

FINANCE AND OPERATIONS POLICY MANUAL



ክዳ-ኪትዮጵያ EYU-ETHIOPIA

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ABBREVIATIONS

ALO	Administration and Logistics Officer
BoFED	Bureau of Finance and Economic Development
CED	Chief Executive Director
CPO	Cash Payment Order
CSOA	Civil Societies Organization Agency
CQS	Consultant Qualification Selection
EC	Evaluation Committee
EE	Eyu-Ethiopia
FOD	Finance and Operations Director
FIFO	First-In First-Out
FBS	Fixed Budget Selection
GRN	Goods Received Note
HR	Human Resource
IGO	Income Generation Officer
IC	Individual Consultants
ITC	Instruction to Consultants
LCS	Least-Cost Selection
LOI	Letter of Invitation/Intent
M&IE	Meals and Incidental Expenses
PC	Project Coordinator
PD	Programme Director
PmO	Programme Officers
PO	Purchase Order
PV	Payment Voucher
QBS	Quality-Based Selection
QB	QuickBooks
QCBS	Quality and Cost Based Selection
RFP	Request For Proposal
RFQ	Request For Quotation
SSS	Single-Source Selection
TOR	Term of Reference
USD	United States Dollar

1. INTRODUCTION AND OVERVIEW

1.1. Eyu-Ethiopia

Eyu-Ethiopia (EE), here after called the “Organisation” or “Employer” is a non-profit, non-governmental organization established with the aim of reducing the burden of avoidable blindness in Ethiopia through research, training and integrated community-based service delivery.

Ethiopia, the second most populous country in Africa with above 100 million population, has one of the highest burdens of visual impairment worldwide. Despite this huge burden, there are no adequate eye care services in most parts of Ethiopia and those existing are unsustainable disease focused vertical programmes with no or limited integration with the wider health system. Although there are cost effective treatment strategies for eye care, there is insufficient evidence on how to implement these interventions to address the huge needs of communities in resource limited settings such as in Ethiopia. There is no adequate rehabilitation and support service for people with low vision. Low vision is a [visual impairment](#) that cannot be fully corrected by regular eyeglasses, contact lenses, medication, or surgery. Eyu-Ethiopia will focus on addressing these gaps by generating evidences through research, training of eye care professionals, and integrated eye care service delivery.

1.2. Vision, Mission, and Goal

Vision

No one is blind or visually impaired and lose functional ability from avoidable causes in Ethiopia.

Mission

Reduce the burden of avoidable blindness, and provide support and rehabilitation services for those with low vision in Ethiopia, through research, ownership and capacity building of communities and eye care professionals, and healthy system integrated eye care service delivery.

Goal

Establish evidence led equitably accessible, affordable, integrated and sustainable eye care and low vision rehabilitation service system in Ethiopia.

1.3. Objectives

1. **Research:** Generate robust evidence on eye care challenges, burdens, management strategies, and their impacts through various clinical and implementation researches.
2. **Service:** Implement an integrated and comprehensive eye care and rehabilitation service delivery programme thorough awareness creation, integrated case identification

and referral at all levels of the health care service system to reduce the burden of avoidable blindness and its associated impacts.

3. **Training:** Increase and build the capacity of eye care and rehabilitation service personnel in Ethiopia and beyond.
4. **Rehabilitation:** Engage in restoring functional ability and improving quality of life and independence of individuals with low vision or which have lost visual function.

1.4. Values

Community First: EE is established with the priori aim of serving communities in need at all costs. We demonstrate our social responsibility selflessly and put the people's eye health first and strive and act timely to address their needs. I CARE is our motto.

Excellence: Quality is the heart of EE. Whatever we do we do it in higher quality standards. We strive to deliver the best quality service to our community guided with the best available evidence and technical expertise. We strive to continuously develop ourselves and innovate to respond to the public's demand and a changing world.

Commitment: We are committed in heart and mind to serve communities in need and realise EE's vision. We are courageous and success driven. We will do whatever it takes to achieve or organisation's Goals.

Integrity and Respect: We are honest, open, ethical, and fair. People trust us to adhere to our word and keep our promises. We strive to show a deep respect for human beings inside and outside our organisation and for the communities they live in. We strive to make people feel safe, respected, empowered, fairly treated and duly recognized. Building a strong, trusting relationship with the community, stakeholders, and our employees, is our motto. We believe our employees are the backbone of our organisation. Respecting our employees means respecting their individual human rights and privacy, ensuring a safe and healthy workplace environment, and providing them a dynamic platform, where they can explore their creativity and skills and further enhance themselves.

Accountability: We are not only responsible for our actions but will ultimately be answerable for it. We are liable and responsible for decisions made and actions taken, both personally and on behalf of our organisation. EE expects its staff to achieve the highest professional standards and be transparent, resourceful, committed, trustworthy and loyal to serve communities in need of eye care services.

Diversity and Neutrality: EE believes it takes people with different ideas, strengths, interests, and cultural backgrounds to succeed. We eliminate all kinds and forms of discrimination, whether based on religion, belief, race, ethnicity, nationality, gender or physical disability, and rather encourage inclusiveness for diversified backgrounds and opinions, and provide equal opportunity for all. EE is affiliated neither with any political nor, religious organization.

Collaboration: EE believes in collective efforts to achieve its goals. It works in conjunction with the Federal and State Governments of Ethiopia, and partners with the Ministry of Health and Regional Health Bureaus, various governmental and non-governmental stakeholders, and other individuals and groups working on the same area within and outside Ethiopia. EE avoids duplicating the efforts of other organisations or individuals.

Sustainability: EE will focus on building evidence led integrated eye care system through building local capacity and improving ownership on eye care, instead of creating a new system. To achieve its mission EE would need to be both cause driven and financially viable. EE generates income from various local and international donors, community contributions, , and engaging in profitable activities such as tourism, consultancy, clinic (subsidized tiered eyecare services), eyeglass shops...etc from which the income generated (after covering the expenses) will be entirely used to finance comprehensive community-based eye care service delivery in various regions of Ethiopia.

Leadership: We demonstrate the courage to shape a better future for our country and the will to win.

1.5. Organisation Structure

1.5.1. Staffing

Below are summaries of main EE staff only. Organisation Chart is presented in **Figure 1**.

Chief Executive Director (CED): is responsible for the overall management of Eyu-Ethiopia (EE) Programmes and Operations and operates under the Board. The CED serves as the principal EE representative liaising with donors and partner organizations on project related technical, policy, and financial issues. The CED is ultimately responsible for the generation, commitment and disbursement of all project funds and provide technical and administrative leadership to the overall achievement of the goals and objectives of the organisation. The CED is ultimately responsible for will be responsible the management of all EE resources.

Programme Director (PD): Operates under and closely with the CED and is responsible to oversee and coordinate eye care research, training, and service delivery programme activities and provide technical and programmatic leadership to the overall achievement of the goals and objectives of the program. With the CED, the PD leads the development, implementation, and monitoring of the organisation strategy and work plans and communicates results and achievements to the community and other stakeholders.

Finance and Operations Director (FOD): Operates under and closely with the CED and is responsible for developing and maintaining the financial systems of the organisation, managing financial and other organisational resources, and managing other organisational operations including, human resources, procurement of equipment and materials, and tracking inventory and managing fixed assets. The FOD will assist the CED in ensuring that financial controls and systems comply with acceptable accounting practices and meet donors and EE standards. The FOD ensures that programme activities adhere to the financial and operations policies and procedures of the organisation and donors. The FOD works closely with the PD

and the technical team to ensure smooth implementation of programmatic activities The Human Resource (HR) Manager in this document refers to the FOD.

Auditor: Operates under the Board and is responsible to controlling and regulating the financial and procurement system of the organisation.

Programme Officers (PmO) and Coordinators: Operate under and closely with the PD and are responsible to coordinate eye care research, training, and service delivery. With the PD, the PmO develops, implements, and monitors project activities and work plans. In the absence of the PD, the PmO acts as the Programme Director. The Project Coordinators (PC) operate under and closely with the Programme Officer and/or the Programme Director and are responsible to implement eye care research, training, and service delivery programmes at the community level. Research and Communications Officer will be appointed under the PD if deemed necessary in the future.

Administrative and Logistics Officer (ALO): Operates under and closely with the FOD and is responsible for the management of and supervision of support staffs (drivers, data clerk, sore keeper, secretary, security guards, office assistants and cleaners), procurement, and logistics and managing vehicles.

Finance Officer (FO)/Accountant: Operate under and closely with FOD. Accountants assist the FOD and maintain the field accounting system, reviewing and processing purchase orders and expenditures, reviewing employee timesheets, and distributing checks, and executing payments with the cashier. The Finance Officer will take over in the absence of the FOD. The FO also can work as the cashier.

Income Generation Officer (IGO): EE will be involved in various income generating activities. These activities will be led by the IGO which operates under the PD and the FOD. The IGO designs, plans and ensures the executions of the income generating programmes. All other income generating finance and operational activities will be executed and led by other EE Ethiopia personnel and policies, except that the income generating department will have separate bank account.

Cashier: Operate under and closely with Finance Officer/Accountant and manage petty cash and executes payments. The cashier can be given various other responsibilities and serve as office assistance, store keeper... etc.

The above Finance, Admin and logistics positions are responsible for the smooth flow of finance, administration and logistic implementation of the EE projects.

It is important that the duties of accounting/financial personnel be properly segregated. No staff member should be assigned duties that could lead to a situation where the person could carry out and conceal illegal acts or violations of rules. To accomplish a proper segregation of duties, different individuals should perform the following functions:

- Authorize transactions (CED and FOD),
- Record transactions (Accountants, Cashier)
- Maintain custody of the assets that result from a transaction (ALO, Store Keeper)

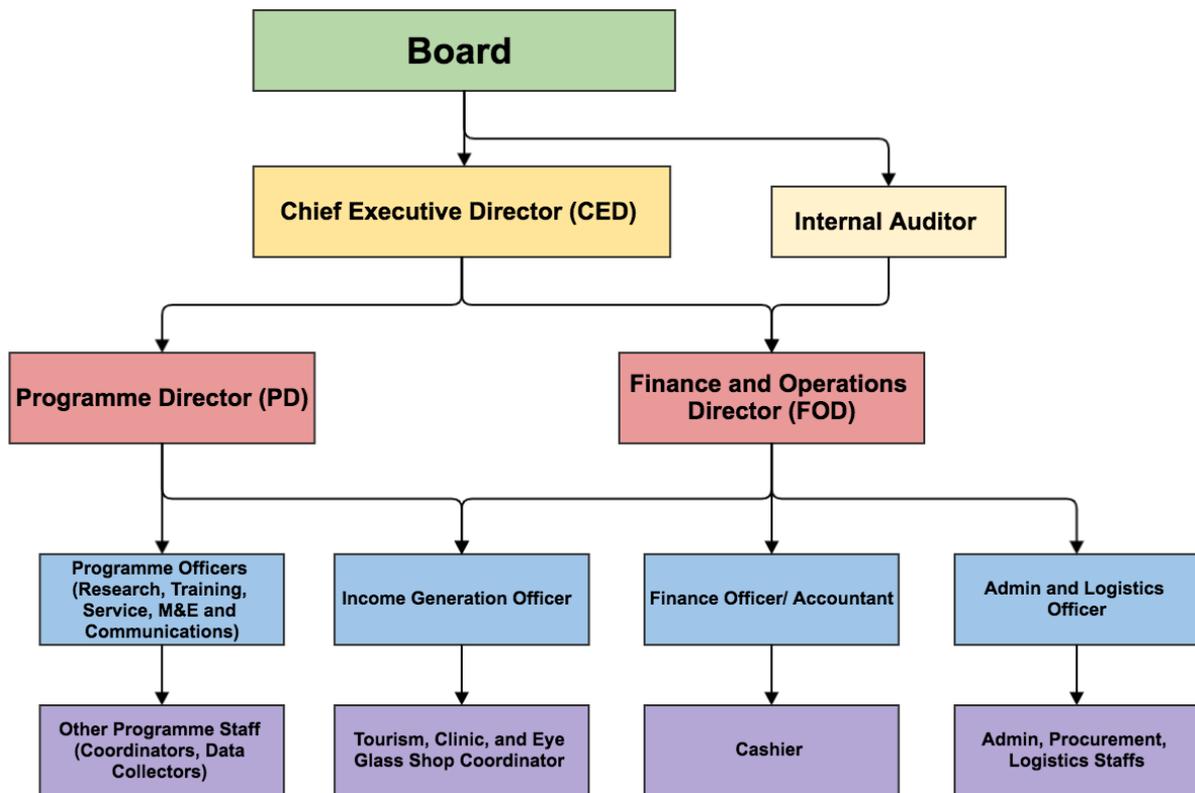
- Compare assets with the related amounts recorded in the accounting records (Auditor)

Minimum Required Staff: in times of restricted resources the minimum required staff members for EE are:

- The Chief Executive Director
- The Finance and Operations Director
- The Cahier

Other staff members listed in this document will be appointed as necessary.

Figure 1: Organisation Chart



1.5.2. Offices

The Head Office of EE will be in Bahirdar, Amhara Region, Ethiopia. EE will work in multiple Regions of Ethiopia to achieve its mission. The projects will start in Amhara Region and will expand to other regions of Ethiopia. Programme activities will mainly be executed though Regional, Zonal, and District Health Offices of the existing health system. Therefore, project coordinators will be assigned within the Health Bureaus of the different regions as appropriate and will serve as the regional representatives of Vision Ethiopia.

1.6. Purpose of this Manual

This Manual is to be used by **ALL** staff of projects implemented by EE. It is intended to be a guideline for all projects financial and administrative policies and procedures. This manual

must be viewed in conjunction with the Human Resource (HR) Manual as well as EE's other financial and administrative manuals and resources.

This Finance and Operations Manual addresses questions staff may have about the EE programmes and projects in regard to its office procedures, travel policies and procedures, financial procedures, information technology policies and procedures, and procurement policies and procedures. It serves as a reference document for employees of their rights, responsibilities and obligations and is a guide for supervisors and directors in the administration of the various policies and procedures.

EE reserves the right to make changes and updates to this manual as outlined in this chapter. As policies are added or changed, staff will be notified by official memoranda from the CED. These memoranda will then become part of the official EE Finance and Operations Manual. Please read the manual, understand its contents and always refer to it for reference. If you have any questions or suggestions regarding this manual, please see the Human Resources Manager.

1.7. Changes to this Manual

This document is subject to change and revision as and when the circumstances require it. If there is an item or a section in this manual that requires an update, the procedures outlined below should be followed to ensure that all employees receive and record the change. Once a year, if multiple changes have been made, a complete revised version will be produced and distributed. It is the responsibility of each employee to read, understand, and adhere to any policy changes that are made. Employees will be notified of a change via memo as outlined below.

Minor changes to an amount, name, or item:

1. Send a memo to all employees noting the change.
2. Each employee should insert the memo in his/her manual directly after this procedures page to keep track of who initiated the change and when.
3. The employee should locate and cross out the outdated item in his/her manual, writing in the change.

Major section changes

1. Send a memo to all employees noting the change and attach the revised section with the current date.
2. Each employee should insert the memo in his/her manual following this procedures page.
3. Each employee should insert the revised version in front of the original section, simply crossing out the pages that are no longer current.

The Chief Executive Director of EE must authorize all changes to the manual.

2. FINANCE OPERATIONS

2.1. Financial Responsibility

1. The employee is personally responsible for all Project cash in his/her custody. This includes travel advances, petty cash funds, advances for office operations, or any other Project cash advances which the employee may have in his/her possession.
2. If an employee is unable to account for an amount, he/she will be required to repay that amount. Further, if one employee decides to entrust another employee with Project funds that they are responsible for such as cashing a check for them, the original employee still remains responsible for these funds.
3. For the protection of Project funds, and for the employee's own protection, the following procedures must be followed:
 - When cash is received it should be carefully counted to ensure that the amount received is the same as the amount recorded as disbursed. Recipients should sign the appropriate document (for example, travel advance form), after verifying that the amount received is the same as listed on the form.
 - If cash is turned over to another staff member, make sure the recipient person signs a receipt indicating their name and the amount that they have received.
 - Cash should always be kept in a secure location.
 - When spending money from cash, recipients should be sure to obtain receipts to submit on their expense reports in accordance with the project's established policy.
4. Additionally, EE will provide cash insurance to selected employees to protect them when carrying cash from the bank to EE offices and from the bank to activity sites. If an employee with cash insurance is a victim of theft, they need to follow the following procedures:
 - a) Ensure that the victim is safe, if the victim has been harmed immediately go to the nearest health facility for treatment;
 - b) Inform the local authorities of the incident;
 - c) Inform the CED and FOD of the incident;
 - d) File a formal police report with the local authorities;
 - e) Document a report to the FOD;

- f) Submit the police report along with an incident report to the FOD for submission to the insurance company (without these forms the insurance will not reimburse EE).

2.2. Accounting and Budgetary Policy

2.2.1. Accounting Policy

1. The Financial year of EE is between January 1 and December 31.
2. **Basis of Accounting:** EE mainly applies cash basis of accounting where expenses are recorded when they are incurred, and incomes are recorded when they are received. Therefore, in the preparation of the financial statements, the primary financial statement is the statement of cash receipts and payments. In rare cases, EE will recognize the obligations/effects of financial transactions and other events when they occur and not when cash is received or paid (accrual basis). Therefore, it is the policy of EE to apply modified cash basis of accounting.
3. **International Public Sector Accounting Standards (IPSAS):** EE will follow the standards set out by the IPSAS Board for financial reporting under the cash basis of accounting. Compliance with the requirements of this Standard will enhance comprehensive and transparent financial reporting of the cash receipts, cash payments and cash balances of EE. It will also enhance comparability with EE's own financial statements of previous periods and with the financial statements of other entities which adopt the cash basis of accounting.

The Financial reporting requirements and procedures, under the cash basis of accounting, indicted in the Handbook of International Public Sector Accounting Pronouncements, Volume 3, 2018 Edition will be strictly followed: <https://www.ifac.org/system/files/publications/files/IPSASB-HandBook-2018-Volume-3.pdf>. It is the responsibility of the Finance Director to apply and monitor the implementation of these requirements.

4. **Chart of Accounts:** Chart of accounts is a grouping of the general ledger accounts where all transactions will be posted. They will be added, removed, deleted or modified **ONLY** when approval is granted from CED.

2.2.2. Budgeting

1. **Budget:** is the financial plan for a particular period. The budget forms a plan as to how funds are to be received and spent, on specifically outlined activities. It is the first step towards effective financial management.
2. Budget preparation should happen between November and December each year. All key players must be involved in the budgetary process.
3. Research project budgets need to be prepared as per the funder's requirements.

5. Each budget needs to be reviewed and approved by the CED.
6. The budget serves as the authority to incur expenditure on the approved areas. And the budget assists management to achieve its financial objectives of economic, efficiency and effectiveness using the available resources to obtain reasonable returns.
7. The budget is also a basis for financial accountability and transparency. When it is clear how much should have been spent and received, informed questions can be asked about discrepancies.
8. The CED is ultimately responsible in managing approved budget for a fiscal year. Any reallocations among budget categories greater than US\$5,000 or other revisions made to previously approved budgets must be approved in writing by CED.
9. Budget realignment among major budget line (example: among Assessment & Survey, Training, Supervision & Monitoring and Evaluation), items MUST be communicated to CED for further approval.

2.2.3. Budget Structure

The budget shall reflect, as closely as possible, the structure and the activities of EE. This will also be the format that the variance analysis reports will take. Classification of income and expenses shall be done in a manner that ensures that the budget statements are easily understood by all potential users. The budget format shall be drafted and shared by finance section to ensure that the reports are uniform in EE hence making the consolidated report of each program easier. The format will form the basic structure for the Income and Expenditure Statement.

2.2.4. Budget Use

1. The budget serves as the authority to incur expenditure on the approved areas. And the budget assists management to achieve its financial objectives of economic, efficiency and effectiveness using the available resources to obtain reasonable returns.
2. The budget is also a basis for financial accountability and transparency. When it is clear how much should have been spent and received, informed questions can be asked about discrepancies.
3. Expenditures made on behalf of a particular project will be charged against that particular project budget.
4. The CED is ultimately responsible in managing approved budget for a fiscal year. Any reallocations among budget categories greater than US\$5,000 or other revisions made to previously approved budgets must be approved in writing by the CED. Budget realignment among major budget line (example: among Research, Training, and Intervention line), items MUST be communicated to the CED.

2.3. Audit and Documentation Guidelines

2.3.1. Audit

1. As a recipient of donor funds, EE shall be routinely audited internally and by both the donors and other external auditors. All EE expenses and procedures are subject to audit.
2. It is important for all EE staff (even those not in a financial role) to do everything possible to ensure that EE expenses and procedures are audit-ready.
3. Staff should keep in mind that all expenses incurred by EE must:
 - Be supported by adequate documentation
 - Meet applicable Donor's regulations and EE policies.
 - Be appropriate for the scope and objectives of the project.
4. It is critical that all staff cooperate with the systems, policies and procedures set in place by the EE finance team. These have been set up to ensure that EE expenses are audit-ready.

2.3.1.1. Internal Audit

1. Internal audit is one of the functions in an organization working to monitor and evaluate how well risks are being managed, the organization is being governed and internal processes are working. It also deals with how local government laws are consistently followed in conformity with internal policies and procedures.
2. To ensure the healthy movement of activities of EE; the Internal Auditor shall ensure the conformity of internal policies and procedures against local laws of Ethiopia, specifically laws issued by Civil Societies Organization Agency (CSOA).
3. The internal auditor should work to ensure how staff of EE are aligning themselves in regard to the financial policies.

2.3.1.2. External Audit

1. An annual independent review of accounts will be carried out.
2. By conducting an annual audit, an assurance of the accuracy of financial reports is obtained. Apart from that, weaknesses in the accounting system or any irregularities are pointed out in the Management Letter, which facilitates corrective action.
3. Annual independent audit will be conducted according to CSOA legislation.
4. The audit will be conducted by a Certified Auditor/Audit firm to be approved by the CED.

5. After three years a new Auditor must be selected. For the selection procedure reference is made to CSOA legislation and this process is done with support of Internal Auditor of EE.
6. A year-end Audit exercise should be done each year to smoothly plan and make proper preparation for the audit process. An engagement letter will be sent and discussed at the pre-audit meeting at which timelines, scope and deliverables will be agreed. The audit must be performed in accordance with CSOA legislation.

2.3.2. Documentation

1. In order to be audit-ready, it is critical that each EE expense is supported by adequate documentation.
2. It is the responsibility of the finance team to ensure compliance on financial matters, but it is the responsibility of every project team member to provide adequate documentation to support any payment s/he makes on behalf of the EE Project.

2.3.3. Receipts

1. Receipts are required for all expenses greater than **Birr 100**. For payments such as labour services/outside services to obtain official receipts may not be possible. In such instances for payment of outside services, the outside **services form or petty cash settlement form (Appendix 1FO)** can be filled out and approved by concerned Finance Manager.
2. All cash receipts, whether in currency or check, are to be deposited in the appropriate bank account as soon as possible, but no later than one week from the date received. When such cash is received cash received voucher should be raised and filed properly along with the bank deposit slip.
3. Cash receipt will issues/raise to all cash collections, bank transfers from donors advance return and other collections like disposals of asset as CSOA policies.
4. Regardless of the above, all receipts:
 - Must be original
 - Contain at least the following: Amount Paid (with local currency symbol), Date Paid, and a Description of Goods/Services Received.
5. Other Documentation: Note that any documentation that is received from a vendor or outside source must be the original document. Photocopies of receipts, bills, invoices, tickets, etc. are not valid documentation.
6. Different types of expenses require particular types of documentation. In many cases, a receipt is not adequate documentation. Below are common Project expenses and their required documentation. The project Finance staff can provide more detailed guidance, as the need arises.

7. Donations that will be received periodically should be supported by the same documents stated as above. Fund received should be recorded on the appropriate ledger account in QuickBooks.

Table 1: Documentation Requirements

Type of Payment	Documentation requirements
Advance for Program Activity or Travel	<p>PROGRAM ACTIVITY: Completed Budget Request Form (Appendix 2FO) (name of advance recipient, detailed activity budget, purpose of advance, agenda if applicable, advance calculation, appropriate approval, recipient signature)</p> <p>TRAVEL: Completed Travel Advance Request Form (Appendix 3FO) *(name of advance recipient, dates of travel, purpose of travel, applicable per diem rates, advance calculation, appropriate approval, recipient signature)</p> <p>NB: Advance Request Forms for Travel are considered approval of travel.</p>
Travel Expenses	<p>Completed Travel Expense Form (Appendix 4FO).</p> <p>Original Hotel Bill if expense is over ETB 300</p> <p>Official receipts for all expenses over Birr 100</p> <p>Original Transportation tickets (airline, bus, train, etc.)</p> <p>Copy of Travel Concurrence for International Travel, if required.</p> <p>Calculation of Exchange rate for International Travel</p> <p>Completed Travel Report Form (Appendix 5FO)</p>
Training, Workshop or Meeting	<p>Agenda</p> <p>Participant List</p> <p>Travel/Per Diem Calculation and Payment Sheet (with appropriate signatures)</p> <p>Brief description of Training/Workshop/Meeting</p> <p>Receipts for related expenses (Hall rental, food, coffee and tea, training materials, etc.)</p> <p>Hotel Bill(s) if paid directly by the project (copy of procurement documentation)</p> <p>Venue Invoice (copy of procurement documentation)</p>
Procurement (Program or Administrative Activity)	<p>Purchase Request Form (Appendix 6FO) (including appropriate approval)</p> <p>3 quotations with evaluation matrix (if over ETB 5000)</p> <p>Local Purchase Order Contract/Service Agreement (Appendix 7FO)</p>



	Copy of Donor or CED approval if applicable
Salary Payments	Payroll Summary Sheet with gross salary and detailed deductions Bank transfer letter, Bank advice (If salary payment is through bank transfer).
Consultant Payments	<p>Consultant Agreement Form (Appendix 8FO) that includes:</p> <ul style="list-style-type: none"> ▪ Signatures of Consultant and Supervisor ▪ Dates and total amount of consultancy ▪ Daily rate with salary calculation and verification ▪ Bio data form to check history ▪ Scope of Work ▪ List of deliverables (if applicable) <p>Payment Request Form (Appendix 9FO) that includes:</p> <ul style="list-style-type: none"> ▪ Name of payee (consultant) ▪ Timesheet (Dates and hours worked) ▪ Signature of the Consultant and Supervisor ▪ First page of each deliverable required in the Consultant Agreement. (if applicable) <p>Additional required Consultant documentation includes</p> <ul style="list-style-type: none"> ▪ Curricula Vitae ▪ Biographical Data Form ▪ References checks ▪ Emergency Contact Sheet if applicable ▪ Work acceptance email or a Memo that approves final deliverables are as per the consultant agreement.
Sub-award Advances	Cash flow projection Signed Advance Request Form Quarterly Financial and Program Report
Subcontractor/Sub-recipient Expenses	Invoice or Reconciliation Worksheet that includes Budget Summary Obligation Amount (and effective dates) Current period expenditures by line item Expenditures to date Reconciliation against advances Technical Approval that services and/or deliverables are complete
Income Tax and Pension Payments	Copy of payroll spreadsheet CPO or Bank transfer Income tax or Pension spreadsheet

	Quick report from QB income tax account indicating income tax has been reconciled for the month.
Withholding Tax	<p>Copy of QB quick report for withholding tax Certified Payment Order (CPO) Transfer Letter</p> <p>NB: Due to the Ethiopian calendar, withholding tax can only be paid after the 30th of each month (after field accounts are submitted to the donor). Therefore, proof of payment is attached to the field accounts the following month.</p>

2.3.2. Examples of Unallowable Expenses

Below is a list of expenses that are not allowed to be charged to EE and other Donors regulations. This list is not complete but provides a reminder of common unallowable expenses.

- a) Alcohol
- b) Business Class Travel*
- c) Donations
- d) Entertainment (including costs of staff celebrations such as birthday/good-bye)
- e) Expenses with improper/incomplete documentation
- f) Gifts (including staff birthday or good-bye gifts; bereavement flowers)
- g) First Class Travel
- h) Hotel Costs above Maximum Lodging*
- i) Personal Expenses
- j) Personal Use of Project Vehicle without written donor approval
- k) Taxis for personal use (from hotel to restaurant)
- l) Tips
- m) Used equipment (without prior Donor approval)

*Exception: Business Class Travel/Hotel Costs above Lodging allowed under circumstances outlined in EE **Travel Policies**.

2.3.3. Accounting Records

1. Accounting records should be kept for a minimum of 10 years unless national legislation is changed or regulations prescribe a longer period of archiving. Records for certain specific projects may be kept for the period stipulated in the contract signed with the donor.
2. Accounting records shall not leave the office premises without the written authority of the CED or without the instruction received from other legal authorities.
3. The finance team at the main and regional offices level shall be responsible for ensuring the overall maintenance and proper custody of all accounting records.

4. The following accounting records but not limited should be maintained:
- Cash Book and reconciliation
 - Bank statements and reconciliation
 - Cheques' stubs and print outs from the bank(s)
 - Receipt books
 - Payment vouchers
 - Supporting documentations for payments made.
 - Reimbursement form/Claim for expenses
 - Fixed asset transfer forms
 - Fixed assets register
 - Purchase Order (PO)
 - Vehicle log books
 - Travel advance settlements
 - Journals entered
 - Copies of supporting documentation of costs incurred on behalf of EE by other offices.

2.4. Financial Report

2.4.1. Monthly Financial Report

Each month (30th or 31st of each month) EE closes monthly financial base and the finance office reports to the CED for review and filing. In addition, the finance team f submits monthly financial memo, bank statements, bank reconciliations, petty cash logs and reconciliation to the CED on 10th of every month. When reporting financial base, it is strongly prohibited to change prior period reports as it affects balances that have been reported. If a correction is needed, general journal entry can be used to correct in the current month of reporting period.

2.4.2. Quarter Reports

Quarter financial reports should be submitted to regional BoFED and EE Board along with activity report. It is the obligation of the finance team to prepare, consolidate and submit the reports on timely manner. The due date to submit the quarter report to the regional authority is 10th of the beginning month of the next quarter.

2.4.3. Financial Report to Donors

Financial reports to funding sources shall be provided in accordance with the contractual agreement. The CED and programme director office will initiate the report and work closely with the finance team to review and verify the report. It will be reported to the donor only when approval to report is given by the CED.

2.4.4. Annual reports to Organisation of Civil Societies

January to December annual audit report shall be submitted to Organisation of Civil Societies in accordance with the local laws and regulation. Preparation for audit shall be commenced early November and will be finalized at the end of February and the final audit report will be submitted mid of March.

2.4.5. VAT Report

VAT report need to be submitted to the respective government bodies by April 15th on the prior fiscal year.

2.4.6. Final Report

A Final Report must be submitted to the Donors and Organisation of Civil Societies in accordance with the local laws and regulation within 3 months of the end of a Project and will include a summary of the major achievements, issues, outputs generated, lessons learned and best practices.

2.5. Signatory Policies and Approvals

Below is the Signatory Policy for EE:

Table 2: EE Signatory Policy

Documents/Action	Approval Limit	Approver/Position
Purchase Requests	<5000 Birr	Finance and Operations Director (FOD)
	≥ 5000 Birr	Chief Executive Director
Petty Cash Expenditures	Up to 3000 Birr	Finance and Operations Director (FOD)
Project budgets for Workshop/meeting/training/service/research budgets	Up to 30,000 Birr	Programme Director (PD) And Finance and Operations Director (FOD)
	>30,000 Birr	Chief Executive Director
Signing of Checks/Bank Transfers	< 5000 Birr	Finance and Operations Director (FOD)
	≥ 5000 Birr	Co-sign: Chief Executive Director and Finance and Operations Director (FOD)
Subcontracts and sub-awards	N/A	Chief Executive Director
In-country Travel Requests	N/A	Direct Supervisors
International Travel Requests	N/A	Chief Executive Director

Consultant Agreements	N/A	Chief Executive Director and Programme Director (PD)
Payroll Changes	N/A	Chief Executive Director
Staff Hire Letters	N/A	Chief Executive Director
Cash Flow Projections	N/A	Finance and Operations Director (FOD)
Printed Quickbook Voucher Approval (before check signing)	N/A	Finance and Operations Director (FOD)
Timesheets	N/A	Direct Supervisors
Voucher Approval (before check signing)	N/A	Finance and Operations Director (FOD)
Field Accounts Package	N/A	Finance and Operations Director (FOD)

2.6. Bank and Cash Management

2.6.1. Bank Accounts

1. Bank accounts are the major store of funds for EE; it is secure and convenient to conduct financial transactions through banks (i.e. cheque, inter-bank transfer, telegraphic transfers (TTs), etc.).
2. Approval to open (or close) a bank account should be obtained from CSOA. Prior approval from the Board and compliance against CSOA legislation must be ensured before opening (or closing) a bank account.
3. All bank accounts must have a reasonable number of authorized bank signatories of primary and secondary classes; The CED is a principal signatory for all bank accounts in the country.
4. Signatories for cheque payments depend on the amount of the payment; refer to the Payment Approval Limits (**Section 2.5**). As a general rule: a signatory will sign payments made out to him- or herself ONLY if approved by the CED or FOD.
5. In the event of a signatory leaving the organization, CSOA must be informed in writing to write letter to the bank (s) to remove him or her from the signatory list immediately.

2.6.2. Checks and Bank Transfers

1. All Project Checks and Bank Transfers (with the exception of payroll) are issued on each working day of each week during the afternoon working hours from 1:30 PM to 5 PM.

2. Payment Request Forms and Invoices must be submitted to Finance Officer:
 - a. Upon receipt of the request, the Finance Officer will check for allowability of the expense and completeness of documentation. If the documents are not in order, he/she will return the request to the person who initiated the payment request. It is the staff member's responsibility to obtain all necessary approvals and documentation.
 - b. All requests and invoices received by Finance section will be paid within a maximum of two working days unless there is a shortage of fund in the concerned project bank account.
 - c. All project checks will be prepared after a maximum of two (2) working days after being received and stamped by the finance office.
 - d. Check Payment will be dependent on availability of sufficient cash balance at bank.

2.6.3. Petty Cash

1. The purpose of petty cash is to pay for small one-off purchases, mostly urgent items such as stationary, stamps, electric and water bills, parking fee, mending tires, photocopying, etc.
2. The petty cash is also served as paying travel per diems, daily laborer, professional services rendered for maintenance of electric, office doors, mirrors, water line, etc.
3. The maximum amount to be paid out of petty cash for a single transaction is Birr 3,000.00.
4. Maximum limit of petty cash float set is Birr 25,000.00, and it is subject to periodic revision based on the size and operations of EE.
5. The amount of petty cash held in the office as imprest should never exceed the maximum amounts indicated above.

2.6.3.1. Payment from or to Petty Cash

1. The maximum payment from petty cash (i.e. payment made on a single voucher) shall not exceed Birr 3,000.00.
2. Such payments shall require documentation and approval from authorized staff before payment is executed.
3. The payee shall sign the voucher acknowledging receipt of the money.

4. Payments from petty cash can be made on a regular petty cash voucher.
5. Below are the procedures staff must follow when using Petty Cash:
 - a) Complete a Petty Cash Request Form
 - b) Submit the form to Finance Officer for approval.
 - c) Submit the approved Petty Cash Request Form to the Petty Cash Custodian for payment.
 - d) The Petty Cash Custodian will issue an advance to the staff member and will keep the Petty Cash Request Form in a pending file until all receipts are submitted.
 - e) For the Central Office, all receipts (and any un-used cash) must be submitted to the Custodian within five working days of receiving the advance. For the Regional Office, all receipts (and any un-used cash) must be submitted to the Custodian within ten working days of receiving the advance.
 - f) If the expenditure amount exceeded the original advance, staff will receive reimbursement from the Custodian.
4. The petty cash holder is not allowed to borrow money from petty cash; neither shall he/she issue to other members of staff or use personal money to finance the organization's activities.
5. For travel expense balances not exceeding the petty cash limits, transactions can be made with the petty cashier directly. For any of such transactions, receipts of money or payments must be signed by employee and cashier.

2.6.3.2. Replenishment of Petty Cash

1. It is suggested that the authorized staff replenishes the petty cash funds up to the maximum amount, when approximately eighty percent (80%) of the funds have been expended. The procedure is as follows:
 - a) The petty cash reconciliation form is filled by petty cashier, as a documentation of petty cash spent.
 - b) Submit the form to authorized staff for approval and replenishment (by means of cheque).
 - c) Cheque is to be cashed by a designated staff member.

2.6.3.3. Keeping Petty Cash

1. Cash shall be kept securely in a safe at all times. ONLY the Cashier has the right to access safe box keys.

3. The Accountant is responsible for ensuring that all the cheque books are kept securely in a safe and are used sequentially.
4. Cheques must be completed clearly, using indelible ink. No gaps should be left before or after words and figures that would allow later falsification of the details or value of the cheque.
5. The cheque counterfoil (stub) must always be completed with the following details:
 - date;
 - payee;
 - brief details of reason for the payment;
 - the value;
 - PV number.
6. Under no circumstances should a cheque be signed before full details of the payee and sum payable have been entered. In other words: 'blank' or pre-signed cheques are not allowed unless prior approval is sought from CED/FOD.
7. Cheques should be issued to payees as soon as they are ready.
8. After all the leaves of the cheque book have been utilized, the stubs shall be kept safely for a period of no less than 10 years.

2.7.1. Cancelled Cheques

1. In the event that a cheque is to be cancelled/voided, the word "CANCELLED" or "VOIDED" should be written across the cheque and the stub in indelible ink. The PV should be marked, mentioning the cheque number and the word "CANCELLED" or "VOIDED" written across it.
2. The cancelled cheque should be stapled back into the cheque book on the corresponding cheque stub.
3. The original PV and other underlying documents may now serve as the justification in the preparation of a replacement voucher and cheque.
4. Details of the replacement cheque should be cross-referenced to the cancelled cheque.

2.7.2. Stale or Lost Cheques

1. If a cheque remains unpaid after 6 months, it becomes stale and the bank will not honour it.
2. Follow up of recipients should be done for all cheques which are more than 3 months presented.

3. Efforts should be made to contact the recipient of a cheque to discover why it remained outstanding and remedial action taken accordingly.
4. If relevant, a new PV and cheque can be completed, but only when the payee has returned the old cheque. If the payee has misplaced or lost the cheque, the bank should be informed and its acknowledgement received before the replacement cheque is released.

2.8. Payment Procedures and Policies

2.8.1. Payment Procedures

Payments can be triggered by different means, such as a payment request, an invoice, or an advance request form. The procedure for payment is as follows:

1. Before the accountant prepares a payment voucher (PV), a check/validation is needed to ensure that the following supporting documentation to invoices/requests are in place as appropriate:
 - a) Approved Purchase Order, Purchase Request for goods/services
 - b) Quotation (s) and related analysis attached;
 - c) Bid documents;
 - d) Contractual agreements;
 - e) Email memos;
 - f) Previously approved and filed memos;
 - g) Signed work completion/service/purchase supplied certificate note;
 - h) Goods received note or delivery note, signed by recipient;
 - i) Vendor's invoice acknowledged by the recipient.
2. The accountant prepares the PV and verifies that the following procedures are followed before the payment is made:
 - a) The invoices are in accordance with Contract/ Quotation/ PO and this has been verified by the user;
 - b) Invoice approved in accordance with the payment approval limit;
 - c) Expenditure is within the limits of the available budget;
 - d) Control of details/calculations on invoice are accurate;
 - e) Invoice coded rightfully with the correct general ledger account by the accountant;
 - f) PV raised by the accountant.
3. Forward the PV, with all the supporting documents, to the CED/FOD or to the authorized staff for approval. Supporting documents include all that is listed above.
4. Forward the cheque, PV and supporting documentation to the cheque signatories. Each cheque signatory shall verify the underlying documents before signing the cheque. The verification will include:

- a) Correctness of procurement procedures;
 - b) Correctness and adequacy of supporting documentation;
 - c) Amount of payment and payee;
 - d) Approval/recommendation process;
 - e) Any other additional checks based on specific cases may also be carried out.
5. The payment documents including the signed cheque shall then be returned to the accountant to effect payment. The accountant is to ensure that an official receipt is obtained for the payment and that the payee signs the PV to acknowledge receipt. If receipts are not issued, a written acknowledgement of receipt of payment should be obtained from the supplier/ consultant. All documentation should be stamped **PAID**.

2.8.2. Salary Payment

1. The payroll is to be prepared by Finance Officers and sent to the FOD before the 25th of every month for review and verification. The FOD must verify the correctness of the payroll prior to taking it for approval, such that the gross salary, the deduction for each employee, loan repayment, other deductions, etc., and the net payable to each employee is correct.
2. A comparison between the previous month's and the current month's payroll must be made and any variances noted, queried and cleared before the payroll is approved by the CED.
3. Payroll reconciliation should be made each month to ensure accuracy.
4. The human resource section must double check the correctness of the payroll before final approval is made and must be reconciled if there is any error in the process of preparation.
5. The payroll is to be prepared by the Finance Officer/accountant at all times. In rare cases, the FOD can prepare the payroll.
6. Payroll is ONLY prepared at the main office and paid out to employees each month.

2.8.3. Payroll Management

Payroll management should at least address the following points.

1. The objective of payroll is to ensure:
 - a) Employees are paid in accordance with letters of appointment (contracts);
 - b) Payments to employees are properly accounted for;
 - c) Statutory and voluntary deductions are properly accounted for and remitted to the appropriate authorities;
 - d) Salary advances are properly accounted for and recovered from salaries.

2. The entire payroll system should routinely be audited by the internal auditor. The auditor also ensures whether the payroll is in compliance to OCS regulations.
3. All payroll information is confidential.
4. Payroll reconciliation shall be done each month to meet audit requirement.
5. When the employment status is changed: e.g. promotion, annual increment, transfers pay, addition of new hires, leave without pay, or severance, salary increment will be sent to the finance department from human resource department. No changes in payroll can be effected for a salary without authorization by the CED.
6. Monthly payroll shall be reviewed by FOD and shall be shared to HR manager for confirmation of appropriate staffs is paid, gross salary and benefit is correctly included.
7. Staff salaries should be paid through bank transfers in which case the bank debit advices are considered to be sufficient proof of payment; in case of cheque payment, staff will sign for proof of payment receipt;

2.8.4. Retirement Benefits

1. EE will make contributions and ensure employee's contribution as required by the laws of the country and as per the Human Resource Manual.
2. As per Ethiopian Law, monthly, EE will contribute to the Government of Ethiopia Pension Fund Scheme for employees. The rate is 10% from EE and 8% from the employee.
3. The rate also applies to all temporary contractual employees regardless of the length of the contract.
4. All salary deductions will be shown on each employee's payroll sheet.

2.8.5. Final payments (severance) to employees

1. When an employee leaves EE employment, through voluntary or involuntary or termination, the finance department will handle any claims arising.
2. A copy of the termination/resignation letter will be sent to the CED and to the finance department. The following information will be provided to the finance department:
 - Employee name
 - Last working day;
 - Type of termination;
 - Balance of annual leave days;
 - Receivables & payables (due to staff, due from staff);
 - Whether EE provided the required periods notification;
 - Whether the employee provided 15 days notification;

3. Based on this information the Finance Officer/accountant shall compute the amount that needs to be paid to the employee, the amount must include taxes payable.
4. The computation shall be approved by the FOD, and then by the CED.
5. The payment will then be prepared by the Finance Officer and verified by the FOD.
6. Final payment will never be made without a full clearance by the leaving employee.
7. Severance payment will be paid and calculated based on the policy stated in the “Separation/Termination of Employment” section of the human resources Manual.

2.9. Advances and Prepayments

2.9.1. General

1. An advance is a cash amount given by the project to cover anticipated travel expenses or other project-related activity such as Workshop/Meeting costs.
2. Any unused advance funds must be returned to the Project upon the travellers return or completion of activity. Under no circumstances may staff receive a salary advance.
3. In most cases, advances are only to be given to project staff. If an advance must be given to someone other than project staff (i.e., MOH staff traveling on project funds), the respective staff who is closely working with the outsider must assure the Finance Director in writing that the advance will be settled in time.
4. Employees should only have one outstanding advance at a time, regardless of the advance type.
5. A previous advance should be reconciled before a new advance is issued. EE strives to reconcile advances as soon as possible and to only allow one advance at a time. However, given the de-centralization of the Project, it may be necessary to advance more than one advance to complete concurrent activities. In extreme circumstances the CED at central office may approve an additional advance if necessary. To allow additional advance the employee should at least compile and make ready for liquidation documents for the previous advance.

2.9.2. Program Advances

1. Program advance is an advance that will be directly released to EE staff for making program related payments. It should incorporate comments of the Programme Director and be detailed for approval.
2. It is the policy of EE not to issue additional advance prior to settling the previous one. The outstanding advance must be rectified prior to presenting a request for additional

advance. The staff who received the program advance **MUST** settle the advance within 60 days. The program advance request should at least include the following information:

- Name of advance recipient
 - Detailed activity budget (should align with the approved budget line item)
 - Purpose of the advance
 - Agenda (if applicable)
 - Detail calculation of the advance
 - Approval by CR/DCR/RM
 - Recipient signature
3. Once program advance is received by an employee, it is the responsibility of the employee to keep the fund in a secured location until it will be paid out for the intended purpose. In order to safeguard the organization's cash and employees as well, it is important that the following procedures are strictly adhered to:
- a) As much as possible cash payment order (CPO) cheques and letter transfers shall be used whenever practical;
 - b) Money, other than petty cash, shall be held in the office for the shortest feasible time before utilization by the requestor. However, this will not be for more than 5 working days. If such money is not collected by close of the week, it must be banked back intact before the week end (unless authorized otherwise by the CED/FOD);
 - c) Proper arrangements should be made to safeguard the person carrying the organization's money while in transit. No EE money should be left unattended to, anywhere. Staff members holding organization's money that needs storage overnight should use the office safe or a hotel strong room for safe keeping (while on duty travel);
 - d) The maximum advance that will be issued to Diver Logisticians or coordinator should not exceed ETB 100,000.00. If the amount is higher than ETB 100,000.00, it must be managed by finance staff.
 - e) In the event of loss, robbery or theft of money and/or assets, staff concerned should immediately report to the nearest police station and thereafter notify CED/FOD through a written report of the incident. The responsible staff member should do his/her utmost to obtain an official police statement.
 - f) The Cashier/Accountant and Driver Logisticians will be indemnified a maximum of Birr 500.00 (Birr Five Hundred only) when shortage of cash is observed in the course of effecting payments for EE official businesses. The indemnity will be paid after rigorous investigation is made by a team appointed by the CED/FOD. The team should present a written justification for approval by CR/RM.

2.9.3. Travel Advance

1. Travel advance is an advance issued to EE employees, consultants, and government staff going on officially authorized trips.
2. The advance includes fund for lodging, meal, incidental and transportation (if EE do not avail vehicle).
3. For all travel (local or international), the amount of the travel advance given will be calculated 75% of the maximum lodging and M&IE rates allowable for that particular trip.
4. The daily per diem rate and detail rates for meal and incidental can be referred from the **travel policy of EE.**
5. Advance for international travel is calculated and issued based on the living condition in that particular country.
6. As part of the Travel Advance, some staff members may require an additional advance for travel- related costs. This is typically the Driver, who may require additional funds to purchase fuel on the trip, or a staff member who must pay for a luncheon or meeting room expenditure. In this case, the additional funds can be requested along with an explanation for the use of the funds.
7. Travel advances **MUST** be settled within 5 working days after field mission. Any unspent (remaining balance) must be deposited to bank.
8. Points listed below should be completed when making a request for travel advance. Travel advance will not be issued unless these points are properly addressed:
 - Name of advance recipient
 - Budget availability should be checked
 - Dates of travel
 - Purpose of travel
 - Detail travel plan
 - Applicable per diem rates
 - Approval by CED/FOD or Supervisor of the traveller
 - Recipient signature
9. All advance ledger accounts, be it program or travel advance, must be cleared and carry zero balance on August 31.

2.9.4. Salary Advance

Salary advance to employee is prohibited.

2.9.5. Prepayments

1. Prepayments are assets to the organization and represent expenses that have been paid but not yet incurred. Prepaid rent and insurance are typical examples of prepayments.
2. All items of actual expenditure relating to the prepayments are debited to the prepayment account and credited to the appropriate bank account. Payment voucher systems must be utilized for payment of prepaid expenses.
3. For each accounting period a schedule of payment should be prepared stating date of payment, description, annual rate, total amount paid and period covered, balance brought forward and period covered and balance outstanding and period covered.
4. At the end of each month appropriate expense account (example: rent, insurance) should be Debited and the prepayment account should be Credited. Prepayment ledgers must balance to zero on December 31.

3. PROCUREMENT

This section provides guidance and instructions to manage and perform procurement activities, from small office supplies to project related items.

All purchasing is conducted in Ethiopian Birr. All project expenses must be paid in local currency from the local currency bank account. US Dollar purchases are only authorized in special circumstances.

If a local or international vendor requests payment in US Dollars, documentation showing that payment in US Dollars is legal should be submitted to the CED. The Purchase Order will be issued by the CED from EE dollar account.

3.1. Code of Ethics

The guidelines below should be adhered to by all staff involved in the procurement of goods and services for EE:

1. No employee should attempt to realize personal gain from any procurement process;
2. No employee should participate directly or indirectly in any procurement process if the employee or any member of the immediate family has a financial interest pertaining to a purchase, or if the employee or any member of the immediate family is affiliated with a business or organization through which a purchase is being conducted;
3. No employee should solicit, demand, offer, accept or agree to accept gratuities and/or gifts from/to another person in connection with any decision, approval, disapproval, and/or recommendation in regard to a procurement specification, procedure or contract;
4. No employee may offer or accept payment, gratuity or offer of employment made by or on behalf of a potential or current vendor to influence a purchase or contract;
5. No employee may use confidential information for actual or anticipated gain for the employee or any other person;
6. No employee should influence any other employee to breach these guidelines.
7. No individual associated with EE may:
 - a) Give any vendor advance procurement information, contracting information or price estimates;
 - b) Sign letters of intent to purchase;
 - c) Tell vendors or bidders about their competitors' bids or proposals; or
 - d) Make statements regarding a contract, bid, project or proposal that may be construed as a commitment by EE.

8. In any condition, the winning vendor **MUST** be notified by a written letter in favour of the demanded item to be purchased. All communications with vendors/bidders must be in written.
9. Any ethics or fraud concern or violation must be reported directly to the CED or the Board Chair.

3.2. Purchasing Policies and Procedures

1. Purchase of expendable item (office supplies, etc.) is managed by Administration and Logistics Team.
2. Purchase of non-expendable items (fixed assets like furniture, computers, project related items etc.) is completed by Finance and Administration Team.
3. EE utilizes a procurement committee for all transactions over Birr 5,000.00 or equivalent in local currency. This committee must include **at least 3 people** in order to evaluate bids:
 - Technical staff who initiated the item to be purchased
 - Administration Team
 - Finance team
4. Bid must be announced on newspaper for procurements Birr 500,000.00 or more. For this level of procurement, a technical committee (depends the nature of the program and the item to be purchased) shall be appointed to perform the technical evaluation of the bid.
5. Prior approval from the Board must be secured for purchases \$10,000.00 or more. The Board should be advised of all planned procurements over this amount.
6. Each year hotels, garages, and vehicle rental suppliers are thoroughly assessed, and quotations are collected to select the most appropriate suppliers that are capable and efficient to provide timely, less costly and quality services to EE.
7. One-year contract agreement shall be signed for winning service vendors and this shall be revised each year. The administration team is responsible to address these issues each year.
8. If an item or a service is only supplied by a vendor or the vendor is the sole supplier of the item in the country, it **MUST** be documented in written and then should be approved by the CED. The same procedure should apply when searching for halls and refreshments for meetings, workshops and trainings that are organized at district, zonal and regional levels, where **ONLY** one supplier is available in those areas.
9. **It is worth noting that approval to acceptance or rejection of any procurement is at the discretion of the CED.**

3.2.1. Purchase Request and Payments

1. All purchases from vendors or any commitment of funds require the initial approval of a **Purchase Request Form (Appendix 6FO)**. The form should clearly state:
 - What is being requested with specifications as detailed as possible,
 - When it is required,
 - Relevance to the approved work plan, and
 - Estimated cost,
 - Quantity
2. It must be completed in such a manner as to provide sufficient information to administration and/or finance staff for them to purchase the specified goods or services.
3. Depending on the type of request, supporting documentation may be needed such as budgets, partner approvals, partner agreements, informational emails/correspondence.
4. Both the requestor and the designated approver must sign the Request.
5. Below is the timeline for the submission of the Purchase Request Form:
 - Small purchases: 2 days
 - Airline tickets: 5 calendar days
 - Services: 10 calendar days
 - Equipment: 15 calendar days
6. All original documentation and receipts for each specific procurement action shall be attached to the payment voucher.
7. Copies of the procurement actions are also stored in the office of the Admin and Logistics Director.

3.2.2. Purchasing Thresholds and Solicitation Methods

Below are procurement thresholds with the associated solicitation procedures and approvals.

Table 3: Purchasing Threshold and Solicitation Methods

THRESHOLD	PROCEDURE & SOLICITATION METHOD	APPROVAL
1. Up to Birr 10,000.00	1. Purchaser obtains purchase request approval; 2. Document 1 quotation and justification for vendor selection 3. Procure.	Finance/ Administration/Programme Directors

THRESHOLD	PROCEDURE & SOLICITATION METHOD	APPROVAL
2. Birr 10,000.00 – Birr 99,999	<ol style="list-style-type: none"> 1. Purchaser obtains purchase request approval; 2. Obtain at least 3 written quotations on vendor letterhead; 3. Review quotations through quote analysis; 4. Select vendor and document reasons for selection in memo to the file; 5. Award PO or contract or develop and review service agreements; 6. Attach all documentation to payment voucher in form of a memo. 	<p style="text-align: center;">CED/ Programme Director/FOD</p>
3. Birr100,000.00 - Birr199,999	<ol style="list-style-type: none"> 1. Purchaser obtains purchase request approval; 2. Obtain at least 3 written quotations on vendor letterhead; 3. Review quotations through quote analysis; 4. Select vendor and document reasons for selection in memo to the file; 5. Award PO or contract or develop and review service agreements; 6. Attach all documentation to payment voucher in form of a memo. 	<p style="text-align: center;">CED</p>
4. Birr 200,000 Birr 499,999.00	<ol style="list-style-type: none"> 1. Purchaser obtains purchase request approval; 2. Obtain at least 3 written quotations on vendor letterhead; 3. Review quotations through quote analysis; 4. Select vendor and document reasons for selection in memo to the file; 5. Award PO or contract or develop and review service agreements; 6. Attach all documentation to payment voucher in form of a memo. 	<p style="text-align: center;">(Inform Board of procurement ETB ≥200,000)</p>
5. Over Birr 500,000.00	<ol style="list-style-type: none"> 1. Announce on news paper 2. Purchaser obtains purchase request approval; 3. Obtain at least 3 written quotations on vendor letterhead; 4. Review quotations through quote analysis; 	<p style="text-align: center;">CED</p>

THRESHOLD	PROCEDURE & SOLICITATION METHOD	APPROVAL
	5. Select vendor and document reasons for selection in memo to the file; 6. Award PO or contract or develop and review service agreements; 7. Attach all documentation to payment voucher in form of a memo.	

3.2.3. Procurement Documentation

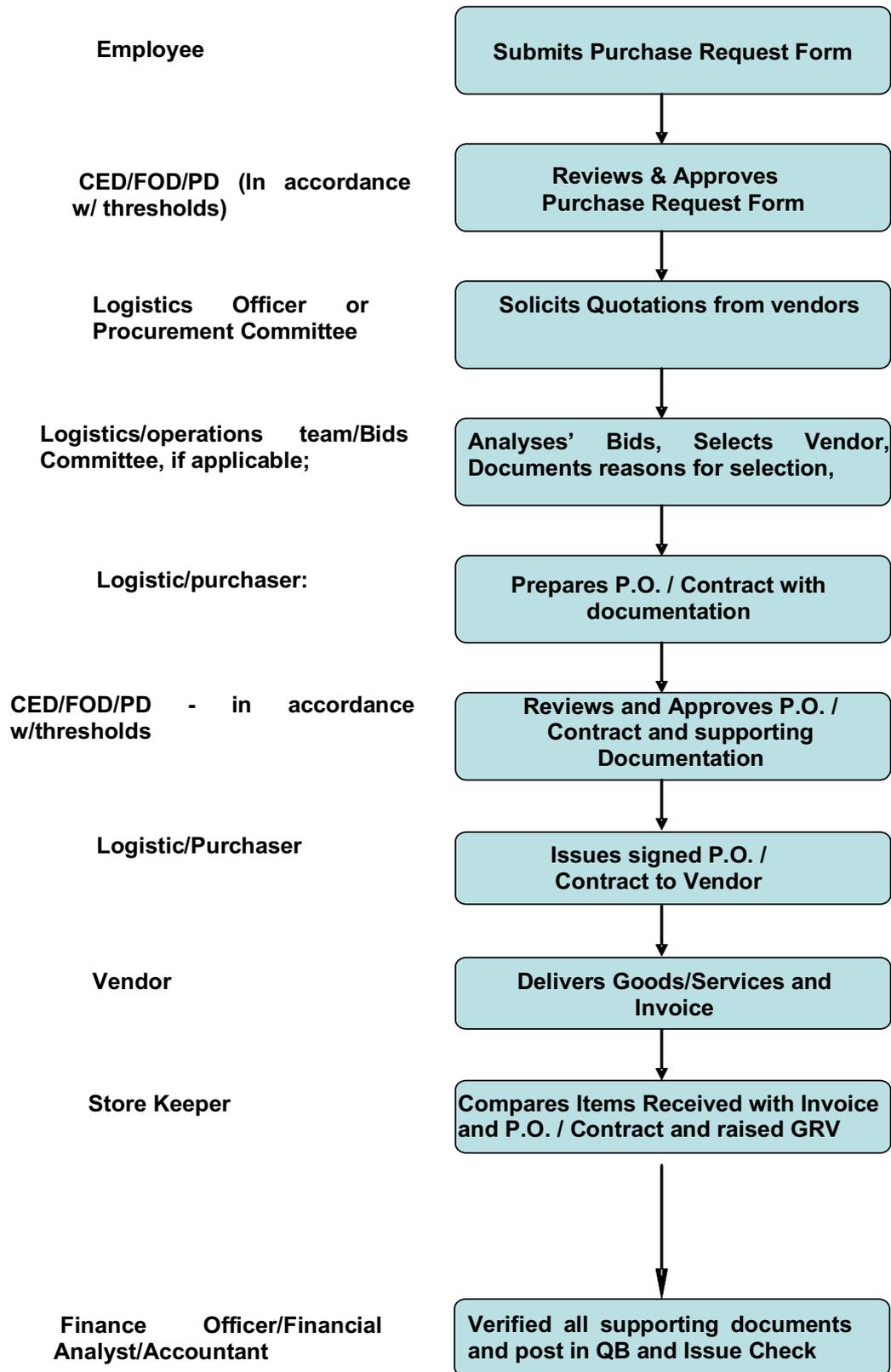
In order to standardize procurement procedures, documentation for purchases should be 'standalone' and clearly explains purchase details and procedures without any oral explanation.

The following documentation should be included with any purchasing/procurement files.

- a) Signed Purchase Request Form
- b) Request for Quotations (including internet / newspaper postings)
- c) Quotations Received (minimum of 3)
- d) Quotations/Bids Analysis (should **show** quantitative / qualitative analysis of quotations or proposals and advantage(s) of winning vendor)
- e) Memo to the document (in conjunction with bids analysis should **explain** in written form background, competitive process and justification for vendor selection)
- f) Approval from Board (for procurements \geq US \$10,000.00)
- g) Signed purchase order or contract of agreement
- h) Vendor's invoice (stamped paid)
- i) Relevant correspondence collected throughout the procurement process
- j) Goods receiving note
- k) Withholding tax receipt



Figure 2: Procurement Procedure



3.3. Procurement Methods

The following are the procurement methods which are used by EE

- a) Open bidding
- b) Restricted bidding
- c) Request for quotations and/or Shopping
- d) Single source/ direct procurement
- e) Request for proposal, and
- f) Two stage bidding

3.3.1. Open Bidding Process

1. This is a competitive bidding process in which the bid announcement and opening is conducted at a public venue, and in the presence of all who may wish to witness the opening of the received sealed bids.
2. The Logistic team in consultation with all relevant managers, technical staff shall work on preparation of invitations for open bid for the media display.
3. There are two major procurement procedures in the open bidding process; International and national bidding procurement:

3.1. **International Competitive Bidding:** international procurement is a term used to describe the process of allowing firms around the world to bid on contracts for goods, services and works. When undertaking international bidding, the following have to be considered:

- a. Procurements by means of International competitive Bidding shall be used whenever in national open bidding an effective competition cannot be obtained unless foreign firms are invited to bid or for procurements above a threshold level for national bidding to be determined by a directive issued by the government proclamation.
- b. The bid advertisement and the bidding documents shall be prepared in English.
- c. The bid advertisement shall be published in a newspaper that has wide circulation and accessible to foreign bidders and shall be posted on EE website.
- d. Procurement may be made by means of international competitive bidding if the value of the contract exceeds the threshold indicated below in respect of each type of procurement: -
 - For works above Birr 20,000,000.00
 - For goods above Birr 10,000,000.00
 - For services above Birr 5,000,000.00

- e. Bid prices offered by foreign bidders shall be quoted and bid securities required of such bidders shall be furnished in a freely convertible currency used for payment in international commercial transactions.
- f. Where a foreign bidder uses local inputs to satisfy the required object of procurement under the contract, the portion of the total contract price representing such local expenditure shall be expressed in birr in the price schedule of the bidder.
- g. Contracts concluded for procurements to be made by means of international competitive bidding may incorporate standard terms and conditions applicable in international commercial transactions to the extent that such terms and conditions are not in conflict with OCS.
- h. Unless the contract provides otherwise, disputes arising from the performance of the contract shall be adjudicated in accordance with Ethiopian Law.

3.2. **National Competitive Bidding (NCB):** National Competitive Bidding (NCB) is the competitive bidding procedure normally used for procurement in the country, and may be the most efficient and economical way of procuring goods, services and works which, by their nature or scope, are unlikely to attract foreign competition because the goods or works are available locally at prices below the international market, the contract values are smaller compared to the ICB, and so on.

- a. The EE bids shall be displayed on local media: newspaper, radio and television based on type and value of bid at hand.
 - b. Procurements made by means of NCB shall be in compliance with the following rules:
 - Procurement of works above Birr 500,000.00
 - Goods above Birr 500,000.00
 - Other Services above Birr 500,000.00
4. When open bidding deemed the best way to find competitive bidding irrespective of the values, Bid announcements shall be displayed for reasonable time as per the Ethiopian Law depending on the complexity of the procurement.
 5. Goods and works and non-consultancy services when National Competitive Bid (NCB), 15 to 30 days depending on the complexity.
 6. Goods and works and non-consultancy/other services when International Competitive Bid (ICB), 30 to 40 days depending on the complexity.
 7. Consultancy Services when NCB, 7 to 14 days depending on the complexity.
 8. Request for proposal both ICB and NCB, from 15 to 45 days depending on the complexity.

9. Bid announcements to be displayed for less than 15 working days for NCB shall be justified. In such conditions, potential suppliers from the Master suppliers' list as well as from the good experience they have with the EE shall be communicated by Logistic team. List of contacted suppliers shall be attached to the bid documents.
10. Logistic team shall register bidders during submission of their offer and submits to the Finance team.
11. Bid submission box shall be prepared and placed at the Logistic area to enable bidders put their sealed offers.
12. Bid opening shall be made in the presence or absence of bidders. If the opening date is changed from the date stipulated on the announcement, the Logistic team shall call and notify bidders two days prior to the opening.
13. Bid bonds of suppliers shall be registered and handed to the main cashier for safety. Bid bonds are returned when notified by the Admin Director/Logistic officer.
14. Results shall be communicated to bidders by the Admin Director/Logistic Officer in writing. This has to be done after the selection process is finalized and approved by the CED.
15. Communicating result to successful or unsuccessful bidders prior to approval and official announcement results in disciplinary action to the staff communicating the result.
16. Successful bidders shall be awarded in writing and this will be followed by signing contract agreement.
17. Regret letters shall be issued to unsuccessful bidders which are followed by bid bond returns. This shall be made after acceptance is confirmed by the winner in writing.
18. Technical and financial components of the bid process including any negotiations that could be made with suppliers should be explained and documented.

3.3.2. Restricted Bidding Process

1. Restricted bidding/tendering is a procurement method that limits the request for bids or offers to a select number of suppliers, contractors or service providers. This method of procurement is also called limited Bidding or Tendering process. The selection is made from the Master Suppliers List. It can also be made by recommendations for the consultancy works.
2. Although considered a competitive procurement method, competition is limited to only firms shortlisted or invited by the procuring entity.

3. Procurements made by means of restricted bidding shall be in compliance with the following rules:
 - 3.1. If the required goods, work, and service is available only with limited suppliers, the invitation to bid shall be sent directly to the respective addresses of those suppliers.
 - 3.2. At least five candidates shall be selected in a fairly manner from the Master Suppliers List if the value of the procurement falls within the following thresholds:
 - Procurement of works ≤ Birr 1,000,000.00
 - Goods ≤ Birr 500,000.00
 - Other Services ≤ Birr 500,000.00
 -
 - 3.3. EE in its discretion may waive collecting from candidates charges for bidding documents and send to such candidates the bidding document together with the invitation to bid.
 - 3.4. The procedure of national competitive bidding shall apply to procurements made by means of restricted bidding.
 - 3.5. The supplementary procedure set forth for this process shall apply for procurement of consultancy services by means of restricted bidding through request for proposal.

3.3.3. Procurement by Request for Quotation (RFQ) and/or Shopping

1. Procurement by RFQ and/or Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods), from several contractors (in the case of civil works), or service providers (in the case of non-consulting services) with a minimum of three, to assure competitive prices, and is an appropriate method for procuring limited quantities of readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value when more competitive methods are not justified on the basis of cost and efficiency.
2. The candidates/suppliers shall be selected from the master suppliers' list in compliance with the following rules to ensure fairness in the selection:
 - 2.1. Unless the interest of the EE requires otherwise, the same supplier or suppliers shall not be selected repeatedly, so that other suppliers in the master suppliers list may have the opportunity of competition to sale to EE.
 - 2.2. The EE has to establish a system to prevent possible acts of connivance in offering and accepting price in the process of procurement by request for quotation and carry out price verification regularly.

- 2.3. Each supplier/candidate shall be allowed to quote a firm price which may not be changed. No negotiation shall be allowed between EE and the candidate on the price quoted by the candidate.
- 2.4. EE apply request for quotation and/or shopping to procure goods, works or non-consultancy services the estimated value of which is within the threshold stated below:
 - For works \leq Birr 500,000.00
 - For goods \leq Birr 250,000.00
 - For services/non consultancy \leq Birr 150,000.00

3.3.4. Single Sourcing/Direct Procurement

The use of single source as a method of procurement shall be subject to the following rules:

1. When in absence of competitions for technical reasons the goods, works, consultancy or other required services can be supplied or provided only by one candidate.
2. For additional deliveries of goods by the original supplier which are intended either as parts of replacement for existing supplies, services or installations or as the extension of existing supplies, services or installation where a change of supplies would compel EE to procure equipment or services not meeting requirements of interchangeability with already existing equipment or services.
3. Purchases of the same goods and services made during the last 6-months and if that same supplier can provide the items with no price change, provided the market price is in favour of EE.
4. The volume of the additional requirements of goods, works or consultancy assignment may not exceed 25% of the volume of such goods, works or consultancy assignment under the initial contract.
5. If the additional requirements include inputs for which the initial contract allows price adjustment, adjustment may be made in respect of such inputs by applying the method used in calculating such adjustments in the performance of the initial contract.
6. In exceptional cases; when the CED and/or his representative deemed reasonable, in response to emergency situations and natural disasters when declared by the Ministry of Health.
7. Purchases that are restricted by copy right.
8. Fast moving office refreshment and office cleaning materials the price of which fluctuates/changes rapidly. This is subject to documented regular market price assessment.
9. Purchases for which proforma invoices cannot be acquired.

10. Goods or services necessary to solve problems encountered during travel the value of which doesn't exceed birr 5,000 (five thousand birr) however, the total value of such small procurements within a fiscal year shall not exceed birr 60,000.00 (sixty thousand Birr).
11. Direct procurement is made when the value of the procurement is less than Birr 5,000 and proforma collection deemed costly.
12. The procurement committee shall open and see the single proforma and write their recommendation apart from the management approval as part of the controlling system. This should not take more than a week time.
13. The authority levels for single sourcing to be strictly followed; and it is only the CED which approves single sourcing procurement. Once approved by the CED, the payment approvals will be made as per the approval levels sign posted in the delegation of authority.

3.3.5. Master Supplier List

1. The EE Admin/Logistic department is responsible for the creation and maintenance of the preferred Suppliers List all categories of items. This is the Master Supplier List.
2. This list is a comprehensive list of goods, services and works that are procured commonly by EE.
3. The primary purpose of this list is to assist the procurement officials in selecting suppliers that have completed a thorough review process. Only non-regular or new requests shall be entertained from the suppliers which have not been included in the list.
4. To participate in the, EE procurement, suppliers shall be registered as per the following prerequisites:
 - 4.1. Valid business license indicating the stream of business in which the supplier is engaged.
 - 4.2. A certificate of professional qualification from the appropriate body, if a supplier is a consultant. If the consultant has no license, 30% tax will be charged from the total contract amount.
 - 4.3. A contractors' certificate issued by the Ministry of Works and Urban Development indicating the level of such contractor.
 - 4.4. A certificate issued by the Federal Transport Authority indicating the level of the garage, if a supplier is engaged in the maintenance or repair of motor vehicles.
 - 4.5. A certificate issued by the Drug Administration and control Authority, if the supplier is engaged in the provision of drugs and medical equipment.

- 4.6. Regional Offices located outside of Addis Ababa may procure on competitive basis from suppliers not registered in the Master Suppliers List, if registered suppliers engaged in supplying the goods or services to be procured are not available in their locality.

3.3.6. Contract Agreement

1. Contract agreement is a legally binding document signed between EE and a supplier after selection for a particular procurement and the most common are:
 - Purchases of high value items
 - Lease Agreements
 - Construction works
 - Consultancy services
 - Other/ non consultancy services
 - Purchases that involve partial payment before delivery. E.g. these may be printing orders, foreign purchases, maintenance orders, etc.
 - Standing contract agreements that last for six months, a year or more and that are signed for the purchase of goods and services with a selected supplier. This process helps EE to get best and dependable suppliers in the market.
2. The following points shall be considered when preparing contract agreements with suppliers:
 - 2.1. All types of contract agreements of EE shall be standardized in consultation with the Legal Advisor of the organization.
 - 2.2. Any change in clause of a contract agreement shall be advised to the legal advisor.
 - 2.3. Contract is signed when the situation is seen to be favourable to EE.
 - 2.4. Background information of the EE that reflects the mission, vision and values must always be inserted on contractual agreements of any kind.
 - 2.5. All specifications, quantity, quality, value and duration shall be clearly stated.

3.3.7. Purchase Order (PO)

1. A purchase order (PO) is the first official offer issued by EE after the supplier is selected.
2. A designated employee from the Admin/Logistic team needs to place an order using a **Purchase Order Form (Appendix 7FO)** based on the approved document.
3. Purchase order shall be placed only for purchases valued at more than Birr 10,000.00 except for purchases that involve partial advance payment and/or production time before delivery.
4. Purchase orders shall include the following information:
 - Name and address of selected supplier
 - Date and proforma invoice number of the supplier
 - Date of order

- Detailed specification of items ordered
- Quantities ordered with unit price
- Total cost of all items
- Applicable discounts, if any
- Information on delivery details: taxes, freight and insurance, warranties, etc.

3.3.8. Procurement Payments

1. EE can make payment for the goods, services and works purchased by check, cash and bank transfer against approval of payment vouchers and supporting documents such as purchase order, approved comparison forms with attached proforma invoices, copy of signed contract agreement, if any, and proof of receipt of goods or performance of services.
2. There are also exceptions that we pay in advance before the goods and services are delivered.
 - 2.1. Advance payment shall be made in an amount not exceeding 30% of the total contract price.
 - 2.2. The amount to be paid in advance shall be stated in the instruction to bidders.
 - 2.3. Suppliers shall submit advance payment security in an amount equal to the advance payment they receive in the form of a certified cheque or unconditional bank guarantee at their option from a reputable bank, together with their request for advance payment as per the contract.

3.3.9. Procurement Lead-times

1. Procurement lead-time is referred to as the time interval between the initiation of a procurement action and the award of a contract. This is the time required from the point when the need for an item; be it good, service or work, is recognized to when it is received.
2. This is established cut-off date for processing procurement requirements. These established dates allow adequate time to properly accomplish planned procurements and amendments and are based on receipt of a complete acquisition package which includes required approvals/clearances, a complete description of requirements, and adequate funding.
3. All procurement processes have different lead-times as indicated in the table below:

Table 4: Procurement process for Works and Goods (National Competitive Bid)

Works	Time Required in weeks	Minimum Time in Weeks
<i>Draft Bid Documents, including specs and quantities,</i>		
Time for floating Notice on National Press	3-4 wks	3
Preparation of Bid Evaluation Report	1-3 wks	1

Contract Award notification	1 wk	1
Contract negotiation	1 wk	1
Contract Signature	1-1.5wks	1
Total number of weeks		7 weeks
Goods	Time Required in weeks	Minimum Time in Weeks
<i>Draft Bid Documents, including specs and quantities,</i>		
Time for floating Notice on National Press	2-4 wks.	2
Preparation of Bid Evaluation Report	1-3 wks	1
Contract Award notification	1 wk	1
Contract negotiation	1 wk	0.5
Contract Signature	1-1.5wks	0.5
Total number of weeks		5 weeks

NB: These lead times may vary depending on the delivery time pledged by the suppliers, the procurements at hand, the complexity of the procurement item, availability of the requested items in the market and other factors.

3.3.10. Procurement Delays

1. Delays in the procurement process are any constraint that prevents procurement events from taking place in accordance with the procurement plan and schedule.
2. The following are some common causes of delays in the procurement process:
 - 2.1. Failure to properly plan all procurement needs and to use the appropriate procurement method.
 - 2.2. Requesting entity fails to submit procurement requests on time consistent with the procurement plan and schedule.
 - 2.3. Technical specifications, scope of work or terms of reference prepared later than scheduled.
 - 2.4. Procuring unit receives incomplete technical specifications, scope of work or terms of reference.
 - 2.5. Technical Evaluation team not formed in time to begin the evaluation process as scheduled.
 - 2.6. Technical Evaluation team taking more time than allotted to evaluate bids or proposals.
 - 2.7. Procurement Committee not fulfilled to open bids.

- 2.8. Lack of organization and prioritization by the operation/logistic team.
 - 2.9. Protracted or prolonged contract negotiations.
 - 2.10. Reviewing and approving authority taking more time that allotted to review and comment on documents sent for approval.
3. Avoiding Delays:
- 3.1 Avoiding delays in the procurement process not only saves time and money, it also permits the timely award of contracts to the completion of the program/project deliverables. A delayed contract award could cause a chain reaction of delays on other dependent procurements.
4. Who is responsible for avoiding delays in the procurement process?
- 4.1. All stakeholders: the Admin/logistic team, procurement committee as well as technical evaluators, approving authority, requesting or user team, etc., involved in the bidding, evaluation and selection phase are responsible for making every effort to avoid delays in the procurement process. No single department can do this. It has to be a collaborative effort.
5. What can be done to minimize delays in the procurement process?
- 5.1. The appropriate procurement method is assigned to the requirement because this is important for estimating the procurement lead-time.
 - 5.2. A realistic determination is made of the availability of a market to satisfy the need.
 - 5.3. An evaluation team with the proper technical skills is identified, selected and approved early enough and is available to begin the evaluation process on schedule.
 - 5.4. The need for external assistance to prepare the technical specifications, scope of work or terms of reference of the requirement has been considered.
 - 5.5. The approving authority will be available and is committed to reviewing and approving procurement documents within an agreed timeframe.

3.4. Procurement of Consultants

3.4.1. General

1. Consultancy services consist of the review and the provision of advice on particular projects or problems.
2. EE procures consultancy services for a wide spectrum of activities including i.e. studies, surveys, appraisals, assessments, systems documents and manual preparations, video/audio productions, design of leaflets, photography, engineering work related

services, delivering presentations, facilitation works, other judicial bodies to give evidence or otherwise submit professional opinions and so on. Outsourcing these services give sufficient time to EE team to focus more on the core organizational engagements.

3. The quality of consulting services remains one of our key considerations in selecting consultants; the cost of consulting services remains a factor of selection to be used with measured prudence according to the features and complexity of the engagements.
4. Consulting services in EE should satisfy the following guiding principles:
 - High quality of services,
 - Efficiency and economy,
 - Competition among qualified consultants from all eligible consultants, and
 - Transparency.
5. **Property:** Contracts for consulting services usually state that all documents prepared by the consultant shall become and remain the property of EE. The consultant may retain a copy of such documents and software. There should be no restriction on the use of such documents or software by EE.
6. **Information to the consultants:** Dissemination of relevant information is the cornerstone of a transparent and fair consultant selection process. Our policy requires us to ensure that all consultants have equal access to the same information so that interested consultants can make informed decisions on how to best apply their efforts. Consulting opportunities in EE will be advertised as follows:
 - On the newspapers (both private and government owned)
 - On advertisers' websites
 - On the Notice Boards of EE offices
 - On the appropriate notice boards and email communications;
 - Partners offices
 - Using other mass media depending on the circumstances.
7. **Role of the Consultants:** In view of fair competition ensuring rationality in the selection process, consultants should abide by the laws of the country (both Federal and Regional State laws) and by the instructions of the Request for Proposal (RFP) provided by EE.

3.4.2. Consultants Selection Methods

1. The followings are various methods for the selection of consultants:
 - Quality and Cost Based Selection (QCBS)
 - Least-Cost Selection (LCS)
 - Quality-Based Selection (QBS)
 - Selection under a Fixed Budget (FBS)
 - Selection Based on Consultant's Qualifications (CQS)

- Single-Source Selection (SSS)
 - Selection of Individual Consultants (IC)
2. The choice of the appropriate method will depend on the nature, size, and complexity of the assignment; technical and financial considerations and the like. It is therefore critical to carefully define the assignment, particularly the scope and its depth while developing the TOR and other elements of RFP.
 3. For the engagement of consultants, a quotation or tender will be required depending on the value of the consideration. Requirement and specification of the consultancy service shall be approved by the CED prior to calling quotations or inviting tenders.

3.4.2.1. Quality and Cost Based Selection (QCBS)

1. QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. It is the method most frequently used to select consultants.
2. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.
3. The selection process shall include the following steps:
 - a. Preparation of the TOR;
 - b. Preparation of cost estimate and the budget;
 - c. Advertising;
 - d. Preparation of the short list of consultants;
 - e. Preparation and issuance of the RFP [which should include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract];
 - f. Receipt of proposals;
 - g. Evaluation of technical proposals: consideration of quality;
 - h. Public opening of financial proposals;
 - i. Evaluation of financial proposal;
 - j. Final evaluation of quality and cost; and
 - k. Negotiations and award of the contract to the selected firm.

3.4.2.2. Least-Cost Selection (LCS)

1. This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where the intellectual component is minor and well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established.
2. Short listed consultants must submit their proposals in two envelopes. The technical proposals are opened first and evaluated. Proposals scoring less than the minimum technical qualifying mark are rejected, and the financial envelopes of the rest are opened in public. Activities and items described in the technical proposals but not priced or quantified differently in the financial proposal from the technical proposal, shall be

assumed to be included in the prices of other activities or items. The consultant with the lowest price is selected.

3.4.2.3. Quality-Based Selection (QBS)

1. Quality-Based Selection (QBS) is based on the evaluation of the proposal quality without any initial consideration for cost. The consultant that submitted the highest-ranked technical proposal is then invited to negotiate its financial proposal and the contract. QBS is appropriate when:
 - 1.1. The downstream impact of the assignment can be so large that the quality of the services is of overriding importance for the success of the project as a whole;
 - 1.2. The scope of work, the duration of the assignment, and the TOR require a degree of flexibility because of the novelty or complexity of the assignment, the need to select among innovative solutions, or the particular physical, environmental, social, or political circumstances;
 - 1.3. The assignment itself can be carried out in substantially different ways such that cost proposals may not be easily or necessarily comparable;
 - 1.4. The introduction of cost as a factor of selection makes competition unfair; or the need exists for an extensive and complex capacity building program.
2. QBS should be adopted for assignments such as the following:
 - a) Complex sector and multidisciplinary studies of a complex nature
 - b) Important and far-reaching strategy studies
 - c) Complex pre-feasibility and feasibility studies, or design of large and complex projects
 - d) Assignments in which consultant organizations with different cost structures are required to compete
3. In some cases, the choice between QBS and QCBS may be difficult. In situations of strong uncertainty or risk for the engagement, QBS should be adopted, because quality is the key element.
4. Only the financial proposal of the first-ranked consultant is opened; the others are returned unopened after negotiations with the winning firm are concluded.
5. Because the TOR of assignments under QBS are generally more complex and less defined than under QCBS, contract negotiations with the winning consultants may be lengthy and complicated. For large assignments, EE may decide to hire an independent adviser to assist in the most critical aspects of the technical.

3.4.2.4. Selection Under a Fixed Budget (FBS)

1. This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget.
2. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks.
3. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected.
4. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

3.4.2.5. Selection Based on the Consultants' Qualifications (CQS)

1. This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, EE shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.
2. CQS may be considered for assignments such as the following:
 - Evaluation studies at critical decision points in the project cycle
 - Executive assessments of strategies and programs
 - High level, short-term, expert advice
 - Participation in project review panels
 - Other similar undertakings

3.4.2.6. Single-Source Selection (SSS)

1. Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.
2. Single-source selection may be appropriate only if it presents a clear advantage over competition:
 - For tasks that represent a natural continuation of previous work carried out by the firm
 - In exceptional as well as emergency cases, and for consulting services required during the period of time immediately following the emergency,
 - For very small assignments,

- When only one firm is qualified or has experience of exceptional worth for the assignment.
- When competition appears unlikely to add significant value to the choice of the consultant.

3.4.2.7. Selection of Individual Consultants (IC)

1. Individual consultants are selected on the basis of their qualifications for the assignment. The user team should first prepare a TOR for the consultant assignment including the scope of work and/or short description of the task or job description and the criteria for selection and its estimated cost.
2. Advertisement is not required, and consultants do not need to submit proposals.
3. In some cases, the EE may consider the advantage of advertising in cases of:
 - Individual assignments of a long duration—say, 12 months or more
 - For shorter assignments if potential suitable candidates are unknown.
4. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by EE.
5. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by EE shall be the best qualified and shall be fully capable of carrying out the assignment.
6. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and knowledge of government policies.

3.4.2.8. Procurement Made by Means of Request for Proposal

1. Where EE opts to procure consultancy service by means of request for proposal and the estimated value of such procurement is above Birr 500,000.00 it shall issue invitation for expression of interest.
2. The selection of consultants to be invited to submit proposals shall be made in the following manner:
 - 2.1. By selecting those with better qualification from among consultants responding to an invitation for expression of interest issued by EE;
 - 2.2. In case of the number of consultants having the competence to deliver the required service being limited, by inviting all of such consultants;
 - 2.3. If the estimated value of the consultancy service is below Birr 500,000 (five hundred thousand), by random selection from among consultants in the suppliers' list.

- 2.4. The number of consultants to be invited to submit proposal shall, as far as possible, be not less than three and not more than seven.
- 2.5. EE shall send simultaneously to the addresses of the selected consultants, a letter of Notification to submit their proposal. If EE finds it appropriate, it may send to the selected consultants the bidding document prepared for this purpose free of charge together with the letter.
- 2.6. The bidding document shall be prepared in conformity with the standard bidding document issued by EE and in accordance with the procedure applicable to national competitive bidding prescribed in this directive.
- 2.7. The negotiation to be held with the selected consultant shall focus on the content of the consultancy work, the method applied to accomplish the work, the quality of the human power to be engaged by the consultant, the material to be used by the consultant in the performance of the service, the content of the report to be submitted by the consultant as it being understood that the essential requirements of the bidding document and the quality of the work to be delivered by the consultant is not negotiable.

3.4.3. Consultancy Procurement Thresholds

1. Apart from the selection methods described above, the competitive bidding procedure laid down in other sections for the procurement of goods, works and other services shall apply to the procurement of consultancy service.
2. Accordingly, consultants are selected depending on their competitive values:
 - National Competitive Bidding (NCB): \geq Birr 500,001 .00
 - Restricted bidding: \leq Birr 500,000.00
 - Request for offer (RFO)/shopping: Birr 50,001 to 499,000.00
 - No competition (one consultant/contractor): \leq Birr 50,000.00

3.4.4. Evaluation of Technical Proposals

1. Unlike the procurement of goods and works, the technical evaluation and recommendation of consultants is carried out by a temporary technical evaluation committee representing the user team and Admin/logistic team and authorized by CED.
2. The Evaluation Committee (EC) prepares a technical evaluation report that shall record the scores given to each criterion and sub criterion, as well as explain the decisions. For each proposal, the report also should indicate technical weaknesses or deviations from the terms set out in the RFP and comment on their acceptability.
3. The technical evaluation report is submitted by the EC to the designated decision-making authority for review and approval. This decision-making authority may ask the EC to explain the report but should not request that scores to be changed. It should

review the EC's evaluation of each proposal (on technical, contractual, and other aspects).

4. If the EC finds a proposal non responsive, the decision-making authority may reject it at this stage. An example of deviation that could lead to rejection of a proposal may include the omission of a component of the services, reflecting a poor understanding of the assignment.
5. The decision-making authority must also be satisfied itself that no proposal is inconsistent with the guide line. S/he should also decide how any acceptable deviation in each proposal should be handled during negotiations, in case that proposal is ranked first.

3.4.5. Notification to Consultants

1. The EC notifies consultants whose proposals did not meet the minimum technical score specified in the RFP or were found to be no responsive, indicating that the consultants' financial proposals will be returned unopened at the end of the selection process. It also simultaneously notifies consultants whose technical proposals were above the minimum technical score and informs them of the date, time, and place set for opening the financial envelopes.
2. The opening date should be defined to allow sufficient time for consultants to make arrangements to attend the opening.
3. If consultants were initially requested to submit financial proposals under QBS, the EC notifies the consultant with the highest-ranked technical proposal and indicates the date, time, and place set for negotiating the financial proposal and the contract. If only technical proposals have been received, the EC will request the highest-ranked consultant to submit a financial proposal. (One week is considered a sufficient time period in which to receive this financial proposal.)

3.4.6. Consultant Conflict of Interest

1. A consultant conflict of interest is a situation in which consultants provide, could provide, or could be perceived as providing biased professional advice to EE to obtain advantage.
2. Consulting services in EE projects should satisfy the following requirements:
 - Meet high standards of quality;
 - Be impartial (that is, delivered by a consultant acting independently from any affiliation, economic or otherwise, that may lead to conflicts of interest;
 - Be proposed, awarded, administered, and executed according to the highest ethical standards.
3. The Four main categories of conflict of interest that may bias the consultants' advice and lead to their disqualification:

- 3.1. Activities by the consultants and their affiliate's that conflict with their assignment for EE
- 3.2. Consulting assignments that, by their nature, are or may be in conflict with each other
- 3.3. Relationships between the consultants and EE's staff
- 3.4. Consultants serving different clients with conflicting interests on closely related assignments

3.4.7. Handling Complaints

1. Consultants may decide to complain to the CED about the proper application of selection methods and procedures adopted. No discussion or correspondence with a consultant should take place during the selection process, other than acknowledgment of receipt of the complaint itself.
2. If, in the judgment of the CED having considered all the evidences and circumstances, a complaint is justified, he may ask or advise the concerned officials to remedy the situation or settle the complaint directly with the complainant.
3. The CED shall not enter into discussion or correspondence with any consultant during the selection and review process, until award of the contract is notified.

3.4.8. Contract, Payment Provisions and Taxes

1. Formal contracts shall be signed for the recruitment/employment of consultants. This need be in line with EE Procurement and Human Resource frame work and relevant provisions of the Policies.
2. All consultants will be paid a daily rate. This rate will be determined based on past salary or established consulting history as reflected on the Biographical Data Form (biodata), a pre- determined local consultant pay scale, and/or the specific requirements of consultancy. It is important to note when considering salary history that only the base salary (excluding any benefits) is applicable to the calculation.
3. It is the responsibility of Finance Director to verify the salary or daily rate of consultants with a previous employer before setting the compensation rate. Salary verifications should be done in writing and documented in the consultant file.
4. No local consultant daily rate may exceed US\$ 400 or its equivalent in Birr.
5. EE should avoid delaying payments without due cause to ensure that the consultant does not delay its assignment for lack of funds.

6. In general, a consultant will seek to be paid up front as much as possible to make sure that the necessary cash flow is always available to the assignment without having to resort to external financing.
7. Payment provisions, including amounts to be paid, schedule of payments, and payment procedures, shall be agreed on during negotiations.
8. Payment shall be made on an instalment and phase by phase basis in accordance with the progress of the assignment as stated in the contract agreement.
9. Clarity should be created at the early stage of negotiation to ensure that all local tax liabilities shall be for the account of the consultants unless the consultant is tax-exempt, in which case he/she is required to produce the evidence.
10. For registered consultants withholding tax at the applicable rate will be deducted from any payment except reimbursable and transport and accommodation expenses agreed to be covered. EE is under a duty to issue pre numbered Withholding Tax Receipt for the amount withheld or deducted from the consultant immediately at the time of making the payment.

4. FIXED ASSET CONTROL

EE must keep track on all its fixed assets such as vehicle, motorbikes, equipment and furniture. Access to assets should be limited to authorized personnel in order to maintain the normal operation of the organization. Direct access to assets may be restricted by appropriate physical security (safe or a locked door to storeroom or pass codes/passwords).

This section describes the purchasing, inventory, maintenance, insurance, disposition, and custody policies for non-expendable equipment purchased for EE projects.

Non-expendable Property (NXP) or fixed Asset is a property which:

- Is complete in itself
- Has a useful life of more than 1 year, and subject to wear and tear
- Has a unit acquisition cost of \$250.00 (or equivalent amount in local currency) or more.

4.1. Capitalization Policy on Fixed Assets

1. Since most fixed assets are subject to wear and tear, their value depreciates. In order to obtain clear insight in all assets at every moment, Fixed Assets Register shall be kept showing information on cost, depreciation to date, revaluations and current book values.

2. Straight line depreciation should be applied to calculate the book value of a fixed asset that has a life span of 1 year and above. Straight line depreciation can be calculated using any of the following formulas:

a)
$$\text{Depreciation per annum} = \frac{\text{Cost} - \text{Residual Value}}{\text{Useful Life}}$$

b)
$$\text{Depreciation per annum} = (\text{Cost} - \text{Residual Value}) \times \text{Rate of depreciation}$$
 Where:

- Cost is the initial acquisition or construction costs related to the asset as well as any subsequent capital expenditure.
- Residual Value, also known as its scrap value, is the estimated proceeds expected from the disposal of an asset at the end of its useful life. The portion of an asset's cost equal to residual value is not depreciated because it is expected to be recovered at the end of an asset's useful life.
- Useful Life is the estimated time period that the asset is expected to be used starting from the date it is available for use up to the date of its disposal or termination of use. Useful life is normally expressed in units of years or months.
- Rate of depreciation is the percentage of useful life that is consumed in a single accounting period. Rate of depreciation can be calculated as follows:
 - $$\text{Rate of depreciation} = \frac{1}{\text{Useful Life}} \times 100\%$$

- E.g. rate of depreciation of an asset having a useful life of 8 years is 12.5% p.a. ($\frac{1}{8} \times 100\% = 12.5\%$ per year)
3. All computers and its accessories, printers, servers, vehicles, motorbikes and furniture must be registered as fixed assets regardless of cost.

4.2. Fixed Asset Register/Inventory

1. Upon purchase, all Non-Expendable items Must be registered in an asset register (inventory log).
2. The purpose of Inventory is to:
 - Provide means of controlling the asset including acquisition, disposal and transfer of valuable property;
 - Allow assets to be checked regularly in order to avoid misuse or misappropriation.
3. Inventory Log is managed and maintained for each award by the Finance and Procurement Director and supported by the Administration Unit.
4. This Log is maintained in an Excel spreadsheet so that the data can be sorted and searched efficiently.
5. Inventory log must include the following but not limited to:
 - Inventory tag number
 - Description of asset
 - Brand
 - Serial number (if applicable)
 - Model number (if applicable)
 - Acquisition date
 - Acquisition cost/unit price (Per item if more than one item is purchased)
 - Total price
 - Exchange rate on acquisition date
 - US Dollar equivalent (if the item is purchased in local currency)
 - Supplier's/vendor name
 - Goods Received Note (GRN)
 - If donated, name of the donor
 - Location of the asset
 - Condition of the asset (New, Good, Obsolete etc.)
 - QB voucher reference
6. The inventory log can be sorted by any of the information fields, allowing for ease of updating, reporting, and verification.
7. For a controlling purpose, separate fixed asset register MUST be kept for items purchased valuing below \$250.

8. All offices should, at least once a year inspect all fixed assets to confirm their existence, location, usefulness, condition and reconcile to the records kept.
9. Assets in poor conditions or not being used should be considered for disposal as per the CSOA directive.

4.2.1. Inventory Tags

1. All fixed assets entered into the register must have inventory tags affixed to them.
2. Inventory tags have unique serial numbers and ensure that all the fixed assets are tracked and accounted for.
3. Once a fixed asset is purchased (or obtained from another source), the Finance Unit is responsible for affixing the inventory tag. Once the tag is affixed, the inventory as detailed above is entered into the fixed asset register by the Administration Officer.
4. When tagging a fixed asset, keep in mind that fixed asset is defined as something that is 'complete in itself'. Some items (such as a desktop computer) may contain components that are not considered fixed asset because they are not complete in themselves. The entire desktop computer (hard drive, monitor, keyboard, and mouse) is considered one piece of fixed asset and should therefore only have one space in the fixed asset register.
5. All offices should maintain registers that record all fixed assets and the main office should maintain master register that consolidates all registers maintained at the regional/zonal offices.

4.2.2. Physical Inventory of Fixed Assets

1. At least once in a year physical count of fixed assets should be carried out and checked against fixed asset register so as to ascertain the physical existence of the asset.
2. All items listed in the fixed asset register must be physically inspected and the inspectors must certify that the items are in working order and being used for authorized purposes.
3. A physical inventory count should also be completed in the regional/zonal offices by a committee from main office during the same period and following the same procedures.
4. A physical inventory report should be produced by a committee from the Administration, Finance (leader) and Technical staff.
5. The physical inventory should be commenced TWO months earlier before the end of the calendar year and/or EE fiscal year starting on November 1st and ending on December 31st.

6. The internal auditor shall be an observer in the course of the physical count. This report should detail any findings and discrepancies between the physical count and the fixed asset register and include any recommendations.
7. Any difference between physical count and the register balance must be reported to the CED for decision on the action to be taken.
8. On an annual basis the Finance Director should compare the total cost of the fixed assets on the register with the general ledger account for fixed assets. The Finance Director and ALO should report updated fixed asset register to the Board and CSOA on December 31.

4.3. Maintenance, Custody and Disposal of Fixed Assets

1. A maintenance schedule for fixed assets like computers, copiers, vehicles etc. should be established by all offices to ensure regular maintenance of assets.
2. Electronic Equipment (computers, photocopiers, printers, etc.) should all be purchased with at least a one-year warranty if possible. Maintenance and service agreements are negotiated at the time of purchase and are dependent upon the expected useful life of the item and its expected type of use.
3. Office Furniture (desks, chairs, tables, bookcases): Little maintenance is required other than regular cleaning. Most of these items can be repaired by local vendors if necessary.
4. The custody and responsibility of immovable assets lies with the FOD (backed up by CED).
5. The following documents should be filed in such a way that they are accessible:
 - Inventory lists, duly signed;
 - Purchase invoice of fixed assets;
 - All other fixed assets related documents.
6. Any loss, damage or theft of assets should be reported immediately, and the responsible staff should bear the payment for the LOST/THEFT item. The payment should be based on book of value of the lost/theft item. The book value of the lost item and the decision to reimburse the amount for the lost item is to be decided by the management.
7. A collective insurance should be obtained from a reputable insurance company for all risks that will potentially affect fixed assets, particularly vehicles.
8. In accordance with the EE, all non-expendable property purchased under the individual awards shall remain in the custody of EE unless the award document states otherwise.

9. Special care should be taken in the disposal process of fixed assets. EE should be abided by the relevant legislation and procedures of the government of Ethiopia. OCS directive is the governing body on how and when to dispose assets being used by EE.

4.4. Stock Management

1. EE's accounting policy on stock is to maintain at First-In First-Out (FIFO) basis and immediately write off the stock. Costs of the stocks shall include direct costs of purchase, all costs that are included in the supplier's invoice.
2. Stocks in main and other office should have proper detailed store records in terms of product code, title, quantity received, quantity requested and issued and current in-stock balance.
3. A system of continuous physical stock taking should be maintained at each office where the stocks are located. Thorough checks of physical stocks and reconciliation should be maintained at interval.
4. Stocks are issued up on approval from concerned department. Stock cards are managed by Administration Team and bin card is managed by the store keeper (office assistant) and Cashier/Accountant.

4.4.1. Internal Control Over Stock

1. Individual stock card maintained by operation section should always reflect quantity and cost of the items.
2. Individual bin card balance should always be reconciled with stock card quantity held by Cashier/Accountant.
3. Pre-numbered GRN (Goods Received Notes) should always reflect receipt of supplies into store.
4. Supply issuing voucher should only be prepared for items voted for approval by the responsible department.
5. Integrity of numerical sequence of supply receiving voucher and supply issuing voucher should be strictly followed.
6. Stores should be protected to prevent theft and unauthorized movement of stocks.
7. Unauthorized persons should not be allowed to access store.

5. TRAVEL POLICY

All travellers are encouraged to review these policies prior to departure in order to complete necessary pre-departure steps, understand what is allowable, and ensure that they understand all policies.

5.1. Travel Approval

1. Travel Approval is required to:
 - 1.1. Ensure that the trip has been approved by the immediate supervisor
 - 1.2. Ensure that management knows where staff are at all times;
 - 1.3. Allow support or other staff sufficient time to make travel arrangements; and
 - 1.4. Provide advance for vehicle allocation (or to reschedule travel if a vehicle is not available).
2. Approval must be obtained using the **Travel Advance Request Form (Appendix 3FO)**. A separate form must be used for each traveller, even if several persons are traveling as a group.
3. For local travel, travel arrangements need to be made in advance regardless of whether the traveller is traveling by airplane, project vehicle, or other locally-arranged transport (taxi, car hire)
4. Project Vehicle: The Logistics Director is responsible for the coordination of project vehicle use and requests for its use. Traveling staff should place vehicle request form 5 days ahead of the scheduled field trip.
5. Air Travel: The Logistics Director is responsible for the coordination of making airline reservation and purchasing airline tickets. Traveling staff should place Air ticket request using the travel request form 5 days ahead of the scheduled field trip.
6. Other Local Transport: Local taxis or car-hire may be used if project vehicles cannot meet the needs of the project or in an emergency situation. Logistics Director will approve the use of taxis or car-hires.

5.2. Per Diem

1. Per Diem is an amount of funds provided to a traveller to cover the costs of lodgings, meals, and travel-related incidental expenses.
2. EE believes Per Diems are paid only for the purposes of covering expenses.
3. EE uses the Lodging Plus system where per diem is based on two parts: 1) Lodging; and 2) Meals and Incidental Expenses (M&IE); and the flat rate system.

4. With this per diem schedule, the rate for Lodging represents the maximum cost a traveller may be reimbursed for actual local costs. Costs are directly reimbursable, with an adequate receipt, up to this maximum.
5. The M&IE portion is a flat rate by location and does not require any receipts.
6. M&IE is intended to cover all meals and any incidental expenses such as laundry, tips, personal phone calls, etc.
7. Each per diem rate has an allocation breakdown for breakfast, lunch, and dinner. Therefore, the amount of per diem allocated to breakfast, lunch and/or dinner can be deducted from the traveller's per diem if a meal was provided to the person by the project.
8. For example, if a traveller is attending a project-funded workshop and lunch is provided as part of the workshop, then the traveller is not given the lunch per diem amount. To do so would double-count the cost of the lunch by the project: one payment as part of the per diem, another payment for the workshop lunch itself.
9. Please note that if breakfast is included as part of the cost of the hotel room, the cost of breakfast does not have to be deducted from the per diem amount. If breakfast is provided as part of the project activity (e.g., breakfast is provided at a project meeting) then breakfast should be deducted from the per diem.
10. It is important to note that a different per diem rate is used for EE staff and non-staff individuals. For instance, staff may use the Lodging Plus per diem rate while non-staff use the flat rate per diem as indicated below.

5.2.1. Staff Per Diem Rates

1. EE Staff Rates should follow the guidelines described in the table below:

Table 5: Staff Per Diem Policy

Location	Lodging Rate	Plus M&IE	Flat Rate	Flat Rate Breakdown				
	Maximum Lodging	M&IE		Breakfast (10%)	Lunch (20%)	Dinner (25%)	Incidentals (10%)	Lodging (35%)
District/Village	-	-	400	40	80	100	40	140
Zonal Towns	500	300	500	50	100	125	50	175
Regional Towns	700	300	600	60	120	150	60	210
Addis Ababa	1000	400	700	70	140	175	70	245

2. Per diem for district towns considered expensive, such as Lalibela, will be calculated based on the Regional town rate. The rate for any town deemed expensive will be considered to take higher rate with approval from the CED.

3. A Day Trip is defined as travel outside of the location in which a staff member is based, that does not include an overnight stay.
4. Staff who take a day trip for project work are entitled to a day trip allowance to cover the costs of meals and incidental expenses.
5. The minimum number of distances to claim a day trip allowance is travel of at least 30 km (one way) outside of their work duty station.
6. The Day Trip Allowance amount will be calculated based on a proration of the flat rate per diem policy indicated in the table above under #1. Accordingly
 - 6.1. Staff who were on a day trip travel and returned back to duty station before 12:00 pm will get 20% (breakfast and incidentals) of the flat rate of the location of the field activity.
 - 6.2. Staff who were on a day trip travel and returned back to duty station before 5:30 pm will get 40% (breakfast, Lunch and incidentals) of the flat rate of the location of the field activity.
 - 6.3. Staff who were on a day trip travel and returned back to duty station After 5:30 pm will get 65% (breakfast, lunch, dinner and incidentals) of the flat rate of the location of the field activity.
 - 6.4. The same proration rule applies for staff returning from overnight field work.
7. Staff traveling for overnight field work are entitled the full amount Per diem rate regardless of their departure from their duty station.
8. Staff need to present a receipt for their lodging if they are using the lodging plus rate. Reimbursements are only made based on the receipts. If the lodging receipt is above the maximum permitted amount, only the maximum permitted lodging amount will be paid to the staff.
9. In a case where direct lodging payment is necessary, the ALO can help facilitate this process.
10. Receipts are not required for Flat rates.
11. Consultants and other short-term staff undertaking EE activities are entitled to the same Per-diem rates as EE staff, unless other rate is indicated in their contract agreements in which cases the rate specified in the signed contract agreement will be followed.

5.2.2. Non-Staff Per Diem Rates

1. For Non-staffs, EE implements the following harmonized DSA rate for Federal, Regional, Zonal & Woreda level meetings.
 - Federal, Regional and Zonal Level meetings, workshops and trainings, supervisions, the daily per diem rate is ETB 450.
 - For Woreda level, the per diem rate is ETB 300.
 - Per diem for Primary Care Worker's and other similar cadres is: ETB 350.
 - Per diem for Midlevel Eyecare Worker's is: ETB 600.
 - Per diem for technical supportive supervisors is: ETB 400.
 - Per diem for drivers and other supportive staffs is: ETB 300.
 - Per diem for mobilisers and case finders is: ETB 200
2. Providing meals (lunch, breakfast or dinner) at project expense on top of per diem is prohibited. Tea/coffee and cookies are permitted.

5.3. Travel Completion

5.3.1. Travel Expense Request

1. The **Travel Expense Request Form (Appendix 4FO)** must be completed by the traveller upon completion of the travel. This report is used to document reimbursable travel expenses and to calculate the per diem amount owed to the traveller (less any advances).
2. The Travel Expense Report should be submitted to Finance section within a maximum of ten (10) of completion of travel.
3. The Travel Report and any necessary approvals should be attached The Finance Officers will review the form and make sure that it is complete and accurate.

5.3.2. Travel Receipt Requirements

1. Any expense of Birr 100 [one hundred] or greater must have an original/official receipt in order for the traveller to be reimbursed for the expense.
2. Receipts must include the date that the expense was incurred, a description of the expense (in English) including purpose and origin/destination (if applicable), and the amount.
3. These receipts must be attached to the Travel Expense Report.
4. Specific requirements for other receipts:
 - 4.1. Lodging: Receipts must include traveller's name, dates of stay, number of nights of lodging received, number of room occupants, the lodging rate per night plus applicable taxes, and the total amount paid.

4.2. Airline travel: Original airline passenger coupons/receipts for paper tickets.

4.3. Taxi/Public Transport: The origin and destination of the traveller, the date, and the amount

5.3.3. Travel Report

1. All travellers are required to complete a **Travel Report Form (Appendix 5FO)** after the completion of travel.
2. The Travel Report documents the reasons for the travel and provides a written record of the activities, findings, and next steps.
3. A driver's trip report should include appropriate vehicle information.
4. The Travel Report must include the following information:
 - Traveller's Name
 - Location Travelled to
 - Travel Date(s)
 - Travel Objective(s)
 - Work Plan Objective(s) Fulfilled
 - Travel Activities
 - Persons Contacted
 - Project Approval
5. The Travel Report should be reviewed and approved by the traveller's immediate supervisor and attached to the Travel Expense Report for processing.

5.4. International Travel

5.4.1. Policy

1. All international travels must be approved by the CED.
2. Requests for approval should be submitted by email to the CED no later than the first week of the month prior to the month the travel is scheduled to occur (e.g. a request for February travel should be submitted during the first week of January).
3. If the need for international travel arises after this deadline, notify the CED as soon as possible. The email request to the CED should include:
 - Traveller's Name
 - Purpose of Travel
 - Start and End Dates of Travel
 - Origin and Destination of Travel (including intervening stops)
 - Anticipated Cost of Travel (in USD)

4. A copy of invitation letter from the organisation abroad must be attached to the request email.
5. The employee is allowed to travel only if approval is provided by the CED.
6. The ALO is responsible for arranging international travel.
7. Traveling staff are responsible for arranging visas. The cost of any visas, passports, and passport photographs are allowable expenses, if the travel is work related.
8. International travellers should consult the FOD and the ALO for up-to-date information on health insurance. Additional medical coverage, for emergency medical services and evacuation, is provided at the expense of the Project. The HR Manager is responsible for assisting staff traveling internationally with Health Insurance processing.
9. All visitors of the project need to be approved by the CED and the CED need to notify the respective government body. Arrangements.
10. Participant Travel: If EE is funding a trip for anyone in Ethiopia to a training or workshop outside of Ethiopia, this is considered Participant Travel. These trips are accounted for in the International Travel Tracking Sheet, in the Participant column. For each trip involving Participant Travel, the Logistics Director records the information in the **Participant Information Tracking Sheet (Appendix 10FO)**.
11. Each trip is recorded by the HR Manager in the International Travel Tracking Sheet.

6. VEHICLE POLICY

6.1. Policy

1. EE will have vehicles to support project activities. Project vehicles are authorized for Project related activities only.
2. Drivers are the only staff authorized to drive EE vehicles unless authorized by the CED. Violation of this policy will result in administrative action and may result in termination of employment.
3. Personal use of project vehicles is prohibited. Vehicles shall be used to support the project's objectives and are not to be used for the personal benefit of staff. EE policy prohibits using project vehicles for any personal purpose. In certain environments, an exception to this rule may be granted with written prior approval.
4. Exceptions to this rule may be authorized by the CED or the Donor of the vehicles under the following categories:
 - a) Public transportation is unsafe or unavailable
 - b) Medical Emergency
 - c) Transportation of dependent children to and from school when other transportation is unavailable or inappropriate
 - d) Home-to-office transportation when employees are not permitted to drive by local law or custom
5. If local circumstances support the need for limited personal "authorized use" that extends beyond standard business use as described above and will require to follow the following process:
 - 5.1. Consult with your Admin and Logistics Director to determine if an exception may be warranted. The Admin Director shall forward your request to the CED.
 - 5.2. Except in the case of a medical emergency, no personal, non-business use is allowed until the CED is received. If vehicle use is required in a medical emergency, CED approval can be requested retroactively.
 - 5.3. Only the CED may then approve personal use of vehicles providing it does not negatively affect the official needs of the vehicle.
 - 5.4. All personal use must be documented in the vehicle log and any personal use of the vehicle must be billed monthly to the individual based on per mile/kilometer cost.
 - 5.5. The Finance Director is responsible for ensuring adequate recordkeeping to demonstrate sufficient reimbursement to the project.

6. In no case shall a project vehicle be loaned to an outside party.
 - 6.1. EE is liable for accidents involving project vehicles, and discovery of any unauthorized use of a project vehicle could result in employment termination of the individual involved.
 - 6.2. If unauthorized use of a project vehicle results in any damage (to the vehicle and/or other vehicles, persons, or property) the individual(s) involved will be fully responsible.
7. Only EE employees and persons officially participating in Project activities are permitted to travel in a project vehicle.
8. There are time restrictions regarding the use of project vehicles. Drivers are not permitted to drive project vehicles before 6:00 AM in the morning and after 7:00PM in the afternoon, unless authorised by the CED.

6.2. Vehicle Management Responsibilities

1. The Admin and Logistics Director is the overall manager of the project vehicles, ensuring strict adherence to vehicle policies and efficient use of vehicles consistent with approved monthly work plans.
2. The Admin and Logistics Director is responsible for the scheduling of the vehicles.
3. All staff transport requests are made through the Admin and Logistics Director. Staff members are expected to respect scheduled travel times and itineraries.
4. Drivers are responsible for attending to the security of the vehicle and checking that vehicles are in a roadworthy condition and compliant with all vehicle legislation (valid licenses, tax & insurance etc,) before they are used. Routine checks of oil, fuel, battery, brake and clutch fluid and water level of the radiator should be done every day.
5. The Driver is responsible for cleaning the vehicle both inside and outside as required.
6. Drivers are responsible for maintaining vehicle **logs (see next section)**.
7. Admin and Logistics Director or other delegated personnel reviews logs monthly for compliance and for calculating monthly fuel consumption per vehicle.

6.2.1. Fuel

1. When the project vehicles need fuel at central office, the following action is required:
 - 1.1. Drivers request a fuel purchase request from the Admin and Logistics Director who verifies the need against the vehicle log before authorizing the request.

- 1.2. The Admin and Logistics Director compute the number of kms driven since the last filling.
 - 1.3. The Driver takes the approved order form to the Finance Director for approval of advance or Coupon.
 - 1.4. The Driver should obtain a receipt indicating the number of liters purchased and the amount paid. Inputs of fuel should also be recorded on the vehicle log.
2. Fuel purchases during field trips:
1. The Driver or another staff member receives a fuel advance or coupon prior to travel.
 2. Fuel purchases needed during trips should be made from these funds and a receipt should be obtained indicating the number of liters purchased and the amount paid.
 3. Inputs of fuel should also be recorded on the vehicle log.
 4. The receipt(s) and unused advance funds or coupons should be returned to the Finance department to clear the advance.

6.2.2. Maintenance & Cleaning

1. All EE vehicles must be maintained regularly.
2. Drivers are responsible for checking that vehicles are in a roadworthy condition and compliant with all vehicle legislation (valid licenses, tax & insurance etc.), before they are used.
3. Routine checks of oil, fuel, battery, brake and clutch fluid and water level of the radiator should be done every day.
4. The Driver must report any maintenance or repair needs to the Admin and Logistics Director as soon as identified. If a vehicle cannot be driven due to an accident or mechanical reasons, the Driver must consult with the Admin and Logistics Director prior to taking any actions to arrange towing or repair of vehicle.
5. Any repairs required while in the field must be verified and authorized by the Programme or project coordinator who is in the field with the Driver.
6. The Admin and Logistics Director maintains a vehicle maintenance record for all vehicles.
7. The Driver is responsible for cleaning the vehicle both inside and outside as required.

6.3. Vehicle Usage, Fuel and Maintenance Log

6.3.1. Vehicle Usage Log

1. The purpose of the Vehicle Usage Log is to document and monitor appropriate use of EE vehicles.
2. The log collects information on when, how far, why, and by whom a vehicle is used. These logs are kept in every project vehicle.
3. It is the responsibility of each Driver to keep a log of trips and mileage.
4. During each day, the Driver must complete the **Vehicle Usage Log (Appendix 11FO)** which documents the following information:
 - Purpose of Trip
 - Departure Time
 - Departure Point
 - Kilometre Reading Departure
 - Arrival Time
 - Arrival Point
 - Kilometre Reading Arrival
 - Litters of fuel added (if the vehicle is driven to a fuelling station)
 - Driver Signature
 - Passenger(s) Signature
5. A separate vehicle log is maintained for each vehicle for each day that the vehicle is in use. Logs are then submitted to Logistics Director for review on a monthly basis.
6. The Finance Director is responsible for reviewing the Daily Vehicle Logs to ensure they are consistent with fuel receipts, trip reports and other documentation.
7. Any inconsistencies identified should be immediately reported to the Logistics Director.
8. Specifically, logs are reviewed to ensure that:
 - a) Vehicles have been used as assigned;
 - b) Fuel intake is in accordance with kilometres driven;
 - c) Vehicles have only been used by assigned staff; and
 - d) Maintenance needs are anticipated and in accordance with kilometres and locations driven.
9. Vehicle logs are then filed by vehicle in the Logistics Department files.

6.3.2. Vehicle Fuel & Maintenance Log

1. The purpose of the Vehicle Fuel and Maintenance log is to document the operating costs of a vehicle, for example - how many km/L of gas the vehicle gets and how often a vehicle receives service and/or new parts.

2. This log collects data on when and what supplies or services are purchased for a vehicle, at what cost, and from whom.
3. Instructions for Maintaining vehicle Logs:
 - 3.1. Both logs (Vehicle Usage and Vehicle Fuel & Maintenance) are to be placed in each project vehicle and kept there at all times.
 - 3.2. Both logs are to be kept up to date at all times. The Vehicle Usage Log is to be completed for every trip the vehicle is used for; the Vehicle Fuel and Maintenance Log is to be completed every time fuel and other supplies are procured, and every time maintenance is performed.
 - 3.3. Both logs are to be collected on calendar month cycles and reported with the field accounts for each month ending. In other words, on the first day of each month new log sheets should be started, and the log sheets for the month just ended collected and submitted with that month's field accounts (e.g., October logs submitted with October field accounts). A copy should be maintained in the field office should they be needed.

6.4. Vehicle Safety and Security

1. The following vehicle safety guidelines must be followed at all times:
 - 1.1. Seat belts must be worn by the driver and all passengers at all times.
 - 1.2. Vehicles cannot carry more passengers than the designated seating capacity.
 - 1.3. Drivers must drive defensively, strictly observe all traffic regulations and drive within established speed limits, adjusting speed as appropriate to the terrain and in such a way as to ensure the safety of passengers, cargo and minimize the wear to the vehicle.
 - 1.4. Drivers should be particularly observant of pedestrians, bicycles, animals, vehicles or any other potential hazards on the road.
 - 1.5. Under normal conditions and on a good road, the maximum speed a vehicle may travel is 100kph.
 - 1.6. Drivers are prohibited from using their mobile phones or sending texts while operating a vehicle.
 - 1.7. All vehicles must have first aid kits.

- 1.8. Any Driver found guilty of careless or dangerous driving will be personally liable for any related fines and will also be subject to disciplinary action.
- 1.9. Helmets must be worn at all times while driving a motorcycle. Passengers must also wear a helmet.
- 1.10. All boat operators and passengers must wear life vests.
- 1.11. The Driver has the sole authority to decide whether the vehicle and/or conditions are safe for travel.
2. Drivers are responsible for attending to the security of the vehicle.
3. Vehicles should never be left unattended if there is any doubt about their security.
4. Vehicles should be parked at the office compound when not in use.
5. Vehicles should be parked in secure place for the night by the Driver and never later than 7pm under any circumstances unless authorization is given by the CED.
6. Vehicles must be locked with alarms operated.
7. When out of town, vehicles must always be parked in a secure location, particularly at night. A secure location is defined as one where the risk of vandalism to the vehicle, theft of the vehicle or any of its contents is negligible.
8. Keys for vehicles should be returned to the Logistics Officer prior to close of business for safekeeping in the office.
9. Drivers approved to pick-up vehicles outside of office hours must coordinate handling of keys with the Logistics Officer.

6.5. Driver Hours and Health

1. In the interest of passenger's safety and driver's health, drivers may not drive for extended periods without a break. The following time restrictions must be strictly adhered to:
 - 1.1. The maximum time drivers may drive in any one day is 10 hours.
 - 1.2. Drivers should take a short break, for minimum of 15 minutes, after every 3 hours.
 - 1.3. For long drives of 6 hours +, drivers must break for lunch after a maximum of 5.5 hours.

- 1.4. The driver should feel free to request a break should he/she experience tiredness before the recommended rest time.
2. Drivers are responsible for ensuring that they are sufficiently fit to carry out their duties effectively and that none of their judgment, abilities or reflexes may be impaired. This may involve taking the following precautions:
 - 2.1. Ensuring that they have sufficient sleep prior to undertaking a long journey
 - 2.2. Avoidance of alcohol prior to a journey
 - 2.3. Maintaining general good health and fitness
3. Drivers have a duty to report to the Logistics Director immediately if they feel they are unwell or unfit to drive for whatever reason.
4. Any Driver found driving under the influence of alcohol or drugs will be subject to instant dismissal.
5. Drivers are required to have eye tests on an annual basis.
6. Within the time limits indicated above, the Logistics Director must approve in advance all vehicle use outside of office hours. This can include early pickup of vehicles in the morning and use on weekends and holidays for work purposes consistent with monthly work plan.
7. Drivers picking up vehicles for use outside of office hours must get approval from the Logistics Director.

6.6. Use of Non-Project Vehicles

1. Employees must use project vehicles for work purposes. The use of a taxi must be approved by the Logistics Director and is only permitted when project vehicles are not available.
2. Employees should use project vehicles for work purposes wherever possible. The use of a privately-owned vehicle (POV) for work purposes may be authorized by the CED if:
 - 2.1. Project transport is not available, and
 - 2.2. The vehicle has fully comprehensive insurance cover including such cover while used for work purposes. (The Logistics Director is responsible for verifying this and maintaining evidence on file prior to approval by CED).
3. If a staff member receives authorization to use their privately-owned vehicle (POV) in the implementation of Project business, EE allows for per distance unit compensation to cover the cost of fuel.

4. EE will reimburse employees at the approved rate provided that:
 - 4.1. Prior authorization has been given by the CED.
 - 4.2. A logbook (as described below) is maintained for such journeys.
5. Privately Owned Vehicle Usage Log: The purpose of this log is as follows:
 - 5.1. To document use of a privately-owned vehicle for EE business. The log collects information on whose vehicle was used, when, how far, and why, and a certification from the vehicle owner on its use, which is required for EE accountability.
 - 5.2. To provide a simple format for which an employee may log use of their vehicle and ensure that they have provided all necessary information required to claim usage compensation.
 - 5.3. Instructions for use of this log:
 - 5.3.1. The log is to be completed for each event (i.e., trip) that the POV was used during implementation of EE business.
 - 5.3.2. The log is to be signed by the individual and submitted with an expense report claim for compensation.

6.7. Reporting Accident

1. All accidents must be reported immediately to the police by the Driver and then the ALO.
2. The Driver should:
 - 3.1. Obtain contact details of any other parties involved in the accident or witnesses to the accident.
 - 3.2. Not move the vehicle, if at all possible, until after reporting to the police.
 - 3.3. Take steps to protect the vehicle and any luggage from damage or theft, by moving to the nearest secure location before leaving it unattended.
4. Any traffic offence for which the driver is booked by the police should be reported to the Logistics Director.
5. Drivers not reporting accidents, traffic offences or other incidents are subject to disciplinary action.

7. Partnership Policy

7.1. Scope, Purpose and Definitions

1. The focus of this policy is EE' s relationships with programme/project partner/donor organisations. Partners in this document refers to any legal organisation that has a shared goal with EE and includes government ministries and departments, national and international non-government organisations (NGOs), funders/donors, disabled and blind peoples' organisations, local community organisations and private sector companies.
2. The policy applies to:
 - a. Project-level and strategic-level programme partnerships, which may or may not involve the provision of funding;
 - b. One-to-one programme partnerships and more complex programme relationships such as alliances, coalitions and consortia of partner organisations.
 - c. Funding partnerships with whom we will work collaboratively over a number of years to address a defined and particular set of aims
3. This policy should provide EE staff with guidance, direction and a framework for negotiations when entering into a programme partnership. It should be shared openly with all programme partners from the outset of a relationship.
4. EE defines partnership as a mutually beneficial relationship between and two or more organisations undertaken for a specific shared goal.
5. Partners in this document are
6. EE believes partnerships:
 - a. Enables us to utilise the considerable experience, knowledge and contacts of local organisations.
 - b. Allows us to deliver sustainable services via existing organisations and to thereby strengthen the overall system, rather than setting up parallel services.
 - c. Allows us to combine our resources and expertise with our partners' to work more effectively and achieve more than we would if working individually.
 - d. Facilitates capacity building and sustainability.

7.2. Partnership Principles

1. **Shared Goals, Vision and Compatible Values:** A shared commitment towards achieving agreed goals is essential for working together.
2. **Mutual Accountability:** The mutual rights and obligations between EE and partner organisations must be established and formally agreed at the outset.

- a. Accountability focus not only funding and financial controls, but also on the use of other resources such as information, contacts, skills, experience, local knowledge, materials and equipment.
 - b. All partnership project will be subject to formal contracts.
 - c. EE's and all donor contractual obligations are properly reflected in the project funding agreement or an alternative legally binding contract with each programme partner and funder.
 - d. All parties are responsible for providing the agreed inputs, as outlined in the Project Funding Agreement (PFA) or other legally binding contract. Inputs could include financial contributions, technical support, provision of equipment or staff, or access to training.
 - e. All parties are responsible for delivering the outputs and activities ascribed to them and as agreed between them in the project paperwork; specifically the project proposal, logframe and implementation plan.
 - f. All parties are responsible for ensuring that expenditure falls within acceptable parameters of variance from the agreed project budget.
 - g. All parties are responsible for assessing the potential risks to project delivery and must work together to monitor and manage them on an ongoing basis.
 - h. All parties must ensure they are aware of the project's funding source(s) and the obligations and reporting requirements thereof.
 - i. All parties must maintain appropriate accounting standards and record keeping, in accordance with legal and contractual obligations.
3. Ownership: EE and Partners should take appropriate management responsibility for the programme/project and own it.
 4. Openness and Understanding: an open and participatory dialogue, with an emphasis on consultation and sharing of information from the earliest stages of the partnership need to be fostered between EE and its partners and funders.
 5. Joint Learning and Mutual Support: The partnership must be committed to learning from its actions, its successes and its mistakes. EE and partner organisations should provide the necessary time, space and environment to facilitate formal and informal learning, and to ensure that all parties act upon lessons learned.
 6. Respect: EE and its partners need to respect each other's mandates, obligations, principles and independence. EE and its partners should be recognised for all of their contributions; not simply those that are measurable in terms of cash value or public profile.
 7. Integrity: EE and its partners/funders have an ethical obligation to each other to accomplish their tasks in a responsible and appropriate manner with honesty, truthfulness, sincerity, while remaining fair and ethical in the most difficult situations.

7.3. Standards for Partnership

1. In order to enter a programme partnership, EE should be satisfied that NONE of the following criteria apply to the organisation under consideration:

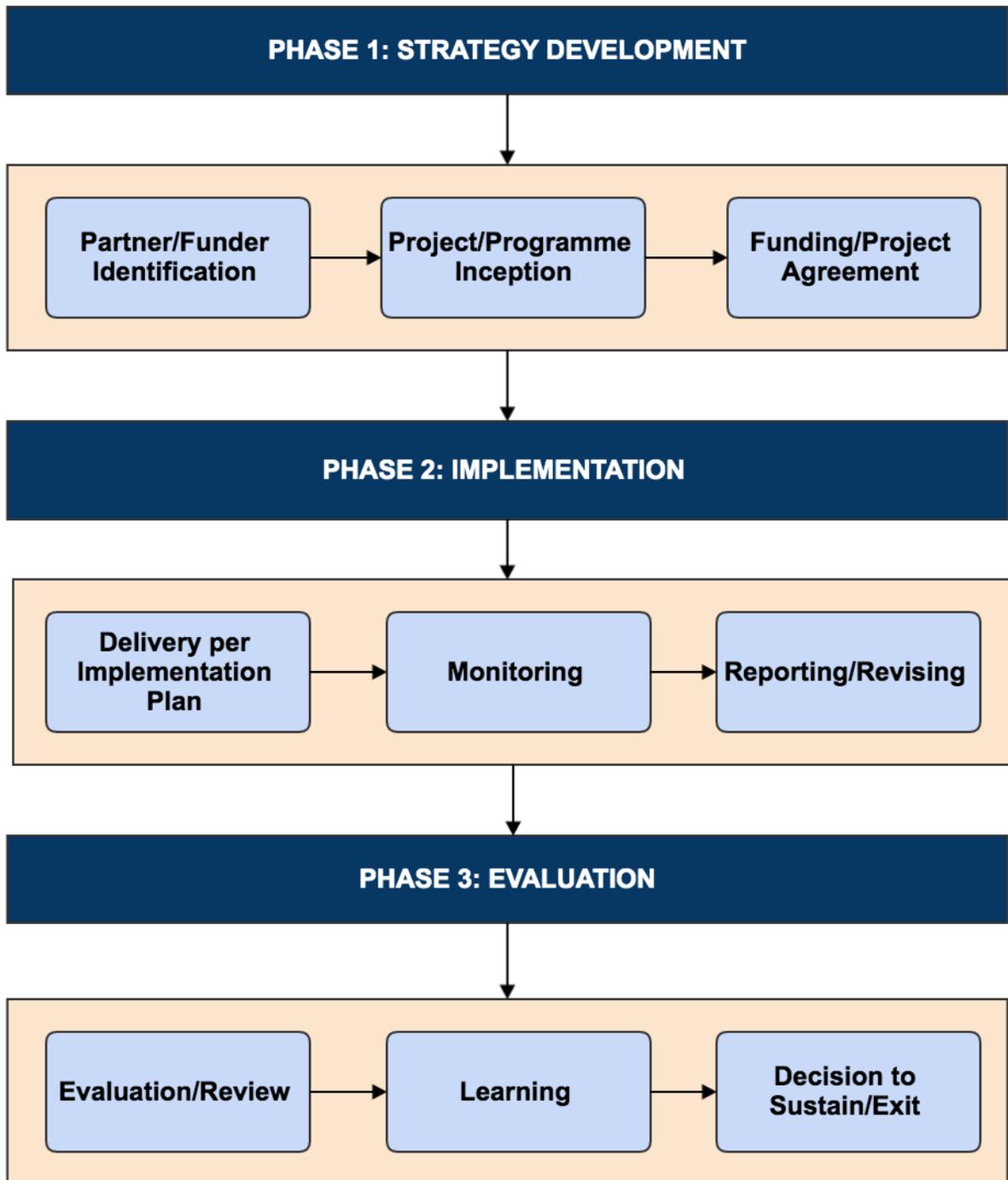
- a. The organisation's mission and values are in conflict with EE' s.
- b. The organisation intentionally discriminates against people on the grounds of religion, politics, race, tribe, caste, age, disability, gender, ill-health, sexual orientation etc.
- c. The organisation is found involved in exposing beneficiaries, including women, children and other marginalised groups, to any form of abuse and exploitation.
- d. Partnering would cause conflict or have legal implications for any other existing partnerships or relationships, including with donors.
- e. The organisation is suspected of furthering its aims through violence or terrorist activities and/or has some connections with terrorist groups.
- f. The organisation implicitly or explicitly hopes to use its work with EE for converting programme stakeholders to any kind of political or religious belief.
- g. The organisation is not appropriately registered as a legal entity under various acts of the local and international laws.
- h. The organisation has not complied with the laws under which it was formed.
- i. The organisation and/or its executives have been found involved in fraudulent or illegal activities as per credible sources.
- j. The organisation is bankrupt, being wound up, under administration by the courts, entering arrangement with creditors, has suspended business activities or is the subject of legal proceedings.
- k. The organisation has been convicted of an offence concerning professional conduct in the last three years.
- l. The organisation has been blacklisted by government, regulatory, monitoring, or another oversight body.

7.4. Institutional Cost

1. It's EE's policy to withhold 18% institutional cost from the total direct project cost from funded and partnership/collaborative projects whose finances, field work and other project related activities are managed by EE.
2. In return, EE will provide all the necessary support that the partnership or funded project would require during its entire period ranging from offering adequate office space to the research team and materials, to providing full financial, administrative and logistics management support as per a legally binding agreement that will be finalised and signed between representatives of Eyu- Ethiopia and the project sponsors.
3. Some funders and collaborators may have different rate for indirect/institutional cost. In such cases an approval need to be sought from the CED to execute the partnership agreement.

7.5. Partnership Framework

Figure 3: Eyu-Ethiopia's Partnership Framework



8. Risk Management Policy

8.1. Purpose

1. Risk in this document is defined as the uncertainty surrounding events, either external or internal, and their outcomes that may have a significant impact, either enhancing or inhibiting, on any area of EE's operations.
2. EE maintains risk registers as an integral part of the Risk Management Framework, which informs understanding of risk within all areas of EE's activity.
3. The purpose of this policy is to provide guidance on managing organisational risk to support the achievement of strategic objectives, protect beneficiaries, staff and business assets and ensure business operations and financial sustainability.
4. The policy objective is to provide a framework to:
 - a. Define risk governance
 - b. Identify principal risks
 - c. Assess priority risks
 - d. Describe how risks should be documented
 - e. Develop mitigating strategies and actions
 - f. Monitor and review risk activities
 - g. Communicate and report risks

8.2. Risk Governance

1. Board: is required to identify and review the strategic, operational, regulatory, people, political and environmental risks to which the organisation is exposed and to assess the likelihood of such risks and the possible level of impact they would have. The Board must be satisfied that risk management is embedded in the organisation and adequate systems are in place to monitor, manage and, where appropriate, mitigate EE's exposure to major risks. The Board is required to:
 - a. Ensure an effective framework is in place to identify and manage risks
 - b. Ensure risk management is integrated into the strategic and operational planning processes - approve major decisions affecting EE's risk profile or exposure
 - c. Agree and review the institutional risk appetite as required
 - d. Seek assurance on matters of risk management, control and governance from audit
 - e. Identify areas of risk for focussed discussion where appropriate
 - f. Undertake "Audit and Risk Committee" role which includes:
 - i. Review the work of internal and external auditors along with relevant management responses and implementation plans, and other matters as appropriate
 - ii. Review reports from management and other sources relating to risk
 - iii. Regularly review the Strategic Risk Register and associated controls, and, as required, the risk management framework to ensure they are appropriate

2. Chief Executive Director: is responsible to the Board and for reviewing key management reports, issues and actions at every management meeting. Discuss and decide as to whether priority risks need to be introduced, amended or replaced in light of external events or operational challenges. Promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.
3. Internal Auditor: is responsible to the Board and need to prepare and report which has a detailed review of priority risk log at every audit and Board meeting. The report should include an opinion on the adequacy and effectiveness of EE's arrangements for risk management, control and governance; and determine the internal audit plan through a risk-based approach, which includes a review of the risk management framework.
4. External Auditors: will consider whether the statement of control included in the corporate governance section of the audited financial statements, explaining the risk management arrangements operated by EE, is consistent with their knowledge of EE. The Board is responsible for signing off this statement and does so based on the work of the external auditors and having considered the annual reports from the Internal Audit, containing an opinion on the adequacy and effectiveness of the risk management, control and governance arrangements.
5. EE Staff: Need to comply with risk management policy and processes and foster an environment where risks can be identified and controlled.

8.3. Risk Identification

1. EE needs to look at risks specific to each particular project context.
2. Risks need to be reviewed every year by the EE management team.
3. Priority risks change quite often. The principal risks shall be categorised and presented to the CED and the Board as:
 - a. Financial
 - b. Operational
 - c. Legal and regulatory
 - d. Political and environmental
 - e. Strategic
 - f. People
4. Each principal/priority risk should be entered into the **Risk Register** (see below) dated, summarised, categorised, and assigned an owner (for mitigation strategy), and mitigation strategy.
5. The priority risk is assessed by considering the following dimensions:
 - a. Risk appetite (high, medium, medium/low, low)
 - b. Significance of the risk (scale of 1-5, where 5 is the most significant)
 - c. Probability of risk occurrence (scale of 1-5, where 5 is the most probable)

- d. Description of worst-case outcome, including a financial quantification if appropriate

8.4. Risk Matrix

1. For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

1-6	Low Risk	Monitor, inc aggregated/multiple green issues; action as required
8-15 If the Likelihood is higher and the Severity is lower	Moderate Risk	Identify action to mitigate/reduce the risk to commence within 6 months
8-15 If the Severity is higher and the Likelihood is lower	High Risk	Identify action to mitigate/reduce the risk to commence within 3 months
16-25	Very High Risk	Identify immediate action required to mitigate/reduce the risk

2. **Likelihood score (L):** this answers the question “What is the likelihood of the consequence occurring?”

Likelihood score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
Frequency How often might it/does it happen	Will probably never happen/ recur. Less than a 25% probability that event will occur.	Unlikely to happen/ recur, but it is possible it may do so. Between 20% and 40% probability that event will occur.	Will possibly happen/ recur occasionally. Between 40% and 60% probability that event will occur.	Will possibly happen/ recur persistently. Between 60% and 80% probability that event will occur.	Will undoubtedly happen/ recur, possibly frequently. Greater than 80% probability that event will occur.

8.5. Risk Register

1. The Risk register helps to monitor and show how risks are being managed. The below describes how each section of the risk register should be completed.
2. **References:** Each risk will have a unique reference and will use the following formula: EE/year the risk identified/risk number. For example, EE2019-01 indicates the first risk identified in 2019.
3. **Risk Description:** All risks should be written using the ‘If event and ‘then’ consequence wording. The ‘If’ part of the sentence should explain the condition(s) that would need to be present in order for the risk to occur. *For example, if referrals from Primary eyecare units are not coordinated.* The ‘Then’ part of the sentence should detail the

consequence(s) that might occur should the risk occur. *For example ...then secondary eyecare units services will be under increased pressure.*

4. **Risk Category:** Each risk should be assessed against each risk category (Financial, Operational, Legal and regulatory, political and environmental, strategic, and people). The risk category detailed in the risk register should be the category (or categories) that the risk affects the most and/or is the furthest away from the risk appetite.
5. **Risk Severity and Likelihood:** are completed based on the Risk matrix described above.
6. **Risk Score:** The risk score is determined based on the risk matrix, the likelihood and severity score must be captured to indicate how the risk scoring was derived. A net risk rating of 10 could be derived from an almost certain likelihood and a minor severity impact, or an unlikely likelihood and a catastrophic impact hence the need to record the likelihood and severity for each risk.
7. **Risk Response plan:** The action plan should clearly maps out how each risk will reach its target risk rating and should include the task, action owner and deadline.
8. **Mitigation Action:** Should be done base don the risk mitigation matrix below.
9. Indicate if there is any **Residual risk after mitigation.**
10. **Risk Owner:** All risks should have a risk owner who is accountable for ensuring the risk is managed appropriately. The risk owner should be a member of the Senior Leadership Team.
11. **Risk Support:** Most risks will have one or more individuals who are risk supports. These individuals will have direct responsibility or oversight of activities to manage the risk. The risk support will be responsible for providing relevant updates and the risk owner will review this before it is accepted on the risk register.

8.6. Risk Mitigation

3. Each risk shall have an owner responsible for the mitigation strategy. The key elements of the mitigation strategy are noted on the risk register with summary associated comments. In addition, if a risk has been delegated to a specific committee or the Board, this should also be captured.
4. Below is EE' s risk response/risk mitigation options:



5. This approach is designed to be a dynamic process, both in terms of considering what the top risks are and looking at strategies to mitigate them.
6. These strategies provide the foundation for developing our key operational and financial processes such as safeguarding, reserves, investment and treasury management policies.

8.7. Risk Monitoring

1. The Board is ultimately responsible for the system of risk management and internal control and through the auditor reviews the effectiveness of this system.
2. Every year the Board considers in depth the nature and extent of the principal risks that EE is willing to take to achieve its strategic objectives. For each principal risk, risk appetite is assessed to balance opportunities for business development and growth in areas of potentially higher risk, while maintaining reputation and reasonable levels of broad stakeholder support.
3. The risk list is reviewed in depth by the CED and senior management prior to each audit and annual review of risks by the Board. The auditor reviews and presents the risk register at each meeting.
4. Key management reports, issues and actions are reviewed at every monthly management meeting.
5. It is an accountability of the CED and senior management to promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.
6. Priority risks are reviewed regularly by Internal Audit and considered when developing the annual internal audit plan. Key risks are also assessed and referenced in the development of the audit approach for each individual internal audit review.

8.8. Risk Reporting

1. A risk systems adequacy statement and description of each priority risk should be included in the annual report submitted to the ASCO.
2. Project risk registers should be included on each project reports alongside other relevant documentation.
3. Risk management should factored into business planning, performance management, audit and assurance, business continuity management and project management and monitoring.
4. Partner risk processes inclusive of safeguarding and financial control elements are assessed as a core element of partner due diligence.

Table 6: Eyu-Ethiopia Risk Register Form

EE_Risk year_RISK- NUMBER		Risk Description = Fact - >Cause (IF) ->Event (THEN)		Severity: (5) Catastrophic. (4) Major. (3) Moderate. (2) Minor. (1) Negligible.	Likelihood: (5) Almost certain. (4) Likely. (3) Possible. (2) Unlikely. (1) Rare.		Plan Risk responses using cost benefit analysis (outputs include actions, actionees,	See Risk Mitigation Section				
Risk ID	Date Raised	Risk description	Risk Category	Severity Impact	Likelihood Probability	Risk score	Risk Response	Resolution/ Mitigating Action	Residual risk after mitigation	Status	Risk Owner	Risk Support
EE2019-01				0	0	0				New		
				0	0	0						
						0						
						0						
						0						
						0						
						0						

Risk grading = Likelihood x Severity (L x S) = Risk Grading						
Likelihood						
Almost Certain - 5	5		10	15	20	25
Likely - 4	4		8	12	16	20
Possible - 3	3		6	9	12	15
Unlikely - 2	2		4	6	8	10
Rare - 1	1		2	3	4	5
	Negligible - 1		Minor – 2	Moderate – 3	Major – 4	Catastrophic - 5
	Severity					

9. APPENDICES

Appendix 1FO. Eyu-Ethiopia Petty Cash Request Form	
 አዩ-ኢትዮጵያ EYU-ETHIOPIA	
1. Request Detail	
Date of Request	
Requesting Department	
Reason for Petty Cash Request	
Requested By	
Amount in Figures in Birr	
Amount in Words	
2. Review and Approval	
Reviewed By	Signature:
Review Date	
Approved By	Signature:
Approval Date	
Paid by	Signature:
Payment Date	
Note	

Appendix 2FO. Eyu-Ethiopia Budget Request Form



1. Request Detail

Date of Request	
Requesting Department	
Budget Request Purpose	
Requested By	
Amount in Figures in Birr	
Amount in Words	

2. Budget Detail

S.N	Budget line Items	Unit	Unit amount	Unit Cost in Birr	Total Cost in Birr
	Total				

3. Review and Approval

Reviewed By	Signature:
Review Date	



አዩ-ኢትዮጵያ EYU-ETHIOPIA

Approved By	Signature:
Approval Date	
Advance Paid By	Signature:
Budget Release Date	
Budget Released To	Signature:
Note	

Appendix 3FO. Eyu-Ethiopia Travel Advance Request Form



In order to get airticket or vehicle transport service for any trip (both in town or field trip), this form **MUST** be filled out and completed by the requester (traveller, supported by supervisor and authorized by operation manager).

1. Traveller/s

Number of Staff Travelling			
Staff Requesting Travel	Name	Position:	
	Name:	Position:	
	Name:	Position:	
	Name:	Position:	

2. Travel Details

Travel Objectives	<ol style="list-style-type: none"> 1. 2. 3. 				
Mode of Transportation					
Persons/Stakeholders Contacted	to	be			
DURATION OF THE TRIPE					
Place	Date		Time		Total No days.(field trip)
	From	To	From	To	

3. Approval



Date of Report: _____

Requested by (Traveller/s Name/s)

1. _____

Signature: _____

2. _____

Signature: _____

3. _____

Signature: _____

4. _____

Signature: _____

Reviewed by

Signature:

Review date

Approved by

Signature:

Approval date

Appendix 4FO: Travel Expense Request Form



Traveller's Name:			
Department:			
Purpose of Travel:			
Source of Fund (Donor):			
POA/Activity Code*			

PER DIEM

Departure			Arrival/Stayed at			No. of Days	Daily Per diem (Birr/USD)					Lodging (35%)	Total (Birr/USD)
Place	Date	Time	Place	Date	Time			Bkfst 10%	Lunch 20%	Dinner 25%	Incidental 10%		
								0	0	0	0	0	0
								0	0		0		0
TOTAL 1												0	

Departure time refers to departure from base (home, office, hotel). Arrival time refers to time landed/arrived at destination

EXPENSES OTHER THAN PER DIEM

Date	Place	Purpose of Expenses	Total (Birr/USD)



TOTAL 2			0	
<p><i>Please attach receipts, tickets and other supporting documents</i></p>		(1+2)	GRAND TOTAL	0
Requested by		RECEIVED	ADVANCE	
Name:				
Signature		AMOUNT OWED		0
Date		TO ME/EE		
Review & Authorized by (Department's (Manager, or Other relevant)		Review & Authorized by (Department's (Manager, or other relevant)	Documentation & calculations: (Finance Officer)	Payment Approved By:
Checked By:		(Finance Director)		
Name:		Name:		
Signature		Signature		
Date		Date:		
*Activity Code, and Sub Activity Line from Plan of Action				



Appendix 5FO. Eyu-Ethiopia Travel Report Form



1. Traveller/s

Number of Staff Travelled		
Staff Travelled	Name	Position:
	Name:	Position:
	Name:	Position:
	Name:	Position:

2. Travel Details

Date of Travel	From _____ to _____
Place of Travel (indicate all sites visited)	
Travel Objectives	
Mode of Transportation	
Travel Activities	
Travel Objectives Fulfilled	
Persons/Stakeholders Contacted	
Any unwanted events/circumstances (give sufficient detail including dates)	

3. Signatures

Date of Report: _____

Traveller/s Name/s

5. _____ Signature: _____

6. _____ Signature: _____

7. _____ Signature: _____

8. _____ Signature: _____

Reviewed by	
Date report received	
Approved by	

Appendix 6FO. Eyu-Ethiopia Purchase Request Form



1. Request Detail

Date of Request

Requesting Department

S.N	Items Requested	Unit	Unit amount	Estimated Unit Cost in Birr	Estimated Total Cost in Birr

Relevance of requested Items

Date Items Required

Requested By

Signature:

2. Review and Approval

Reviewed By

Signature:

Review Date

Approved By

Signature:

Approval Date

Note



Appendix 8FO. Eyu-Ethiopia Contract Agreement Form



የሥራ ውል መስጫ ቅጽ

1. Contract Details (የውል ተቀባይ)

የውል ተቀባይ ስም of Contract	Name	
አድራሻ(Address)		
ከተማ (city)		
ስልክ ቁ. (tel. No)		

2. Contracted Details (የውል ስራ ዓይነት)

ለሥራው የሚከፈል ገንዘብ መጠን (Amount paid to Accomplished the work)	
የውል ቀን (Date of Contract)	

3. Obligation to the Contract Receiver (የውል ተቀባይ ግዴታዎች)

1	
2	
3	
4	
5	
6	

4. Obligation to the Contract Giver (የውል ሰጭ ግዴታዎች)

1	
2	
3	
4	
5	
6	

5. Eye በውሉ ላይ የነበሩ ዕማኞች

ስም (Name)	ፊርማ (Signature)
1	
2	
3	

6. Agreement (ስምምነት)

ከዚህ በላይ በተጠቀሰው ውል ሰጭና ውል ተቀባይ ተስማምተዋል።
Both the contacting parties are agreed on the point mentioned above.

	ውል ተቀባይ (Contract Receiving)	ውል ሰጭ (Contract Giving)
Name (ስም)		
Signature (ፊርማ)		
Date (ቀን)		



ክሮ-ኪትዮጵያ EYU-ETHIOPIA

	<u>ውሉን ያጸደቀው (APPROVED By)</u>
Name (ስም)	
Signature (ፊርማ)	
Date (ቀን)	
Note	



Appendix 9FO. Eyu-Ethiopia Payment Request Form



1. Request Detail	
Date of Request	
Requesting Department/Project	
Reason for Payment	
Pay to (Full name and address):	
Amount to be payed	_____ in Words: _____
2. Review and Approval	
Requested by	Signature: _____
Reviewed By	Signature: _____
Review Date	
Approved By	Signature: _____
Approval Date	
Note	



አዩ-ኢትዮጵያ EYU-ETHIOPIA



አዩ-ኢትዮጵያ EYU-ETHIOPIA

Appendix 10FO: Training/Workshop Participant Tracking Form

SN	Name of Attendee	Training/Meeting Attended	Place (Town, Country)	Period		Total Days	Remark
				From	To		

Appendix 11FO: Vehicle Usage Log

<i>Date of Trip</i>	<i>Trip Purpose</i>	<i>Departure time</i>	<i>Departure Place</i>	<i>Departure KM Reading</i>	<i>Arrival Time</i>	<i>Arrival point</i>	<i>Arrival KM Reading</i>	<i>Litters of Fuel Added</i>	<i>Driver Signature</i>	<i>Supervisor Signature</i>

