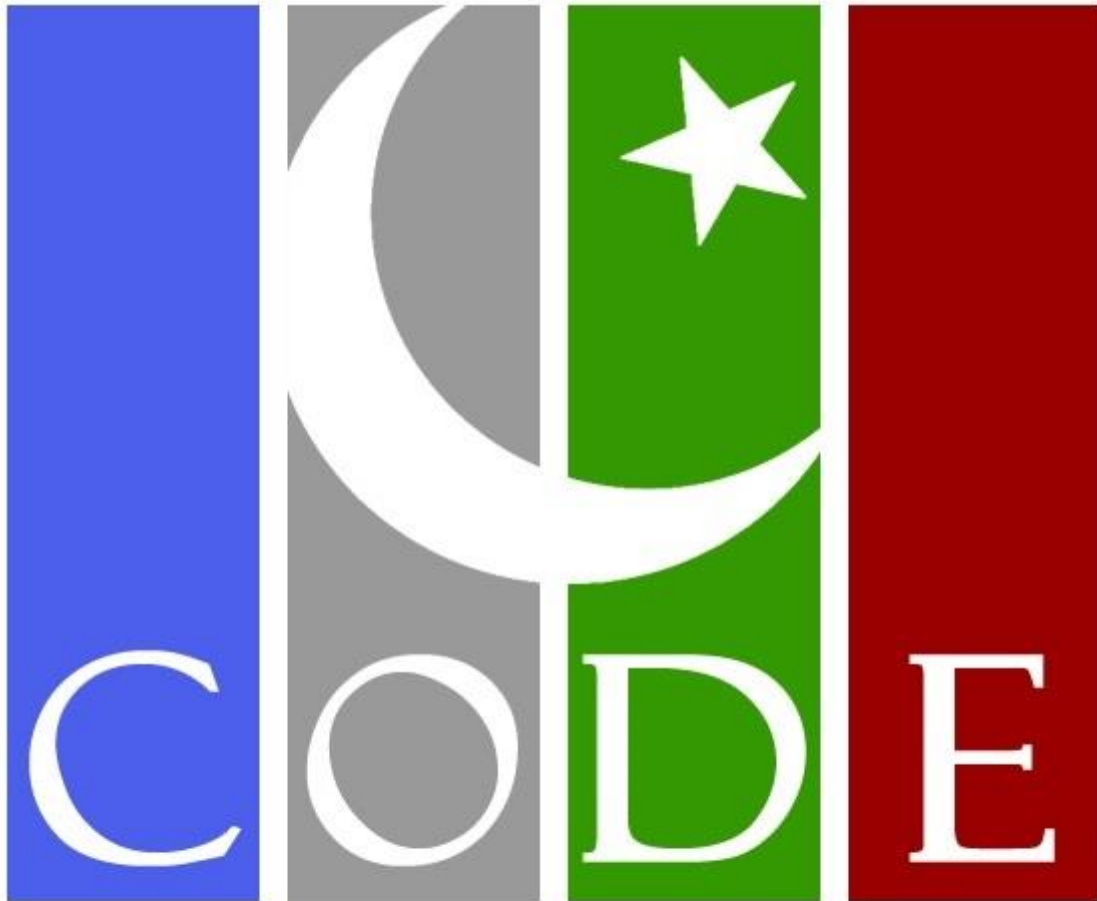


Value for Money (VFM) Policy



CURSOR OF DEVELOPMENT
AND EDUCATION PAKISTAN

**CODE PAKISTAN
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Introduction

Value for Money (VFM) is defined as the relationship between economy, efficiency, equity, and effectiveness ('4Es'). Achieving VFM means achieving a balance between all four: relatively low costs, high productivity, valued outcomes, and fair distribution of benefits. VFM is the term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires, within the resources available to it. It not only measures the cost of goods and services but also takes account of the mix of quality, cost, resource use, sustainability, fitness for purpose, timeliness, and convenience to judge whether or not, when taken together, they constitute good value. Achieving VFM may be described in terms of the 4Es - economy, efficiency, effectiveness, and equity:

- **Economy:** doing less with fewer resources, i.e., spending less. Are we or our agents buying inputs of the appropriate quality at the right price? (Inputs are things such as staff, consultants, raw materials, and capital that are used to produce outputs).
- **Efficiency:** doing the same as before, but with fewer resources (money, staff, and space), i.e., spending well. How well do we or our consultants convert inputs into outputs? (Outputs are results delivered by us or our consultants to an external party. We or our consultants exercise strong control over the quality and quantity of outputs)
- **Effectiveness:** doing better than before with the same resources as now (or less), i.e., spending wisely.
- **Equity:** the degree to which the results are equitably distributed.

It is common for VFM to be viewed as obtaining the lowest price or cost but VFM is a broader process than this and the organization aims to achieve outcomes that also recognize the efficiency of processes and functions and their effectiveness and how fairly are the benefits distributed. These need to be delivered within the values of the organization, including sustainability, paying the living wage, and pursuing fairness and equality in its supply chain. There will be occasions where quality outcomes are more important than price and in any such cases, this decision will be endorsed by the Manager Finance or the Executive Director with the support of the President if the level of expenditure warrants it. There are multiple drivers for value for money, including responding to cuts in funding, meeting the expectations of staff, delivering an excellent service, and accountability for provided funds.

CODE PAKISTAN recognizes its duty of Best Value and its responsibility to achieve VFM in service delivery. It will seek to incorporate VFM principles in delivering services by taking account of costs and quality of services.

Objectives

To achieve good VFM, we seek:

- To integrate VFM principles within existing planning and review processes and embed the pursuit of economy, efficiency and effectiveness within operational management.
- To embed VFM principles within all procurement activity, ensuring the most suitable strategy is used for all procurement, considering local suppliers where appropriate and ensuring the level of competition is appropriate to the contract value.
- To respond to opportunities to enhance the economy, efficiency, and effectiveness of activities and adopt recognized good practice where this makes sense.
- To undertake VFM studies in areas of activity identified as worthy of review and apply the lessons learned to other areas of the projects.
- To promote a culture of continuous improvement.
- To ensure that all staff recognize their continuing obligation to seek VFM for the institution as part of their routine activities.
- To benchmark our activities against other similar activities and organizations where this is considered useful.

We commit to:

- Adopt recognized good practice in relation to VFM.
- Simplify wherever possible.
- Avoid duplication of effort.
- Cut out ineffective processes where safe to do so.
- Redefine processes and roles and, critically, commission supporting technology.
- Aim for consistency of processes and 'single source of truth' for data.
- Implement appropriate changes to processes without regard to the current organizational boundaries.
- Monitor performance against agreed objectives.

Governance and Management

Responsibility for pursuing value for money lies with all staff but in terms of formal governance and management structures the following roles have been agreed:

- The President and the Executive Director will have a responsibility to ensure that there are sound arrangements in place for risk management, control and governance, and for economy, efficiency and effectiveness as part of its broader duty to keep under review arrangements for managing all the resources under its control.
- The Manager Finance is the officer designated by President and the Executive Director as responsible for satisfying the governing body that the conditions of the Accountability are being satisfied.
- Audit Committee will receive assurance during the year that adequate systems and procedures are in place to promote economy, efficiency and effectiveness. It will maintain an overview and reach independent judgments on the value for money arrangements. Its annual report will include its opinion on the arrangements for promoting economy, efficiency and effectiveness.
- The President and the Executive Director are responsible to Executive Committee for the operation of the organization including the use of key performance indicators, risk management, and value for money activities.
- The appointed managers of finances have responsibility for reviewing and maintaining good practice in their own area of operation.
- All staff will endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement.
- The Executive Director will have particular responsibility for ensuring that the arrangements described above operate effectively.

Procurement Committee

The Procurement committee will operate value for money procedures in the oversight of all the procurement and report on it via the Secretary Finance on a timely basis.