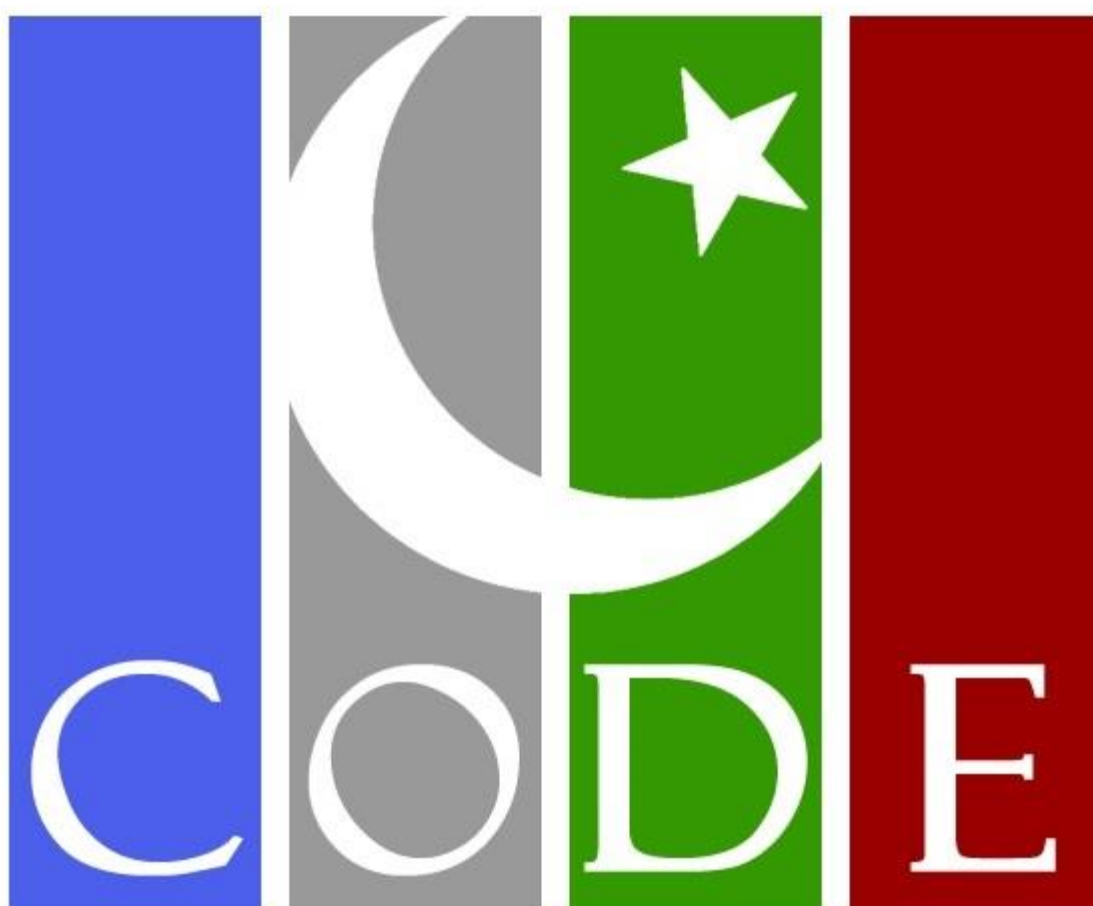


Procurement Policy



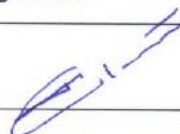
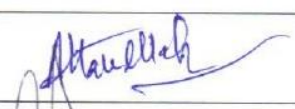


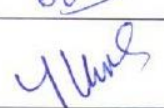
CURSOR OF DEVELOPMENT
AND EDUCATION PAKISTAN

CODE PAKISTAN

24 June, 2019

In the exercise of powers conferred upon it under Article 7(b) of the Constitution of CODE PAKISTAN, the Executive Committee in its meeting held on June 24, 2019, agreed on and unanimously assented to the following financial policy for the Organization. The meeting was attended by,

Signed by members of the Executive body, CODE PAKISTAN

S. No	Name	CNIC No	Signature
1.	Dilawar Khan	61101-8303883-9	
2.	Aarish Ullah Khan	17301-3456349-5	
3.	Ataullah Khan	15307-5727433-1	
4.	Saba Imran	61101-0113786-6	
5.	Mohsin Ali Turk	16202-0886262-5	
6.	Adnan Iqbal	61101-4959483-3	
7.	Usman Ali Shah	17301-1091724-7	

Contents

Principles and Considerations	1
Objectives of this Manual	1
Scope of this Manual	1
Business Relationship and Ethics	2
Procurement Rules for Operations	3
General	3
Procedure for Making Purchases of Value up to PKR 10,000/-	5
Procedure for Making purchases of Value from PKR 10,001/- to PKR 20,000/-	5
Procedure for Making Purchases of Value from PKR 20,001 to PKR 50,000/-	5
Procedure for Making Purchases of Value from PKR 50,001/- to PKR 2,000,000/-	6
Procedure for Making Purchases of Value of PKR 2,000,001/- and above7	7
Procedure for Bidding.....	8
Identification of sources for goods and services	8
Appointment and functions of Bid Committee.....	9
Bid Comparison	9
Contract with Vendors	10
Delivery and Receipt of Items	10
Payment to the Vendor	10
Procuring Recurring Goods and Services.....	11
Applicability of the Rules.....	11
Procurement Process	11
Procurement Planning	12
Notification.....	12
Open Tendering.....	12
Prequalification of Tenderers	12
Exceptions to Open Tendering	13
Open Tender Documentation	13
Evaluation Criteria	14
Language	14
Currency	14
Payment	14
Time Limits.....	14
Timelines for Procurement of Material, Services, and Payments.....	15
Conditions of Contract	15
Eligibility to Submit Tenders	15
Tender Opening.....	16

Tender Evaluation and Contract Award	16
Contract Administration	16
Procurement Monitoring	16
Procurement of Consultant Services	17
General	17
Consultant Selection Procedures	17
Short Listing	18
Evaluation and Selection	18
Contract Negotiations	19
Contract Administration	19
Inventory Management.....	19
Fixed Assets.....	20
Consumable Assets	20
Recording of Assets.....	20
Disposal of Assets.....	20
Procedures for Disposal of Assets.....	20

Principles and Considerations

1. The underlying principle is that contracts should normally be awarded while keeping in view the three essential E's, i.e., economy, efficiency, and effectiveness. Value for money (VFM) being the prime consideration, all contracts will be, as far as possible, awarded on the basis of competitive tenders. Only in special cases should contracts be awarded on the basis of selective or single tendering. The laws and practices for carrying out procurement should not discriminate between foreign and local products, suppliers, or contractors and the procedures should be transparent and fairly applied.
2. CODE PAKISTAN will purchase all the goods and services based on the principles of stewardship of resources and competitiveness. The objective of purchasing is the acquisition of materials and services which are:
 - a. Of the right quality;
 - b. In the right quantity;
 - c. At the right time;
 - d. From the right supplier;
 - e. At the right price;
 - f. Delivered at the right location.
3. CODE PAKISTAN may, from time to time, review its procurement policy keeping in view the state's laws and regulations on procurement and other taxes levied on such procurement of goods and services.

Objectives of this Manual

4. This manual has been prepared to support and strengthen the purchasing activities of CODE PAKISTAN. The primary objective is to communicate the policies and procedures and give guidance to all staff with purchasing authority. Purchasing gives prime consideration to the interests of CODE PAKISTAN while seeking to maintain and further long-term, mutually profitable, and ethical supplier relationships. CODE PAKISTAN maintains this written Procurement Policy in order to ensure and set standards for ethical behavior as it is related to all its suppliers and employees.

Scope of this Manual

5. The policies and procedures indicated in this policy apply equally to the purchase of goods and services. Services consist of any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials, and supplies. *Services Contract* between CODE PAKISTAN and a service provider will be used to established terms and conditions for purchasing services.
6. All applicable regulations and procedures regarding the use of and accounting for government and other donor funds must be specifically followed. Any deviation from donor regulations or contractual terms, including emergency situations, will be undertaken only after the written approval of the appropriate authorizing official of CODE PAKISTAN and/or the donor. Any questions about these procedures or possible non-compliance should be referred to the President or the Vice President.
7. These procedures apply to all purchases of goods and services. Project Managers should review grant or other donor agreements to ensure compliance.
8. Employees conducting business transactions on behalf of CODE PAKISTAN hold a position of trust, which dictates that their actions should be governed by

the highest standards of personal and business conduct. All transactions must be undertaken for the exclusive benefit of CODE PAKISTAN and its mission, and not for personal gain.

Business Relationship and Ethics

9. Ethical business standards will govern all transactions to maintain an atmosphere of honesty and integrity in the procurement. CODE PAKISTAN staff must be aware of situations and circumstances requiring prudent action, including the following:
 - a. **Proprietary Information:** Proprietary information, e.g., specifications, proposal, or quotation particulars, proofs, printing plates, drawings, etc. exchanged during transactions will be treated as confidential and will not be shared outside CODE PAKISTAN's office and, specifically, outside the procurement office without prior approval from the supplier.
 - b. **Gifts:** CODE PAKISTAN staff will not solicit, request, accept, or agree to accept any significant gift from a supplier or prospective supplier. A gift is defined as any tangible item, service, favor, credit, or discount of value, not available to others, that could influence actions. If a CODE PAKISTAN employee receives or is even offered remuneration or a gift, they will report it immediately to the President or the Vice President. Failure to do so will result in immediate termination. No more monies or gifts can be accepted from a vendor for any reason whatsoever. In addition, CODE PAKISTAN's funds should not be used to provide gifts to suppliers or any other group.
 - c. **Eligibility:** CODE PAKISTAN permits firms and individuals from all parts of the country to offer goods, works, and services. Any conditions for participation will be limited to those that are essential to ensure the firm's capability to fulfill the contract in question. CODE PAKISTAN will not exclude a firm from open competition for a contract for reasons unrelated to its capability to perform the contract in question, unless, as a matter of law or official regulation, the circumstances prohibit relations with the firm.
 - d. **Fraud and Corruption:** It will be CODE PAKISTAN's policy to require that bidders, suppliers, contractors, and consultants observe the highest standards of ethics during the procurement and execution of such contracts. In pursuance of this policy, CODE PAKISTAN defines terms set forth below as follows:
 - i. 'Corrupt practice' means the offering, giving, receiving, or soliciting of anything of value to influence the action of an official, or the threatening of injury to person, property, or reputation, in connection with the procurement process or in contract execution in order to obtain or retain business or other improper advantage in the conduct of business.
 - ii. 'Fraudulent practice' means a misrepresentation of facts in order to influence a procurement process or execution of a contract to the detriment of CODE PAKISTAN, and includes collusive practice among tenderers (prior to or after tender submission) designed to establish tender prices at artificial, non-competitive levels, and to deprive CODE PAKISTAN of the benefits of free and open competition.

- e. In view of the above 'practices', when established, CODE PAKISTAN will;
- i. Reject a proposal for award if it determined that the supplier, contractor, or consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
 - ii. Cancel the portion of the contract for goods, works, and services if it, at any time, determines that corrupt or fraudulent practices were engaged in during the procurement or the execution of that contract;
 - iii. Declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for a contract;
 - iv. Reserve the right, where a client or a firm has been found by a judicial process or another official inquiry to have engaged in corrupt or fraudulent practices,
 - v. Cancel all or part of the contract;
 - vi. Declare that such a firm is ineligible, either indefinitely or for a stated period of time, to be awarded a contract; and
 - vii. Have the right to require that a provision be included requiring suppliers, contractors, and consultants to permit CODE PAKISTAN to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by CODE PAKISTAN.

Procurement Rules for Operations

General

10. Competition is the foundation for good procurement practice. In addition to economy and efficiency, procurement requires transparency and accountability for the use of funds, and this affects the choice of the procurement method and the documentation and procedures that are used.
11. Therefore, CODE PAKISTAN requires its clients, in all appropriate cases, to obtain goods, works, and services through open tendering procedures in accordance with the rules outlined in this section. Other methods, (quotation) may be appropriate for special circumstances, depending on the nature and value of the goods, works, or services to be obtained, the required completion time and other considerations. All exceptions to open tendering should be clearly justified and agreed by CODE PAKISTAN and the client, and specified in the legal documentation.
12. All purchases of goods or services by CODE PAKISTAN staff that are of the equivalent value of PKR 10,001/- to PKR 20,000/- must begin with a Purchase Requisition Form (PRF). No quotation is required while other procurement procedures will be the same.
13. All Purchases of goods or services by CODE PAKISTAN staff that are of the equivalent value of PKR 20,001/- to PKR 50,000/- must begin with a PRF and only a single quotation is required. Other procurement procedures will be the same.

14. All purchases of goods or services by CODE PAKISTAN staffs that are of equivalent value of PKR 50,001/- to PKR 2,000,000/- must begin with a PRF and minimum three sealed quotations are required other process will be the same.
15. In case of bids over and above PKR 2,000,000/- bids will be invited through public tenders by advertising in local/national newspapers or other public media services.
16. The Procurement Officer will collect at least three quotations for purchases of PKR 50,000/- and above which will then be recommended by a Bid Committee comprising of at least following members:
 - a. 01 Rep from Admin
 - b. 01 Rep from Finance
 - c. 01 Rep from concerned program/technical

(Note: The individual members of Bid Committee may vary for bid opening and supplier selection process due to non-availability of the individual).

17. The demand for any required item can be raised by the CODE PAKISTAN staff on the prescribed PRF, which includes technical specifications of item, date of demand, date of requirement, complete account line of the project, and budget available in the given account.
18. Purchase Requisitions can be raised by a relevant staff member with the exception of being a member of the Procurement Department. The role of the Procurement Department is to supervise and support the process, making sure the process is done quickly and in a compliant manner.
19. The PRF will be pre-numbered and printed in triplicate, one original for procurement with one copy to be given to the Finance Department and one to the requesting department. The PRFs should be kept with the Procurement Department.
20. Original receipts, all bid documents, the offer comparative statement and goods receiving note will be assembled and attached to the check payment request for Finance Office to proceed with the payments.
21. The Procurement Officer is responsible for maintaining regularly updated market surveys/price lists for commonly purchased items on a six-monthly basis.
22. If a similar item(s) is requested within three months of the approval of bid comparison then the requested item can be purchased by referring and attaching bid comparison without going to another bidding process. However, if there is a significant increase or decrease in the prices of the items, a new bidding process is required.
23. Throughout the purchasing process, the Procurement Officer is responsible to follow up the pending or outstanding purchase requests and notify concerned parties if there are any perceived delays or problems with the requested items.
24. The requisitioning staff will provide all the necessary information and specifications to ensure that the purchased goods fulfill the requirements of the program.
25. The Procurement Department will be bound to act only on PRFs that are complete in all respects and received well within reasonable lead time (this may vary from case to case depending on the nature of demand). This allows the Procurement Department enough time for ensuring transparency and ascertaining value for CODE PAKISTAN in all procurements.

Procedure for Making Purchases of Value up to PKR 10,000/-

26. The following procedure will be adopted for the purchases of value up to PKR 10,000/-:

- a. Employee submits a Petty Cash Request Form (not the Purchase Requisition Form) to Supervisor/Project Manager for approval.
- b. Supervisor/Project Manager signs for approval and returns to the employee.
- c. Employee submits the approved petty cash request to the designated Petty Cash Officer (PCO). (Note: Do not submit to Purchasing Department).
- d. PCO provides cash to the employee or reimburses the amount spent by an employee (employee must provide receipts).
- e. All Petty Cash transactions must be recorded in a ledger book and the Finance Officer must arrange for regular/random Petty Cash counts as per CODE PAKISTAN procedures.
- f. After expenditure, the employee submits the original receipt of expenditure to PCO. In case the vendor does not have his/her own receipts, a Substitute Cash Receipt Voucher (which replaces the invoice/receipt) should be filled and signed by the vendor.

Procedure for Making purchases of Value from PKR 10,001/- to PKR 20,000/-

27. The following procedure will be adopted for the purchases of value from PKR 10,001/- to PKR 20,000/-:

- a. Requesting staff member fills out the PRF and submits it to the supervisor or Project Manager.
- b. Project Manager/Supervisor reviews the PRF (donor source, project, etc.), verifies it, and forwards it to Authorizing Official (President or Vice President) for final approval.
- c. Authorizing Official reviews and signs PRF and then forwards to the Procurement Department.
- d. The Procurement officials are then authorized to proceed with the purchase of the requested goods or services by using Purchase Order (PO) or Agreement.
- e. Upon receipt of goods, the Procurement Officer, along with the requesting employee, inspects the goods and then prepares the Goods Receiving Note (GRN).
- f. The vendor provides the invoice.
- g. Procurement Officer submits the payment for processing along with all supporting documents (PRF, PO, GRN, INVOICE,) to finance officer.

Procedure for Making Purchases of Value from PKR 20,001 to PKR 50,000/-

28. The following procedure will be adopted for the purchases of value from PKR 20,001 to PKR 50,000/-:

- a. Requesting staff member fills out the PRF and submits it to the supervisor or Project Manager.
- b. Project Manager/Supervisor reviews the PRF (donor source, project, etc.), verifies it, and forwards it to Authorizing Official (President or Vice President) for final approval.
- c. Authorizing Official reviews and signs PRF and then forwards to the Procurement Department.

- d. The Procurement officials are then authorized to proceed with the purchase of the requested goods or services by getting a single quotation and using PO or Agreement.
- e. Upon receipt of goods, the Procurement Officer, along with the requesting employee, inspects the goods and then prepares the Goods Receiving Note (GRN).
- f. The vendor will provide the invoice.
- g. Procurement Officer will submit this payment for processing along with all supporting documents (PRF, Single quote, PO, GRN, INVOICE,) to finance officer.

Procedure for Making Purchases of Value from PKR 50,001/- to PKR 2,000,000/-

29. The following procedure will be adopted for making purchases of value from PKR 50,001/- to PKR 2,000,000/-:
 - a. Requesting staff member fills out the PRF and submits it to the supervisor or Project Manager.
 - b. Project Manager/Supervisor reviews the PRF (donor source, project, etc.), verifies it, and forwards it to Authorizing Official (President or Vice President) for final approval.
 - c. Authorizing Official reviews and signs PRF and then forwards to the Procurement Department.
 - d. The Procurement Officer sends a written request to appropriate vendors. The invitation must be in writing and signed by the Procurement Officer. Invitation letters, when appropriate, will include a request for samples of the items intended to be purchased.
 - e. All bids should be received in a sealed registered envelope. Faxes or hand delivered notes will not be considered unless so authorized by the President or the Vice President. The sealed bids will be deposited into a secure box until such time as all bids are received.
 - f. Once the bids are received, the Procurement Officer takes the names and addresses of the prospective bidders and sends them to President or Vice President for the approval of bid opening by the selected Bid Committee.
 - g. The Bid Committee fixes a time for collectively opening of the sealed bid box and opens each bid in front of each other and each member initials and dates each bid.
 - h. The Bid Committee collectively reviews the bids and ensures that they meet the required specifications of the initial request and then compares them on the basis of quality, delivery time, price, and overall value.
 - i. The committee then gives all signed quotes to Procurement Officer to complete the Bid Comparison Sheet, including the specifications to be compared, the choices, and the rationale. Once there is consensus and the form is complete, each bid member must sign their concurrence on the Bid Comparison Sheet. If there is a lack of concurrence, the Bid Comparison Committee must meet with the President or Vice President to discuss the case and make a plan to resolve the issue.
 - j. After the selection of vendors by the Bid Committee, Procurement Officer prepares a Purchase Order (PO) and notifies the winning vendor. The PO should state whether there is an attached contract that states terms and conditions that must also be reviewed and signed in order for the transaction to be finalized, delivery schedules and locations, payment

schedules and terms, taxation issues, and penalty clauses, if appropriate. If they do not accept or cannot deliver, the bid goes to the second choice vendor.

- k. Upon receipt of goods, the Procurement Officer, along with the requesting employee, inspects the goods and then prepares the Goods Receiving Note (GRN).
- l. Received Goods (over PKR 10,000 or relatively high-value electronics such as a digital camera or memory stick) are given an inventory number by the designated Inventory Officer and entered into the inventory system by the Inventory Officer or the person assigned inventory management.
- m. Once the goods are entered into the inventory system they are handed over to the requesting employee who signs a Handing Over Form so that there is a paper trail for the transfer of responsibility.
- n. The Procurement Officer completes a Payment Request with supporting documentation, e.g., Bid Comparison Sheet (BCS), Goods Receiving Note (GRN), Invoice, etc. and forward to the Finance Office to proceed with timely payment.
- o. Once payment is made, the Finance Officer must provide copies of the payment and the check back to the Procurement Officer for the completion of the files.

Procedure for Making Purchases of Value of PKR 2,000,001/- and above

30. The following procedure will be adopted for making purchases of value PKR 2,000,0001 and above:
 - a. Requesting staff member fills out the PRF and submits it to the supervisor or Project Manager.
 - b. Project Manager/Supervisor reviews the PRF (donor source, project, etc.), verifies it, and forwards it to Authorizing Official (President or Vice President) for final approval.
 - a. Authorizing Official reviews and signs PRF and then forwards to the Procurement Department.
 - b. The Procurement Officer sends a written request to appropriate vendors or will prepare the Expression of Interest for public tendering in the local and national newspaper. The invitation or expression of interest must be in writing or published in the local/national newspaper and will be signed by the Procurement Officer. Invitation letters, when appropriate, should include a request for samples of the items intended to purchase.
 - c. Once the bids are received, the Procurement Officer takes the names and addresses of the prospective bidders and sends them to the President or Vice President for the approval of Bid Opening by the selected Procurement Committee.
 - d. The Bid Committee will fix a time for collectively opening the sealed box in presence of bidders who care to attend and open each bid in front of each other and each member initials and dates each bid.
 - e. The Bid Committee collectively reviews the bids and ensures that they meet the required specifications of the initial request and then compares them on the basis of quality, delivery time, price, and overall value.
 - f. The committee then gives all signed quotes to the Procurement Officer to complete the Bid Comparison Sheet, including the specifications compared, the choices, and the rationale. Once there is consensus and the

form is complete, each bid member must sign their concurrence on the bid comparison sheet. If there is a lack of concurrence, the bid Committee must meet with the President or the Vice President to discuss the case and make a plan for resolving the issue.

- g. After the selection of vendors by the Bid Committee, Procurement Officer prepares a Purchase Order (PO) and notifies the winning vendor. The PO will state whether there is an attached contract that states terms and conditions that must also be reviewed and signed in order for the transaction to be finalized, delivery schedules and locations, payment schedules and terms, taxation issues, and penalty clauses, if appropriate. If they do not accept or cannot deliver, the bid goes to the second choice vendor.
- h. Upon receipt of goods, the Procurement Officer, along with the requesting employee, inspects the goods and then prepares the Goods Receiving Note (GRN).
- i. Received Goods (over PKR 10,000 or relatively high-value electronics such as a digital camera or memory stick) are given an inventory number by the designated Inventory Officer and entered into the inventory system by the Inventory Officer or the person assigned inventory management.
- j. Once the goods are entered into the inventory system they are handed over to the requesting employee who signs a Handing Over Form so that there is a paper trail for the transfer of responsibility.
- k. The Procurement Officer completes a Payment Request with supporting documentation, e.g., Bid Comparison Sheet (BCS), Goods Receiving Note (GRN), Invoice, etc. and forwards it to the Finance Office to proceed with timely payment.
- l. Once payment is made, the Finance Officer must provide copies of the payment and the check back to the Procurement Officer for the completion of the files.

Procedure for Bidding

Identification of sources for goods and services

31. CODE PAKISTAN, in the form of a Microsoft Excel sheet, will maintain the list of the approved vendors that are able to competitively supply goods and services to the organization.
 - a. Vendors may be selected from an annual public invitation advertised in the print media.
 - b. Procurement Department must evaluate potential vendors with regard to the quality of product and service, price, reliability, delivery time, and overall value.
 - c. On receipt of a duly approved PRF, the purchasing unit will prepare and send out a bid invitation to vendors.
 - d. The invitation will allow at least 72 hours for the vendors to submit their bids. More time may be required for larger purchases. Purchase of more than PKR 10,000,000/- will allow at least five (5) working days.
32. The invitation to bid must clearly state:
 - a. The specification of the goods or services requested.
 - b. Desired delivery place and time.
 - c. Bid submission place and deadline (date and time).
 - d. Whether samples are required or not.

- e. The addressing on the bids e.g. Bid for the purchase of Seeds.
- f. The stipulation that bids must be sealed by the Vendor (unsealed bids will be disqualified).
- g. Place and time of bid opening (for purchases of more PKR 2,000,000/- the vendors should be invited for the bid opening).
- h. CODE PAKISTAN retains the right to accept/reject any bid, without assigning any reason, whatsoever, and this will be stated in the Expression of Interest.

Appointment and functions of Bid Committee

- 33. The Bid Committee is responsible to oversee the overall purchasing system and has the right to recommend or suggest additional policies or procedures that help strengthen the internal control system.
- 34. The CEO/President will appoint bid committee members as per the combination of members listed below. The Bid Committee should be a standing committee for a distinct period. Members may be changed but changes must be noted for the file so that audits can compare actual bid participants against scheduled participants. In the case of illness or absence, a substitute may be agreed upon but this must be noted for the file.
- 35. The Bid Committee will consist of the following:
 - a. 01 Rep from Admin Section
 - b. 01 Rep from Finance Department
 - c. 01 Rep from concerned Program/Technical

(Note: Logistics staff should be involved in the bid committee for heavy purchases that will require the hiring of transporters and verification of quality on receipt).

- 36. The bid committee will be aware of non-competitive practices among suppliers, or a conflict of interest among suppliers or between suppliers and any CODE PAKISTAN employee. They will evaluate the bids on the basis of price, reliability, delivery time and overall value. Awards will be made to the bidder whose bids fully comply with the solicitation and is most advantageous in terms of quality, delivery time, price, performance, and any other relevant factors.

Bid Comparison

- 37. The Procurement Officer will prepare a Bid Comparison Sheet to compare key variables. Bid Committee will select the vendors based on the following criteria:
 - a. Capacity to supply the item required
 - b. Quality of the item quoted
 - c. Price
 - d. Estimated time of delivery/effectiveness
 - e. Past Performance, if the information is available
- 38. In the lower section of the Bid Comparison Sheet, the choice and justification must be listed. This is particularly important in cases when the chosen supplier is not the lowest bidder. The Bid Comparison Sheet will include the following at a minimum:
 - f. The basis for supplier selection
 - g. Justification for lack of competition when competitive bids or offers are not obtained, and
 - h. The basis for award cost or price

Contract with Vendors

39. The Procurement Department will draw up contracts to be agreed upon and signed by both parties for all bulk purchases, including:
- a. Price
 - b. Specification and how and where it will be verified
 - c. Delivery place and schedule
 - d. Penalty for non-performance and/or delays
 - e. Invoicing and documentation to confirm performance
 - f. Payment mechanism and timing
 - g. Applicable waivers of liability
 - h. Cancellation of the contract and/or arbitration/litigation, etc.
40. Purchasing unit staffs will have no authority to amend the quality or specification of the goods or services ordered unless the requisitioning staff communicates the same to them in writing.

Delivery and Receipt of Items

41. The Purchasing Officer must be sure to monitor the Purchase Order until the items are delivered to the designated location.
- a. The requisitioning department, field office, or other staff not involved in the purchasing should receive the goods purchased and at no time will the purchasing unit staff receive them.
 - b. The purchasing officer will liaise with the vendor and the logistics unit to ensure expeditious delivery of bulky goods to the designated location. The Procurement Department will receive confirmation of receipt from the logistics unit or requisitioning staff/department in the form of a GRN, or vendor waybills duly completed by the receiving staff.
 - c. Procurement Department must maintain proactive communication with requisitioning staff/departments or field offices throughout the procurement process until goods have arrived at the designated location.
 - d. The Purchasing Office, in liaison with the logistics office, will keep the requisitioning staff/department informed of the progress in the purchase.
 - e. In some cases, logistics may be required to arrange for quality testing of the goods on receipt (e.g. computers tested by IT Department).
 - f. The vendor will deliver the goods to the designated person/location alongside the delivery note. The receiving staff should sign the DN in duplicate, keep one copy and give the other back to the vendor. In addition, the receiving officer will issue a Goods Received Note (GRN) and give one copy to the vendor.

Payment to the Vendor

42. Responsibilities Related to Payment:
- g. The Procurement Department will take the overall ownership responsibility of the procurement process.
 - h. The Procurement Department is responsible for collating all documents from the vendors, transporters and/or quality surveyors through logistics unit, requisitioning departments or field offices, to ensure that payment is made within the prescribed duration.
 - i. The Procurement Department will be responsible for fielding questions from the accounting department of service providers on billing issues.

- j. The Procurement Department will ensure compliance with donor procurement regulations, especially those of government and its agencies.
 - k. Under no circumstances will a member of the staff collect payment on behalf of the vendor.
43. The procurement officer will submit the payment; the following documents have to be attached with the payment and filed accordingly:
- l. Purchase requisition form;
 - m. Invitation for a quotation;
 - n. Quotations signed by procurement committee;
 - o. Approved Bid Comparison sheet with all supporting bid documents;
 - p. Purchase order/services contract (as required)
 - q. Invoice/receipt;
 - r. Goods Receiving Note (GRN).

Procuring Recurring Goods and Services

44. For regular supplies or services like stationery items, office consumables, general repair maintenance of premises, travel agents, vehicle routine repair/maintenance, courier services, hotel accommodations, insurance agencies, CODE PAKISTAN will enter into annual contracts with the selected vendors, after completion of the canvassing and selection. Annual contracts may be renewed with the same service supplier if there are no variations in prices up to a maximum of up to 1 year. This will be documented by the Procurement Department and put up for approval by the CEO/President. The contract will be reviewed on an annual basis or even during the tenure of the contract if there are abnormal price fluctuations in the market and as required by both parties.

Applicability of the Rules

45. For the purpose of these rules, operations are:
- a. Acceptable by the State or a public agency; or
 - b. For utilities, majority owned by national or local governments, or government agencies.
46. These rules will apply to goods, works, services contracts (except consultant services) financed in whole or in part by CODE PAKISTAN. Contracts will be procured following open tendering if their value is estimated to equal or exceed PKR 700,000 for goods and services. No procurement requirement will be divided with the intent of reducing the value of the resulting contract(s) below these threshold values. Clients are encouraged to follow open tendering but may use other procedures (quotations).
47. The rules apply to all forms of acquisition of goods, works and services (except consulting services), including, *inter alia*, purchase, hiring, rental, and leasing.

Procurement Process

48. The normal process for procurement involves the following steps:
- a. Notification of opportunities for tendering;
 - b. Prequalification where appropriate;
 - c. Invitation to tender and issuance of tender documents;
 - d. Receipt of tenders, evaluation of tenders and contract award; and
 - e. Contract administration.
49. The extent of the process and specific procedures to be followed for each step will depend on the method of tendering that is used.

Procurement Planning

50. Sound planning of procurement is crucial. CODE PAKISTAN will determine what goods, works and services are required to carry out the project when they must be delivered, what standards are needed and which procurement and the contracting procedure is most suitable for each contract. CODE PAKISTAN will complete the overall procurement plan. Adjustments and refinements to the plan will continue as needed throughout the duration of the project. Review and approval of the procurement plan by the President or the Vice President will be one of the essential steps for establishing the procedure for procurement.

Notification

51. After the procurement plan has been prepared and approved by the President or the Vice President, the logistics section will issue a Procurement Notice that advises the possible tenderers about the nature of the project. This notice should include the details on the procurement plan, including:

- a. The goods, works, and services to be procured;
- b. The expected timing.

52. This notice will be published in a newspaper with possibly wide circulation in the national and local press or as appropriate.

53. Open tendering, including prequalification if required, for individual contracts will be advertised in a newspaper with a large circulation, as appropriate. Tender and prequalification notices will also be sent to potential tenderers that have responded with an expression of interest to the Procurement Notice.

Open Tendering

54. Open Tendering procedures are those procedures under which all interested suppliers or contractors are given adequate notification of contract requirements and all such tenderers are given an equal opportunity to submit a tender. It provides the greatest opportunity for competition and satisfies the needs for economy and efficiency. CODE PAKISTAN will give a maximum of 30 days advance public notification of open tendering opportunities for potential tenderers to determine their interest and to prepare and submit their tenders.

Prequalification of Tenderers

55. CODE PAKISTAN may require potential tenderers to prequalify for large and complex contracts and all tenderers that meet the prequalification criteria should be allowed to submit tenders. The notification for prequalification and the evaluation procedure will be consistent with those for open tendering. Prequalification is not a form of selective tendering. The prequalification criteria, which will be specified in the prequalification documents will be based entirely upon the capability and resources of prospective tenderers to perform the particular contract satisfactorily, taking into account such factors as their:

- a. Experience and past performance on similar contracts,
- b. Capabilities with respect to personnel, equipment, and construction or manufacturing facilities, and
- c. Financial position.

Exceptions to Open Tendering

56. Selective Tendering procedures are similar to those for open tenders except that CODE PAKISTAN preselects qualified firms, who will be invited to submit tenders. It may be a suitable method for awarding contracts where:

- a. The required product or service is highly specialized and complex;
- b. There are only a limited number of suppliers of the particular goods or services needed;
- c. Other conditions limit the number of firms that are able to meet contract requirements; or
- d. Critical goods, works or services are urgently required.

In these cases CODE PAKISTAN will invite tenders from a list of qualified firms, selected in a non-discriminatory manner.

57. Single Tendering may be used in exceptional cases where:

- a. The extension of an existing contract awarded in accordance with procedures in vogue for additional goods, works or services of a similar nature would clearly be economic and efficient and no advantage would be obtained by further competition;
- b. There has been an unsatisfactory response to open or selective tenders carried out in accordance with procurement rules;
- c. A product can only be provided by a single supplier because of exclusive capabilities or rights;
- d. It is a case of extreme urgency.

In these cases CODE PAKISTAN will invite a single firm to present its tender without prior public notification.

58. Local Competitive quotation may be the most economical and efficient method of procuring goods, works or services when:

- a. Contract values are small;
- b. Works are scattered geographically or spread over time;
- c. The goods, works or services are available locally at prices less than the national market.

59. Local quotation competition will require at least three potential bidders already listed in the pre-qualification of vendors list prepared by the Logistics section of CODE PAKISTAN. Potential bidders will be provided opportunities for adequate notification and competition in order to ensure reasonable prices, evaluation criteria should be made known to all bidders and should be applied fairly, and the conditions of the contract should be fair and appropriate.

Open Tender Documentation

60. Tender documents are the basis for informing potential tenderers of the requirements to supply specific goods and services, so they should furnish all information necessary to permit tenderers to submit responsive tenders. They will clearly define the scope of works, goods or services to be supplied, the rights and obligations of the purchaser and of suppliers and contractors, and the conditions to be met in order for a tender to be declared responsive, and they will set out fair and non-discriminatory criteria for selecting the winning tender.

61. The detail and complexity will vary according to the size and nature of the contract but generally they should include an invitation to tender, instructions to tenderers, the form of tender, tender security requirements, the conditions of

contract, mobilization advance, performance security requirements, technical specifications and drawings, a schedule or requirements for the goods, works or services, and the form of contract.

Evaluation Criteria

62. Tender documents will specify the relevant factors in addition to price to be considered in tender evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated tender. Factors that may be taken into consideration include, *inter alia*, the costs of inland transport to the project site, the payment schedule, the time of completion of construction or delivery, the operating costs, the efficiency and compatibility of the equipment/goods, the availability of service and spare parts, and minor deviations, if any.
63. A committee will be formed which may constitute not less than three members of CODE PAKISTAN who will render the tender opening process in the presence of all participating firms/tenderers. The tender competition documents will be opened on a specified date mentioned in the tender notice, in the presence of all the competing firms/contractors. A list of all the participating tenderers will be prepared on the spot which after the tender opening session will be signed by all the representatives of the competing firms/tenderers.

Language

64. Tender documentation, including all published procurement notices, will be prepared in English or Urdu language, whichever appropriate.

Currency

65. A tenderer will be required to express its price only in PKR, unless otherwise specifically asked for any other currency. CODE PAKISTAN may require tenderers to state the local cost portion of a tender in the local currency. Payment under the contract will be made in the currency or currencies in which the tender price is stated in the tender of the successful tenderer.

Payment

66. As a policy, the successful tenderer will be paid an amount equivalent to 25% of the total value of a contract to the successful tenderer. Another 50% will be paid once the tenderer supplies rest of the contracted goods/services for which GRN/GDNs etc. will be prepared and recorded. Once all the documentation has been completed and the warehouses in charge(s) authenticates receipt of all the goods, the remaining 25% of the value of the contract will be paid to the tenderers. However, the logistics section will ensure that the payment of all the three installments is not delayed by more than 7 days from the date of receipt of required documents, which will also include the invoice, GRN, and GDN.

Time Limits

67. Prescribed time limits for preparation and submission of tenders will be adequate for all tenderers to prepare and submit tenders. Generally, one week to 30 days from the publication of the invitation to tender or the availability of tender documents, whichever is later, should be allowed for the preparation and submission of tenders. For large or complex works or items of equipment, this period should be extended to 45 days or more as the management will deem fit according to the circumstances. Tender validity periods and delivery dates will

be consistent with CODE PAKISTAN's reasonable requirements but will not be used to discriminate against any potential tenderer. In such cases, tenderers should not be allowed or required to change their tender. Where the tender is for a fixed price contract, provision should be made in the tender documents for the tender price of the successful tenderer to be adjusted for inflation up to the date of contract award, so as to mitigate the risk accruing to tenderers offering such as an extension.

Timelines for Procurement of Material, Services, and Payments

68. The following timelines will be observed for the procurement of material, services, and payments:

Value (PKR)	Time Line (Procurement)	Time Line (Finance)
10,001 to 20,000 PKR	1 to 3 Days	1-2 Days
20,001 to 50,000 PKR	1 to 3 Days	1-2 Days
50,001 to 2,000,000 PKR	1 to 15 Days	1-5 Days
2,000,000 and Above	One Week to One Month	1-7 Days

Conditions of Contract

69. The form of contract to be used should be appropriate to the objectives and circumstances of the project. Contract conditions will be drafted so as to allocate the risks associated with the contract fairly, with the primary aim of achieving the most economical price and efficient performance of the contract. The contract will clearly define the scope of goods, works or services to be supplied or performed, the rights and obligations of the client and of suppliers and contractors and should include, *inter alia*, appropriate provisions for guarantees of performance and warranties, liability and insurance, acceptance, payment terms and procedures, price adjustment, liquidated damages and bonuses, handling of changes and claims, force majeure, terminations, settlement of disputes and governing law.

70. Nothing in the tender documents will be designed to restrict competition or offer an unfair advantage to a tenderer. CODE PAKISTAN will not provide to any potential supplier or contractor information regarding a specific procurement which would have the effect of reducing or precluding competition. All amendments to tender documents must be sent to each recipient of the original tender documents.

Eligibility to Submit Tenders

71. A tenderer may submit or participate in any capacity whatsoever in only one tender for each contract. Submission or participation by a tenderer in more than one tender for a contract will result in the rejection of his/her tendering documents absolving CODE PAKISTAN from returning any amount deposited as earnest money for that tender. However, this does not limit the inclusion of the same contractor in more than one tender.

72. No affiliate of CODE PAKISTAN, or of a procurement agent engaged by CODE PAKISTAN, will be eligible to tender or participate in a tender in any capacity whatsoever unless it can be demonstrated that there is not a significant degree of common ownership, influence or control amongst CODE PAKISTAN and the affiliate.

73. Where a firm, its affiliates or parent company, in addition to consulting, also has the capability to manufacture or supply goods or to construct works, that firm,

its affiliates or parent company normally cannot be supplier of goods or works on a project for which it provides consulting services, unless it can be demonstrated that there is not a significant degree of common ownership, influence or control.

Tender Opening

74. Tenders solicited under open and selective procedures will be received and opened under procedures and conditions guaranteeing the regularity of the opening as well as the availability of information from the opening. The time specified for tender opening should be the same as advertised in the newspapers or as given in the tender formats delivered to the tenderers for filling up. On the date and at the time and place described in the tender documents, CODE PAKISTAN will open all tenders that have been received before the latest time stipulated for the delivery of tenders. Tenders should be opened in the presence of tenderers or their representatives who wish to attend. The name of the tenderer and the total amount of each tender, including alternative tenders if permitted, will be read aloud and recorded when opened. As said earlier, CODE PAKISTAN will maintain a complete record of the tender opening. Tenders received after the stipulated deadline for the submission of tenders will be returned unopened to the tenderer.

Tender Evaluation and Contract Award

75. When competitive bidding procedures are used, CODE PAKISTAN must evaluate all tenders and compare them only on the basis of the evaluation criteria set out in the tender documents. The tender evaluation process up to the award of the contract should be confidential. Contracts should be awarded within the period of tender validity to the tenderer whose tender has been determined as being substantially responsive and, in terms of the specific evaluation criteria set forth in the tender documentation, is determined as the lowest evaluated and who has been determined to be fully capable of undertaking the contract. Tenderers should not be allowed or asked to change their tender nor required to accept new conditions during evaluation or as a condition of the award. The terms and conditions of the contract will not, without CODE PAKISTAN's concurrence, materially differ from those on which tenders were invited. CODE PAKISTAN should only reject all tenders if there is evidence of collusion or if there has been unsatisfactory competition, including receiving tender prices that substantially exceed the cost estimates of funds available.

Contract Administration

76. CODE PAKISTAN will administer contracts with due diligence and will monitor on the performance of contracts. Likewise, CODE PAKISTAN will inform the donor agency before agreeing to any material modification to the terms and conditions of a contract including, but not limited to:

- a. Granting a material extension of the stipulated time for the performance of a contract; or
- b. Issuing a change order or orders which in aggregate would increase the cost of a contract by more than 15 percent of the original price.

Procurement Monitoring

77. As an integral part of their project implementation responsibilities, CODE PAKISTAN will prepare and maintain documents and records pertaining to the

procurement process and the administration of contracts following their award. When a complaint regarding any aspect of a tender procedure is received by CODE PAKISTAN, it will ensure that the complaint is fully reviewed to its satisfaction and that, pending the outcome of such review, no decisions are made or approvals given which could prejudice the outcome of the review. If CODE PAKISTAN finds that the procurement or administration of a contract has not been carried out in accordance with the agreed procedures, the contract would no longer be eligible for further processing and the contract would be canceled.

Procurement of Consultant Services

General

78. CODE PAKISTAN employs individuals and consulting firms to provide a wide range of expert advice and consulting services in connection with the implementation of various projects. The main concern when choosing consultants should be the quality of the services that are provided. The procedures for selecting consultants and contracting for their services should be flexible and transparent to ensure that assignments can be efficiently executed with high standards of performance while providing the necessary accountability. The procedures described below will be followed for contracting consultants required to deliver services in various projects. The exception will be for those consultants specifically assigned by the partners working with CODE PAKISTAN and sent to accomplish tasks specifically assigned by partners. However, such arrangements will require prior communication and agreement with the management of CODE PAKISTAN.

Consultant Selection Procedures

79. The selection process for consultants normally involves the following steps:
- a. Defining the scope, objectives and estimated budget of the proposed assignment and determining the selection procedure to be followed;
 - b. Identifying consultants that are qualified to perform the required services and preparing a short list of qualified firms or individuals;
 - c. Inviting proposals from the short-listed firms or individuals;
 - d. Evaluating and comparing capabilities and proposals and selecting the preferred consultant(s);
 - e. Negotiating a contract with the selected consultant; and
 - f. Contract administration.
80. Some of the steps may be simplified or omitted, depending on the value of the contract for services to be performed:
- a. For contracts estimated to cost less than PKR 100,000 with individuals or firms, a qualified consultant may be selected directly, without the requirement to prepare a short list, through a contract negotiated with the selected consultant.
 - b. For contracts estimated to cost PKR 100,000 or more with individuals, selection should be made on the basis of an evaluation of short-listed, qualified candidates and the rationale for the choice should be recorded.
 - c. For contracts with firms that are estimated to cost PKR 100,000 or more and less than PKR 200,000, a short list of qualified firms should be prepared. The selection should be based on an evaluation of the shortlisted Consultants'/firms' proven experience and current expertise related to the assignment, without a requirement that the

firms/Consultants submit specific proposals for carrying out the assignment.

- d. Major contracts with firms estimated to cost PKR 200,000 or more should follow a competitive procedure based on invited proposals from a short list of qualified firms or consultants.

Short Listing

81. Short lists of consultants should normally include no less than three and no more than six qualified and experienced consultants (individuals or firms, as the case may be). The list should normally comprise a wide geographic spread of consultants. For that matter, the Logistics Section will maintain a database of consultants/firms provided or identified by the management. This database will be updated from time to time inducting new data and new sectors and will be kept in record electronically as well as in office file accessible to the relevant managers.
82. No affiliate of the client will be included on a short list unless it can be demonstrated that there is not a significant degree of common ownership, influence or control amongst CODE PAKISTAN and the affiliate and that the affiliate would not be placed in a position where its judgments in the execution of the assignment may be biased.
83. For large assignments with firms estimated to cost PKR 100,000 or more, like complex or specialized assignments, or operations involving a significant number of similar assignments, a formal notice soliciting expressions of interest from qualified firms/consultants will be published in the newspaper. The shortlist will be prepared on the basis of the responses to the solicitation.

Evaluation and Selection

84. When formal proposals are requested from a short list of firms, the invitation for proposals should clearly state the criteria for evaluating them. The evaluation of consultants/ firms should normally be based only on technical considerations including, but not limited to, experience in similar assignments, local experience and presence, qualifications of key personnel proposed for the assignment, and suitability and quality of the work plan. For some assignments of a straightforward technical nature, the price of the services can be a secondary consideration but quality should remain the principle factor in selection. When formal proposals have been requested, the consultant that submits the highest rated proposal should be invited to negotiate a contract with the client.
85. Competition through a short list is preferred; however, in some circumstances, it may be necessary or advantageous to engage or continue with a specific firm, where:
 - a. The firm has unique expertise or experience; or
 - b. The firm has been or is involved in the early phases of the project such as feasibility or design and it has been determined that continuity is necessary and no advantage would be gained from following competitive procedures. Provision for such an extension, if considered in advance, should be included in the original terms of reference and contract, which preferably should have been awarded after a competitive selection.

Contract Negotiations

86. During contract negotiations, the selected consultant's or firm's proposal may be modified by mutual agreement between CODE PAKISTAN and the consultant/firm. CODE PAKISTAN should indicate any changes that may be desirable in the scope of services and in the staffing if required, proposed by the consultant, and appropriate adjustments in the price of services should then be agreed.

Contract Administration

87. CODE PAKISTAN is responsible for managing and administering the consultant's work to ensure high-performance standards, authorizing payments, making contract changes as may be needed, resolving claims and disputes, ensuring timely and satisfactory completion of the assignment and evaluating the performance of consultants. CODE PAKISTAN will also have the right to verify the credentials of the consultant/ firm through any means. This may include affirming consultant's /firm's qualification, experience, reputation, and any other relevant information.

88. If CODE PAKISTAN finds that the procurement or administration of a contract has not been carried out in accordance with the agreed procedures, the contract would no longer be eligible for further proceeding and would be canceled without putting any liabilities on CODE PAKISTAN in favor of the firm/consultant. Similarly, in case CODE PAKISTAN finds that the performance of the firm/consultant engaged in any assignment is below the required standards, the contract will be terminated with proper communication to the consultant/firm.

Inventory Management

89. Goods procured during the process of implementation of any project are meant for either distribution to the community or for use in the office. Such procurements are although properly documented with the logistics section and the finance section during the payment, still, there are many items which are assets for the organization. Such items/goods, therefore, need to be properly recorded in the books other than finance. The Logistics section with the involvement of the IT Section will maintain a database of assets purchased during the course of various procurements. Such items may include, but will not be limited to, computers, printers, furniture and fixture, office appliances, data sticks, mobile phones, multimedia, and TVs/LCDs, etc.

90. A proper inventory register will be maintained in the head office of CODE PAKISTAN where the assets will be recorded in an electronic database at the time of purchase. This software will be quarterly, or as the management decides so, updated and a print out of the entire inventory will be taken on a quarterly basis. This will be authenticated by the signatures of the Logistics Officer and the President or the Vice President on a quarterly basis.

91. In case any item is damaged during the course of use, the relevant user of the damaged item will report to the Logistics section. This report will be instantly recorded in the database and also in the record register. If the damage is big enough, the management will decide if any penalties will be levied upon the user.

92. It is a policy of CODE PAKISTAN to manage its property effectively and minimize misuse, loss, and damages. Proper property management included the physical count of all fixed assets and a proper recording system.

Fixed Assets

93. Fixed assets/capital assets mean, 'Purchase of Tangible long-lived assets'. These assets have a lifetime between one year and three years. Fixed assets minimum lifetime period will be 03 years from the date of purchase. The decision to dispose of assets lies with the President or the Vice President and without their approval, nothing can be disposed of.

94. The maximum lifetime period of all IT equipment like computers, laptops, desktops, printers, etc. will be 3 years. The lifetime period of office equipment will be 5 years, that of furniture and fixture will be 7 years and for vehicles maturity, the lifetime period will be 5 years. After the maturity of these assets, they can be offered for disposal by the President or the Vice President.

Consumable Assets

95. For all consumable assets, the stock register will be maintained with indents duly signed by the requesters.

Recording of Assets

96. Once a new fixed asset or current asset is purchased, it is the responsibility of the Procurement Officer to provide the person responsible for the inventory with a copy of the Delivery Receipt (GRN) prior to delivery to the concerned department. The staff responsible for inventory should mark/assign a number for the new asset in an easily accessible or visible location and record the data on the inventory list/register.

Disposal of Assets

97. As the Executive Committee is the real owner of CODE PAKISTAN, hence the Executive Committee is the final authority for the disposition of assets of the organization.

98. Deposition of fixed assets and current assets is the discretion of the Executive Committee, after the maturity of the assets, and it is the best way to generate local revenue for local activities. The request may be made to the Executive Committee by the President or the Vice President after the maturity of life period of the assets.

Procedures for Disposal of Assets

99. Inventory officer will share the inventory with the President or the Vice President after the maturity of assets estimated life and President or the Vice President will put a request for disposal to the Executive Committee. The Executive Committee will decide in the best interest of the organization and after their approval the Procurement Officer or inventory officer will send a written request to appropriate vendor or will prepare the Expression of interest, which must be in writing or published in the local/national newspaper and which will be signed by the Procurement officer.

100. While the bids are being received, the Procurement Officer or Inventory Officer should take the names and addresses of the prospective bidders and send them to the President or the Vice President for the approval of bid opening by the selected Auction Committee.

101. Auction Committee will fix a time for collectively opening the sealed bid box in presence of bidders who care to attend or through any other process devised by the Executive Committee and open each bid in front of one another and each member initials and dates each bid. The Auction Committee collectively reviews the bids and compares them on the basis of price and overall value.
102. The committee will then give all signed quotes to Procurement officer or inventory officer to complete the Bid Comparison Sheet. Once there is consensus and the form is complete, each bid member must sign their concurrence on the bid comparison sheet. If there is a lack of concurrence, the bid comparison committee must meet with the President or the Vice President to discuss the case and make a plan to resolve the issue.
103. After the selection of successful bidders by the Bid Committee, Procurement Officer must prepare a successful bidders list and notify the winning bidders. Upon receipt of bidding amount from the successful bidders, the requesting bidder must inspect the goods and sign a Goods Receiving Note that is then filed by the Procurement Officer and acknowledgment of cash receipt signed by the Procurement Officer.
104. Procurement Officer will complete a receipt deposit with supporting documentation (e.g. Bid Comparison Sheet (BCS), Goods Receiving Note (GRN) and forward to the Finance Officer to proceed with a timely deposit.
105. Once the total amount of bidding is deposited in the bank in the Organization bank account, the Finance Officer must provide copies of the deposit with all supporting documents to the Procurement Officer for completion of the files.

Value for Money Policy and Framework

CODE PAKISTAN recognizes its responsibility to achieve value for money (VFM) and is committed to the pursuit of economy, efficiency and effectiveness from all its activities both internally and externally.

Economy would mean careful use of resources to save expense, time or effort. Efficiency means delivering the same level of service for less cost, time or effort. Effectiveness means delivering a better service or getting a better return for the same amount of expense, time or effort.

This, however, does not include the knowledge economy and CODE PAKISTAN does not encourage the hiring of intellectual services for an inappropriate cost.

CODE PAKISTAN considers VFM as an established culture of the internal and external economy of the organization and performance management at all stages of the organizational structure by adopting an approach of constant review and striving for getting an improved and better result in the similar resources.

CODE PAKISTAN has set the following objectives for achieving VFM:

1. to integrate VFM principles within existing management, planning, performance management, and review processes;
2. to actively seek out and adopt recognized good practices where applicable;
3. to undertake VFM studies, as part of our commitment to continuous improvement, on areas of activity identified as worthy of review;
4. to benchmark CODE PAKISTAN's activities against other similar activities and organizations, where appropriate;

5. to ensure appropriate opportunities to enhance the economy, efficiency and effectiveness of activities ;
6. to demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken; and
7. to ensure that all staff members recognize their continuing obligation to seek VFM for CODE PAKISTAN as part of their routine activities.

The Management of CODE PAKISTAN pledges to put in place all such arrangements that will ensure VFM. Conversely, not only the financial management but all members and staff of CODE PAKISTAN is responsible for ensuring VFM at all levels of the project activities. To help discharge this responsibility, the Audit Committee and the Executive Committee will be responsible for providing advice on VFM issues to the management staff of CODE PAKISTAN. Based on the observations of even the external auditors, VFM assessment and observations would be an essential part of the annual report of CODE PAKISTAN.

The Executive Committee of CODE PAKISTAN has a significant role to play in VFM. Its role is to:

1. set the tone and influence the culture of VFM within the Organization. This includes oversight of the activities of VFM and receiving reports from the Audit Committee on VFM activities (at least annually), as part of the Annual Report;
2. satisfy itself that VFM extends to all areas of CODE PAKISTAN's activities; and
3. review annually the Authority's approach to VFM and approve changes or improvements to key elements of its processes and procedures.

The Project Management team, on the other hand, will ensure that VFM is adopted/ embedded in a pro-active way, with key roles of Heads of Service on implementation of Policy framework and timely information to the policy makers for development and improvement of policy framework on the basis of practical observations from day to day business so that the policy has a visible imprint on future planning, budgeting, allocation of resources, action plans and deliverables.

The Audit Committee and senior management will state formally in its Annual Report about the adequacy or otherwise of the VFM arrangements in place. An external audit will also include VFM considerations as part of the annual audit. The management will ensure formal VFM review from time to time, especially to demonstrate VFM to external stakeholders. Such reviews will be informed by and built upon the VFM culture, and as such will only be undertaken where appropriate to meet specified requirements. If needed, CODE PAKISTAN will also take services from external consultants and third-party reports, from time to time.