and control of its activities. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

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Methodology

To determine the eligibility of an Organization, TDEA will carry-out thorough assessments of the Organization to evaluate the internal control systems of the Organization. The assessment will cover the understanding of the systems, findings of transaction testing and walkthrough tests to analyze the overall effectiveness of the internal control system. Subsequent to the identification of weaknesses in the system and controls, risk rating will be furnished to each of the instance to reach the overall level of risk at the Organizational level.

Following are the key areas to be evaluated in order to achieve the desired results.

1. Financial management
2. Procurements
3. Human Resources Management
4. Compliance, Controls and Data Management
5. Competitiveness

Following assessment table is designed for determining the overall standard of internal control structure including the control environment, accounting system and control procedures, accounting, record keeping and overall financial management system, management structure, personnel policies and procedures, procurement policies and procedures, inventory management systems and compliance with grant agreement terms and applicable laws and regulations and institutional framework for sustainability.

1. Assessment Snapshot

Overall Risk Assessment:

Risk area	Risk assigned
Governance	Low
Financial management	Low
Budgeting and financial management	Low
Accounting	Low
Financial Reporting	Low
Procurement	Low
Human resource management	Low
Compliance, Controls and Data Management	Low
Organizational Competitiveness	Low
Overall Risk Assessment	LOW

1. Governance

LOW RISK

- Organization has a strategic plan which clearly defines its goals.
- Roles and responsibilities of Management Committee and Executive Committee have been clearly defined in the Policies and procedures of the organization.
- General Committee meetings are held as required by Charter.
- The organization has developed its overall policies manual and the same have been approved by the Board.
- The organization is not involved in any law suit.
- The mission, vision and objectives statement of the organization has been communicated to all staff.
- There is one third/3 women representation in the General Body.
- Board as well as senior management team actively reviews financial and non-financial performance of Awaz CDS.
- Management annually reviews and checks key control activities.
- Board has constituted various management committees for proper functioning.
- Awaz CDS has an implemented policy of conflict of interest.

2. Financial management

LOW RISK

Budgeting

- Annual budgeting and its continuous review and revision according to the changed circumstances is in practice.
- Project based budgeting is also carried out.
- The organization has annual procurement plan.

Accounting

- Proper General Ledgers as well as secondary records are maintained.
- Awaz CDS keeps updated and accurate record of all stock movements and record is supported by appropriate documentary evidences.
- Proper segregation of duties was observed in the overall accounting function.
- There is a proper system of delegation of financial powers.
- The organization maintains proper record of fixed assets.
- Endowment fund has not been created, although the policy exists.
- Awaz CDS records manages and monitors its known liabilities.
- A proper system of vouchers is in place.
- Awaz CDS prepares monthly bank reconciliation statements.
- Withholding tax is being deducted as per income tax law.
- Awaz CDS submits its income tax statements and annual income tax returns regularly.
- Awaz CDS has been registered with the EOBI and contributes the due share with EOBI.
- The organization also has a petty cash policy which is being complied with.
- The organization has a common cost policy.
- Based on our walkthroughs and transaction testing of payroll preparation and disbursement, bank reconciliations and cash payments, we noted that policies and procedures were duly complied with.

Reporting

- Awaz CDS has clear internal reporting guidelines.
- Audited financial statements up to year ended June 30, 2014 were available.
- All internal and external reports generated by the Finance Section are sent to the Board for its review.

3. Procurements

LOW RISK

- Detailed policies and procedures are in place.
- A justified Purchase requisition is required for all the procurements.
- Comprehensive competitive procurement practices are in place.
- Separate levels of Procurement Committees have been defined for different amount levels.
- Purchase Orders are used for procurements.
- Payments are duly processed and are made on the basis of proper documentation like GRNs, invoices, etc.

- Awaz CDS prepares annual procurement plan.
- Awaz CDS has policy for ad hoc/emergency purchase.
- Prequalified vendors lists are maintained on regular basis.
- Based on our walkthroughs and transaction testing of procurement of fixed assets, services and expendable goods, we noted that policies and procedures were duly complied with.

4. Human Resources Management

LOW RISK

- Detailed policies and procedures have been developed.
- Awaz CDS is an Equal Opportunity Employer.
- Separate level interview committees have been formed for hiring of different levels of positions.
- Awaz CDS has a performance assessment policy which has been implemented.
- Different salary scales and staff grades are in place.
- Written employment contracts and job descriptions are in place.
- Staff personnel files are being properly maintained.
- Proper attendance records are being maintained.
- Awaz CDS use time sheets signed by staff and the supervisor for payroll processing and charging salaries to multiple projects.
- Salaries are paid via banking channels.
- Awaz CDS provides provident fund to staff as verified from salary sheet.
- Awaz CDS is an equal opportunity employer and to ensure gender balance policy encourage women for employment. Women representation is 25 in total staff of 76.
- Awaz CDS has in place Sexual harassment policy and disciplinary committee.
- Women are provided with conducive environment and facilities.
- There is a proper conflict of interest policy for employees.
- Awaz CDS hires short term and long term consultants in line with the policy.
- Based on our walkthroughs and policy testing of hiring of employees and firing of employees, we noted that policies and procedures were duly complied with.

5. Compliance, Controls and Data Management

LOW RISK

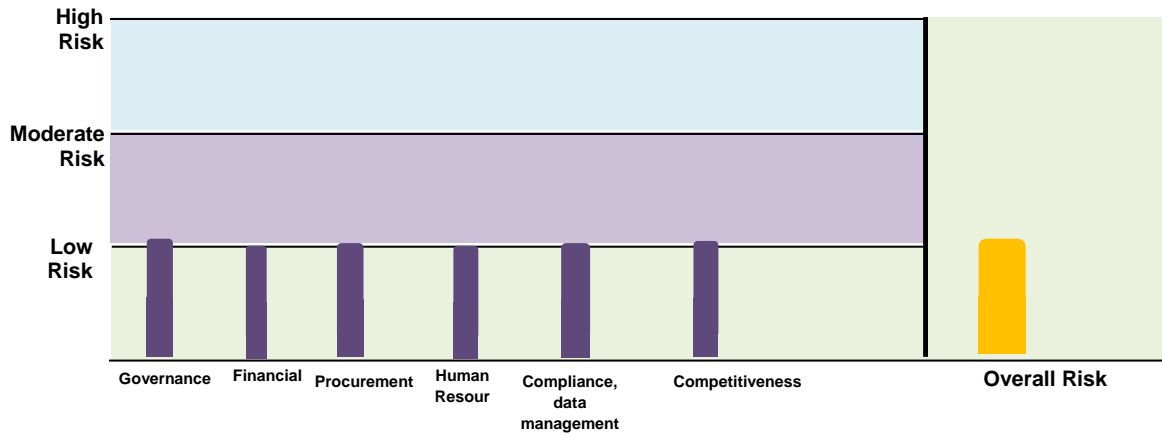
- Detailed internal audit policies have been developed and implemented.
- Internal audit department has been outsourced which carries quarterly internal audits on regular basis and the latest available internal audit report was available up to March 31, 2015.
- Approved internal audit plans are formulated.
- There are proper IT policies for backup of key data.

6. Organizational Competitiveness

LOW RISK

- Board has a future focused strategic plan which clearly defines the results.
- Competent staff prepares the proposals.
- Awaz CDS has anticipated and identified potential funding sources in its anticipated budget for 2015-2016.
- Organization has won 28 proposals out of a total of 34 submitted proposals.
- Organization has met the performance measures as evident from anticipated budget 2014-2015 and annual reviews.
- Awaz CDS has conducted internal review for the assessment of its previous year's activities and outcomes.
- Awaz CDS has received consistently positive feedback from its donors and engages regularly and productively with them
- Organization has collaboration with Government of Punjab on project of Saaf Pani.

Snapshot of Grantee Risk Rating



2. Overview of Proposed Grantee

Grantee's Introduction

Key Facts	
Year of Establishment	1995
Experience in Years	20 years
Corporate Structure	Society Act
Specialty / Key Focus Areas	The Statutory mandate was “ To help promote the development of a socio economic and politically sound society and to improve the living standards of rural and urban slums populations in southern Punjab of Pakistan”
Number of Employees	76
Maximum Value of Grants Managed	Rs. 105 million for TVET Project by CARE International for the period November 2012 to June 2015
Total Asset Base	Rs. 25.534 million (Audited accounts for the year ended June 30, 2014)
Geographical Spread	Southern Punjab
Office Address	H # 2440 / N / 8 A, D Block New Shamsabad Colony Multan
Contact Information	Zia ur Rehman 061-4585471-3 info@awazcde.orapk

Awaz Foundation Pakistan: Centre for Development Services (Awaz CDS-Pakistan)

Awaz Foundation Pakistan: Centre for Development Services (Awaz CDS-Pakistan) was founded in 1995 in Multan, Pakistan. The statutory mandate was “to help promote the development of a socio-economic and politically sound society and to improve the living standards of rural and urban slums populations in Southern Punjab of Pakistan.” However, it is registered under the Societies Registration Act, 1860, (Act XXI of 1860) as a not-for-profit organization having mandate to operate in the entire Pakistan. Presently, it is operational in 15 districts (53 Tehsils) of Southern Punjab.

The primary objectives for which Awaz CDS is established are:

- (i) To provide essential health and hygiene education and services in the program areas;
- (ii) To enhance literacy and education particularly among girls and women in the program areas,
- (iii) To empower people, especially women through group training and networking;
- (iv) To reduce poverty by providing training, initiating area specific income generation programs;

- (v) To conserve local environment by taking appropriate measures and providing services.
- (vi) To conduct research and undertake policy level advocacy on related themes; and
- (vii) To facilitate mechanisms which promote tolerance, social harmony and peace in society
- (viii) To facilitate disaster affected communities through rescue, relief, early recovery, rehabilitation reconstruction initiatives
- (ix) To initiate disaster risk reduction processes and promote climate change adaptation in the marginalized communities

Awaz CDS has worked with various donors including USAID, Oxfam Novib, CARE International, Rutgers WPF, British Council, Trust for Democratic Education and Accountability (TDEA), Free and Fair Elections (FAFEN), Pakistan Poverty Alleviation Fund (PPAF), THE ASIA FOUNDATION, Punjab Govt. and SHELL.

Governance:

Organization has a strategic plan which clearly defines its goals.

The vision of the Awaz CDS is “A democratic, prosperous and peaceful society by working together with local, national, regional, international bodies and partners.

The mission of the Awaz CDS is to develop and provide integrated and innovative solutions in cooperation with local, national, regional, international bodies and partners which foster action and change for securing the future of the marginalized community.

General Body of AWAZ CDS , which is its supreme body, consists of seventeen (17) members.

There is also a seven members Board of Directors comprising of individuals representing various social, political, educational, intellectual, academicians, legal and environmental professionals who are liable to set policies for Awaz CDS and exercise regular oversight and supervision of its finances, operations and activities. As in case of General Body, Board of Directors also have one third women representation.

The Founding Chairman and the Chief Executive of Awaz CDS is Ex-officio Secretary of the Board but without any power to vote.

Roles and functions of Board and management have been defined in Article of Association.

Annual meetings of the Board are held once in every year within six months from the date of closing of the financial year (not more than fifteen months after holding of the last preceding general meeting) in line with the charter.

The important matters discussed in meetings held during the last three (3) years were as follows.

20th Meeting of AwazCDS Board of Directors held on February 28, 2015

- Review and Approval of the Annual Audit Report July 2013-June 2014
- Approval of the Annual Budget for the period July 2015- June 2016
- Closure of dormant Awaz CDS project accounts
- New Board members for Awaz Cds Board

19th Meeting of AwazCDS Board of Directors held on May 31, 2014

- Review and Approval of Annual Audit Report for the period July 2012-June 2013.
- Review and Approval of Amendments in Policies & SOPs
- Review and Approval of employees provident fund rules and trust rules.
- Approval of the annual budget for the period July 2014-June 2015.
- Selection of the external auditor.
- Discussion about creation of a trust /recourse centre to support the poor and marginalized people with legal services.

18th Meeting of AwazCDS Board of Directors held on April 6, 2013

- Confirmation of the last meeting minutes
- Confirmation of New Board Members
- Election of Chairperson and Treasurer
- Approval of sale of old vehicles
- Approval of annual budget for the period July 2013-June 2014
- Selection of the external auditor

Senior management team comprises of Head of Units as described in Organogram below, and it is headed by Chief Executive. Important matters discussed during the meetings of Senior Management Team were as follows:-

Senior Management Team Meeting of AwazCDS held on May 7, 2015

- Discussion on financial status of all programs and their spending.
- Donors/ partners' issues regarding late contract signing and delaying in work plans.
- Discussion on “ After 2015 New Development Agenda sharing by donors for Pakistan”.
- Sharing of Responsibilities among the Senior teams in the absence of Ms Sadia (Manager Strategic Planning and Partnership).
- Discussion of date and preparation of upcoming Board of Directors meeting.
- Discussion on policies and procedures.

Senior Management Team Meeting of AwazCDS held on January 5, 2015

- Discussion on Staff remaining outstanding/ staff benefits
- Registration of NGOs .
- Audit updates
- Complaint system of Awaz CDS
- Communication lines protocols .
- Media communication
- HR issues
- Punjab Saaf Pani Project
- Discussion about URRAN Election week project
- FIS and HRIS

Senior Management Team Meeting of AwazCDS held on September 29, 2015

- Discussion with HR on the issuance of appointment letters to staff.
- Discussion on the reasons of delayed external audit.
- Delay in Auction of some assets.
- Discussion with FM on sharing of financial reports.
- Updates on MIS.

Senior Management Team Meeting of AwazCDS held on July 1, 2014

- To discuss the matter of staff recruitment and procurement for

- YING/EDACE Project.
 - To discuss PPAF financial matters.
 - To nominate PMs as per Strategic theme.
 - To share the status of HRIS & FIS.
 - To share progress of HELPAGE project

Management annually reviews and checks key control activities.

In 2002, a comprehensive Governance System, Policies & Procedures were formulated and were duly approved by the Board of Directors. A copy of the approved Policies and Procedures were also submitted to the Registrar of the relevant registration authority in Multan.

In 2007, the policies were revised in the light of rapid changing realities and to cater the growing needs of Awaz CDS. The current version of the Policies and SOPs is called Version-4 and the same have been approved by the Board for enforcement starting January 2012.

It is verified from policies and procedures that Board has developed and implemented clear policies to guide operational leadership and the responsiveness of the Awaz CDS's services.

Awaz CDS is not involved in any lawsuits as per written representation given by them.

Awaz CDS has constituted a management committee comprising of heads of :-

- Finance,
- Human Resource,
- Administration,
- Procurement,
- M&E Program

The management committee is headed by the Chief Executive which is responsible for monitoring progress and to make recommendations for the coming month.

There is an implemented policy of conflict of interest that employees shall not be involved in awarding benefits, contracts or employment to any person with whom they have financial, family or personal interests and they are also prohibited from accepting, soliciting, requesting or implying expectations of payment, gifts, or sexual favors in exchange for awarding benefits, contracts or employment.

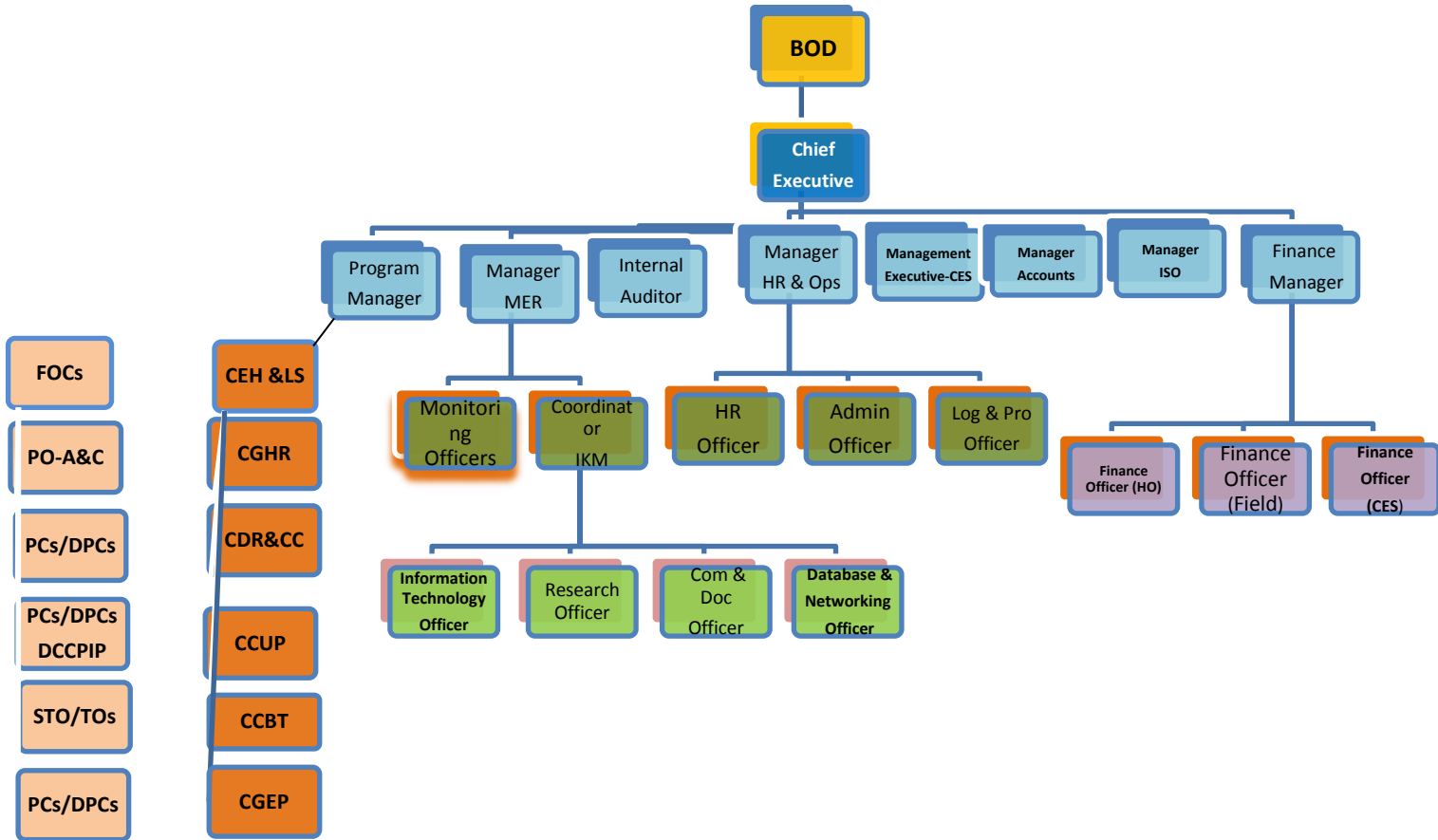
No instances of conflict of interest disclosures have been reported in the meetings of Board of Directors.

No instance of refusal by members from participation in the matters where conflict of interest exists has been reported.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

Organogram:



3. Assessment of Key Functions

Assessment Workflow

In order to assess the potential grantee on different operational areas (including but not limited to financial management, procurement and human resource), we have relied on five tools. These include:

- Enquiries and interviews,
- Review of documentation,
- Use of system review check lists / questionnaires
- Walkthroughs in order to evaluate the system in place, and
- Substantive testing

3.1 Financial Management

Financial resources and management are critical for the health and effectiveness of an Organization. It is necessary for the growth, efficiency and effectiveness for planning and consumption of resources towards the achievement of the mission and objectives of the Organization.

Financial Management comprises of

- a) Planning and budgeting for activities
- b) Accounting
- c) Financial reporting

Budgeting and Financial Planning:

As a part of monitoring funds and expenses, Awaz CDS prepares the following Budgets:

- Revenue Expenditure Budget
- Capital Expenditure Budget

The Organizational Budget is prepared in accordance with the requirements with the support of respective Heads of Units i.e. Managers - Finance/ Admin/ Program /Regional and Field Offices.

The project/program budgets are prepared in accordance with the guidelines provided by the donor agency. Yearly budget is approved by the Board and program operates within the approved budgets.

The budget is monitored regularly and compared with actual results. A mid-year review of budget is made in the light of actual results. The budgets are also compared with actual figures and variance report is generated.

Anticipated Capital Expenditure and annual organizational budget is prepare in line with the strategic plan.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

Accounting:

The accounts are prepared under the historical cost Books of accounts are maintained on unlicensed accounting software namely micro sys provided by the donor (PPAF). However, as per the management's representation, new licensed accounting software (FIS) will be operational from July 1st, 2015 which is funded by CARE International.

The financial year is from July 01 to June 30).

Awaz CDS maintains flexible and appropriate chart of accounts.

Awaz CDS keeps updated record of all stock movements and record is supported by documentary evidences.

Inventory is measured in the accounts on "First in First out" (FIFO) basis. Segregation of duties is ensured and the person responsible for maintaining the inventory is not made responsible for functions of purchase, recording etc.

At the end of each year, the stores section carries the physical count of the inventory in hand. Differences, arising out of such stock count are properly investigated and a report is prepared for review and follow-up.

Financial powers have been delegated as per the following matrix;

Amount (PKRs)	Limits	Procurement Committee	Procurement Requirements
< or equivalent to 5,000		Manager HR and Manager Ops	No quotation required
5,001- 500,000		Finance Manager , Manager HR & Manager Ops, Relevant program incharge	Minimum five sealed quotations required from local market or selected vendors
500,001 to one million		Finance Manager ,M HR & Manager Ops, Relevant program incharge, Expert in relevant field (if other procurement committee does not have relevant expertise)	Minimum five sealed quotations required from local market or selected vendors
One million to < three million		Finance Manager, M HR and Manager Ops, Relevant program incharge, Expert in relevant field (if other procurement committee does not have relevant expertise)	Local tendering At least three sealed tenders should be received otherwise/retendering will be initiated or negotiation with concerned funding partner and available vendors
Three million to twenty million		Chief Executive, (Head) Finance Manager, M HR and M Ops Relevant program incharge, Expert in relevant field (if other procurement committee does not have relevant expertise)	Nationwide tendering At least five sealed tenders should be received otherwise retendering will be initiated or negotiation with concerned funding partner and available vendors
Twenty million or above		Chief Executive, (Head) Finance Manager, M HR M Ops, Relevant program incharge, Expert in relevant field (if other procurement committee does not have relevant expertise)	International tendering At least five sealed tenders should be received otherwise retendering will be initiated or negotiation with concerned funding partner and available national and international vendors

The table below shows segregation of duties as per policy:

Person Who	Shall Not
Prepares Vouchers	Approve Vouchers
Prepares Cheques	Sign Cheques
Has Access to Blank Cheques	Post Payments to the Ledger
Prepares Bank Deposits or Records Cash Receipts	Prepare Bank Reconciliation
Is responsible for the Physical Security of Assets	Perform the Physical Inventory of Assets
Maintain Driver Logs	Monitor Fuel Usage

Awaz CDS maintains bank account for day-to-day operation approved by the Board of Directors. Each program / project maintains a separate bank account.

Following is the list of bank accounts along with their signatories:-

A/C Title	A/C #	Bank	Signatories					
			Name	Design	Name	Design.	Name	Design.
Awaz CDS	0133149 0005254	FBL	Zia ur Rehman	CE	Mian M. Asim	Manager Finance	M. Mumtaz Khan	Member BOD
Network for Community Empowerment (Project Account)	0014105 8600007 -3	Burj Bank	Zia ur Rehman	CE	Mian M. Asim	Manager Finance	M. Mumtaz Khan	Member BOD
Awaz CDS - DRP	9000213 3710001 54	MCB IB	Zia ur Rehman	CE	Surayy a Faiz	MEAL Manager	Dr. Khalid Saeed	Treasurer
AwazCDS – Pakistan	209- 0270094 12-001	TMF BL	Zia ur Rehman	CE	Mian M. Asim / M. Asif	Manager Finance / MO	Dr. Khalid Saeed	Treasurer

Awaz CDS has a policy of endowment fund but there is no balance in this fund.

Awaz CDS records, manages and monitors all known liabilities.

AwazCDS has maintained an updated fixed assets register

Monthly bank reconciliation statements are being prepared on regular basis.

AwazCDS deducts withholding tax as per the requirements of income tax law and submits its income tax statements and annual income tax returns regularly.

Awaz CDS is registered with the EOBI and contributions are being made on monthly basis.

As per the policy, common costs are allocated as per project agreement requirements. There is an implemented policy of cost sharing on the basis of the available funds in the existing projects.

Based on our walkthroughs and transaction testing of payroll preparation and disbursement (**Annexure E**), bank reconciliations (**Annexure H**) and cash payments (**Annexure D**), we noted that policies and procedures were duly complied with.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

Financial Reporting:

The following reports are generated as a regular feature in accordance with the requirements:

Internal Reports:

- Project Reports
- Aged Receivables
- Aged Payables
- Cash Flow Position
- Variance analysis between budgeted costs / revenue and actual data, spelling down the reasons of significant variations
- Consolidated report of all project activities
- Balance Sheet
- Expenditure reported in statement of financial activities (Income Statement), classified into direct program cost and administrative support cost.

External Reports:

- Audited Financial Statements

The Annual financial statements for the year ended June 30, 2013 and June 30, 2014 were audited on May 31, 2014 and February 28, 2015 respectively.

Board reviews the financial reports and addresses financial issues.

No management letters from the auditors were issued in respect of year ended June 30, 2013 and 2014.

The management letter for the year ended June 30, 2012 contained following issues:

- Management accounts are not prepared on periodic basis.
- Difference in depreciation rate between policy and actual practice.

All internal and external reports generated by the Finance Section are sent to the Board for its review.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

3.2 Procurement:

As per the procurement policy, following are key areas.;

Normally, the request for purchases is included in the budget proposal and approved as part of that budget.

Purchase Requisition

Before making a formal requisition for purchase of any particular item, the concerned personnel will check with the Stores / Inventory to ascertain whether the subject item is already lying in the stock in hand.

If the subject item is found to be short in quantity or not found in inventory in hand, then all requests for purchase of goods and services will be made on a standard Purchase Requisition Form.

Vendor Selection Process:

The Organisation shall carry out the following process

- Invitation / Expression of Interest for the pre-qualification of potential vendors through existing contacts/ mailing lists/ advertisement.
- Assessment/ evaluation of vendors based upon the set criteria
- Offer letters to the selected vendors to take them on board as an official vendor/s of the organisation

Tender Process:

Bidders has to fulfill following tender requirements:

Tender evaluation criteria and documents:

- Firm Registration Certificate (Compulsory)
- Firm NTN Number (Compulsory)
- Firm Quotation (Compulsory)
- Security bond by the bidder in form of DD/ pay order in the name of the Organisation (minimum 5% of the total bid amount) -(Compulsory)
- Firm Bank Statements (Compulsory)
- Delivery Time (Compulsory)
- Quality of Services (Compulsory)
- Price of goods with required quality, specification and delivery time (Compulsory)
- Payments Terms
- Firms STN
- External Audit Report
- Relevant Experience

The authority limits, approving authority and requirement of quotations/tenders have already been discussed in the accounting section of this report.

Procurement Approvals process

- The procurement committee members including observers shall sign on all quotations, tenders and other related documents
- The procurement committee shall recommend and sign the comparison statement with in the same date of the opening of quotations / tenders. The final approval for the procurement shall be given by the Chief Executive.

Quotation

Following factors shall be considered in reviewing quotations and awarding contracts:

- Registration of Vendor firm/ supplier (if applicable)
- NTN/ CNIC (of supplier)
- STN (if necessary)
- Prices;
- Bidder's previous track record in general;
- Other customers of the bidder;
- AwazCDS's previous experience with the bidder;
- Ability of bidder to render satisfactory service.
- Capacity to effectively address after sales problems / service

Approval of Quotations

A contract should ideally be awarded to the lowest bidder after an evaluation of the quotations submitted by them.

Personnel authorized to approve such requisitions are:

Value of Purchase / Service request	Approval Required from
Up to Rs 20 million	Chief Executive
Above Rs 20 million	Chief Executive and Treasurer (Board)

Purchase Order

After selection and finalization of quotation, a Purchase Order (PO) shall be issued in the name of selected supplier. This PO shall be signed by the LPO and contain the following information:

- Reference to the bid submitted by the supplier;
- Quantity ordered by the AwazCDS;
- Desired date of delivery of goods;
- Exact specification of the product(s);
- Terms of the contract;
- Agreed Price for the contract;
- Payment Terms;
- Other Stipulations.

Payments

For the disbursement, the cheque shall be attached with the following supporting documents, such as:

- Payment Voucher;
- Purchase Order;
- Goods Received Note;
- Invoice from the supplier.

The disbursement shall be made through cross cheque and duly signed and authorized by the Chief Executive/Chairperson of the Board At the time of releasing payments, the maximum monetary ceiling of the authorized signatories is to be considered. Awaz CDS shall discourage cash payment exceeding Rs. 50,000 except in case of the following:

- Utility Bills;
- Government Taxes or Levies;
- Staff Travel Allowance;
- Special cases, where the Chief Executive shall allow cash payment after proper justification.

Tax Deduction

Withholding income tax shall be deducted from resident person and permanent establishment in Pakistan of a non-resident. This tax shall be deducted at the time of payment and shall be deposited within stipulated working days

AwazCDS prepares annual procurement plan and uses standard purchase requisition form (PRF) for initiation of procurement process.

AwazCDS has no repeat order policy. All Procurements are approved by the procurement committee members as defined in procurement policy.

AwazCDS has a policy for ad hoc/emergency purchase.

AwazCDS has prequalified vendors list for the Year 2014-15.

Based on our walkthroughs and transaction testing of procurement of fixed assets (**Annexure A**), services (**Annexure B**) and expendable goods (**Annexure C**), we noted that policies and procedures were duly complied with.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

3.3 Human Resource:

Following are the Policy Guidelines and General Principles of Awaz CDS.

Appointing Authority

- The Board shall appoint the Chief Executive and the Chairperson shall be the appointing authority.
- Overall, the Chief Executive shall be the appointing authority as delegated by the Board.
- All appointments shall be made through the HRU upon the recommendation(s) of the Recruitment Committee

Classification of Appointments:

There shall be following classification of the appointments

- Core Staff (Regular Employees)
- Project Staff (Period Specific Employees)
- Temporary Staff
- Probationers
- Intern
- Contract
- Consultant (individual or firm)

For induction of senior-level managerial positions, the Committee /panel will consist of following members;

- | | |
|--------------------------|-----------|
| (a) Member Board | Chair |
| (b) The Chief Executive | Co-Chair |
| (c) HR and Admin Manager | Secretary |
| (d) Programs Manager | Member |
| (e) Subject Expert | Member |

For the Mid-level managerial position, the Committee/panel will consist of:

- | | |
|---------------------------------|-----------|
| (a) CE/ or designated Sr. Staff | Chair |
| (b) HR and Admin Manager | Secretary |
| (c) Program Manager | Member |
| (d) Subject Expert (Optional) | Member |

For an Entry/support-level position the Committee /panel will consist of:

- | | |
|-------------------------------------|-----------|
| (a) Program/Field Operation Manager | Chair |
| (b) HR and Admin Manager | Secretary |
| (c) M&E Manager | Member |

A proper and detailed disciplinary action policy has been adopted.

Awaz CDS has a performance assessment policy based on the levels of performance namely: Outstanding, Highly accomplished, Successful, Needs improvement and Unsatisfactory.

Salary scales and staff grades have been defined in the policies.

Written employment contracts and job descriptions for employees are given at the time of hiring and signing of employment contract.

Awaz CDS maintains staff personnel files with all the relevant record and documents in the human resource department.

AwazCDS maintains attendance records for all the employees.

Time sheets are signed by staff and the supervisor for payroll processing and charging salaries to multiple projects. Salaries are transferred through banking channels.

Awaz CDS is providing a provident fund to its staff as evident from salary sheets.

Trainings from other development institutions in Pakistan and elsewhere are provided to employees on requirement basis.

A sexual harassment policy exists and disciplinary committee has been formed to investigate such complaints and recommends appropriate actions.

Women employees are given pick and drop facility if the nature of their appointment /assignment requires early arrival or late departure from work. Separate washroom and dressing facilities are also provided.

The employees are prohibited from accepting, soliciting, requesting or implying expectations of payment, gifts, or sexual favors in exchange for awarding benefits, contracts or employment.

As a part of induction procedures, new staff members are asked to read the Staff Code of Conduct and sign it to confirm that they have understood its contents and agree to conduct themselves accordingly. It is the responsibility of all employees to adhere to the Staff Code of Conduct.

AwazCDS hires short term and long term consultants in line with the policy.

Based on our walkthroughs and policy testing of hiring of employees (**Annexure F**) and firing of employees (**Annexure G**), we noted that policies and procedures were duly complied with.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

3.4 Compliance, Control and Data Management

Internal Audit:

There is an internal audit policy according to which the internal audit function shall produce and submit social and financial audit reports on quarterly basis to the Chief Executive who shall share report with Board members periodically. The Internal Audit function is also responsible to facilitate external auditors in their performance of project as well as organizational external audit.

Internal Audit function has been outsourced to Ashiq Ameer Sattar and Company Chartered accountants. Following are the summarized important points highlighted by the internal auditors in their quarterly reports for the last three years:

- Assets were untagged
- Laptops were stolen
- Cash in hand limit was exceeded

We have also reviewed the management's response to the internal auditor's queries which seem to be appropriate.

Approved internal audit plans are formulated.

The following guidelines shall be strictly followed up by the ITU to backup all official data of the AwazCDS

- The backup of all clinical records and system audit trials shall be secured on daily basis
- The backup of all held on activities, pictures, videos, clips etc in Organizational network shall be secured on quarterly basis
- ITU shall maintain backlogs on regular basis by using prescribed format (annexed here). However the external drives shall be clearly labeled with specific numbers and volumes
- All kind of data shall be stored in external drives and external drives shall be secured at any place other than the main office building i.e. fire proof lockers etc. The key of the locker shall be in the custody of the Chief Executive or any other employee of the AwazCDS authorized by him/her.

As per verbal representation of management data is stored in internal drives, external drives are secured in bank locker.

Conclusion

Based on our overall assessment, we have assigned Low Risk to this area.

3.5 Organizational Competitiveness

Board has a future focused strategic plan which clearly defines the results.

Awaz CDS has deputed Manager Strategic Planning and Partnership to write proposals.

Awaz CDS has anticipated and identified potential funding sources in its anticipated budget 2015-2016 and have focused strategy to utilize these sources.

Awaz CDS has regularly competed for funds, tenders, proposal as evident from the list “projects submitted and implemented” and Organization has won 28 proposals out of 34 during last two years.

Company has a policy of endowment fund but no funds have been made available for this purpose.

Organization has met the performance measures as evident from anticipated budget 2014-2015 and annual reviews.

AwazCDS has conducted internal review for the assessment of its previous year's activities and outcomes.

AwazCDS has received consistently positive feedback and engages regularly and productively with its Donors/contractor as verified from their emails.

Organization has collaboration with Government of Punjab on project of Saaf Pani.

Conclusion:

Based on our overall assessment, we have assigned Low Risk to this area.

4. Absorptive Capacity

Absorptive capacity, relates to the ability of an Organization to maximize the use of grants/ funding and its ability to manage larger volumes of funds in result of scaling up of operations. There are many factors that affect the manner and extent to which available resources can be channelized in order to

achieve the desired results. A key element of the absorptive capacity includes keeping in consideration whether the required systems and human resources are sufficient enough to be able to absorb the level of funding. The Organizational capacity for program implementation by (Awaz CDS) has also been reviewed by the Technical Review Committee (TRC) at the proposal review and short listing stage. For this assessment, we have used a combination of quantitative and qualitative factors to measure and assess the absorptive capacity of the Organization and key resources that are available for future expansion.

Grant Requested

Proposal application was not available.

As a measure we have used a Fund Utilization Index (FUI). FUI indicates (Awaz CDS) ability to utilize funds relative to the fund received. In principle, the index takes on values on the scale from 0 to 100%. At one end of the scale, an index of 100% would imply full achievement of the target. At the other end an index approaching 0% would mean extremely poor performance or that the fund could not be utilized due to certain barriers.

Description	Budgeted (Rs.)	Actual (Rs.)	Variance (Rs.)	FUI (%)
Community restoration project , Donor UNDP	61,106,406	61,977,149	-870,743	101%
Take a child to school, Donor Council	629,827	629,827	0	100%
Scale up, donor (CARE)	9,053,331	8,914,689	138,642	98%
Keep your promises on sanitation campaign, Donor WAP	6,984,195	6,510,395	473,800	93%
PFR, Donor Help Age	3,710,717	3,710,717	0	100%
HCB, Donor Oxfam Novib	156,872	554,691	-397,819	355%

Based on our above analysis of the completed projects, Awaz CDS has a sound rating of Fund Utilization Index.

Final Recommendations:

- **AwazCDS should maintain funds in the Endowment Fund.**
- **Salary scales should be in line with the minimum wage requirements.**
- **License of the accounting software should be acquired.**
- **Repeat order policy should be developed.**