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**National Committee for Sub-National Democratic Development
(NCDD)**

OPERATIONS POLICIES AND PROCEDURES MANUAL (OPP)

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Preface

This Operations Policies and Procedures Manual deals with the implementation and management of NCDD finances, resources and properties. It has been prepared to serve as a guide to all NCDD staff and national program implementers involving with the administration and finances in application of the administrative and financial policies, regulations, guidelines and procedures.

This Operations Policies and Procedures Manual contains a comprehensive framework and structure for the administrative and financial works including process, procedures, techniques, and methods for the administrative and financial works in NCDD. It also includes the roles and responsibilities of the board, management and staff relating to the administration and finances works in the NCDD. The framework and structure described in the manual have been developed based on international standards and the best practices used by well-known international organizations such as UNDP, WB and ADB and made them suited to the NCDD.

It is the duty of all NCDD staff and the national program implementers dealing with administrative and financial matters to familiarize themselves with the manual and adhere to the policies, regulations, guidelines and procedures therein. The NCDD hopes that the NCDD staff, the national program implementers and other relevant stakeholders will find this manual useful and practical.

It is also important to consider this Operations Policies and Procedures Manual as a living document that can be reviewed, revised and updated on a regular basis and as required, in particular when related policies and regulations are changed, to guarantee the validity of the manual. This work, of course, will be done on the basis of the feedback received from the NCDD staff, the national program implementers and relevant stakeholders.

Phnom Penh Capital, 31 July 2019

**Deputy Prime Minister, Minister of Interior and
Chairman of NCDD**

Samdech Krolahom Sar Kheng

Contents

ABBREVIATIONS	xvii
A. ORGANIZATIONAL STRUCTURE AND FUNCTIONS	1
B. PROGRAM OVERVIEW	2
C. MEMBERSHIP	4
D. LOCATION	4
E. INTRODUCTION	5
PART I : PERSONNEL POLICIES AND PROCEDURES	6
CHAPTER 1: EMPLOYEES CODE OF CONDUCT	7
1.0. Policy Rationale	7
1.1. Policy and General Provisions	7
1.2. Guidelines: Basic Duties and Responsibilities	7
1.3. Forms Used and References	9
1.4. Ethics Management	9
1.4.1. Oversight Function	9
1.4.2. Submitting of Complaint	9
1.4.3. Reviewing of Complaint	9
1.4.4. Determining Jurisdiction	9
1.4.5. Investigations	11
1.4.6. Decision by the Oversight Body	11
1.4.7. Action by the Governing Body	11
1.5. Conflict of Interest	12
1.5.1. Definitions	12
1.5.2. Determine and Take Actions	12
1.5.3. Procedure: Disclosure, Review and Resolution	13
1.5.3.1. Outside Formal Committees or Meetings	13
1.5.3.2. Example of Declaration - Outside	13
1.5.3.3. Inside Formal Committees or Meetings	14
1.5.3.4 Example of Declaration - Inside	15
1.6. Financial Disclosure Policy	16
1.6.1. Policy Statement	16
1.6.2. Purpose and Overview	16
1.6.3. Staff Members	16
1.6.4. Other Individuals	17
1.6.5 General Provisions	17
1.6.6. Guidelines and Procedures	17
1.6.6.1. Introduction – Section 1	17
1.6.6.2. Filling Obligations – Section 2	18
1.6.6.3. Scope of Financial Disclosure Statements – Section 3	18
1.6.6.4. Scope of Declaration of Interest Statements – Section 4	20
1.6.6.5. Applicable Values and Rates of Exchange – Section 5	20
1.6.6.6. Forms and Filling Procedures – Section 6	20
1.6.6.7. Confidentiality – Section 7	20
1.6.6.8. Obligations of Staff Members – Section 8	21
1.6.6.9. Filling Period – Section 9	21
1.6.6.10. Verification Process – Section 10	22
1.6.6.11. Extension of Deadlines – Section 11	22
1.6.6.12. Non-Compliance with Policy – Section 12	22
1.6.6.13. Entry into Force – Section 13	22
CHAPTER 2 : RECRUITMENT AND SELECTION	23
2.1. Rationale	23

2.2. Policy and General Provisions	23
2.3. Guidelines	24
2.3.1. Recruitment	24
2.3.2. Selection and Appointment	26
2.3.3. Specific Procedures on Technical Advisors Recruitment	26
2.4. Forms Used and References	29
CHAPTER 3: TERMS OF EMPLOYMENT	30
3.1. Rationale	30
3.2. Policy and General Provisions	30
3.3. Guidelines	30
3.3.1. National Staff	30
3.3.2. Independent Contractors/Consultants/Advisors	31
3.3.3. Short-term Workers	31
3.4. Forms Used and References	32
CHAPTER 4: PROBATION, OBSERVATION AND REMEDIATION	33
4.1. Rationale	33
4.2. Policy and General Provisions	33
4.3. Guidelines	33
4.3.1. Probation	34
4.3.2. Observation	34
4.3.3 Remediation	34
4. 4. Forms Used and References	34
CHAPTER 5: STAFF ORIENTATION/INDUCTION	35
5.1. Rationale	35
5.2. Policy and General Provisions	35
5.3. Guidelines	35
5.3.1 Welcoming	35
5.3.2. Meeting Colleagues	35
5.3.3 Completing Paperwork	35
5.3.4. Reviewing Personnel Policies and Administrative Procedures	35
5.3.5. Introducing Job Duties and Performing Initial Training	36
5.3.6. Conducting a Follow-up Session	36
5.3.7. Ensuring Compliance	36
5.4. Forms Used and References	36
CHAPTER 6: EMPLOYMENT DOCUMENTATION	37
6.1. Rationale	37
6.2. Policy and General Provisions	37
6.3. Guidelines	37
6.4. Personnel Policy	38
6.5. Personnel Records	39
6.5.1. Employee Register	39
6.5.2. Personnel Files	39
6.5. Forms Used and References	40
CHAPTER 7: STAFF PERFORMANCE APPRAISAL	41
7.1. Rationale	41
7.2. Policy and General Provisions	41
7. 3. Guidelines	41
7.3.1. Staff Performance Appraisal (SPA) Criteria	41
7.3.2. Staff Performance Appraisal Rating Methods	42
7.3.3. Timelines	42
7.3.4. Procedures	42
7.3.5. Appeals	45
7.4. Temporary/Short-term Workers and Consultants	45
7.5. Forms Used and References:	45

CHAPTER 8: INTERNSHIP/VOLUNTEERING	46
8.1. Rationale	46
8.2. Policy and General Provisions	46
8.3. Guidelines	46
8.4. Forms Used and References	48
CHAPTER 9: STAFF DEVELOPMENT/CAPACITY BUILDING	49
9.1. Rationale	49
9.2. Policy and General Provisions	49
9.3. Staff Training and Development	49
9.4. Guidelines	49
9.4.1. Identification and Needs Assessment	49
9.4.2. Planning and Formulation of Staff Development Program	49
9.4.3. Implementation of Staff Development Program	50
9.4.4. Monitoring and Evaluation of Staff Development Program	51
9.5. Forms Used and References:	51
CHAPTER 10: ENGLISH TRAINING COURSE PROVISIONS	52
10.1. Rationale	52
10.2. Policy and General Provisions	52
10.3. Guidelines	52
10.4. Forms Used and References	53
CHAPTER 11: SALARY	54
11.1. Rationale	54
11.2. Policy and General Provisions	54
11.3. Guidelines	54
11.3.1. Salary Administration	54
11.4. Capacity for any “Acting” Compensation / Overtime Pay	55
11.5. Forms Used and References	55
CHAPTER 12: ACTING CAPACITY/OFFICER-IN-CHARGE	56
12.1. Rationale	56
12.2. Policy and General Provisions	56
12.3. Guidelines	56
12.4. Forms Used and References	56
CHAPTER 13: DISCIPLINARY MEASURES	57
13.1. Rationale	57
13.2. Policy and General Provisions	57
13.3. Guidelines	58
13.3.1. Verbal Warning	58
13.3.2. Written Warning	58
13.3.3. Remediation	58
13.3.4. Suspension from Service	58
13.3.5. Termination	59
13.4. Due Process	59
13.5. No Further Claims Form	59
13.6. Termination and Hand Over	60
13.7. Forms Used and References	61
CHAPTER 14: APPEALS	61
14.1. Rationale	61
14.2. Policy	61
14.3. Appeals Guidelines	61
CHAPTER 15: TERMINATION OF EMPLOYMENT	62
15.1. Rationale	62
15.2. Policy and General Provisions	62
15.3. Guidelines	63
15.3.1. Resignation	63

15.3.2. Termination	63
15.3.3. Summary Dismissal - Termination for Cause	63
15.3.4. Retirement	64
15.3.5. Lay Off or Retrenchment	64
15.3.6. Death and Disability	64
15.4. Final Settlement	65
15.5. Certification of Service and Letter of Recommendation	65
15.6. Forms Used and References:	65
CHAPTER 16: LEAVE	66
16.1. Rationale	66
16.2. Policy and General Provisions	66
16.3. Guidelines	66
16.3.1. Annual Leave	66
16.3.2. Special Leaves	67
16.3.3. Sick Leave - Working Disability due to Illness or Accident	68
16.3.4. Maternity Leave	68
16.3.5. Leave Reporting and Attendance Records	69
16.3.6. Leave Request	69
16.4. Forms Used and References	69
CHAPTER 17: WORKING HOURS	70
17.1. Rationale	70
17.2. Policy and General Provisions	70
17.3. Guidelines	70
17.3.1. Official Holidays	70
17.3.2 Working Hours and Overtime	70
17.4. Forms Used and Reference	71
CHAPTER 18: STAFF ALLOWANCES AND BENEFITS	72
18.1. Rationale	72
18.2. Policy and General Provisions:	72
18.3. Guidelines	72
18.3.1. Cellcard Allowance	72
18.3.2. Fuel Allowance	72
18.3.3. Uniform provision	72
18.4. Forms Used and References:	72
CHAPTER 19: STAFF ACCIDENT AND MEDICAL COVERAGE	73
19.1. Rationale	73
19.2. Policy and General Provisions	73
19.3. Guidelines	73
19.4. Forms Used and References	73
CHAPTER 20: PERSONNEL MOVEMENT	74
20.1. Rationale	74
20.2. Policy and General Provisions	74
20.3. Guidelines	74
20.3.1. Position Reclassifications	74
20.3.2. Transfer	75
20.3.3. Promotion	75
20.3.4. Demotion	75
20.4. Forms Used and References	76
CHAPTER 21: JOB DESCRIPTIONS	77
21.1. Rationale	77
21.2. Policy and General Provisions	77
21.3. Guidelines	77
21.4. Forms Used and References	78
CHAPTER 22: SUPERVISION AND AUTHORITY	79

22.1. Rationale	79
22.2. Policy and General Provisions	79
22.3. Guidelines	79
22.3.1. Secretariat Executive Management Team	79
22.3.2. Board of Directors is the Policy Making Body	79
CHAPTER 23: SAFETY, SECURITY AND EMERGENCY EVACUATION	81
23.1. Rationale	81
23.2. Policy and General Provisions	81
23.3. Guidelines	81
23.3.1 Security and Safety in the Workplace	81
23.3.2. Security of Property and Vehicles	81
23.3.3. Security Measures for Field Operation	82
23.3.4. Evacuation	82
23.3.5. Bomb Threats or Life Threats	83
23.3.6. Threats in the Field or Provincial Area	83
23.3.7. Staff arrest, detentions or kidnapping	84
23.4. Forms Used and References	84
CHAPTER 24: HIV/AIDS AND WORKPLACE	85
24.1. Rationale	85
24.2. Policy and General Provisions	85
24.3. Guidelines	85
24.3.1. Information and training	85
24.3.2. Confidentiality	85
24.3.3. Employment and Benefits	85
24.4. Forms Used and References	86
CHAPTER 25: ROAD SAFETY	86
25.1. Rationale	86
25.2. Policy and General Provisions	86
25.3. Guidelines	86
CHAPTER 26: EMERGENCY RESPONSES	87
26.1. Definition of an Emergency	87
26.2. Emergency Responses	87
26.3. Communications with Secretariat	87
PART II : FINANCIAL POLICIES AND PROCEDURES	90
CHAPTER 1: FINANCIAL MANAGEMENT	91
1.1. Funding Agreements - FA	91
1.2. Joint Decision Contracts - JD	91
1.3. Sub-Contracts	92
1.4. Financial Control Policy and Procedures	92
1.4.1. Payment Requesting Party Function – Internal	92
1.4.1.1. Duties of the Verifying Officer Function	93
1.4.1.2. Duties of the Certifying Officer Function	94
1.4.1.3. Duties of the Approving Officer Function	95
1.4.2. Payment Requesting Party Function - External	95
1.4.2.1. Duties of the Verifying Officer Function	96
1.4.2.2. Duties of the Certifying Officer Function	97
1.4.2.3. Duties of the Approving Officer Function	98
1.4.3. Duties of the Payment Officer Function – Internal and External	99
1.4.4. Appointment of Officer in Payment Process	99
1.4.4.1. Appointment of Requesting Officer	99
1.4.4.2. Appointment of Verifying Officer	99
1.4.4.3. Appointing of Certifying Officer	100
1.4.4.4. Appointing of Approving Officer	100
1.4.4.5. Appointment of Payment Officer	100

1.4.4.6. Consideration of Segregation of duty when appointing	100
1.5. Accounting System	101
1.5.1. Receipts	101
1.5.2. Payments	101
1.5.3. Cash Position	101
1.5.4. Accounting	101
1.5.5. Financial Reports	101
1.5.6. Accounting Principle	101
1.5.7. Monitoring the Budget Execution	101
CHAPTER 2 : DONOR AGREEMENTS	103
2.1. Donor Guidelines	103
2.1.1. Requirements Included in Donor Guidelines	103
2.2. Donor Reports	103
2.2.1. Interim Reports	104
2.2.2. Budget Revision Requests	104
2.2.2.1. Budget Lines for Contingencies	105
2.2.2.2. No Cost Extensions	105
2.2.3. Final Reports	105
2.3 Check List for Financial Reports for Donors	105
2.4. Donor Reporting - Some DOs and DON'Ts	106
2.5. Other Users of Reports to Donor Partners	107
2.6. Content of Specific Agreement with the Donors	107
2.7. Reports and Documents on Website	107
2.8. Prior to Signing an Agreement	108
2.9. After Signing an Agreement	108
2.10. Requirements in an Agreement	108
2.11. Documentation Requirements	109
2.12. Retention of Documents	109
2.13. Removal of Documents	109
2.14. Donor Audits	110
CHAPTER 3 : DONOR AND PRE-FINANCING	110
3.1. Introduction on Pre-Financing	110
3.2. Pre-financing of Donor Partners	110
CHAPTER 4 : BUDGETS	110
4.1. The Role of Budgets	110
4.1.1. Planning	111
4.1.2. Fund raising	111
4.1.3. Controlling expenditure during project implementation	111
4.1.4. Monitoring and evaluation	111
4.2. Approaches to Budgeting	111
4.2.1. Incremental Budgeting	111
4.2.2. Zero-Based Budgeting	111
4.3. Budgeting	111
4.3.1. National Strategies	112
4.3.2. NCDD Annual Work Plan (AWP)	112
4.3.3. The Role of Finance Staff	112
4.3.4. Resources Requirements	112
4.3.5. Guidelines for Finance Staff in Preparing the Resources Section of the AWPB	112
4.3.5.1. What is the purpose of the AWPB, Particularly in Relation to Finance?	113
4.3.5.2. How Much Income Can be Expected from the Donors?	113
4.3.5.3. Guess the Level of Expenditure for the Next Three Years ?	113
4.3.5.4. Problem of the budget not accurate	113
4.3.5.5. Obtain Data on Human Resources Needed to Run the Program?	114
TABLE 1: Sub-Program Offices' Composition – Example Only	114

TABLE 2: Staff Composition	114
4.3.5.6. Physical Infrastructure	114
TABLE 3: List of Physical Infrastructure	115
TABLE 4: Implications of Location of Offices on Management	115
4.3.5.7. Show which Vehicles are Meeded and how they Will be Funded	115
4.3.5.8. Other Materials and Equipment	115
TABLE 5: NCDD-S Inventory	116
4.3.5.9. Financial Requirements	116
4.3.5.10. Questions to be Considered for Formulating the AWPB Budget	116
TABLE 6: Summary of Financial Requirements for 3 years - Example Only	117
4.3.5.11. Resourcing Plan	117
TABLE 7: Summary of Foreseen Income	118
4.3.5.12. Contingency Planning	118
4.3.5.13. Finance Appendices	118
4.3.6. Annual Work Plan /Working Budgets - AWP/WB	119
4.3.7. Steps in Preparing a Working Budget	120
4.4. The Budgeting Process	120
4.5. Budget Check List	121
4.6. Using the Working Budget to Monitor and Control Expenditure	122
4.6.1. Corrective Action	122
4.6.2. Budget Realignment	123
4.6.3. Budget Revisions	123
4.7. Quick Guide to the Quarterly Review of Working Budgets	123
4.7.1. STEP 1: Update the Year End Forecast Report	123
4.7.2. STEP 2: Check the Income Lines	123
4.7.3. STEP 3: Check the Expenditure Lines	124
4.7.4. STEP 4: Review the OUTPUT and Amend the Budget	124
4.8. Budgets and Budget Monitoring - Some DOs and DON'Ts	124
4.9. Using Budget to Set-up Codes and Reports in Peachtree	125
CHAPTER 5: PAYMENT SYSTEM	125
5.1. Management Cost	126
5.1.1. Staff Salaries and Other Remunerations	126
5.1.2. Procurement of Works, Goods and/or Services	126
5.1.3. Payment Procedure for Procured Works, Goods and/or Services	127
5.1.4. Payment of Cash Advance	128
5.1.4.1. Release of the Advance	128
5.1.4.2. Liquidation	128
5.1.5 Payment of Petty Cash Fund	128
5.1.6. Payment of Expenditure and to Line Ministries	129
CHAPTER 6: ACCOUNTING SYSTEM	129
6.1. Basis of Accounting	129
6.1.1. Financial Accounts	129
6.2. The Four Functions in the Accounting System:	130
6.2.1. The Accounting Cycle	130
6.2.2. Cash Journals	130
6.2.3. General Ledger	130
6.3. Accounting for Income	131
6.4. Accounting for Fund Balances	131
6.5. Accounting for Expenditure	131
6.6. Accounting for Fixed Asset Purchases	132
6.7. Accounting for Office Supplies/Stationeries Stock	132
6.8. Accounting for Contributions in Kind	132
6.9. IP3 and Special Projects	132
6.9.1. IP3 Program	132

6.9.2. Special Projects	133
CHAPTER 7 : CHART OF ACCOUNTS	133
7.1. Definition Chart of Account	133
7.2. Chart of Account for AWPB	134
CHAPTER 8 : COMPUTERIZED ACCOUNTING SYSTEM	136
8.1. The PEACHTREE Accounting System	137
8.1.1. Accounting Software	137
8.1.2. Peachtree Back up Schedule	137
8.2. Peachtree Manual	138
8.3. Log Books	138
8.3.1. Example of a Computer Back Up Log	138
8.4. Back Up Procedures for Other Computer Data	138
8.5. Passwords	138
8.6. Emails on Web-based Sites	139
8.7. Virus Protection	139
8.8. Rules for NCDD Computers	139
CHAPTER 9: EXCHANGE RATE	140
9.1. Official NCDD Rates	140
9.2. Exchange Gains and Losses recognition policy	140
9.3. Converting to Local Currency	140
CHAPTER 10 : CASH IN BANK	141
10.1. Selecting Banks	141
10.2. Donor Requirements for Separate Bank Accounts	141
10.3. Opening Bank Accounts	141
10.4. Bank Mandates	141
10.4.1. Authorised Signatories for National and Sub National Levels	141
10.4.2. Signing Authorities	142
10.4.2.1. Joint Signatory	142
10.4.2.2. Changes in signatories	142
10.5. Currency	142
10.6. Interest Earnings	142
10.7. Cheques	143
10.8. Bank Reconciliations	143
10.9. Bank File	144
10.10. Annual Summary of Bank Accounts Details	144
CHAPTER 11 : CASH HANDLING	145
11.1. Cash Handling Policy	145
11.2. Imprest System for Petty Cash	145
11.2.1. Procedures for Petty Cash Funds	145
11.3. Cash Payments	146
11.3.1. Procedures for Cash Payments	146
11.4. Cash Receipts	146
11.4.1. Procedures for Cash Receipts	147
11.5. Cash Counts	147
11.5.1. Procedures for Cash Counts	147
11.6. Cash Limits	147
11.7. Security	148
11.7.1. Safes	148
11.7.1.1. Keys – Safe Keys	148
11.7.1.2. Keys – Cash Box Keys	148
11.8. Cash for Remote Locations	148
11.9. Cash and Bank Payments	148
11.9.1. Payment Voucher	149
11.9.2. Processing the Payment	149

11.10. Receipts	151
11.10.1. Receipt Voucher	151
11.10.2. Processing the Receipt	152
11.11. Transfers Between Bank and Cash Accounts	153
CHAPTER 12 : ADVANCES	154
12.1. Staff Advances - Work Advance	154
12.2 Accounting for Work Advances	155
12.3 Currency of Advance	155
12.4 Work advance During Termination of Service	155
CHAPTER 13 : PAYROLL SYSTEM	156
13.1. Payroll	156
13.2. Processing the Payroll	156
13.3. Payroll Disbursements	157
13.4. Payroll Journal	157
13.4.1. The Example below Illustrates a Typical Payroll Journal	157
13.5. Payroll Files	158
CHAPTER 14: MONTH END AND PROCESSING	158
14.1. Sub-Program and Sub-National Levels	159
14.1.1. Check List for Month End Processing	159
14.1.2. Check List for Month End Report	159
CHAPTER 15 : FINANCIAL REPORTING	160
15.1. Reporting	161
15.2. Periodic Reporting	161
15.2.1. Activity Progress Report	161
15.2.2. Financial Report	161
15.2.2.1. Income and Expenditure report for Sub Programs and Sub Nationals	161
15.2.2.2. Consolidated Income and Expenditure Report Prepared by Secretariat	162
15.2.2.3. Balance Sheet for Secretariat	163
15.2.2.4. Bank Reconciliation for Each Bank Account	164
15.2.2.5. Schedule of Staff Advances	165
15.2.2.6. Individual Cash flow and Consolidated cash flow	167
15.3. Who Needs Financial Reports and Why	169
15.3.1. Senior management	169
15.3.2. Directors of Every Divisions	169
15.3.3. Chief of Offices	169
15.3.4. Finance Staff at all Levels	169
15.4. Financial Management Reports	169
15.5. Monitoring Reports – Quarterly and Annually	169
15.5.1. Quarterly Monitoring Report	169
15.5.2. Financial Performance/Financial Review	170
15.5.2.1. Financial Overview	170
15.6. NCDD Report – Tables of Preparation and Circulation	170
15.7. Narrative Management Reports – Format of Submission	171
15.8. Deadlines for Submission of Reports	171
15.9. Financial Narrative Report for the Management	172
15.10. Management Reports - Some DOs and DON'Ts	174
15.11. Financial Statements	174
15.11.1. Statement of Compliance	174
15.11.2. Basis of Preparation	174
15.11.3. Restricted and Unrestricted Funds	175
15.11.4. Foreign Currency Transactions	175
15.11.5. Revenue and Expenditure Recognition	175
15.11.6. Cash and Cash Equivalents	176
15.11.7. Accounts Receivable	176

15.11.8. Fixed Assets	176
15.12. Details within Financial Statements	176
15.12.1. Fixed Assets	176
15.12.2. Accounts Payable	177
15.12.3. Contributions Received in Advance	177
15.12.4. Financial Risk Management	177
15.12.5. Market Risk - Foreign Currency Risk	177
15.12.6. Credit Risk	177
15.12.7. Liquidity Risk	177
15.12.8. Interest Rate Risk	177
15.12.9. Related Parties	177
CHAPTER 16 : FRAUD AND CORRUPTION	177
16.1. Introduction	177
16.1.1. Who Commits Fraud	177
16.1.2. Why People Commit Fraud	178
16.2. Warning Signs of Fraud	178
16.2.1. Fraud in the Accounting Records	178
16.2.2. Fraud in Reports	179
16.2.3. Fraud in Non-financial Areas	179
16.3. Corruption	179
16.3.1. Consequences of Corruption	180
16.3.2. Motivations for Corruption	181
16.3.3. Corruption Risk Map - Example Only	181
16.3.4. Fighting Corruption	182
16.3.5. Confidentiality	183
16.3.6. Anonymous Allegations	183
16.3.7. Untrue Allegations	183
16.3.8. Procedures for Making a Disclosure (financial Disclosure)	184
16.3.9. Time Frames	184
16.3.10. Investigating Procedure under Fraud Response Plan	184
16.4. Management of Fraud: Prevention and Deterrence	185
16.4.1. Policy Statement	185
16.4.2. Prevention and Deterrence of Fraud	185
16.4.2.1. Strong Systems of Internal Control	185
16.4.2.2. Lines of Communication and Supervision	185
16.4.2.3. Establishment of a Good Working Environment	185
16.4.2.4. Fraud Risk Appraisal	186
16.4.2.5. Communication of Suspected Instances of Fraud	186
16.4.2.6. Action after a Suspected Fraud is Reported	186
CHAPTER 17 : ZERO TOLERANCE FOR PROHIBITED PRACTICES	186
17.1. Policy Summary	186
17.1.1. List and Definitions of Prohibited Practices	187
17.2. Introduction	188
17.3. Purpose and Scope	189
17.4. Policy on ZERO TOLERANCE for Prohibited Practices	189
17.4.1. Policy Statement	189
17.4.2. Risk and Internal Control Systems	190
17.4.3. Internal Reporting System	190
17.4.4. External Reporting System	191
17.4.5. Investigation Structure with Procedure	191
17.4.6. Approval of Losses	193
17.4.7. Specific Risk Mitigation Measures	193
17.4.8. Responsibilities	193
17.5. AML/CFT Law, Policy and Oversight and Know Your Customer Procedures	194

17.6. Guidance on Fraud, Bribery and Facilitation Payments – Examples Only	195
17.6.1. Practical Guidance on Fraud	195
17.6.2. Practical Guidance on Bribery	196
17.6.3. Practical Guidance on Facilitation Payments	197
17.7. Whistleblower Protection Policy	198
17.7.1. Introduction	198
17.7.2. Definitions	199
17.7.3. General Provisions	199
17.7.4. Policy	199
17.7.5. Procedure	201
CHAPTER 18: RISK MANAGEMENT	202
18.1. Introduction	202
18.2. Definition of Risk	202
18.3. Risk Management	202
18.3.1. Risk Assessment	202
18.3.1.1. Identification of the Risks	202
18.3.1.2. Analysis of Risk Likelihood and Consequences	203
18.3.1.3. Risk Raking	203
18.3.1.4. Risk Mitigation	204
18.3.1.5. Role and Responsibility	204
5. Internal Audit of NCDDs	205
18.3.1.6. Monitoring Risks	206
18.3.2. The Benefits of Managing Risk	206
18.3.3. Categories of Risk	206
18.3.4. Sources of Risk	207
18.3.4.1. External Risks	207
18.3.4.2. Internal Risks	207
CHAPTER 19: INTERNAL CONTROL	209
19.1. Definitions and Key Considerations	209
19.1.1. Objectives of an Internal Control System	209
19.1.2. Effective Internal Control:	209
19.1.3. Internal Control Process	209
19.1.4. Control Environment	209
19.1.5. Risk Management – Financial Risks	210
19.1.6. Control Procedures	210
19.2 Types of Internal Controls	210
19.2.1. Written Procedures	210
19.2.2. Delegated Authority on Authorization and Approval Limits	211
19.2.2.1. Delegated Authority on Authorization	211
19.2.2.2. Delegated Authority on Approval Limits	211
19.2.3. Segregation of Duties	212
19.2.4. Reconciliations	212
19.2.5. Reviews by Management	212
19.2.6. Documentation of Transactions and Record Maintenance	212
19.2.6.1. Retention of Records	213
19.2.6.2. Location of Documentation	213
19.2.6.3. Storage of Documents	213
19.2.6.4. Storage of Electronic Data	213
19.2.7. Information and Communication Systems	213
19.2.7.1. Electronic information	213
19.2.7.2. Internal Controls Applying to Information Systems	213
19.2.8. Safeguard and Maintenance of Assets	214
19.2.9. Personnel	214
19.2.10. Legal Advice	215

19.2.11. Monitoring	215
19.3. Risks and Internal Control	215
19.3.1. Risk Assessment	215
19.3.2. High Risk Areas	216
19.3.2.1 .Cash on Hand and Cash at Bank	216
19.3.2.2. Seven Golden Rules for Cash Transactions	216
19.3.2.3. Payroll	216
19.3.2.4. Unfunded Expenditure	216
19.3.4.5. Contractual and Legal Exposure	216
19.3.4.6. Vehicles	216
19.3.4.7. Other Assets	216
19.3.3. Other Areas of Risk	217
19.4. Internal Control Process	217
19.4.1. Table of Risk and Control	217
19.4.2. Example: Flow Chart for Payments	218
19.4.3. Financial Risk Inventory Map	220
19.5 Financial Risk Matrix	221
19.5.1. Financial Risk Matrix - Example Only	221
19.6. Compliance with Internal Control Systems	221
19.7. Financial Management and Internal Control Checklist	222
19.8. Financial and Administrative Compliance Check List	225
CHAPTER 20 : INTERNAL AUDIT	231
20.1. Internal Audit in Secretariat	231
20.1.1. Internal Audits Carried Out by IAG	231
20.1.2. Internal Audits Carried Out by Locally Appointed Internal Auditors	231
20.2. Process of the Internal Audit by a Professional Person/Company	232
20.2.1. December/January of Each Year	232
20.2.2. Two-three months prior to the Start of the Internal Audit	232
20.2.3. One month prior to the Start of the Internal Audit	232
20.2.4. Beginning of the Internal Audit	232
20.2.5. During the Internal Audit	232
20.2.6. Mid-way through the Internal Audit	232
20.3. Conclusion of the Internal Audit	233
20.3.1. One-Three Days before the Internal Auditor's Departure	233
20.3.2. Two Weeks after Conclusion of Internal Audit	233
19.3.3. One to Six months after the Conclusion of the Internal Audit	233
20.3.4. Three Months after the Conclusion of the Internal Audit	233
20.3.5. Six Months after the Conclusion of the Internal Audit	233
20.3.6. Seven Months to Start of Next Internal Audit	233
20.3.7. Eighteen Months after the Internal Audit Took Place	233
CHAPTER 21: EXTERNAL AUDIT	234
21.1. External Audit Deadlines	234
21.2. Prior to Year End	234
21.3. Deadlines for External Audits	234
21.4. Check List of Tasks Prior to Year End	234
21.5. External Audit	235
21.6. Selection of External Auditors	236
21.7. Audits Carried Out by Donors	236
21.8. The Audit Report	236
21.9. Management Letter	237
21.10. Distribution of Audit Reports	237
21.11. Audit Compliance Certificate	237
21.12. Sample Audit Compliance Certificate	237
21.13. Financial Year End Instructions from Secretariat	238

21.14. Audit Report Format	239
21.15. Deadline for 20XX Audit Reports	240
21.16. Balance Sheet in the Audit Report	240
21.17. Notes in the Audit Report	241
21.18. Income and Expenditure Statement	242
21.19. Budgets	242
21.20. Variances between Budget and Actual	243
21.21. Level of Detail to be Shown	243
21.22. Fixed Assets	243
21.23. Personnel Regulations in the Operations Manual	243
21.24. External Audit Management Letters	243
21.25. Confirmation of Income Received	244
21.26. Audit Opinion and Possible Qualification of Audit Reports	244
21.27. Storage of Documents and Electronic Files	244
21.28. Other Reporting Requirements	244
21.29. Hints for the Spreadsheet	244
21.30. Check List with Notes	244
CHAPTER 22 : AUDIT AND ETHICS COMMITTEE	246
22.1. Introduction, Background and Purpose	246
22.1.1. Introduction and Background	246
22.1.2. Purpose	246
22.2. Mandate and Authority	246
22.2.1. Mandate	247
22.2.2. Authority	247
22.3. Composition and Chairman, Terms of Office and Quorum	247
22.3.1. Composition and Charman	247
22.3.2. Terms of Office	248
22.3.3. Quorum	248
22.4. Operational Principles and Procedures	249
22.4.1. Operational Principles	249
22.4.2. Operational Procedures	249
22.5. Appointment, Termination and Remuneration	250
22.5.1. Appointment	250
22.5.2. Termination	250
22.5.3. Remuneration	251
22.6. Role and Responsibilities	251
22.6.1. General Provisions	251
22.6.2. Values and Ethics Management	251
22.6.3. Governance Structure	252
22.6.4. Risk Management	252
22.6.5. Prohibited Practices	252
22.6.6. Internal Control Framework	253
22.7. Oversight over Internal & External Audit and Other Assurance Providers	253
22.7.1. Internal Audit	253
22.7.2. External Audit and Other Assurance Providers	254
22.7.3. Management Action Plans	254
22.7.4. Financial Statements and Public Accountability Reporting	254
22.7.5. Other Responsibilities	255
22.7.6. Reporting on the Performance	255
22.8. Reporting Structure & Investigations, Conflict of Interest & Confidentiality	255
22.8.1. Reporting Structure and Investigations	255
22.8.2. Conflict of Interest	256
22.8.3. Confidentiality	256
PART III : PROCUREMENT POLICIES AND PROCEDURES	258

CHAPTER 1 : GENERAL PRINCIPLE AND PROCEDURE OF PROCUREMENT	259
1.1. Definition and Scope	259
1.2. Definition of Technical Term in Procurement	259
1.3. Important Principles	259
1.4. Responsibility	260
1.4.1. NCDD Secretariat	260
1.4.2. Ministries/Institutions Implementing the National Program at National Level	260
1.4.3. Sub-National Administrations	260
1.5 Procurement Committees, Assembly and Oversight Requirements	260
1.5.1. Roles of Procurement Oversight Committee	261
1.5.2. Roles of Procurement Review Committee	262
1.5.3. Roles of Bid Evaluation Committee	263
1.5.4. Roles of Procurement Officer	264
1.6. Procurement Plan and Preparations	264
1.7. Procurement Method	264
1.8. Money Thresholds versus Procurement Methods	265
1.8.1 Procurement of Material, Equipment (Goods) and Service	265
1.8.2. Procurement of Civil Work	266
1.8.3. Procurement of Consulting Services	266
8.4 Summary of Methods and Thresholds Amount	266
1.9. Procedures for Implementing Methods for Procurement of Goods and Service	267
1.9.1. Methods for Procurement	267
1.9.1.1. Procurment of Goods and Service Costs up to 100 USD	267
1.9.1.2. Procurment of Goods and Service Costs more than 100 USD to equal 300 USD	268
1.9.1.3. Procurment of Goods and Service Cost more than 300 USD to equal 25,000 USD	269
1.9.1.4. Procurment of Goods and Service Costs more than 25,000 USD to equal 100,000 USD	272
1.9.1.5. Procurment of Goods and Service Costs more than 100,000 USD to equal 300,000 USD	278
1.9.1.6. Procurment of Goods and Service Costs more than 300,000 USD	285
1.9.1.7. Procurment of Goods and Service comply with Limited International Bidding	285
1.9.1.8. Procurment of Goods and Service comply with Direct Contracting	285
1.9.2. Table of Summary of Procedures for Procurement of Goods and Service	285
1.9.3. Preparation of Technical Specifications of Goods and Service	288
1.9.4. Delay in Implementing the Contract of Goods and Service	288
1.9.5. Termination the Contract of Goods and Service	289
1.10. Procedures for Implementing Methods for Procurement Civil Work	290
1.10.1. Methods for Procurement	290
1.10.1.1 Procurement of Civil Works Costs up to 25,000 USD	290
1.10.1.2 Procurement of Civil Works Costs more than 25,000 USD to equal 100,000 USD	295
1.10.1.3. Procurement of Civil Works costs more than 100,000 USD to equal 1,000,000 USD	301
1.10.1.4. Procurement of Civil Works costs more than 1,000,000 USD	307
1.10.1.5. Direct Contracting for Procurement of Civil Works	308
1.10.2. A Summary Table of Procurement of Civil Works	308
1.10.3. Contract Termination	310
1.10.4. Payments upon Termination of Contract	310
1.10.5. Modification to Contract	310
1.10.6. Preparation of Technical Specifications of Civil Works	311
1.10.7. Use of Standard	311
1.10.8. Construction Work Plan of the Contractor	311
1.10.9. Modification to Drawings and Quantities after Bidding before Entering into Contract	312
1.11. Procedures for Implementing Methods for Procurement of Consulting Services	312
1.11.1. Methods for Procurement	312
1.11.1.1. Quality Based Selection – QBS	312
1.11.1.2 Quality and Cost Selection (QCBS) Method	317

1.11.1.3. Fixed budget selection (FBS) Method	323
1.11.1.4 Lowest Cost Selection Method	327
1.11.1.5. Consultants' qualifications selection (CQS) method	332
1.11.1.6. Single-Source Selection (SSS) Method	336
1.11.1.7 Selection of Individual Consultants Method (SIC)	338
1.11.2. Table of Summary for Procurement of Consulting Services	340
1.11.3 Entering into the contract	343
1.11.4. Examination and Implementation of Contract	343
1.11.5. Preparation of Payment Document	344
1.11.6. Execution of Payments	344
1.11.7. Termination of Contract	344
1.11.8. Development of Terms of Reference (TOR)	345
CHAPTER 2 : PROCUREMENT IMPLEMENTED BY SECRETARIAT(NCDDS)	346
2.1. Procurement Evaluation and Oversight Process	346
2.2. Procurement Methods and Thresholds	346
2.3. Roles of Stakeholders within Procurement Process	347
CHAPTER 3 A. PROCUREMENT IMPLEMENTED BY MINISTRIES OR INSTITUTIONS	347
3.a.1. Procurement Evaluation and Oversight Process	347
3.a.2. Procurement Methods and Thresholds	348
3.a.3. Roles of Stakeholders within Procurement Process	348
CHAPTER 3 B. PROCUREMENT IMPLEMENTED BY COUNCIL ASSOCIATION OF SNA	348
3.b.1. Procurement Evaluation and Oversight Process	349
3.b.2. Procurement Methods and Thresholds	349
3.b.3. Roles of Stakeholders within Procurement Process	349
CHAPTER 4 : PROCUREMENT IMPLEMENTED BY SNAs (Provinces)	350
4.1. Procurement Evaluation and Oversight Process	350
4.2. Procurement Methods and Thresholds	350
4.3. Roles of Stakeholders within Procurement Process	350
CHAPTER 5: COMPLAINTS	351
5.1. Complaint	351
5.2. Rights to Complaint	352
5.3. Lodging Complaint	352
5.4. Investigating Procedure	352
5.5. Complaint Resolution	352
5.6. Preventing Complaints	353
5.7. Confidentiality	353
PART IV : ADMINISTRATION POLICIES AND PROCEDURES	354
CHAPTER 1: FIXED ASSET	355
1.1. Fixed Asset Definition	355
1.2. Fixed Asset Register	355
1.3. Annual Physical Inventory	356
1.4. Disposal of Fixed Assets	357
1.5. Lost, Stolen or Damaged Asset	358
1.6. Office Buildings Furniture and Fixtures	358
1.7. Fixed Assets - DOs and DON'Ts	358
CHAPTER 2 : TRAVEL	359
2.1. Request for Travel	359
2.2. International Travel	359
2.3. Travel Advances	360
2.4. Preparation of Travel Claim	360
2.5. Daily Subsistence Allowance (DSA), Refreshment, Meals Provision Rate and Transportation Costs	360
2.6. The current maximum DSA rates for current NCDD implementation are	363
2.7. Standard rate for Refreshment per venue.	364

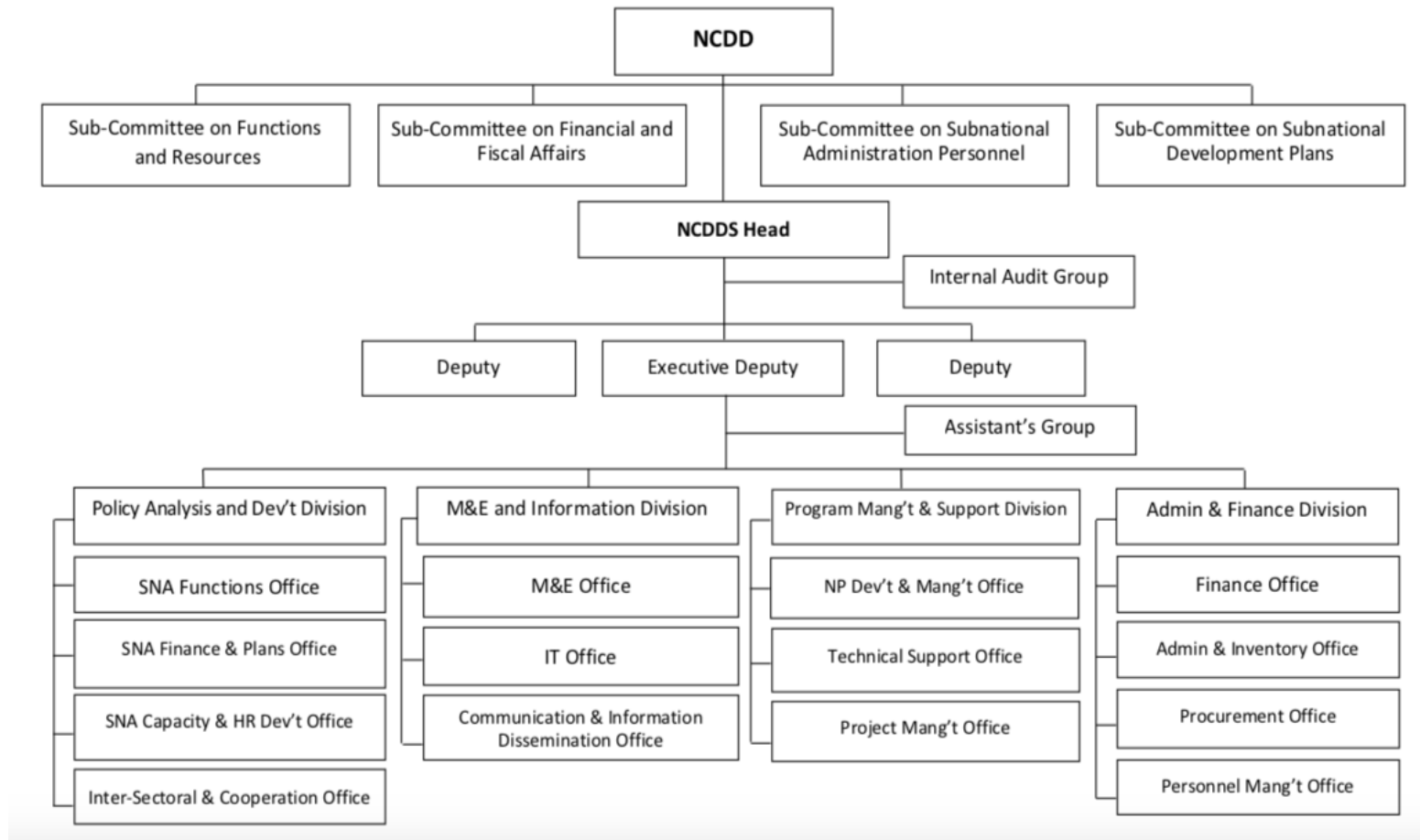
2.8. Standard rate for Meals (lunch or dinner) per venue.	364
2.9. Transportation Cost Reimbursement	365
2.10. Travel Funded by Other Organizations	365
CHAPTER 3 : VEHICLE	366
3.1. Vehicle Policy - Cars and Motorbikes	366
3.2. Vehicle Use Guideines	366
3.2.1. Official Use of Vehicles	367
3.2.2. Personal Use of Vehicles	367
3.3. Fuel Coupons	368
3.4. Vehicle Log Book	369
3.5. Vehicle/Motorcycle History Record	369
3.5.1. Fuel Consumption Reports	369
3.5.2. Fuel Misuse	370
3.6. Vehicle Maintenance	371
3.7. Accident Report	371
3.8. Vehicle and Motorcycle Insurance	371
3.9. Vehicle Security	372
3.10. Vehicle Insurance	372
CHAPTER 4 : FILING	372
4.1. Filing System	372
4.1.1. Equipment used for filing	373
4.1.2. Five Methods of filing	373
4.1.3. Computer Data Files and Back-up	373
4.1.4. Location of Documentation	373
4.1.5. Retention and Storage of Documents	373
4.1.6. Storage of documents	374
4.1.7. Storage of electronic data	374
4.1.8. Emails	374
CHAPTER 5 : WEBSITE	374
5.1. Website	374
5.1.1. Databases	374
5.1.2. Documents	374
5.1.3. Finances	375
5.1.4. Images	375
5.1.5. Contacts	375
5.1.6. Resolutions	375
5.2. Directory	375
CHAPTER 6: OFFICE SUPPLIES	375
6.1. Guidelines	375
6.2. Stationeries and Supplies Inventory	376
6.3. Security of Keys	376
CHAPTER 7 : COMMUNICATIONS	376
7.1. Incoming and Outgoing Mails and Correspondences	377
7.2. Official Correspondence	377
7.3. Internal Correspondence	377
7.4. Confidential correspondence	378
7.5. International Telephone Calls	378
7.6. Mobile Telephones, Facsimiles and Land lines	378
7.7. Credit Limits on Mobile Telephone Accounts	379
7.8. Loss or Theft of Mobile Telephones	379
7.9. Internet Calling Options	379

ABBREVIATIONS

NCDD: National Committee for sub National Democratic Development

NCDDs: Secretariate of National Committee for sub National Democratic Development

A. ORGANIZATIONAL STRUCTURE AND FUNCTIONS



B. PROGRAM OVERVIEW

The National Committee for Sub-national Democratic Development (NCDD) is inter-ministerial mechanism for promoting democratic development through decentralization and de-concentration reforms throughout Cambodia.

The NCDD was established by the Royal Decree No.: NS/RKT/1208/1429 dated 31st December 2008. NCDD is accountable to the Royal Government of Cambodia for the implementation of the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans (Organic Law), the Law on Administrative Management of Communes/Sangkats and the Decentralization and De-concentration policy.

To effectively implement the Organic Law and the CS law, in line with D&D policy NCDD has established sub-committees and a Secretariat to facilitate and manage implementation. See attached in the Annex the Royal Decree NS/RKT/1208/1429.

Mission:

NCDD has the following mission: Design and implement the national program on democratic development at sub-national level (NP-SNDD) in accordance with the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans, Law on Administrative Management of Communes/Sangkat and Law on Public Financial System;

- Based on the national program, formulate annual work plans and budgets;
- Carefully review and update the national program from one phase to another;
- Consult, discuss and coordinate with all ministries/institutions in reviewing functions and responsibilities of the ministries/institutions, departments, units and authorities at all levels in order to identify functions, responsibilities, power and accountability for transferring to sub-national councils which include:
 - Transfer of resources including revenue, finance, personnel, property, and capacity for managing and fulfilling the respective functions;
 - Provision of capacity building and empowerment in order to get access to resources necessary for managing and fulfilling each function which includes revenue, finance, personnel, property, and capacity;
 - Provision of power and duties to manage and perform all respective functions in line with the principles of local autonomy and local accountability to the maximum level.
- Prior to the transfer of functions and responsibilities to the councils at sub-national administrations, formulate procedures and formats for the integration of development plans and budgets of the ministries and institutions at sub-national level into the development plan and budget of the respective council;
- May provide recommendations to the Royal Government, or any ministries and institutions of the Royal Government, on the formulation or amendment of legal frameworks to ensure that they are consistent with the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law of Administrative Management of Communes/Sangkat and policy on decentralization and de-concentration reforms;
- Discuss and coordinate with the Ministry of Economy and Finance and other relevant ministries and institutions, as necessary to prepare financial regimes and properties of sub-national administrations, including the formulation of formats, procedures, approval and implementation of the sub-national administration budgets, preparation of sources of revenues which include revenues from national and local level, transfer of supporting budgets which include conditional and un-conditional funds from national level to sub-national administrations, transfer of state properties, management and use

of state properties to the sub-national administrations and properties provided to and earned by the sub-national administration themselves with planning, phasing, rationale, coordination, consultation, transparency and accountability;

- Cooperate with ministries and institutions of the Royal Government to identify policies and strategies for monitoring and reviewing the deployment of personnel, concurrent with the transfer of functions and duties, in order to establish a personnel framework for the sub-national administrations taking into account planning, rationale, consultation and transparency and promotion of gender equity.
- Define types of personnel for each category of councils and define procedures and methods for reviewing and redeploying these personnel, while ensuring that the number of civil servants does not increase;
- Collaborate with State Secretariat for Civil Service and relevant ministries and institutions as necessary to develop a draft of a separate statute for civil servants of sub-national administrations;
- Ensure coordination and consultation on policies, strategies and reform programs, implemented by ministries and institutions concerned, in order to make them consistent with the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on Administrative Management of Communes/Sangkat, decentralization and de-concentration reforms as well as national programs;
- Study and determine boundaries of sub-national administrations as necessary;
- Study the growth of municipalities and urbanization as the basis for developing policies, structures and strategies for the management of the municipalities;
- Develop policies, strategies and plans for capacity building of sub-national councils and administrations;
- Cooperate in conducting studies and provide recommendations to the Royal Government for the establishment of an appropriate fund for decentralization and de-concentration reforms, in order to mobilize resources from Development Partners for the requirements of personnel and capacity development, technical support and other requirements at sub-national level including technical support for relevant ministries/institutions;
- Research, review and provide recommendations to the Royal Government on the mobilization and utilization of resources, from within and outside the country, for decentralization and de-concentration reforms;
- Investigate and formulate agreements between the Royal Government and Development Partners for the support to decentralization and de-concentration reforms, ensuring that all Development Partners are parties to such agreements and ensuring alignment and harmonization in using external assistance;
- Create an appropriate forum between the Royal Government and Development Partners for coordination, cooperation and support to decentralization and de-concentration reforms;
- Ensure the transfer of rights and responsibilities from present provincial, municipal, district and Khan administrations to Capital, provincial, municipal, district and Khan administrations established by the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans;
- Report to the Royal Government once a year on the implementation of the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on Administrative Management of Communes/Sangkat and decentralization and de-concentration policy.

C. MEMBERSHIP

Minister of the Ministry of Interior	Chairman
Minister of the Ministry of Economy and Finance	Deputy Chairman
Minister of Office of the Council of Ministers	Deputy Chairman
Minister of the Ministry of Land Management, Urbanization & Construction	Member
Minister of the Ministry of Planning	Member
Minister of the Ministry of Rural Development	Member
Minister of the Ministry of Women's Affairs	Member
Minister of the Ministry of Health	Member
Minister of the Ministry of Agriculture, Forestry and Fishery	Member
Minister of the Ministry of Education, Youths and Sports	Member
Minister of the Ministry of Industry, Mines and Energy	Member
Secretary of State of the State Secretariat for Civil Service	Member
A Secretary of State of the Ministry of Interior	Member
A Secretary of State of the Minister of Economy and Finance	Member
A Representative of the Council for Development of Cambodia	Member
Head of NCDD Secretariat	Permanent Member

D. LOCATION

The NCDD office is located at the campus of the Ministry of Interior. The NCDD is overseeing and coordinating many projects throughout Cambodia. Details on these projects can be found in this website: www.ncdd.gov.kh.

E. INTRODUCTION

The Operational Policy and Procedures Manual of NCDD with Policies and Procedures grouped into four parts such as Personnel, Financial, Procurement and Administration. This manual embodies the policies and procedures to be applied in respect of NCDD Management of Personnel, Financial, Procurement and Administration.

The manual charts the primary workflow supporting the various human resource practices for staff, the fund management of donor partners and government contribution, the acquisition of equipment and office administration support extended to implementing partners. It is intended to serve primarily as a procedural map reflecting the various support services administration, and, secondly, to allow managers and supervisors to exercise delegated authority effectively and take correct action on matters for which they are accountable.

1. **Application of the Policies and Guidelines:** Under the direction of the Head of the NCDD Secretariat, the members of NCDD Secretariat Management Team lead by the Executive Deputy Head of NCDD Secretariat shall be responsible for the application of the policies, guidelines and procedures written herewith and shall ensure that all amendments of the policies are shared with all NCDD staff members under their supervisions and to staff of NCDD implementing partners.
2. **Policy Formulation and Amendments:** All policies and procedures written in this manual conform to the applicable NCDD policies and guidelines for national and sub-national staff, including contracted international staff. In writing these policies, the Cambodian Labor Laws and social practices have also been taken into consideration to ensure that the NCDD fulfills its social and legal responsibilities. Each policy is presented in such a way that it can be amended as necessary by the approval of NCDD Management.
3. **Scope:** The policies and procedures shall apply to all national, international staff, sub-programs, sub-national level and internationally contracted staff members employed by the NCDD in implementing NCDD program and projects. The 'light' version of the manual especially the personnel administration section shall be attached to the agreement of employment as an integral part thereof. Some of the personnel policies and regulations shall not apply to non-regular NCDD staff like short-term consultants or temporary workers whose services are procured for specific short-term assignments.

Users of this manual should keep in mind that there is no such thing as a complete manual that covers every eventuality; nor having a perfect one that answers every question in appropriate detail to the satisfaction of everyone who uses it. For other technical matters and project management policies and practices, please consult excerpts from NCDD-Donor Partners Letter of Agreement that guide the implementation of a project or a program and those agreements that will govern the implementation of the National Program for Sub-National Development (NP-SNDD).

This manual will be valuable to all managers, supervisors and staff of NCDD from now on and in the coming years, I wish to stress the importance for keeping this Manual up-to-date whenever felt needed to bring amendments or revisions. Latest version replaces all previous versions of OPP Manual.

Part I : PERSONNEL POLICIES AND PROCEDURES

CHAPTER 1: EMPLOYEES CODE OF CONDUCT

1.0. Policy Rationale

- To establish and clarify the Code of Conduct/Code of Ethics which are the expected basic duties and responsibilities of all NCDD Staff Members and provide examples of possible violations.
- To set the expected standard of behavior of the NCDD Staff Members in performing their official duties toward the NCDD goal to assist government in shaping policies for decentralization and de-concentration and to deliver basic public services to the local population.
- To highlight the importance of maintaining the morale and professional values of the NCDD through the appropriate behavior of its employees.

1.1. Policy and General Provisions

1. Every staff member including national staff, international staff, consultants, independent experts; internationally contracted staff or individuals contracted or functionally related to the NCDD at national level and sub-national level, accepts its terms and agrees to perform his/her duties in accordance with the established code of conduct by the time of signing contract with NCDD. This Policy is also applied to all contractors, implementors and other stakeholders receiving fund from NCDD.
2. The code of conduct is applicable to all NCDD staff members as stated above and applies within the premises of NCDD at the national and sub-national levels and any other areas to which a staff member is assigned as part of his/her official duties.
3. The code of conduct also applies to any off duty behavior that may negatively affect the reputation of the NCDD goes against its values.
4. The NCDD reserves the right to impose penalty or disciplinary measures against any staff member not complying with the code of conduct. All managers and supervisors enforce the rules, procedures, and policies contained in the Operations Manual and in any future circulars describing changes.

1.2. Guidelines: Basic Duties and Responsibilities

1. Staff members shall meet the obligations incumbent upon them as described in the Operations Manual and shall follow all established policies and procedures in carrying out their duties.

Examples of possible violations:

- i. Insubordination. Refusing to obey lawful orders of a superior.
- ii. Failing to follow any of the established policies and procedures.

2. Staff members shall conduct themselves at all times in a manner befitting their status as NCDD employee and shall respect fellow employees and visitors.

Examples of possible violations:

- i. Using abusive or profane language.
- ii. Harassing a co-employee or visitor.
- iii. Making sexual harassment/abuse/advancement to a co-employee, visitors and beneficiaries of a project at the national and sub national levels.
- iv. Threatening or blackmailing a fellow employee, visitor or villagers.
- v. Arguing, quarrelling or fighting with other employees, visitors or villagers.

- vi. Requesting unofficial financial compensation for services rendered or information provided to a co-employee, the public at large or any other stakeholder.
3. Staff members entrusted by a superior with confidential information shall maintain the confidentiality of the information.

Examples of possible violations:

- i. Revealing confidential and privileged information.
 - ii. Careless handling of confidential documents or records causing others to get the information.
 - iii. Looking at confidential documents and materials without permission or authorization.
4. Staff members shall be honest and trustworthy in all their professional and personal dealings.

Examples of possible violations:

- i. Giving false information in an official investigation.
 - ii. Falsifying or forging official records and documents.
 - iii. Stealing NCDD property or funds.
 - iv. Misrepresenting one's own status or position at NCDD to get financial or material gain for own personal purposes.
 - v. Asking or soliciting for a contribution to NCDD without approval.
 - vi. Without obtaining NCDD approval, posting an announcement, advertisement or written statement, distributing leaflets, or any printed matters, which are irrelevant to his/her duty, causing damages to NCDD or to other employees.
 - vii. Removing writings, adding statements in any official documents, announcement or other orders of NCDD without prior approval.
5. Staff members shall arrive at work on time and they shall perform their duties until the time assigned, unless they have received prior written authorization for flexible hours from their direct supervisor. Flextime should be written into appropriate contracts with respective supervisor.

Examples of possible violations:

- i. Coming to work late and leaving work before the end of official work schedule without prior approval from the immediate supervisor.
 - ii. Absence without Leave (AWOL).
 - iii. Intentionally delaying the performance of own work or others work.
 - iv. Failing to attend official activities whose attendance is required such as meetings, training, or congress, without prior approval from immediate supervisor.
 - v. Leaving, ignoring, and avoiding work. Having another person to do one's work or duty without authorization.
6. Staff members shall be careful in the use of NCDD property, prevent and protect the property from damage or loss from any person or any catastrophe, and report immediately any damage or potential for damage.

Examples of possible violations:

- i. Intentional mishandling of properties causing damage.
- ii. Losing or failing to account for NCDD property for which an employee is accountable or responsible.

- iii. Failing to report on damage or loss of properties.
- 7. Staff members shall not act or cause others to act which leads to serious disturbances or violations of the laws of the country.

Examples of possible violations:

- i. Possessing, using or selling illegal narcotics or substances (i.e. opium, cocaine, etc.)
- ii. Harming or assaulting any person within NCDD premises or workplace.
- iii. Drinking alcoholic beverages during official working hours. Having the sign of intoxication from having consumed alcoholic beverages while performing duties.
- iv. Taking part or joining in gambling of any kind on NCDD premises.
- v. Bringing or carrying deadly weapons into the premises.
- vi. Involving or supporting any acts, which are criminal offenses against the law.
- vii. Being imprisoned by a final conviction of imprisonment.
- viii. Using NCDD premises for organizing non-work related activities, meetings or any gathering without prior approval.
- ix. Participating in trafficking or prostitution.

1.3. Forms Used and References

- Code of Conduct Policy

1.4. Ethics Management

1.4.1. Oversight Function

The audit and ethics committee is defined within separate Charter and this Charter is approved and enacted by sub-decree at official NCDD meeting session. The part II, chapter 21 describes all specifics related to policy and procedures of audit and ethics committee function.

1.4.2. Submitting of Complaint

The code of ethics violation complaints will be submitted in writing within 60 days of the alleged violation to e-mail address: auditandethics@ncdd.gov.kh. The written complaint will specify the following and shall be submitted to the chairman of the audit and ethics committee or his/her designee:

- ✓ The identity person responsible for the violation (accused), the date, the location and the nature of the alleged violation.
- ✓ All evidence supporting the allegation(s), this may include supporting statements by other persons or specific information as to persons who may be contacted to provide such confirmation.
- ✓ Contact information for the accused and all corroborating persons.
- ✓ The complainant's name, address, telephone number, and dated signature.

1.4.3. Reviewing of Complaint

The chairman of the audit and ethics committee or his or her deputy/designee will review the complaint for completeness. If the complaint is incomplete the chairman will contact the submitter for additional information in writing.

1.4.4. Determining Jurisdiction

The audit and ethics committee, upon receipt of the complaint, will decide if the matter is within jurisdiction of audit and ethics committee.

Proper jurisdiction determinants include:

- Is the accused act a violation of the NCCD employee code of conduct or any of the NCCD bylaws,
- Have any other complaints for the same alleged violation already been submitted or reviewed,
- If accused act is by any chance violation of the provisions of law of the Royal Government of Cambodia which refers to fraud, bribery and corruption, this matter will be subject to external reporting to third parties, which is clearly described in chapter 16/2 under subchapter 16.6.4 paragraph 21.

Based on the review the audit and ethics committee will take one of the following actions:

- Complaint Declined – the complaint is not within audit and ethics committee jurisdiction and/or does not constitute sufficient grounds for consideration; no further investigation will be conducted and no sanctions will be considered.
 - Decision based on the complaint contains unreliable or insufficient information or is clearly frivolous.
 - A complaint has already been dismissed for the same incident or the accused has already been declined, warned or sanctioned for the same incident.
 - The chairman of the audit and ethics committee will notify the complainant in writing within 60 days after the decision that audit and ethics committee will not take jurisdiction of the complaint and provide the reason why it will not accept jurisdiction.
- Complaint Accepted – the complaint is within audit and ethics committee jurisdiction and does constitute sufficient grounds for consideration.
 - The chairman of the audit and ethics committee will notify the complainant in writing within 60 days after the decision that audit and ethics committee will investigate the complaint.
 - The chairman of the audit and ethics committee will provide prompt written notice to the accused individual stating:
 - A complaint has been filed.
 - The nature of the alleged violation(s).
 - The complaint has been referred to the audit and ethics committee for investigation.
 - The accused is requested to submit a written response to the allegations, which must be received by the chairman of the audit and ethics committee within 60 days of the date on the notification letter.
 - Requests for an extension must be submitted to the chairman of the audit and ethics committee before the 60 period expires.
 - The written response letter must be signed and dated by the accused.
 - Failure of the accused to submit a written response will not prevent the case from moving forward.

1.4.5. Investigations

The audit and ethics committee or their designee will contact and interview persons involved with the complaint, documenting responses and acquiring additional documentary evidence as needed.

- The audit and ethics committee will determine the degree of investigation required, based on the nature and seriousness of each ethical violation and may include:
 - Telephone conversations with individuals involved.
 - Requests for written or published materials.
 - Visits to the locations(s) involved.
- All persons (including the complainants and accused) involved in the inquiry process should do their best not to reveal the identity of the complainant or the accused and to maintain integrity, impartiality, and confidentiality at all times. Only the following people should be informed of an investigation:
 - The audit and ethics committee.
 - Accused and complainant.
 - The chairman of the NCDD, head of NCDDS, and other officers or staff if so determined by the audit and ethics committee to be essential to help carry out these procedures.

1.4.6. Decision by the Oversight Body

As described in Audit and Ethics Committee Charter, the voting members of the audit and ethics committee consist of five (5) members, and the chairman of the audit and ethic committee or his/her deputy/designee shall determine together with rest of the members if any conflict(s) of interest would exclude any of the audit and ethics committee members.

The chairman of the audit and ethic committee or his/her deputy/designee from committee members will prepare a written summary.

- If there is no ethics violation the complainant and the accused will be informed in writing that the complaint is being dismissed. If the complaint is being dismissed, no action needs to be taken by the audit and ethic committee.
- The chairman of the audit and ethic committee or any deputy/designee will prepare a report if actions other than dismissal of the complaint were recommended, it will be sent to the chairman of the NCDD for action(s) at the next official NCDD meeting session.

1.4.7. Action by the Governing Body

The NCDD has the deciding vote to accept or reject the audit and ethic committee decision.

- If the NCDD determines that an accused has violated one or more provisions of the laws, bylaws, regulations, policies, and standards of ethical conduct or NCDD employee code of conduct and ethical policies and discipline is warranted, these sanctions may include:
 - **Reprimand** by the majority vote of the NCDD members.

- **Suspension** from the NCDDS by the 80% vote of the NCDD members.
- **Expulsion** from the NCDDS by the 100% vote of the NCDD members.
- The chairman of the NCDD or his/her deputy/designee will send a written notice of any revocation to all Parties. Reinstatement may be defined as part of this action.

1.5. Conflict of Interest

This procedure provides guidance on how the Conflict of Interest policy should be applied in the course of carrying out official NCDD/NCDDS duties. This procedure will apply to all NCDD/NCDDS managers and employees (as defined within this procedure). Due to high-risk related to conflict of interest, audit and ethics committee function will manage and oversee this segment/topic.

1.5.1. Definitions

A **Conflict of Interest** is any situation in which a party or any of its staff involved in the relevant decision making process has interests that could, or could be deemed to, improperly influence its performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.

Non-pecuniary Interest – These interests do not have a financial component but may arise from Personal or Family Relationships or involvement in sporting, social or cultural activities. They include any factor, which would predispose the NCDD/NCDDS manager or employee towards favor or prejudice resulting from friendship, animosity or other personal involvement that could bias the NCDD/NCDDS manager or employee judgment or decisions

Pecuniary Interest – These are interests that involve an actual or potential financial gain or loss. They may result from the NCDD/NCDDS manager or employee or a related party owning property, holding shares or a position in a company bidding for government work, accepting gifts or hospitality, or receiving an income from a second job. Money does not need to actually change hands for an interest to be pecuniary.

Personal or Family Relationship – This means a relationship between an employee and a relative, a financially dependent person, a person where there is a financially connected relationship, a close friend, a de facto partner or any person with whom there is currently, or has been, an intimate or an agonistic relationship. This does not include a working relationship, which exists due to ordinary collegiate collaboration, where colleagues are not relatives, financially dependent, de facto or intimate partners

1.5.2. Determine and Take Actions

- A. A NCDD/NCDDS manager or employee will have a Conflict of Interest where:
 - i. The NCDD/NCDDS manager or employee has a material interest in a decision or matter; and
 - ii. The NCDD/NCDDS manager or employee interest appears to raise a conflict with the proper performance of the NCDD/NCDDS manager or employee duties in relation to the decision or matter.
 - iii. If a NCDD/NCDDS manager or employee has a Conflict of Interest then the two key issues are:
 - iv. Disclosure of the conflict of interest by the NCDD/NCDDS manager or employee; and

v. Management of the conflict of interest

- B. All staff members at the Level-7 level and above shall be required to file Financial Disclosure Statements on appointment and at intervals also whenever requirement for Financial Disclosure appears thereafter as prescribed by the Chairman of the NCDD and/or Head of NCDDS, in respect of themselves, their spouses and their dependent children, and to assist the Chairman of the NCDD and Head of NCDDS in verifying the accuracy of the information submitted when so requested. The Chairman of the NCDD and/or Head of NCDDS may require other staff to file Financial Disclosure Statements whenever he or she deems necessary in the interest of the NCDD/NCDDS.

1.5.3. Procedure: Disclosure, Review and Resolution

1.5.3.1. Outside Formal Committees or Meetings

1. Any Conflict of Interest must be disclosed to the immediate supervisor via e-mail by cc following e-mail address: conflictsofinterest@ncdd.gov.kh, auditandethics@ncdd.gov.kh. It is strictly prohibited to withhold information related to appearance of conflict of interest, and if/when concerned NCDD/NCDDS manager or employee withhold such information he or she will be subject to disciplinary measures, including dismissal this will be managed through ethics function. The staff member will provide to the immediate supervisor following information:
 - a) The name of the parties involved;
 - b) A brief outline of the nature of the conflict; and
 - c) A brief outline of the proposed solution to manage/resolve the conflict.
2. The concerned supervisor will make a recommendation, to the chairman of the audit and ethics committee or his/her deputy/designee (to e-mail address: auditandethics@ncdd.gov.kh) regarding appropriateness of the proposed solution to resolve and manage the conflict (by cc following e-mail address: conflictsofinterest@ncdd.gov.kh).
3. The chairman of the audit and ethics committee or his/her designee together with other committee members will make determination/decision on the appropriateness of the proposed solution and either agree by voting with the solution or provide by voting an alternate solution to concerned supervisor. This determination/decision for resolution of conflict will be communicated via e-mail to both staff member and concerned supervisor.
4. The e-mail train containing all the correspondence and decision about resolution of conflict will be emailed by the chairman of audit and ethics committee or his/her deputy/designee to staff member and concerned supervisor and cc following e-mail address: conflictsofinterest@ncdd.gov.kh Title or subject line of e-mail need to contain the staff members name and surname.
5. It becomes the responsibility of the staff member and concerned supervisor to ensure that the conflict is managed as agreed in the email train as detailed above.

1.5.3.2. Example of Declaration - Outside

Dear (Supervisors Name),
Cc: conflictsofinterest@ncdd.gov.kh
Cc: auditandethics@ncdd.gov.kh

In my role I have become aware that the NCDD/NCDDS is about to go out to market for the contract for provision of XXXXXXXXXX and associated services. I would normally be involved with the tender process as that is part of my current duties to assist with the tender process. On this occasion I need to declare that I have a conflict of interest in that my brother in-law is the owner of the local XXXXXXXXXX business who may lodge a tender. I would like to remove myself from the process on this occasion as I feel the conflict cannot be managed any other way. There are other staff resources available to continue the tender process and the process will not be held up by my withdrawal from the process. Can you please confirm your approval?

Best Regards,
XXXXXXXXXXXXXXXXXX

Dear (Chairman of the Audit and Ethics Committee),
Cc: conflictsofinterest@ncdd.gov.kh

Please see the email below from (staff member). They have outlined a conflict of interest and proposed solution to resolve the issue. I agree with their recommendation and I have adequate resources to place another staff member into the tender process. I would ask you to approve this suggested course of action.

Best Regards,
XXXXXXXXXXXXXXXXXX

Dear (Supervisor and Staff Member),
Cc: conflictsofinterest@ncdd.gov.kh

On the basis of the information provided to us, we agree with your recommendation and request. You should assign another staff resource to this process.

Thank you for making the declaration.

Best Regards,
XXXXXXXXXXXXXXXXXX

1.5.3.3. Inside Formal Committees or Meetings

1. Any Conflict of Interest must be disclosed either in writing or verbally to the chairman of specific committee or his/her deputy/designee or person presiding over the specific meeting (in writing cc following e-mail address: conflictsofinterest@ncdd.gov.kh, auditandethics@ncdd.gov.kh). It is strictly prohibited to withhold information related to appearance of conflict of interest, and if/when concerned NCDD/NCDDS manager or employee withhold such information he or she will be subject to disciplinary measures, including dismissal, this will be managed through ethics function. The staff member must provide following information:
 - a) The name of the parties involved;
 - b) A brief outline of the nature of the conflict; and

- c) A brief outline of the proposed solution to manage/resolve the conflict.
2. The committee/meeting members must do the following:
- a) Make a determination/decision in regards to the appropriateness of the proposed solution to manage the conflict;
 - b) Ensure all information is clearly documented in the minutes of the meeting;
 - c) Ensure conflict is managed and resolved as agreed in the details outlined above;
 - d) Ensure once the minutes are approved, an excerpt from the minutes has been emailed by the deputy/secretary to concerned staff member by cc following e-mail addresses: conflictsofinterest@ncdd.gov.kh, auditandethics@ncdd.gov.kh;
 - e) If audit and ethics committee function disagree with proposed decision related to resolution of conflict they have power to overrule this decision and provide alternate solution in form of final decision to respective committee/meeting members and staff member. In that case chairman of audit and ethics committee or his/her deputy/designee will send final decision via e-mail address: auditandethics@ncdd.gov.kh by cc e-mail address: conflictsofinterest@ncdd.gov.kh.

1.5.3.4 Example of Declaration - Inside

Dear Committee/Meeting Members **(note this can be verbal or written)**

Cc: conflictsofinterest@ncdd.gov.kh

Cc: auditandethics@ncdd.gov.kh

Before this meeting starts I would like to declare a conflict of interest I have with agenda item XXXXXX. I currently have a personal relationship with person mentioned in agenda item XXXXXXXXXXXX and for this reason have a conflict of interest. In this case I propose to exclude myself from this part of the meeting and therefore remove myself from any risk of influencing the meeting and/or becoming aware of confidential information pertaining to item XXXXXXXXXXXX. Can you please confirm your acceptance of suggested resolution of conflict?

Best Reagrds,
XXXXXXXXXXXXXXXXXX

1. Conflict Resolved by Committee/Meeting Staff Members:

Dear Staff Member (note this can be verbal or written)

Cc: conflictsofinterest@ncdd.gov.kh

Cc: auditandethics@ncdd.gov.kh

Thank you for bringing this conflict of interest to my attention. I agree with your suggested solution. I will ensure a copy of the relevant section of the approved minutes is forwarded to following e-mail address: conflictsofinterest@ncdd.gov.kh, auditandethics@ncdd.gov.kh. This will complete the disclosure requirements of this declaration.

Best Regards,
XXXXXXXXXXXXXXXXXX

2. Conflict Resolved by Audit and Ethics Committee:

Dear (Committee/Meetings Members and Staff Member),
Cc: conflictsofinterest@ncdd.gov.kh

On the basis of the information provided to us related to decision taken by committee/meeting members, we disagree with proposed decision related to resolution of conflict and provide final decision related to this request. Final decision of audit and ethics committee for resolution of this conflict is as follows XXXXXXXXXXXXXXXX.

Thank you for cooperation.

Best Regards,
XXXXXXXXXXXXXXXXXX

1.6. Financial Disclosure Policy

1.6.1. Policy Statement

It's the Policy of the NCDD/NCDDS that in the exercise of their functions, NCDD/NCDDS Staff Members and certain other individuals who hold a NCDD/NCDDS contract other than a staff contract must avoid even the appearance of impropriety. All NCDD/NCDDS Staff Members and such other individuals have an obligation to avoid or mitigate situations in which their personal interests might conflict, or appear to conflict, with the interests of NCDD/NCDDS. Conflicts of interest may arise in many types of situations, such as when financial or other outside interests produce conflicting loyalties, interfere with job performance, or are adverse to the interests of NCDD/NCDDS. The Financial Disclosure Policy is intended to identify such potential and actual conflicts of interest so that they may be vetted and mitigating actions taken to limit or eliminate associated risks.

1.6.2. Purpose and Overview

The purpose of this Policy and related guidelines below, is to assist NCDD/NCDDS Staff Members and other individuals designated to file a Financial Disclosure or Declaration of Interest statement in complying with their obligations to avoid personal interests that may or may appear to interfere with the performance of their official duties and responsibilities, or appear to adversely influence the integrity, independence and impartiality required by their status as individuals employed to the NCDD/NCDDS. When a potential or actual conflict of interest arises, it must be disclosed to the Audit and Ethics Committee and the NCDD/NCDDS Staff Member's or the individual's supervisor/manager, and mitigated and resolved in favor of NCDD/NCDDS.

1.6.3. Staff Members

NCDD/NCDDS Staff rules and regulations under subchapter 1.5 provides that a conflict of interest occurs, when by act or omission, a NCDD/NCDDS Staff Member's personal interests interfere with the performance of his or her official duties and responsibilities or with the integrity, independence and impartiality required by the NCDD/NCDDS Staff Member's status as a public servant/official. When a potential or actual conflict of interest does arise, the conflict of interest shall be disclosed by the NCDD/NCDDS Staff Member as stipulated in subchapter 1.5 to the Audit and Ethics Committee, mitigated by the NCDD/NCDDS and resolved in favor of the interests of the NCDD/NCDDS.

NCDD/NCDDS Staff rules and regulations under subchapter 1.5.2 states, in pertinent part, "All staff members at the Level-7 level and above shall be required to file Financial Disclosure statements on appointment and at intervals also whenever requirement for Financial Disclosure appears thereafter as prescribed by the Chairman of the NCDD and/or Head of NCDDS, in

respect of themselves, their spouses and their dependent children, and to assist the Chairman of the NCDD and Head of NCDDS in verifying the accuracy of the information submitted when so requested. The Chairman of the NCDD and/or Head of NCDDS may require other staff to file Financial Disclosure statements as he or she deems necessary in the interest of the NCDD/NCDDS.”

1.6.4. Other Individuals

Individuals holding a NCDD/NCDDS contract, other than a staff contract, may be required to file a Financial Disclosure Statement in accordance with the terms and conditions governing their contract. Unless otherwise noted, further references to “Staff Members” in this Policy and Guidelines shall be read as applying to all individuals who are required to file a Financial Disclosure or Declaration of Interest Statement (please see Section 2 below), regardless of their contract type.

1.6.5 General Provisions

All Staff Members who meet the criteria for filing a Financial Disclosure or Declaration of Interest Statement have an obligation to submit the statement as part of their official functions, upon hire and annually thereafter. Compliance with this policy and the filing requirement does not excuse Staff Members from taking a pro-active role in recognizing potential or actual conflicts of interest arising in individual instances. As such, Staff Members are obligated to inform their supervisors or management of such potential or actual conflicts of interest as they arise and recuse themselves when necessary from participation in certain functions (e.g., procurement or recruitment-related activity where involvement would entail dealing with an individual or an entity with which he or she is personally affiliated). Staff Members may also be requested to dispose of certain outside interests that caused such potential or actual conflict. By making such disclosure to the supervisor or management, the supervisor or manager can take measures to avoid assigning work or projects that may inadvertently place the Staff Member in a situation where an actual conflict may arise or where his/her judgment may be, or reasonably appear to be, improperly influenced.

1.6.6. Guidelines and Procedures

1.6.6.1. Introduction – Section 1

I. AUTHORITY

This Policy is Policy for Financial Disclosure and/or Declaration of Interest Statements, as noted above, please refer to Staff rules and regulations under subchapter 1.5 for further background and information related to conflict of interest and required disclosure. Service contractors and individual contractors are required to uphold to the terms and conditions included within their contract.

II. SCOPE

This Policy applies to all Staff Members at Level -7 and above, whether holding a NCDD/NCDDS Letter of Appointment or on secondment to NCDD/NCDDS for the period of the secondment. The Policy also applies to other individuals identified by the Chairman of the NCDD and/or Head of NCDDS and Chairman of Audit and Ethics Committee based on guidelines which will be issued annually by the Audit and Ethics Committee pursuant to staff rules and regulations under subchapter 1.5. In all cases, the Audit and Ethics Committee will have final discretion in determining who must submit a Financial Disclosure or Declaration of Interest Statement. Staff Members who are required to submit a Financial Disclosure or Declaration of Interest Statement must provide full and accurate information, which may entail eliciting the cooperation of immediate family members.

III. DEFINITIONS

The following definitions shall apply for the purposes of this directive:

- Spouse: an individual whose personal status has been recognized as such for purposes of United Nations entitlements.
- Dependent Child: a Staff Member's child who is under the age of 18, or under the age of 21 if in full-time attendance at a school or university, or under 25 if covered under the Staff Member's health insurance through NCDD/NCDDS, for whom the Staff Member provides main and continuing support.
- Relative: a spouse, father, mother, son, daughter, brother or sister Short Duration: a period of less than six months.
- Stock option: a right or option to buy or sell a specific number of shares at a later date and price.
- Assets: include but are not limited to stocks, bonds, bank accounts, mutual fund investments and real estate. Personal property should be reported only if it is held for investment or business purposes.

1.6.6.2. Filling Obligations – Section 2

I. FINANCIAL DISCLOSURE STATEMENT

1. The following Staff Members have an obligation to file an annual Financial Disclosure statement:
 - a. All Staff Members at the Level-7 level and above,
 - b. All Staff Members who are procurement officers or whose normal functions include significant and substantive participation in the procurement process for the NCDD/NCDDS, pursuant to section 2 below,
 - c. All Staff Members whose principal functions relate to the investment of the assets of NCDD/NCDDS or of any accounts for which NCDD/NCDDS has fiduciary or custodial responsibility, pursuant to section 2 below,
 - d. Other Staff Members, of any grade, whose direct access to confidential procurement or investment information warrants the filing of a Financial Disclosure, pursuant to section 2, paragraph 2 below,
 - e. The Chairman of the NCDD and the Chairman of Audit and Ethics Committee,
 - f. All the Staff Members serving in the Audit and Ethics Committee and all members serving in the NCDD,
 - g. Other Staff Members and individuals designated by the Head of the NCDDS where he or she deems it appropriate and necessary in the best interests of the NCDD/NCDDS.
2. The relevant Chairman of the NCDD and/or Head of NCDDS and Chairman of Audit and Ethics Committee shall identify, in accordance with the annual guidelines issued by the Audit and Ethics Committee, the Staff Members who shall file Financial Disclosure statements under paragraphs b, c, d, e, f and g above.

II. DECLARATION OF INTEREST STATEMENT

3. Staff Members who fall within the scope of paragraph 1 above but who work on US \$1 per year appointments, have the obligation to file a Declaration of Interest Statement instead of a Financial Disclosure Statement. Such Declaration of Interest Statements will be provided to such individuals as noted in Section 6 below.

1.6.6.3. Scope of Financial Disclosure Statements – Section 3

1. Staff Members who are required to file a Financial Disclosure Statement under section 2, paragraph 1 above shall report the following with respect to themselves, their spouse and dependent children (if any) for the reporting period in question:
 - a. Assets held that have a market value of US \$10,000 or more per asset, or the equivalent in local currency at the operational rate of exchange (see section 5 for the relevant date to calculate the operational rate of exchange). Personal property should be reported only if it is held for investment or business purposes,
 - b. Any profit of more than US \$10,000 on the sale of any property that was held for investment or business purposes; such as motor vehicles, boats, livestock, furniture, carpets, jewellery and art,
 - c. All stock options, publicly listed or private, regardless of value,
 - d. Income earned from sources other than NCDD/NCDDS in the reporting period, including from investments listed in subparagraph (a) above, any form of deferred emoluments from prior employment (but excluding NCDD/NCDDS pension benefits received from prior employment), or profit shares from prior employment, if the total of all such income is over \$10,000 in the reporting period,
 - e. Any form of supplement, direct or indirect from sources external to NCDD/NCDDS including provision of housing or subsidized housing, or any gift, per diem, reimbursements, entertainment or travel expenses, favor, benefit, remuneration or in kind contribution from any government, governmental agency (in any amount) or from other non-NCDD/NCDDS source (aggregating US \$250 or more from a single non-governmental source) during the reporting year, other than disability or dependency benefits under national laws, travel and per diem for approved outside activities and approved residential accommodation that has been accepted by the NCDD/NCDDS for its staff. Gifts from relatives do not need to be reported,
 - f. Liabilities over US \$50,000 owed to any creditor, including a mortgage on the Staff Member's personal and/or vacation residence, as well as liability to a former spouse. Liabilities owed to a parent, sibling, or dependent child are excluded,
 - g. Involvement in any other activity, whether or not subject to approval by the Chairman of the NCDD and/or Head of NCDDS and Chairman of Audit and Ethics Committee under the applicable NCDD/NCDDS Staff rules and regulations or other administrative issuances, that could have an impact on the objectivity or independence of the Staff Member in the performance of duties for NCDD/NCDDS or otherwise affect the image or reputation of the NCDD/NCDDS,
 - h. A spouse's or dependent child's financial or other interest in, or association with, any entity with which the Staff Member reporting may be required to have dealings on behalf of NCDD/NCDDS, or any entity which has any commercial interest in the work of NCDD/NCDDS or a common area of activity with NCDD/NCDDS.
2. Staff Members who are required to file a Financial Disclosure Statement under section 2, paragraph 1 above or a Declaration of Interest Statement under section 2, paragraph 3 above shall also report the following:
 - a. Any leadership or policymaking role in any non-NCDD/NCDDS entity including membership on any corporate board.
 - b. Any relatives employed in the government system.
3. Staff Members who are not able to comply with the disclosure requirements with respect to their spouse or dependent children shall submit a detailed justification to the Audit and Ethics Committee. A copy of supporting legal documentation should be provided, where applicable. In those cases where exemption from submission of legal

documents is requested such as on the basis of a pre-nuptial agreement, divorce/separation proceedings or a marital “separation of property” agreement, or other legal basis, the Audit and Ethics Committee shall consider whether such justification is reasonable, considering the particular circumstances of each case, and may make recommendations to the Staff Member and the Chairman of The NCDD and/or Head of the NCDDS or his or her designee.

1.6.6.4. Scope of Declaration of Interest Statements – Section 4

1. Staff Members who are required to file a Declaration of Interest Statement under section 2, paragraph 3 above shall include in such disclosure the following:
 - a. Any financial or other interest in, or association with, any entity with which the Staff Member anticipates or should reasonably anticipate he or she may be required to have official dealings on behalf of NCDD/NCDDS, or any entity that has a commercial interest in the work of NCDD/NCDDS or a common area of activity with NCDD/NCDDS. This reporting obligation extends to the individuals themselves, their spouse and dependent children (if any),
 - b. Any leadership or policymaking role the Staff Member may hold in any non-NCDD/NCDDS entity including membership on any corporate board,
 - c. Current or past involvement by the Staff Member in any other activity which could have an impact on his or her objectivity or independence in the specific performance of the functions for which he or she has been contracted by the NCDD/NCDDS, or which could otherwise affect the image of the NCDD/NCDDS,
 - d. Any of relatives employed in the government system.

1.6.6.5. Applicable Values and Rates of Exchange – Section 5

In completing the required Financial Disclosure Policy and Declaration of Interest disclosures the USD-equivalent value of assets or liabilities shall be derived by applying the official NCDD/NCDDS operational rates of exchange as of the date of disclosure to the value of the assets or liabilities on 31 December for the filing year. For new hires the operational value and rate of exchange should be as of the last day of the calendar month preceding the date of appointment.

1.6.6.6. Forms and Filing Procedures – Section 6

1. Staff Members who are required to file a Financial Disclosure Statement under section 2, paragraph 1 above shall do so via e-mail address: financialdisclosure@ncdd.gov.kh by cc following e-mail address: auditandethics@ncdd.gov.kh within the deadline stipulated. The Personal Management Office will provide to each individual with form, together with the deadline for completion, via email.
2. Staff Members who are required to file a Declaration of Interest Statement under section 2, paragraph 3 above shall do so via e-mail address: conflictsofinterest@ncdd.gov.kh by cc following e-mail address: auditandethics@ncdd.gov.kh within the deadline stipulated. The Personal Management Office will provide to each individual with form, together with the deadline for completion, via email.

1.6.6.7. Confidentiality – Section 7

1. The Financial Disclosure and Declaration of Interest Statements and any relevant supporting documentation, information and/or communications, either electronic or physical, are confidential. The statements and their relevant supporting documentation,

information and communications will be held in a secure location and will only be made accessible to and used by the Audit and Ethics Committee and such other offices or persons as specifically authorized in writing by the Audit and Ethics Committee or the Chairman of the NCDD and/or Head of the NCDDS. The Audit and Ethics Committee will retain all Financial Disclosure and Declaration of Interest Statements filed, including all supporting documentation related to such submissions and their review and verification, for a minimum of seven (7) years from the date of submission.

2. Other than for administration as noted above, strict confidentiality will generally be maintained unless the Audit and Ethics Committee becomes aware of (a) a potential or actual conflict of interest or (b) a violation of NCDD/NCDDS Staff rules and regulations or other administrative issuances.
 - a. In potential or actual conflict cases, the Staff Member will be notified and provided with advice on how to remedy or mitigate the situation, regularly Staff Member are required to disclose the potential or actual conflict to his or her supervisor/manager, and provide proof of such disclosure to the Audit and Ethics Committee. Where the Staff Member is unwilling or unable, after being given a reasonable opportunity, to remedy or mitigate the situation, the Audit and Ethics Committee will refer the matter to the appropriate office such as Internal Audit Group (IAG), Personal Management Office (PMO) and/or supervisor/manager for monitoring or for follow-up and remediation to protect the interest of NCDD/NCCDS.
 - b. In situations involving a potential violation of NCDD/NCDDS Staff rules and regulations or other administrative issuances, the matter may be referred to IAG for full investigation as necessary.
 - c. As such, there may be occasion where one or more of a Staff Member's disclosures will need to be shared with IAG, PMO and/or with his or her supervisor/manager to prevent the Staff Member from being inadvertently placed (by management) in a conflict situation, or permitted to remain in a situation where a conflict can arise or be reasonably inferred. In every case, information disclosed will only be shared by the Audit and Ethics Committee where it has determined that it is in the interest of NCDD/NCDDS for such a disclosure to be made in order to remediate or avoid a conflict of interest that has been detected, and the Staff Member is unwilling or unable to do so on his or her own.

1.6.6.8. Obligations of Staff Members – Section 8

1. The Staff Members making disclosures pursuant to this Policy and the NCDD/NCDDS programs thereunder shall certify that the information disclosed are truthful, correct and complete to the best of their knowledge and belief.
2. The Staff Members are obliged to comply with all requests for additional information, documentation, clarification and/or verification concerning their Financial Disclosure Statement or Declaration of Interest Statement.

1.6.6.9. Filing Period – Section 9

1. The Financial Disclosure filing exercise will generally take place annually between 1 to 31 March, (or over such other period designated by the Audit and Ethics Committee), in any given year, to report on matters and holdings for the period from 1 January to 31 December of the previous calendar year. New hire disclosures must be completed within the dates specified by the Audit and Ethics Committee following the Staff Member's entry on duty, promotion or commencement of the new assignment. Administrative and

secretarial support to Audit and Ethics Committee related to filing will be provided by PMO.

2. The Declaration of Interest filing exercise will take place on an ad-hoc basis as and when required. Administrative and secretarial support to Audit and Ethics Committee related to filing will be provided by PMO.

1.6.6.10. Verification Process – Section 10

1. In order to validate the information disclosed and ensure its accuracy and completeness, a verification process will be conducted among a representative sampling of all individuals of all grades and offices who have filed a Financial Disclosure or Declaration of Interest Statement under this process.
2. Individuals who have been selected to provide verification must, within the time specified by the Audit and Ethics Committee or its designee such as PMO, provide a copy of supporting documentation including but not limited to statements from third-parties such as banks and brokerages, as well as mortgage statements, articles of incorporation, certificates of title, loan agreements, tax returns, credit card statements and so on.

1.6.6.11. Extension of Deadlines – Section 11

The individuals who are unable to comply with a filing deadline under section 9, or the time specified for providing additional requested information under sections 8 and 10, must submit a formal request for an extension of time, providing a detailed justification to the Audit and Ethics Committee. The Audit and Ethics Committee will, based upon the particular circumstances in each case, determine whether an extension of time is warranted and notify the individual accordingly through PMO official letter.

1.6.6.12. Non-Compliance with Policy – Section 12

1. Failure of Staff Member's to comply with the requirements of the Policy, including the obligation to submit a Financial Disclosure Statement or Declaration of Interest Statement, or to cooperate in the verification exercise, or to provide the requested supporting information, or to implement remedial measures for managing identified conflicts of interest in accordance with subchapter 1.5, may amount to misconduct by the Staff Member in question, and may be dealt in accordance with proceedings related to corrective measures, including dismissal according to subchapter 1.4. Failure by any other individual to fulfill any of these enumerated obligations, which applies to consultants and independent and service contractors may also amount to a breach of contract, which may be dealt with in accordance with the terms and conditions of the individual's employment contract.
2. The Audit and Ethics Committee may refer the matter to the Director of IAG or other relevant office such as PMO for such action as that office deems necessary to ensure that the interest of NCDD/NCDDS is protected.

1.6.6.13. Entry into Force – Section 13

Above presented Policy including guidelines and procedures is final NCDD/NCDDS Financial Disclosure Policy, and shall enter into force on the date of approval of OPP Manual revision issued by the Chairman of the NCDD. Policy shall be reviewed every two years after the date of approval.

CHAPTER 2 : RECRUITMENT AND SELECTION

2.1. Rationale

1. To set up and implement an effective recruitment system and selection process to enable the NCDD to employ the best qualified candidate for the position and retain the right persons for the right jobs with potential of assuming greater responsibilities in the future.
2. The priority is to get the qualified staff this can be through staff-development, internal personnel movement (transfer and promotion), but may also come from outside. The NCDD's needs come before employees' ambitions but hopefully both are accommodated most of the time.
3. Recruitment of new personnel is subject to budgetary provision. Establishment of a new position requires the express authorization of the Chief of each unit and approved by the Executive Deputy Head of NCDD-S, concurred by Head of NCDDS.

2.2. Policy and General Provisions

1. The NCDD Cambodia endeavors to attract and retain staff that meets the highest standards of efficiency, competence, and integrity. The NCDD recognizes that its staffs are its greatest assets. Therefore, it attaches much importance to staff recruitment and selection and their career development.
2. The NCDD policy for recruitment of staff is based on the principles of non-discrimination, equal treatment, and equal opportunity with both internal and external candidate in all aspects of employment, irrespective of race, religion, ethnic or national origins.
3. It is the NCDD's affirmative action to encourage women to apply and to be given priority in certain positions to promote a gender balanced program ensuring equal representations of men and women in the organization. It starts from the advertisement material wherein a note of encouragement for women to apply is stated. Another move is to give favor to a woman with the same score as a man in the overall rating.
4. The NCDD shall not grant an appointment to a person or two persons having Supervisee and Supervisor relationship bearing blood relations such as spouse (husband, wife), mother, father, son, daughter, brother, sister, first cousins and in-laws (uncle, aunt, niece and nephew).
5. Every position in the NCDD structure must have an approved job description. Creating a new position requires justification of needs and has to be approved by the Head of NCDD Secretariat.
6. Sub Programs prepared Term of Reference and Job Descriptions and send to NCDDS for no objection to resume the recruitment process after then.
7. The panel of interviewer should have representation from the NCDD.
8. When a position is recruited, the NCDD advertise the employment announcement within and outside NCDD. The announcement is priority open to internal candidates and if there is no internal candidate applied for the post then the NCDD can choose from outside but still on a competitive basis.
9. A recruitment committee is established every recruitment.
10. The composition of the Committee should be:
 - Project Manager for vacancies in the provincial and district level as the Chief of the Recruitment committee
 - The Director of the Division with vacant post as the Chief of the Committee for the recruitment of the vacant position at the national level
 - There are two members from any of the Offices in the Division

- One representative from the Personnel Administration Office as Observer

The roles and responsibilities of recruitment committee are:

- Reviews selection and shortlist of candidates for tests;
- Schedules the tests;
- Prepares the questionnaire, score list and implements the tests;
- Reports the testing result to the Executive Deputy Head of NCDD-S for NCDD-S vacancy; to the Head of Sub Program for Sub Program vacancy and the Provincial Governor for Provincial vacancy, to review and make decision;
- After approved by the above, the Chief of Personnel Administration posts a notice of selected candidates' names.

2.3. Guidelines

2.3.1. Recruitment

1. **Post Description:** All posts shall have a valid job description. Job descriptions shall be made according to the NCDD format, and must be approved by the Head of the NCDD Secretariat. All job descriptions should be reviewed once a year during the Performance Appraisal exercise and at any time when the duties of the incumbent position holder have been significantly changed.
2. **Announcement of Vacancies:** All vacancies shall be opened simultaneously to both internal and external candidates.
3. To activate the recruitment process, the concerned Office Chief must submit a complete Personnel Request Form to be reviewed and approved by the NCDD Executive Deputy Chairman. The request should state clearly if the opening should be made locally or internationally.
4. The announcement shall be made through emails, internet, local newspapers, and other appropriate public announcement posts.
5. An internal announcement may be made through electronic mail. A hard copy of the vacancy announcement is also sent to every sub-national office and placed on the announcement boards.
6. A staff member who wishes to apply for the vacant post has the same opportunity as an external candidate and to signify his/her intention to apply should submit his/her letter of application and/or the updated curriculum vitae to the Personnel Officer.
7. All external candidates should complete a NCDD Application Form and submit it together with the required attachments to the Personnel Officer in Phnom Penh.
8. Every job opening shall be publicized (internally and externally) for at least **14 calendar days** to allow adequate time for interested staff and external candidates to submit their applications. Only short-listed candidates will be notified and invited to interview.
9. **Interview Panel.** The Personnel Officer forms the interview panel after closing the announcement. The panel should be composed of at least three senior staff including the concerned immediate supervisor and the Personnel Officer. The chairperson should be the representative of the Office, the Hiring Manager should be the immediate supervisor of the position. Gender balance should always be considered when selecting applicants for interview. There should be at least 1 or 2 women in the panel of 3 or 2-3 women in the panel of 5 interviewers.
10. **Interviews and Tests:** Interviews and tests shall address the qualifications and competencies of the candidates as specified in the job description and assess the relative abilities of the candidates to perform the specified duties. Using the NCDD standard interview form, interviewers may set up criteria relevant to each duty against which all candidates shall be assessed prior to the interviews. The interview

panel prepares the written test confidentially. The written test is also prepared by the recruitment team with agreed scores as a powerful tool to avoid biased scoring.

11. References: After the panel interview, the Personnel Officer shall conduct reference checks of the potential candidate(s), using the NCDD Reference Check Form. A reference check shall confirm candidate's work experience, personality/attitude, financial management practices and relationship with colleagues. Every effort should be made to contact the candidate's latest immediate supervisor as one of the references.
12. For external applicants who have prior NCDD experience, past performance will be taken into account. For this purpose, NCDD-S will maintain a system of post-assignment evaluation sheets for each individual consultant, to be filled in by their supervisors.
13. When the Chairperson of the Interview Panel has prepared the interview panel report, the case, including information on all eligible and available candidates, is presented to the NCDD Executive Deputy Chairman for recommendation to the Head of NCDD Secretariat giving the final acceptance and approval of the newly hired. Following the approval by the Head of the Secretariat, the Personnel Officer shall initiate the relevant recruitment formalities.

Once the approval to recruit has been given by the Executive Deputy Head of NCDD-S the following steps should be taken:

1. The Division Director of the new post will review the current job description for the vacant position, or prepare a new job description if applicable. The job description should be detailed in order to clearly define the tasks expected from the employee.
2. Recruitment must be as transparent as possible. First degree relatives, meaning spouse, children, parents, sisters, brothers, or in-laws, of staff already employed with NCDD are not eligible for recruitment for positions with supervisory responsibility to the other.
3. In filling open positions, NCDD will first seek to match them with internal candidates through promotion and transfers.
4. If internal recruitment is not an option, candidates may be selected from a running file or database that is maintained by the NCDD, or through selection agencies, or an open advertisement in the most cost effective media.
5. Candidates will be short listed by a panel comprising at least two officers, one of which should be the line manager.
6. The interview panel should be made up of at least three NCDD staff members, including the Human Resources Advisor/Officer and the line manager.
7. As part of the interview process, practical tests should be given to candidates where skills are necessary such as driving road tests for drivers and typing tests for secretaries.
8. The OUTPUT of interviews should be documented and included in the personnel file of the successful candidate.
9. The successful candidate will be required to provide at least two satisfactory references before the final appointment is made. It is recommended that, wherever possible, the referees are also contacted by telephone.
10. The successful candidate shall respond in writing whether he or she accepts or rejects the offer.

11. The Contract of Employment is to be issued in duplicate with one copy for the personnel file and one for the employee.
12. On the first day of employment, the new employee should be issued with NCDD ID card, a welcome letter and details of their orientation or induction program in an Orientation Packet.

2.3.2. Selection and Appointment

1. During the interview, all shortlisted candidates shall be informed that NCDD-S will do its utmost to make the selection within a period of the 2 weeks after the last interview has taken place. All applicants interviewed will receive a written notification of the decision regarding their application within a period of one month after the decision. NCDD does not have any obligation to explain – neither verbally nor in writing – her decisions regarding the preferred candidate. The successful candidate shall be notified via a letter of offer for his/her acceptance.
2. The pre-employment formalities include the agreement on the Job Description or Terms of Employment /contract. The participation of the respective Office Chief needing the post is required. The selection and hiring responsibilities rest with the concerned Hiring Manager (immediate supervisor of the vacant post).
3. Upon the completion of the initial agreement, the Personnel Officer submits the information about the recommended candidate (application form, qualifying test result, interview panel report, references check) to the Executive Deputy Head of NCDD-S for review and recommendation to the Head of NCDD Secretariat's final approval. The recommended candidate must be informed that a candidate for employment is not yet an employee of the NCDD until both parties have signed the employment contract.
4. The selection process for internal candidates is the same as external candidates. If an internal candidate is selected, after completing the above steps, a new Employment Contract shall be issued to correspond to his/her new assignment.

2.3.3. Specific Procedures on Technical Advisors Recruitment

Categories of Technical Advisors:

1. NCDD Secretariat Technical Advisors
2. Sub-Program Technical Advisors
3. Provincial Technical Advisors
4. District Technical Advisors

PROCEDURES

1. Preparation of List of Technical Advisors

NCDD Secretariat prepares a list of all Technical Advisors to be recruited at national and sub-national levels based on the requirements of NCDD Secretariat, sub-programs, provinces and districts. The required Technical Advisors Positions must be prepared with reference to the IP3 structure. Selection should be based on capacity assessment to ensure that it responds to and is consistent with real needs at each level. The Staff list should be updated regularly, preferably on a quarterly basis.

2. Preparation of Term of Reference or Job Descriptions

- NCDD Secretariat prepares TOR for the positions under NCDD-S while the Sub Programs prepare Term of Reference for their positions and submit to the NCDD-S for No Objection prior to full recruitment process. Each Chief of Office drafts a ToR for each post respective units with the assistance of available human resource or advisors. The ToRs are reviewed

by the Personnel Officer at NCDD-S, reviewed by the Executive Deputy Chairman and recommended for approval or No Objection by the Head of the NCDD Secretariat.

- TOR will be updated as required.

3. Recruitment Process

3.1 NCDDS Technical Advisors

National Technical Advisors	Provincial Advisors	District Advisors
<ul style="list-style-type: none"> – Advertised in public by NCDDS – Applicants send their CV to NCDDS – NCDDS conducts screening and short-listing with assistance of NCDDS TA concerned – Recruitment Panel: <ul style="list-style-type: none"> ○ A representative of NCDDS management ○ Chief of respective office ○ Representative of TA management ○ Representative of Admin and HR office (as secretary) ○ Gender balance 	<ul style="list-style-type: none"> – Advertised in public by NCDDS – Applicants send their CV to NCDDS – NCDDS conducts screening and short-listing with assistance of NCDDS TA concerned – Recruitment Panel: <ul style="list-style-type: none"> ○ A representative of NCDDS management, ○ Head of SNA Advisory Services Office or his/her representative ○ Representative of SNA advisory services office ○ Representative of Admin and HR office (as secretary) ○ Gender balance 	<ul style="list-style-type: none"> – Advertised in public by NCDDS – Applicants send their CV to NCDDS – NCDDS conducts screening and short-listing with assistance of NCDDS TA concerned – Recruitment Panel: <ul style="list-style-type: none"> ○ Head of SNA Advisory Services Office or his/her representative ○ Representative of Admin Division (as secretary) ○ Representative of district concerned ○ Provincial TA Management Advisor ○ Gender balance
	Provincial Info Tech Officer	International Tech Advisors
	<ul style="list-style-type: none"> – Advertised in public by NCDD-S – Applicants send their CV through provinces to NCDD-S – NCDDS conducts screening and short-listing with assistance of NCDDS TA concerned – Recruitment Panel: <ul style="list-style-type: none"> ○ Provincial Board of Governors on behalf of NCDD-S management ○ Chief of HR Division ○ Provincial TA coordinator ○ Representative of Fin and Admin Division (as secretary) ○ Member of the National ○ Gender balance 	<ul style="list-style-type: none"> – Advertised in public by NCDD-S – Applicants send their CV to NCDDS – NCDDS conducts screening and short-listing with assistance of TA management – Recruitment Panel: <ul style="list-style-type: none"> ○ Two representatives of NCDDS management ○ Representative of Personnel Admin (as secretary) ○ Representative of TA management ○ Gender balance

3.2 Technical Advisors from other Sub-programs (2- 6)

National Technical Advisors	Provincial Technical Advisors	District TAs (C/S Support Staff)
– Advertised in public by sub-program or/and NCDD-S	– Advertised in public by sub-program or/and NCDD-S	– Advertised in public by the district

<ul style="list-style-type: none"> – Applicants send their CV to sub-program – Sub-program conducts screening and short-listing with assistance of sub-program TA – Recruitment Panel: <ul style="list-style-type: none"> ○ A representative of sub-program management ○ TA of the respective sub-program ○ A representative of SNA (as member) ○ A representative of respective Admin office of the sub-program (as secretary) ○ Gender balance 	<ul style="list-style-type: none"> – Applicants send their CV to sub-program – Sub-program conducts screening and short-listing with assistance of sub-program TA – Recruitment Panel: <ul style="list-style-type: none"> ○ Two representatives of sub-program management ○ A representative of respective Admin office of the sub-program (as secretary) ○ Provincial NP Management Advisor ○ Gender balance 	<ul style="list-style-type: none"> – Applicants send their CV through district to province. – province conducts screening and short-listing with assistance of district TA coordinator – Recruitment Panel: <ul style="list-style-type: none"> ○ A representative of district Board of Governor (BoG) ○ Representative of Admin and Fin office (as secretary) ○ Chief of CS Support office ○ District NP Advisor ○ Gender balance
District Info Technical Advisors	International Technical Advisors	
<ul style="list-style-type: none"> – Advertised in public by the district and others as necessary – Applicants send their CV to district – District conducts screening and short-listing with assistance of Provincial IT and district Tech Advisor coordinator concerned – Recruitment Panel: <ul style="list-style-type: none"> ○ A representative of District Board of Governor ○ Chief of Admin and Fin office (as secretary) ○ Chief of CS Support office ○ District TA Coordinator ○ Gender Balance 	<ul style="list-style-type: none"> – Advertised in public by the sub-program or/and NCDD-S – Applicants send their CV to the sub-program – Sub-program conducts screening and short-listing with assistance of NCDD-S – Recruitment Panel: <ul style="list-style-type: none"> ○ Two representatives of sub-program management ○ NCDDS Representative ○ A representative of respective Admin office of the sub-program (as secretary) ○ Gender balance 	

4. Contracting Procedures

All Advisors and assistants under Sub-Program 1 will sign a contract with the Head of NCDD-S

- Sub-program TA at national and provincial level will sign their contract with head of the sub-program.

5. Contract Evaluation

5.1 NCDDS Technical Advisor

National Advisors	Provincial NP Management Advisor	District Advisors
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<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Two representatives of NCDDS management ○ Representative of TA management ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ A representative of NCDD-S management ○ Representative of SNA advisory services office of NCDDS ○ Representative of TA management. ○ Representative of province concerned ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Representative of NCDD-S' SNA Advisory Services Office ○ Representative of district concerned ○ Provincial TA coordinator ○ Gender balance.
Provincial Monitoring Advisor	Provincial IT	International TA
<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ A representative of NCDDS management ○ Representative of SNA advisory services office of NCDDS ○ Provincial TA coordinator ○ A representative of province concerned ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Representative of NCDD-S' SNA Advisory Services Office ○ Chief of HR division ○ Provincial TA coordinator ○ Member of National level IT team ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Two representatives of NCDDS management ○ Representative of TA management ○ Gender balance

5.2 Sub-Program TA

National TA	Provincial TAs	District TAs (C/S Support Staff)
<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ A representative of sub-program management ○ TA of the respective sub-program ○ A representative of SNA ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Two representatives of sub-program management ○ Provincial TA coordinator ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ A representative of district BoG ○ Chief of CS Support office ○ District TA coordinator ○ Gender balance
District IT	International TA	
<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ A representative of District BoG ○ Chief of CS Support office ○ District TA coordinator ○ Gender balance 	<ul style="list-style-type: none"> – Evaluation Panel: <ul style="list-style-type: none"> ○ Two representatives of sub-program management ○ NCDDS Representative ○ Gender balance 	

2.4. Forms Used and References

1. Application Form
2. Personnel Action Form (PAF)
3. Interview Form
4. Reference Check Form
5. Job Description
6. Medical Clearance Checklist Form
7. Written test questionnaires (confidential)
8. Staff relative structure
9. Annex – specific recruitment procedure per category of posts

CHAPTER 3: TERMS OF EMPLOYMENT

3.1. Rationale

To clarify conditions of employment and terms of service as well as working relationships of NCDD staff members, government counterparts, independent contractors/consultants, advisors, specialists and temporary workers.

3.2. Policy and General Provisions

The fundamental obligation of all staff members, government counterparts, independent contractors, consultants, advisors, specialists and temporary workers is that, by accepting employment, they shall conduct themselves in accordance with the interests of the NCDD and pledge commitment and loyalty to the NCDD.

1. A Staff Member of NCDD is an employee who has been assigned to a regular position and holds an approved Employment Agreement.
2. Short-term workers and consultants may be employed for specific job assignments with specific arrangements for extension, as needed.
3. The staff structure outlined in the IP3 shall be followed. Changes to the staffing structure must be justified and approved by the Management, led by the Head of NCDD Secretariat.
4. The Head of the NCDD Secretariat has the final Hiring, contracting and dismissal authority. Therefore, no Personnel Action is valid without the signature of the Head of the NCDD Secretariat unless otherwise delegated this function when he is not available.

3.3. Guidelines

3.3.1. National Staff

1. Once a decision regarding appointment has been made and the proper medical clearance has been issued the Personnel Officer shall prepare the Employment Agreement signed by the Head of the NCDD Secretariat and by the staff member.
2. In signing the agreement, the staff member accepts its terms and agrees to abide by the NCDD policies and personnel regulations.
3. Every staff who works under NCDD structure have an employment contract (Form 29) for one year. The necessary conditions are stipulated in the contract in order to have transparency and convenience in the job performance and management.
4. Once employed, the staff member enjoys the benefits and allowances as stated in the Operations Manual.
5. Any subsequent change(s) of the conditions of employment shall be notified in writing by the NCDD and become effective as of the date of entry into force.
6. All NCDD staff members are full-time employees of the NCDD and therefore, shall not engage in other employment unless approved in writing by the Head of NCDD Secretariat. In any case, the extra work must be performed outside of working hours, and the activities shall not be in conflict with the NCDD mission, goals and values. Before recommending for approval any extra work outside the NCDD, the supervisor must be sure that the work does not hinder his/her performance. (Article 69 of Cambodian Employment and Labor Law).

7. A government employee who accepts regular employment with the NCDD must resign or take an official off from the government service prior to the commencement of his/her work with the NCDD. For those government employees who have already been hired before the implementation of this policy they must present a valid written permission for leave without pay from their previous posts. The government officials working with NCDD-S as a government official should have official letter of appointment from his/her ministry as a given proof of authorization allowing him/her to work for NCDD-S.

3.3.2. Independent Contractors/Consultants/Advisors

1. In some occasions, needs for the services of a professional group or individual technical assistance of consultant/contractors/advisors may arise. The needs can be initiated by the concerned Director of concerned Division by submission of specific terms of reference for the services to be rendered.
2. In cases where the NCDD wishes to recruit the consultant for any position, the position should advertise on the notice board with NCDD structure and in local newspaper. The recruitment procedure should be followed the same recruitment of NCDD contract staff.
3. The contract (Form 30) should be signed between the consultant and the secretariat of NCDD. The rates for consultant should be considered and negotiated upon capability, experience, market rates for similar type of work... etc.
4. Depending on the nature of assignment, a contract can be made base on the number of days the consultant/contractors/advisors is expected to perform (Service Contract) or base on the expected outputs (Product Contract) to be delivered.
5. The maximum daily rate is negotiated between the two parties. For the output-based contract, the amount of compensation shall depend upon the volume and complexity of the assignment and the estimated time required to complete the task.
6. The Head of the Secretariat shall authorize the procurement of services of the contractor/consultant with reference to the recommendation from the NCDD Executive Deputy Chairman.
7. The approved request shall be forwarded to the Personnel Officer to prepare necessary documents prior to the issuance of the relevant contract. The request shall include a Curriculum Vitae (CV) of the individual concerned and the Terms of Reference (TOR) describing the tasks to be performed. The Personnel Officer will prepare the Service or Output Contract.
8. Persons engaged under a Service Contract are not staff members of the NCDD. They are independent individuals and shall not be entitled to annual or sick leave or to any other benefit, subsidy, compensation, or entitlement except as expressly provided in the Service/Output Contract. They are also independently responsible for any taxes levied by their own country but NCDD shall withhold taxes from the contracted amount following the detailed procedures in the Cambodian tax law.

3.3.3. Short-term Workers

1. As needed, short-term workers can be hired by the NCDD to accomplish specific task(s). The terms of temporary employment and its duration are fixed in advance by the issuance of a short-term contract.
2. For short-term employment, which **exceeds two months**, approval of the Head of Secretariat must be obtained prior to the employment while the Executive Deputy Head of NCDD-S Director shall approve for less than two months employment. .

3. While the minimum daily wage for temporary employees as stated in the Labor Law is US\$60.00 per day, NCDD can pay the workers higher than the minimum wage if the local market rates for daily workers are higher.
4. If a short-term worker has to work more than **eight hours a day** to meet the immediate operational requirements, he/she is entitled to one sixth of his/her daily wage for each extra hour (per labor law). This practice is not encouraged and can be done only to meet an immediate operational requirement.
5. A uniform daily rate for short-term workers shall be set for both sub-national and national levels.
6. Short-term workers are not staff members of the NCDD. They are casual workers and shall not be entitled to annual or sick leave or to any other benefit, subsidy, compensation, or entitlement. They are independently responsible for any taxes, which might be levied on their income from the NCDD.

3.4. Forms Used and References

1. Employment Agreement
2. Personnel Action Form (PAF)
3. Service Contract; Output Contract
4. Terms of Reference/Service
5. Job Descriptions
6. Temporary Worker Contract
7. Staff Policy Handbook

CHAPTER 4: PROBATION, OBSERVATION AND REMEDIATION

4.1. Rationale

1. To differentiate the trial status and benefit entitlements of a new staff, a transferred/ promoted staff and a staff under remediation.
2. To clarify the organization expectations of a new staff, a newly promoted staff and a staff under remediation.

4.2. Policy and General Provisions

1. All new national staff of NCDD shall undergo a three-month “**Probationary Period**” of which, the suitability of the employee to the assigned job shall be monitored and assessed by his/her immediate supervisor. During the probation period, the employment can be terminated by either party with one day notice. (Compliance to the Cambodia Labor Law)
2. NCDD staff promoted to a higher position, demoted to a lower position or transferred laterally to a new post shall undergo a three-month “**Observation Period**”. During this observation period, the employee performance shall be monitored and his/her immediate supervisor shall assess his/her suitability to the new post. The employee who fails to meet the performance standard of the new post can be reversed back to his/her previous position, transferred laterally to another post, placed on remediation or given a lower post.
3. NCDD staff who fails to carry out his/her assignments up to the performance expectations in accordance to his/her job description or faces a serious disciplinary action can be required to undergo a “**Remediation Period**”. The remediation period can range from one to three months per term but to a maximum of two terms only, depending on the remediation action(s) to be taken. During this period, the employee performance/behavior will be monitored and assessed by the immediate supervisor against a clear written performance objectives and remediation action(s). Failure to meet the expectation, his/her employment can be terminated.
4. Performance Expectations are made clear from the start of the Probation/Observation/Remediation Period. The employee’s performance is monitored and assessed throughout by the immediate supervisor. **At least 2 weeks before the end of the period**, the employee’s performance is appraised formally using the Performance Appraisal Form. This Performance Appraisal Form, together with a written recommendation and New Job Orientation Assignment (for new staff member), using the Personnel Action Form, are submitted through the appropriate lines of communication for final approval.
5. The probationary period shall not be longer than three months for all positions (reference to the labor law). New recruited staffs should undergo a three-month probation period. At the end of three months, their performance should be evaluated whether contract will be continued or terminated depending upon their performance in the probation period. It is also important to keep properly the reasons of staff’s continuity and termination.
6. With the recommendation of the employee’s immediate supervisor, the duration of “Observation Period” or “Remediation Period” can be extended for up to another 3 months. This extension of the trial period shall only be given in **exceptional occasions** when proper assessment was not possible in the 1st 3 months. This means, no employee shall be put under any of these trial statuses for more than 6 months consecutively.
7. No “annual salary increases” may be authorized while on probation, observation and remediation status.

4.3. Guidelines

4.3.1. Probation

Every new employee of NCDD shall undergo a three-month probationary status before his/her employment can be confirmed. During this period, the employee is entitled to all work-related allowances, medical and accident coverage and benefits. Limitations during this period are:

1. Annual Leave: Leave is accrued from the 1st month of the employment. However, during this period, the employee cannot take leave or convert the leave to cash.
2. During the probation period, the staff member is not eligible for reassignment and may not apply for new positions within NCDD.

4.3.2. Observation

A staff member who is promoted to a higher position, demoted or transferred to a new post of which, the job description has significantly changed shall undergo a three-month observation period.

1. During this period, the employee maintains his/her regular employment status and enjoys all allowances and benefits of the NCDD regular employees. These include a salary increase (for promotion) and a provident fund.
2. During this period, the employee's performance and suitability will be monitored and assessed by the immediate supervisor against the expectations set at the beginning. If proven not suitable for the job, the employee may be moved back to his/her old position if it is still available, but in some cases some positions cannot be saved for this purpose, transferred laterally to a more suitable post or downgraded to the appropriate job level. If he/she is transferred to a position at the lower job level, his/her salary shall also be reduced accordingly. If not suitable position can be found the employee will be terminated.

4.3.3 Remediation

For due cause after consultations, verbal warning and a written warning, a staff member can be placed under a "Remediation Period" by his/her supervisor. This remediation period is considered a serious action to improve the staff performance and efficiency and must be based on clear grounds.

1. To place a staff member under the Remediation Period, the immediate supervisor must prepare a written rationale for this disciplinary action including previous action taken to remedy the situation, clear performance objectives and remediation actions to be taken by the staff. The Personnel Officer should submit the recommendation for remediation together with all previous written warnings and supporting documentation to the Head of NCDD Secretariat for approval.
2. The duration of remediation period can range from one to three months per term but to a maximum of 2 terms, depending on the remediation action plan developed by the immediate supervisor.
3. During the remediation period, the employee is entitled to all benefits and allowances for regular employees.
4. The employee shall be reassessed, base on the recommended performance objectives, by his/her immediate supervisor at the end of the remediation period. The immediate supervisor shall use the Personnel Action Form to recommend either to reinstate, demote or terminate the employee with the approval of the Head of NCDD Secretariat.

4. 4. Forms Used and References

1. Personnel Action Form
2. Performance Appraisal Form
3. Other relevant supporting document

CHAPTER 5: STAFF ORIENTATION/INDUCTION

5.1. Rationale

To develop and implement a proper orientation program which aims to develop realistic job expectations, improve productivity, save time and effort in learning NCDD program, reduce anxiety, increase self-confidence and ensure smooth integration of the new members.

5.2. Policy and General Provisions

1. All new employees of the NCDD Program shall undergo Staff Orientation Program. It is the responsibility of the immediate supervisor of the new employee to prepare and facilitate the staff orientation program within the 1st two-weeks of employment with the guidance on the process by the Personnel Officer.
2. The goals of the Orientation Program are to:
 - i. Foster understanding of NCDD's vision, mission, goals, values, and culture, and general expectations and instill pride in belonging to NCDD, with special emphasis on RGC, NP-SNDD (with gender as a cross-cutting issue).
 - ii. Create awareness of the scope of the NCDD operating structure and mechanisms,
 - iii. Decrease the concerns associated with a new job,
 - iv. Help speed the development of a contributing team member,
 - v. Clarify the job duties and expectations by which performance is measured, and
 - vi. Establish that the employee and management share the responsibility for personal growth and development.

5.3. Guidelines

5.3.1 Welcoming

The immediate supervisor shall conduct a welcoming session for the new employee. At this session, the supervisor shall brief the new employee on history of the NCDD and its vision, mission and principles/ values, cultures and code of conduct; NCDD operations, project locations and thematic areas. Special attention shall be paid to the NP-SNDD and to NCDD program and projects (with gender as a cross-cutting issue). At this meeting, the new staff member shall be given a welcoming package prepared by the Personnel Officer. Basic contents of the package include the NCDD Employee Handbook, a brief description of NCDD and its operations, the NCDD Structure, the NP-SNDD and the gender-mainstreamed and the latest version of the approved AWPB and the job description of the new staff.

5.3.2. Meeting Colleagues

The immediate supervisor or his/her designated officer shall introduce the new employee to all NCDD staff members at the work place.

5.3.3 Completing Paperwork

The Personnel Officer must see to it that the new employee completes all his/her paperwork on the first week of reporting to work. This paperwork includes the submission of a copy of identity card or passport, family book, and an updated Personnel History record, recent 3 x 4 photos and emergency contact information and completed Beneficiaries Form. These documents are to be forwarded to the Personnel Officer.

5.3.4. Reviewing Personnel Policies and Administrative Procedures

The supervisor shall go over the Personnel and Administrative Policies and Procedures written in the Operations Manual. This includes code of conduct, financial rules and regulations, operating policies and procedures, personnel policies and procedures and employee benefits.

5.3.5. Introducing Job Duties and Performing Initial Training

The supervisor shall explain clearly to the new employee his/her job and duties which include an overview of the job, job objectives, location, tasks, relationship to other jobs and safety requirements. Performance expectations, of which, the employee performance will be measured during the probation period, shall also be discussed at this session. During this period, the Personnel Officer with the immediate supervisor of the new staff member shall deliver a comprehensive Job Orientation training.

5.3.6. Conducting a Follow-up Session

The immediate supervisor shall conduct at least one follow-up session during the first three months of employment. This is to ensure the smooth integration of the new employee and to clarify issues or procedures that may not be fully understood. This session should be done in an informal manner where the new employee is free to ask questions on any work-related matters.

5.3.7. Ensuring Compliance

To ensure that each orientation session is properly given to a new staff member in a timely manner, a checklist shall be given to the new staff to have it signed by the respective supervisors/officers after the completion of each of the above activities. The completed checklist then shall be forwarded to the Personnel Officer for record prior to the lifting of the probationary period.

5.4. Forms Used and References

1. Welcoming Package (Job Description, Code of Conduct Policy, Contract, Leave Benefits Policy, Working Hours, Disciplinary Actions, Appeal Policy)
2. Job Descriptions
3. Operations Manual hand book (copy)
4. Staff Orientation handbook and Checklist

CHAPTER 6: EMPLOYMENT DOCUMENTATION

6.1. Rationale

1. To set up and maintain official records and a confidential file of each NCDD staff member as well as temporary/short term workers and consultants from the hiring date through his/her separation.
2. To establish manual database of human resource information system of NCDD which covers individual staff personnel movement, performance records, employment history, job assignments and his/her designated beneficiaries.

6.2. Policy and General Provisions

1. The Personnel Officer shall maintain a confidential personnel record for each staff member. This record is called the "Personnel File", and shall contain the staff member's application, references, employment agreement(s), medical clearance, Job Description(s), Personnel Action Forms (PAFs), Performance Appraisal Form(s), Beneficiary Forms and other correspondences relating to the staff member's employment.
2. Copies of some documents like PAF(s), Job Description(s), Performance Appraisal Form(s) and work related documents are also kept confidentially at the Sub National Personnel Files by the assigned person for timely references.
3. With the exception of references supplied in confidence, the staff member shall, upon request, be permitted to review his/her personnel file.
4. Personnel files are the property of NCDD and cannot be removed from the Office.
5. Personnel files are destroyed 10 years after an employee's separation or as specified by the donors in the contract or cooperation agreement.

6.3. Guidelines

1. The Personnel Action Form (PAF): The PAF is issued to record a staff member's appointment and any subsequent changes in his/her status. A copy of each PAF shall be given to the staff member concerned and one copy placed in the staff member's personnel file. It is also prepared for any recommended changes on the employee status like transfer, promotion, demotion, remediation, salary adjustment, etc. The Head of NCDD Secretariat shall approve all PAFs.
2. Employment Agreement: The Employment Agreement (in English and in Khmer) is issued as a legally binding agreement between the NCDD and the staff member. If the staff member moves to a new post, a new Agreement will be issued in duplicate and agreed upon by both parties. One original agreement shall be given to the staff member and another shall be kept in the personnel file. The Head of NCDD Secretariat shall sign all Employment Agreements.
3. Job Descriptions: The corresponding job description shall be given to the staff at the beginning of his/her assignment. If the staff member is transferred to a new position or the job description is revised, the staff member shall be given a new/revised job description. Copies of all job descriptions performed by the staff member shall be kept in his/her personnel file.
4. Staff Performance Appraisal Forms (SPAF): A Staff Performance Appraisal Form is used to document the staff achievements and evaluate his/her performance against the performance expectations. During the employment period, a staff member is evaluated formally at the end of his/her probationary period and thereafter, annually. The original Staff Performance Appraisal Form is kept in his/her personnel file and copies are given to the staff member, his/her immediate supervisor. For temporary/short term workers and consultants, there will only be a staff performance appraisal form at the end of the assignment, which will also include a

- clear statement of the supervisor whether or not to recruit the same individual for a similar assignment (with a proper justification).
5. Other pertinent documents: The contents of the personnel file incorporate all relevant documentation issued and received by NCDD management, forms, correspondence, and reports pertaining to the staff member from the date of application. The personnel file may also contain, in a separate section, documents of a strictly personal nature (i.e. matters concerning confidential medical records, personal family situations, request for assistance in the collection of debts, adverse material from outside sources, etc.)
 6. Anonymous communications relating to any staff member shall not be taken into consideration and shall not be placed in any file.
 7. Upon a written request addressed to the Personnel Officer, a staff member may consult his/her personnel file. After having inspected the file, the staff member may submit a statement to the Personnel Officer, commenting on any information that he/she believes to be inaccurate or incomplete. Under no circumstance may a staff member remove items from the personnel file or remove the file from the presence of the Personnel Officer.
 8. A staff member may ask the Personnel Officer to copy parts or all of his/her file, but the original documents must remain in the file. The Personnel Officer shall do the copying and not the staff member.

6.4. Personnel Policy

NCDD has the Operations Manual that covers a comprehensive Staff Personnel Policy. The following is a list of topics that are in the Staff Personnel Policy in the Operations Manual.

- Recruitment and Selection
- Terms of Employment
- Probationary Period
- Orientation and Induction
- Code of Conduct and Code of Ethics
- Staff Training
- Employee Documents
- Job Descriptions
- Performance Assessment
- Salary Administration and Salary scale
- Medical and Accident Insurance Coverage
- Staff Allowances
- Taxes on Salaries
- Working Hours
- Leave – annual, sick, etc.
- Work Advances
- Disciplinary Action
- Appeal Procedures
- Termination of Employment
- Security and Emergency Guidelines

The above is a minimum standard. The Head of NCDD-S is responsible for ensuring that the Staff Personnel Policy Manual is in place and that it is regularly updated to reflect any changes in local law.

At the end of each employment contract, a paragraph should be inserted to the effect that “In all respects other than where explicit exception is made above, this contract is subject to the Staff

Personnel Policy in the Operations Manual of NCDD, as amended and updated from time to time to conform to the Cambodia's labor law.

6.5. Personnel Records

6.5.1. Employee Register

At the summary level, a Register of Employees should be maintained showing the following for each employee:

- (a) Name
- (b) Date of birth
- (c) Place of birth
- (d) Current address
- (e) Job title
- (f) Location
- (g) Employee number
- (h) Date of commencement of employment
- (i) Date of termination of employment

These details represent the minimum standard. This register is computerized in the NCDD Personnel Database.

6.5.2. Personnel Files

Each employee must have a comprehensive and detailed personnel file, which contains the following information:

LIST OF ITEMS IN AN EMPLOYEE PERSONNEL FILE		
1.	Curriculum Vitae	This should be obtained as a standard part of the recruitment process.
2.	Letters of Reference	Once an applicant has passed an interview, references should be placed in the personnel file.
3.	Interview Details	A summary of the following details should be written up and placed on the personnel file of the successful candidate: <ul style="list-style-type: none"> • Who was on the interview panel? • Who else was interviewed? • Why was this candidate successful?
4.	Contract of Employment	All staff should have up to date signed contracts. Contracts should be issued in duplicate with one copy for the personnel file and one for the employee. The period of contract will often on annual basis. The personnel file should contain copies of all contracts with the employee.
5.	Job Description	All positions must have a current Job Description that describes the role and its responsibilities. The Job Description should be issued in duplicate with one copy for the personnel file and one for the employee. Even if an employee does not change jobs, the Job Description may change several times while they are with NCDD – e.g. as a OUTPUT of the annual appraisal process. The personnel file should contain copies of all versions.
6.	Copy of Official Photo	This must be an official government issued form of ID such

LIST OF ITEMS IN AN EMPLOYEE PERSONNEL FILE		
	ID	as an ID card, a driving license, or a passport. For employees who will drive an NCDD vehicle, a copy of the driving license is mandatory.
7.	Copy of NCDD ID Card	Staff should always be issued with a photographic ID card when they first join the organization. NCDD gives the ID card an expiry date – normally the year-end. In such cases, the new card should not be issued until the old card has been returned. Copies of all cards should be kept in the personnel file.
8.	Contact Details	Address, telephone number, email address if appropriate.
9.	NCDD Property Held	Details of any NCDD equipment issued to the staff member. This may be a mobile phone, laptop, etc., and there should be an official form signed by the employee to verify receipt of the equipment. The form must be signed off when the property is returned to NCDD.
10.	Payroll Records	Annual returns to tax authorities that will be requested by NCDD
11.	Leave Records	Leave forms, details of leave taken, leave carried forward for each year.
12.	Appraisal Records	The official annual staff appraisal form for each year of employment signed by appraiser and the employee.
13.	Dependents Details	This should include copies of birth certificates (for children) and photographs for all dependents. Where life insurance cover is provided, it must also include details of who is the nominated “next of kin”.
14.	Bank Details Form	This should be signed by the employee to record their instruction to pay their salaries to a particular bank account.
15.	Details of Termination	Letter of termination, resignation, transcript of exit interview, handover report, copy of “no further claims” form.

The information contained in personnel files is of a highly confidential nature. The files must therefore be kept in a locked filing cabinet in a secure location - ideally in the secured Personnel Administration Office.

The files are also considered permanent files and should be maintained as such. This means they should be permanently kept in the organization’s archives.

6.5. Forms Used and References

1. Personnel Action Form
2. Employment Agreement
3. Job Description

CHAPTER 7: STAFF PERFORMANCE APPRAISAL

7.1. Rationale

1. NCDD is committed to the establishment and implementation of a staff performance appraisal system which is responsive to the goals and objectives of NCDD, fosters acceptance of responsibility, allows joint participation of supervisors and staff, and contributes to improving communication, inter-personal work relationships, and individual and organizational productivity.
2. For temporary/short term workers/consultants NCDD will build up an institutional memory regarding the performance of previous assignments.

7.2. Policy and General Provisions

1. The objectives of staff performance appraisals (SPA) are to:
 - a) Determine to what extent staff members meet the requirements of their positions and whether any changes or action are indicated for the future;
 - b) Identify areas of effective performance, as well as areas requiring improvement;
 - c) Determine needs for personal training and development;
 - d) Improve communication between supervisors and their staff; and
 - e) Develop motivation and commitment by providing regular and scheduled opportunities for feedback on performance and discussion of work-related problems as well as suggestions for improvement
3. It is the supervisor's responsibility to ensure that *regular informal discussions* take place to review employee performance against accountabilities and agreed objectives. This informal appraisal process ensures that:
 - a) Employee performance is always on track.
 - b) Managers are always aware of opportunities to coach and provide and receive feedback;
 - c) There are NO SURPRISES at the formal appraisal.
4. The performance evaluation reviews the staff's performance against job description work plan. The staffs' performance evaluations are:
 - To assess the staff's performance during the review period;
 - To reflect the staff's actual performance against job description;
 - To identify needs for staff's development
 - To identify any issues incurred in the personnel management;
 - To increase the effectiveness of human resource management within the program.
5. Performance evaluations for each staff should be held:
 - At the end of probation period
 - At the end of employment contract (generally one year) or prior to renewal of the next contract

7.3. Guidelines

7.3.1. Staff Performance Appraisal (SPA) Criteria

1. Job-related criteria measure an employee's performance in terms of job expectations. The criteria are directly related to an employee's job description, performance expectations set during the last appraisal meeting and the list of Key Result Areas prepared prior to the SPA meeting.

2. General and Organizational criteria measure job-related behavior identified as important for successful job performance. The criteria are not necessarily related to the job description but are the skills, attributes and behaviors that are considered important for all staff of the NCDD, regardless of their functions or job levels.
3. Supervisory criteria measure abilities identified as important for successful job performance as a supervisor. (This is only for staff with supervisory functions).

7.3.2. Staff Performance Appraisal Rating Methods

1. The Numerical Rating scales: The numerical ratings are not compulsory but may serve as the tool in appraising staff as to:
 - a. The extent to which an employee possesses a certain trait;
 - b. The extent to which an employee's behavior relates to successful job performance; and
 - c. The extent to which an employee meets job expectations.

Rating Scale:

1. No effort: no thought, no action, no result, - Recommend for Remediation
 2. Unsatisfactory: substandard, disappointing, insufficient, poor, inadequate, unsuitable, - No salary increase
 3. Satisfactory: acceptable, suitable, reasonable, agreeable, adequate, sufficient, - 1% Salary Increase
 4. Very satisfactory: admirable, high quality, superior, fine, first class,- 2% Salary increase
 5. Excellent: outstanding, brilliant, exceptional, superb, tremendous, stellar, perfect. - 3% Salary increase
2. Narrative Descriptions: The SPA Form is divided into 3 areas i.e. Performance Assessment (related with job description), General Assessment (related with attitude, interpersonal behaviors and skills) and Professional Development. While the rating of staff performance is optional, filling out the staff strengths, areas for improvement and recommendations are mandatory. Performance expectations for the coming year are listed in the recommendation section.

7.3.3. Timelines

1. NEW STAFF, NEWLY TRANSFERRED / REASSIGNED STAFF AND STAFF UNDER REMEDIATION: Because these staff are placed on a 3-month trial period, they will be required to have two formal evaluations for the year, one during the 3rd month (or at the end of the trial period) and one during the annual review every year end (suitable to start in November). In addition, all staff on trial status will be required to meet with their supervisors during the 1st month to set and discuss their performance expectations written in their job description.
2. CONTINUING STAFF: Continuing staff will only be required to have one formal evaluation a year, which will occur in November of every year. In addition, all continuing staff will be required to meet with their supervisor from time to time for coaching and informal evaluation and feedback.

7.3.4. Procedures

For the staff's performance evaluation at the end of probation period, the staff's supervisor should review her/his performance and recommend whether s/he will extend or terminate at the same position and which are the points that staff should be improved, and submit to the Personnel Administration Office for review and decision by the head of Sub Program or Sub

National Offices. The head of sub-program or sub national level will issue a formal letter to inform her/his about extension or termination of the contract.

The performance evaluation at the end of contract should follow the appraisal steps below:

a) Informing

- Provincial/Municipal level: A meeting is held with the Project Manager, the immediate supervisor and one Advisor at the province/municipality.
- National level: A meeting is held with one of the Management of NCDD-S, the Personnel Administration Chief of Office and one Advisor representative.

The meeting is to discuss the purposes and the evaluation procedures. After the meeting, every Director of each Division should inform the evaluation procedures and distribute the evaluation forms to her/his staff.

b) Formation of evaluation panel

Each Sub-Program and Sub-National level should form an evaluation panel.

The component of evaluation panel of at the Sub National consists of:

- | | |
|--|----------|
| • Project Manager | Chief |
| • Any one of the Division Director | Member |
| • Concerned Chief of Office | Member |
| • Representative of concerned dev partner or one Advisor | Observer |

The component of evaluation panel of NCDD-S consists of:

- | | |
|--|----------|
| • Executive Deputy Head of NCDD-S | Chief |
| • Director of Finance Admin Division | Member |
| • Concerned Director of the Division | Member |
| • Representative of concerned dev partner or 1 Advisor | Observer |

The evaluation panel is responsible:

- To review the staff's performance
- To recommend whether staff can be continued or terminated and the points that staff should be improved.
- To report the evaluation result and submit to Head of NCDD-S for review and decision.

c) Self Evaluation

Every staff should do the self evaluation. The self evaluation allows each staff to reflect upon her/his own performance and to summarize strengths and weakness. The evaluation panel should distribute the self evaluation form to all of the evaluated staff for a set of each. After receiving the self evaluation form, each staff should complete the form put it in a closed envelope and submit to head of the panel.

d) Evaluation of the panel

After receiving all of the self evaluation forms, the panel should hold the evaluation meeting. Before assessing a staff, her/his self evaluation form should be distributed to every panel's member. After that, the panel should review and evaluate the staff's performance and recommend whether the staff can be continued and terminated in the position and the points that staff should improve. This process should follow for every staff. The panel should assess the staff's performance in five areas below:

- Technical expertise
- Initiative
- Communication
- Personal relation and cooperation
- Management or commitment or responsibility

After the process ended, the panel should meet directly each staff for discussion and agreement on the result of panel's evaluation. In the meeting, staff can question or appeal the result of panel's evaluation.

e) Decision on the result of evaluation

The panel should report the evaluation result stipulated the score of each area, total score, points to be improved and recommend whether the staff can be continued or terminated in the position, and submit to Executive Deputy Head of NCDD-S for review and decision. Executive Deputy Head of NCDD-S will issue a formal letter to inform the staff about her/his continuity or termination.

For the staff who signs contract with NCDD secretariat and performs her/his work at provincial/municipality, the Project Manager with the Provincial Governor should send the report of the staff's evaluation result to Executive Deputy Head of NCDD-S for review and decision. The NCDD secretariat will issue a formal letter to inform the staff about the contract continuity or termination.

1. Conducting INFORMAL Evaluations:

Evaluator notifies employee of date for Informal Evaluation Meeting.

- a) Before the meeting, evaluator and employee review progress made by employee toward goals set during the last evaluation meeting, focusing on accomplishments and any identified needs the employee might have.
- b) During the meeting, the focus of the discussion should be on the progress made by the employee toward the goals set during the last evaluation meeting.
- c) If needed, the evaluator can also discuss job performance in any of the areas listed under job-specific, general or managerial criteria.
- d) If needed, a remediation plan could be developed and implemented at this time.

2. Conducting FORMAL Evaluations:

- a) Overview of SPA: Evaluator meets with all his/her staff to go over the Annual Staff Performance Appraisal Criteria and Process and notifies each staff of the date, place and time for formal Staff Performance Appraisal meeting.
- b) Pre-Appraisal Meeting: At least 3 days before the scheduled SPA meeting, the evaluator and staff should together review the Staff's Job Description and identify the critical elements/key result areas of the job and list them on the Staff Performance Appraisal Form.
- c) Both supervisor and staff fill out the SPA Forms before the meeting.

- d) Before the performance appraisal conference, the evaluator will solicit inputs from peers and subordinates (if applicable using the Peer Input Form) of the staff. Comments received from this exercise shall be kept confidential.
- e) During the meeting, the discussion should focus on four areas: 1) the supervisor's evaluation of the employee's job performance (this includes discussion on the ratings and comments made by the supervisor in the performance assessment part); 2) the ratings and comments made by the staff; 3) the performance expectations for the coming year; and 4) the professional development plan, which are determined in consultation between the employee and evaluator.
- f) One week after the meeting, the supervisor is required to complete the final SPA form with the performance assessment results and the performance expectations as discussed in the SPA Meeting.
- g) The completed form is then sent to the employee for reading and final comments. Once the employee has completed his/her portion of the form, he/she should sign it and send it back to the supervisor.
- h) The completed SPA form (together with any recommended changes in the employee's job description, if applicable) is then sent to the evaluator immediate supervisor for final review.
- i) The Personnel Officer is responsible in summarizing the results of the discussed individual staff development plan and for recommending personnel action for each staff member based on the result of his/her Performance Appraisal. All of these documents must be completed and submitted not later than the second week of December each year.
- j) The completed SPA Forms, Recommended Personnel Action Forms and the yearly Staff Development Plan are then forwarded to the Executive Deputy Chairman who will present the summarized results to the Head of NCDD Secretariat for final approval. If there are specific clarifications from the Head of the Secretariat, the full documents pertain to the performance appraisal of that particular staff shall be presented.

7.3.5. Appeals

1. In signing the SPA form, employee does not necessary agree with the ratings and comments of the supervisor. Employee can write all his/her disagreements in the comment section and attached his/her own Self-Assessment Form with the final SPA.
2. No appeal can be done on the ratings and comments made in the final SPA but an employee can appeal the Personnel Action recommended by his/her supervisor. In making an appeal, please follow the Appeals policy and procedures (Policy no. [13: Appeals](#)).

7.4. Temporary/Short-term Workers and Consultants

At the end of the temporary/short term assignment, the supervisor shall fill in a form regarding the performance during the assignment with concluding recommendations regarding possible future applications for similar assignments, with a detailed justification.

7.5. Forms Used and References:

1. Staff Performance Appraisal Form (SPA Form)
2. Job Description form
3. Personnel Action Form
4. Peer Input Form

CHAPTER 8: INTERNSHIP/VOLUNTEERING

8.1. Rationale

1. To ensure that the Internships are able to meet the requesting NCDD's/ individual's expectations, and constructively contribute to NCDD as a whole.
2. To ensure equal opportunities of internship acceptance between female and male intern to gain experiences from NCDD, for the benefits of both individual intern and the NCDD.
3. To partially contribute to the Poverty Reduction Strategies of the Royal Government of Cambodia in building up the human resource capacity for a sustainable development of Cambodia.

8.2. Policy and General Provisions

1. Internship refers to individuals/ teams who seek a learning experience to meet professional growth requirements such as for a thesis for graduate students from a university, or work experience for junior staff from other organizations.
2. NCDD promotes capacity building for its staff. NCDD also values transparency and is a learning organization. It therefore remains open to interested partners to access information and gain experiences.
3. Internship support is a function of the NCDD human resource development program, but is not the primary function of NCDD. Therefore there is no direct line item budget to financially support interns. Interns are thus classified as "volunteers". NCDD will thus only consider appropriate internship proposals, which directly contributes to its strategic and operational plan. Approval shall consistently follow a clear process, based on criteria, a personal plan for logistical arrangements, and a reasonable learning and action plan. NCDD supplies the opportunity for exposure to our work as a learning opportunity in return for access to the knowledge and insights gained by the intern. To facilitate this access, interns may ride along with staff and be offered working space and necessary office stationeries and are not to be paid salaries, stipends or allowances of any kind.
4. Internship proposals are fairly reviewed by an internship committee (a gender-balanced group of at least three senior staff) and proposed to a Supervising Manager who may accept or reject the proposal based on relevance to ongoing activities and time availability to support and mentor.
5. The goals of Internship is to share NCDD experiences in the field of decentralization and development reform so that they can learn and duplicate experiences for their individual and their organization's benefit. However NCDD also expects to learn and gain from the exchange of information and experiences and perceptions as well.

8.3. Guidelines

1. **Assessment and Selection Process:** Basic criteria in assessing whether the proposed Internship proposal meets the individual or Intern's organization needs and supports NCDD's concepts and approaches and priorities are as follows:
 - a) The prospective intern submits a proposal outlining the internship requirements and **implementation plan**. The proposal should state clearly 1) the learning objectives, 2) specific institutional requirements, 3) expectations from NCDD, 4) expected time frame, 5) expected outputs, and how they will contribute to poverty alleviation.

- b) Priority will be given to poor student interns with relevant educational background, **right attitude**, and commitment.
 - c) **Endorsements** from hosting institutions (NCDD-S or any one of the Sub-Programs) will be considered but are not required.
 - d) There shall be no public or official announcement of Internship program opportunities with the NCDD.
 - e) NCDD should form a committee including the Personnel Officer to **screen and select** internship proposals with clear criteria and process (Using the selection form) and send the approved proposal with official memo to Chief of Office and Executive Deputy Chairman for information,
 - f) Final/ Approved decision must be with the Head of the NCDD Secretariat and must not negatively affect staff workloads. **Acceptance is not by any means compulsory**. The Chief of Office and the Executive Deputy Head of NCDD-S can reject any internship if NCDD does not have the time or capacity to support them.
 - g) The Chief of Office and the Executive Deputy Head of NCDD-S will **ensure gender balance** among accepted interns. All else being equal, priority shall be given to qualified female interns.
2. **Planning and Arrangement of National Internship Program:** Internship program is planned on annual basis and is included in the work plan. The formulation procedures include:
- a) After the final decision made by committee and Chief of Unit, the Personnel Officer process formal arrangements such as meeting with intern partner, preparing official documents, and signing an agreement.
 - b) Individual interns or interns from organizations need to find sponsorship to cover their expenses, as NCDD will not cover any expense except in kind for office stationeries.
 - c) The internship period should be at least one month but not longer than three months.
 - d) Individual interns must prepare their own work plan/ travel plan in coordination with Chief of Office and or with other concerned staff which shall be approved by the Chief of Unit.
3. **Implementation of Internship program:** The internship program may be implemented at different places, in different fields of interest, and for different time periods. The internship implementation processes are:
- a) After proposal and plan approval, the internship activities begin in **coordination** with the different concerned staff and are widely **communicated to NCDD**.
 - b) Personnel Officer will provide **orientation** to intern about NCDD and its program and projects with a copy of any relevant documents such annual report, disciplines, code of conducts, working hours, program approaches etc.
 - c) Personnel Officer keeps all relevant documents in the **internship program file**, for monitoring purpose (proposal, CV, work plan, agreement, schedule, report etc.)

- d) Chief of Office should have **regular meeting** with interns and share **feedback** with them about internship program. Provide **support** or adjust the plan as needed.
4. **Monitoring and evaluation of Internship program:** The monitoring and evaluation of the Internship program may be undertaken in two ways: 1). Self-assessment by the intern, 2). Observation and assessment from the Chief of Unit. The process for monitoring and evaluation of the internship program includes:
- a) Individual intern submits a written report and completed evaluation form to the Chief of Office showing observations, achievements, lessons learned and feedback on the internship program. The Personnel Officer keeps the Individual internship file.
 - b) The Chief of Office provides a final evaluation of the intern to management as well as the individual intern. Sometimes the sponsoring donor provides a special form.
 - c) The results of the interns report and the supervisor's evaluation are discussed with the intern, with copies shared with the appropriate parties such as NCDD, sponsoring donor or Intern him/herself.
 - d) If problems cannot be solved, the issue may be brought to the NCDD-S Executive Deputy Head for advice whether to terminate the internship agreement/ re-adjust the agreement or find other solutions.

8.4. Forms Used and References

- Proposal criteria (Background, Learning Objective, expected outcomes, action plan etc. including attachments of CV, Photo, family book, Job Description)
- Selection form
- Internship agreement form
- Internship evaluation form

CHAPTER 9: STAFF DEVELOPMENT/CAPACITY BUILDING

9.1. Rationale

1. To ensure that training and professional development opportunities are provided for the NCDD staff at all levels.
2. To ensure equal opportunities among female and male staff members in the areas of training, professional development, promotion and working conditions.
3. To build up the organizational capacity for sustainable development through the development of Cambodia Program Human Resources.

9.2. Policy and General Provisions

1. The NCDD's projects and program interventions depend on the competencies and confidence of its national staff members. Therefore, it has always been the NCDD's policy that training and professional development opportunities shall be provided for staff at all levels.
2. Staff Development is a vital long-term investment. It is the responsibility of all Office Chief to ensure that the staff development program meets genuine needs; systematically builds the capacity of the people in the organization; and contributes to enhance organizational effectiveness.
3. The goal of staff development is to improve skills, knowledge and attitude of NCDD staff thus enabling the staff to take over more responsibilities and empowering them to make better decisions for the benefits of NCDD's target population.
4. NCDD doesn't have the capacity to offer long-term training or degree education to individual staff members, however if there is a real and pressing need (due to lack of available trained human power for a vital function) the Executive Deputy Head of NCDD-S may recommend a staff member for long-term or degree training to the Head of NCDD Secretariat for approval.

9.3. Staff Training and Development

Staff training and development is a critical part of NCDD. Staff should have the opportunity to acquire knowledge and skill. Capacity build can be made through on-the-job training, formal training, inside or outside provincial/municipal workshop and study tour...etc. If a staff is interested in joining the particular training courses should address the request to her/his supervisor, especially the trainings or workshops that are related to skills needed for the job.

9.4. Guidelines

9.4.1. Identification and Needs Assessment

Basic criteria in assessing whether the proposed training/development program meets the individual and organization needs and priorities are:

1. The training/development program must be based on the needs of NCDD supportive of the NCDD goals and objectives.
2. Training/development program must contribute directly to the performance expectations and current job responsibilities of the individual staff.
3. The nominated staff member(s) must have adequate education background, knowledge, skills and/or language ability to enable him/her to actively participate in and benefit fully from the recommended training/development program.

9.4.2. Planning and Formulation of Staff Development Program

Training and professional development activities are planned on an annual basis and are included in the annual development budget. The formulation procedures include:

1. Any staff member can initiate a request for training. All individual requests along with those identified training needs collected from the Staff Performance Appraisal Forms shall be screened by their respective Chief of Office who reviews the requests against the NCDD needs and priorities, and individual staff professional development plan. The result of this process is the draft master staff development plan.
2. The draft staff development plan of each Office shall be forwarded to the Personnel Officer for consolidation into the overall “NCDD Staff Development Program”.
3. The Personnel Officer with the Chief of Offices shall review the proposed training plan. The review criteria include the past training opportunities, the staff performance and potentials and the relevance of courses proposed.
4. The Annual Staff Development Plan is presented to the Executive Deputy Chairman for review and endorsement. The Chief of Finance shall review all the proposed plans and their cost against the annual budget before forwarding the Plan to the Head of the NCDD Secretariat for final approval.
5. The approved staff development/training program is distributed to all units for implementation. The Personnel Officer is responsible for coordination and follow up of the implementation of each approved training/development activity.
6. Throughout the year, if there is any urgent training needs identified or any new training opportunity arises, the concerned Office head shall submit an official training request to the Executive Deputy Chairman for endorsement to the Head of the Secretariat for final approval.

9.4.3. Implementation of Staff Development Program

Staff Development Program may comprise three modalities: on-the-job training at the workplace; short courses, workshop or seminar offered in-house; and formal technical trainings organized locally or outside Cambodia.

1. **On-the-Job Training:** A new staff member normally spends a lot of time during their initial period for on-the-job training in their workplace. The new staff will work alongside the supervisor to develop skills, which may include program planning and implementation, data collection and analysis, gender analysis of data, financial management, and results-oriented monitoring (as examples), as well as others specific job related skills outlined in the individual job description.
2. **Short Courses at the work sites or at NCDD in Phnom Penh:** Although the short courses will be adapted to individual and program needs, some suggested modules to be organized at the sub national level or at the national level include (examples only): Group Orientation, NCDD Program Strategy Outlines, Participatory Planning and Monitoring System, Gender Analysis, Report and Proposal Writings, Evaluation Guidelines and Performance Appraisal System. For these in-house training courses, external resource persons can be contracted to assist the concerned Office heads in planning and facilitating the courses. These are tailor-made courses of NCDD and an external facilitator needs to work closely with the Office head to ensure that the contents of the course(s) are according to the NCDD principles and approaches.
3. **Formal Technical Training/Workshop/Seminar outside NCDD:**
 - a. For short courses, workshops or seminar outside the workplace but within Cambodia, the staff member shall make his/her own arrangement in regard to logistics and registration. Actual expenditures shall be directly paid by NCDD or shall be reimbursed upon presentation of receipts/proof of payment.

For staff attending training course **beyond 21 working days**, he/she must agree to sign a training agreement stipulating if he/she resigns before

completing **six months**, the cost of the training shall be charged to the staff on a pro-rata calculation.

- b. For training outside Cambodia, the Personnel Officer shall facilitate with the Admin Office the course registration and payment, purchasing and booking of air tickets, getting visa(s) and arranging transportation to and from Phnom Penh Airport. The participant should arrange the Daily Subsistence Allowance and transportation costs at the training venue. He/she may request for travel advance prior to departure if the sponsoring party does not provide it in advance.
- c. All staff members attending external training courses outside the country, must agree to sign a training contract obligating them to continue their employment with the NCDD for specified periods as follows:
 - i. At least six months for training courses of 2 to 4 calendar weeks.
 - ii. At least one year for training courses over one calendar month period.

In case the staff voluntarily resigns or is terminated for a cause before completing the obligated period, the cost of the training shall be deducted from his/her final pay on a monthly pro-rata basis. The cost of the training course (Fee, incidental expenses, and DSAs, etc.) shall be shown in the Travel Authorization Form given to the staff prior to attending the training course.

9.4.4. Monitoring and Evaluation of Staff Development Program

- 1. Every participant of an in-house training course/workshop/seminar shall complete an in-house training evaluation form at the end of each course.
- 2. A staff member who participated in a training/workshop/seminar outside the NCDD shall complete a staff development report form within the 1st week upon return to work. The report is to be submitted to his/her direct supervisor with a copy to concerned Office Heads and another copy to the Personnel Officer.
- 3. Opportunity should be given to staff returning from external trainings to share their acquired knowledge/skills and information to relevant staff or Office during their available time.
- 4. Action Plan: The direct supervisor shall monitor the action plan of the trainee as stated in his/her training report and document the progress as input for the staff Performance Appraisal.

9.5. Forms Used and References:

- 1. Training Request Form
- 2. Training Contract with NCDD
- 3. In-house Training Evaluation Form
- 5. Staff Development Report Form
- 6. Performance Appraisal Form
- 7. Job Descriptions

CHAPTER 10: ENGLISH TRAINING COURSE PROVISIONS

10.1. Rationale

1. To ensure the English training course is professionally managed and offered to any staff and that English is relatively relevant to their job requirements.
2. To ensure equal opportunities among female and male staff members in the areas of English training course, and benefits both individual and NCDD.
3. To build up the staff capacity to meet the required level for professional international communication.

10.2. Policy and General Provisions

- International professional communication of NCDD depends on the competencies and confidence of the national staff members in English communication in listening, writing and speaking. Therefore, the English training policy need to be fairly and professionally offered to staff at all levels.
- English training is a vital on-going investment for higher level functions. However NCDD has no capacity to commit an English Degree to any staff. It is the responsibility of individual staff and the line managers to ensure that the staff really needs the English communication skills for their routine works especially when they attend the training, workshops or meetings conducted in English language.
- The goal of English training for the national staff is to improve skills, knowledge and attitude of NCDD staff thus enabling the staff to internationally communicate and take over more responsibilities for international correspondences.

10.3. Guidelines

1. **Identification and Assessment of Needs:** Basic criteria in assessing whether the proposed English training program meets the individual and NCDD needs and priorities are as follows:
 - a) Based on results from staff performance appraisal and the recommendation from the Chief of Office in cooperation.
 - b) English training has to contribute to the level of responsibilities of their position for those with potential for promotion or has the opportunity for overseas training.
 - c) Nominated participants need to be tested by the training Institutions and placed into the right level of study.
2. **Planning and Formulation of English training Program:** English Training Programs are planned on an annual basis and are included in the annual development budget. The formulation procedures include:
 - a) Individuals have to request for their English training need based on their annual performance appraisal and agree on the English training contract.
 - b) The Personnel Officer and Chief of Office compile all English training needs and put into annual staff development plan with specific proposal defining prioritized needs of English supported by tests, schedule and training fees.
 - c) Proposal has to be reviewed by Personnel Officer, recommended by the Director of Division to the Executive Deputy Head of Secretariat for approval.
 - d) NCDD will provide financial support for the English training course but staff members have to contribute their time "out of office hours" without any compensation.

- e) While NCDD does not pay for English language degrees, it may at its discretion contract a university or language institute to provide English training if it is to the economic or functional advantage of NCDD and its employees
3. **Monitoring and Evaluation of English training program:** The monitoring and evaluation of the English training may comprise three ways: 1). Self-assessment from individual, 2). Assessment from training institution, and 3). Observation and assessment from Chief of Office. The process of monitoring and evaluation of English training program are:
- a) Individual participant need to submit report each term to the Chief of Office about their achievements. The Personnel Officer will keep the report in the Individual training file.
 - b) Personnel Officer needs to follow up the participants' attendance, discussion with training institution and regularly report to Office Head any progress or issues to be discussed.
 - c) Personnel Officer makes sure the training institute having report (attendance list, examination results, recommendations) about participant results every term and discuss with them about any concern. If there is any major problem, Personnel Officer should discuss with Office Head and staff member to solve it.
 - d) If the issues cannot be solved, it has to be brought to the Executive Deputy Head of NCDD-S for advice whether it needs for termination of contract/ re-justification or other solutions where final acceptance and approval is with the Head of the Secretariat.

10.4. Forms Used and References

- a) Staff Training request form
- b) Training Contract form
- c) Training agreement with training institution
- d) Training Evaluation Form from participants

11.1. Rationale

To set up an effective compensation system which is commensurate to the performance and accountability of respective staff members and is competitive in the Cambodia setting.

11.2. Policy and General Provisions

1. Salaries of NCDD staff members follow a scale corresponding to the NCDD job grading system. The NCDD job grade has 20 progressive steps. These job grades are based on the functional analysis and position classification of each job category such as staff in support functions, staff for professional positions, managerial, and/or technical staff members. The salary scale is updated annually to adjust for the Salary Increases due to results of performance appraisals.
2. Job evaluation and position reclassification can only be conducted for the newly created position or the position of which its job description has been significantly changed, vertically. The request for job evaluation/position reclassification shall be made to the Personnel Officer who will seek advice from the Executive Deputy Head and approval from the Head of the Secretariat.
3. Staffs such as Contract Staff, Support Staff and Priority Operating Costs (PoCs) should complete their monthly timesheet (Form 31) and submit to the Personnel Administration Office on or before the 25th of each month for salary payroll processing through the Personnel Database. In the absence of confirmation from the Personnel Offices in the provincial level, sub program and national level, the salary payroll processing will be on hold or suspended. Salaries and PoCs are paid monthly through bank transfer centrally processed by the NCDD-S.
4. Under no circumstances will staffs or officials are entitled to advance of salaries and PoCs.

11.3. Guidelines

11.3.1. Salary Administration

1. Salary is paid in US Dollars in cash or deposit to the employee bank account at the end of every month.
2. The Admin and Finance Offices of NCDD administer the compensation system. This payroll system shall include the salary and related allowances or income earned by the staff member of that particular month. Admin Office prepares the payroll and the Finance Office takes care of the disbursements.
3. The Personnel Database is updated by the sub-national offices and sub-programs for any changes in the salary rate and allowances of a staff member due to promotion, transfer, demotion, etc.
4. Annual salary adjustments are effective on the 1st of January each year. The salary adjustments are based on Result of Performance Appraisals. This is done by the following procedures:
 - i. Performance based salary adjustments are the results of the review of all the recommended personnel actions by the Personnel Officer, approved by the Head of the Secretariat).
 - ii. The revised annual salary adjustment plans shall then be returned to the respective Office Heads for review and comments.

- iii. The Office Heads may request a final discussion and deliberation on their staff salary adjustment plans with the Executive Deputy Chairman by the end of the **2nd week of December each year** before the final approval of the Head of the Secretariat.
 - iv. The salary adjustments shall be included in the **January payroll**, administered by the Finance and Admin Unit. Admin Office prepares the payroll and the Finance Office does the disbursement.
5. **Income Taxes:** Income received from NCDD is taxable and the Finance Office shall deduct an applicable amount from the staff member payroll on a monthly basis. NCDD shall then process the payment of income taxes of all NCDD staff accordingly. Income tax deductions shall be reflected on the pay slip.

11.4. Capacity for any “Acting” Compensation / Overtime Pay

In principle, staff members, when necessary and as part of their normal duty, are expected to assume temporarily the duties and responsibilities of a higher-level post without extra compensation. However, the NCDD does not have enough fund to compensate monetarily any acting assignment to NCDD staff as well as overtime.

11.5. Forms Used and References

1. Personnel Action Form
2. Monthly Staff Movement Report
3. Monthly Overtime Summary Form
4. Salary Scale - National Staff - see example below

Sample of Salary Scale

Grade	Position	Level 1	Level 2	Level 3	Level 4	Level 5	Level 20	Category
1	Cleaner/Guard	100	105	115	125	140	250	Skilled
2	Driver							Skilled
3	Assistant							Clerical
4	Officer							Technical
5	Deputy Chief of Office							Junior Manager
6	Chief of Office							Senior Manager
7	Director of Division							Executive
8	Deputy Head							Management
9	Executive Deputy Head							Management
10	Head of NCDDS							Management

The positions above are only examples for now.

Level means Year

Grade means degree of responsibility

Each level has a gap of 3.5%

Level 1 is the first step

Minimum requirement is Bachelor but the staff has a master degree- offer a salary on Level 2

Min is Master but the staff has PhD, offer Level 3 or 4

CHAPTER 12: ACTING CAPACITY/OFFICER-IN-CHARGE

12.1. Rationale

1. To set up a systematic policy and corresponding procedures for appointing acting an officer or officer-in-charge for a vacated position due to resignation, leave of absence, or simply an employee away from work for other reasons.
2. To provide professional development opportunities and practical experience to the staff members temporarily occupying higher posts.

12.2. Policy and General Provisions

1. Whenever a position at NCDD is temporarily vacated and there is an urgent need to fill the post in order not to interrupt operations, qualified employee(s) shall be appointed by the Chief of Office to assume the position for a non-permanent term.
2. The Officer-in-Charge (OIC) status is very temporary in nature (less than 30 calendar days) and it implies that full accountability for the results remain with the incumbent although the OIC has been delegated the position's responsibilities and authority.
3. The Acting Officer status is also non-permanent in nature but is assigned for the period of **30 days** or more and the assigned Officer(s) is responsible for the results of the performance during his/her acting capacity.

12.3. Guidelines

1. The respective supervisor approves or makes the decision in assigning a staff member(s) to cover all or part of the duties of a temporarily vacated post for the duration **less than 30 days**. This is considered an OIC assignment and shall involve no monetary compensation. A supervisor or a subordinate of the incumbent may be assigned this temporary responsibility.
2. For a post that is to be vacated for **more than 30 days** (mostly due to resignation or transfers or long-term study trip), an Acting Officer(s) may be appointed to assume the responsibility and accountability. The recommendation for this appointment and the corresponding PAF shall be submitted to the Personnel Officer for the Executive Deputy Head of NCDD-S approval prior to the commencement of Acting assignment.
3. The staff member(s) who is taking the OIC or Acting assignment shall, simultaneously, carry out the responsibilities of his/her own position as well; and shall reverse back to his/her own position as soon as the vacated post is filled or the incumbent of the post has returned.
4. Records of acting assignments are kept in the employee personnel files for references and appreciation credits in the future.

12.4. Forms Used and References

1. Personnel Action Form
2. OIC/Acting Memo Format

CHAPTER 13: DISCIPLINARY MEASURES

13.1. Rationale

NCDD is a professional body and expects professional behavior from its staff. NCDD staff members are expected to be good examples to the communities and fulfill their obligations with the organization in accordance with the NCDD Code of Conduct. This policy is therefore formulated to:

1. Set up disciplinary measures which aim to correct the poor performance or unethical behavior of a staff member and to establish necessary preventive measures to protect the NCDD program operations and reputation in Cambodia, and
2. Ensure that due process (Objectivity and Fairness) is given to the staff facing a disciplinary sanction.

13.2. Policy and General Provisions

1. Disciplinary Actions: In carrying out his/her supervisory functions, a Office head may, after careful consideration, impose disciplinary measures on a staff member:
 - a. who is guilty of an offense, fault or serious negligence in the fulfillment of his/her obligations towards the NCDD as described in the Code of Conduct, NCDD policies, or
 - b. who has engaged in any activities incompatible with his/her duties with the NCDD.
2. Type of disciplinary measures:
 - a. Verbal warning
 - b. Written warning
 - c. Remediation
 - d. Suspension from service
 - e. Termination
3. Disciplinary measures imposed shall be commensurate with the gravity of the offense committed. While giving a verbal warning and a written warning are within the authority of Office Head, placing a staff member on remediation, suspension or termination requires a prior approval of the Head of NCDD Secretariat.
4. NCDD's disciplinary procedure requires at least two verbal warnings and one final written warning preceding remediation, suspension or dismissal for less serious misconduct.
5. No employee shall be dismissed without cause or the observance of due process.
6. Disciplinary Committee

The purpose of the disciplinary committee establishment is to review all cases alleged the misconduct of staffs and to recommend to the provincial governor or chief of NCDD/PST that the appropriate disciplinary measures are taken.

The disciplinary committee at provincial/municipal level consists of:

- | | |
|--|----------|
| • Permanent member of PRDC ExCom | Chief |
| • CAU chief of PRDC ExCom | Member |
| • Unit chief of the staff (Unit of PRDC ExCom) | Member |
| • Line department director of the staff | Member |
| • Representative of development partner concerned to the staff | Observer |

The disciplinary committee at national level consists of:

- | | |
|--|----------|
| • Deputy Chief of NCDD/PST | Chief |
| • Chief of administration unit of NCDD/PST | Member |
| • Unit chief of the staff (Unit of NCDD/PST) | Member |
| • Representative of development partner concerned to the staff | Observer |

13.3. Guidelines

The staff who; signed contract with NCDD who did not perform well or conducted inappropriately, can take several disciplinary measures. Some example of improper behavior includes:

- Appearing at the office drunk or under the influence of drugs
- No care of safety, mistreating or harming co-workers or visitors
- Sexual harassment or watch the newspaper or picture or distribute pornography in the office.
- Not following repeatedly the instruction of supervisor
- Absence without authorization for more than two days
- Theft, corruption
- Breaking the laws of Kingdom of Cambodia
- ... Etc.

The disciplinary measures can be taken depending upon the particular circumstance, frequency, and severity of the behavior and misconduct. These measures should be handled on a case by case basis and be managed professionally and with care.

13.3.1. Verbal Warning

A verbal warning can be given by the staff member's immediate supervisor at any time to put the employee back on track and improve his/her performance. The Office head should document the verbal warning and place the record in the staff personnel file.

13.3.2. Written Warning

A written warning is given for a more serious offence or the same offence of which the staff has already received a verbal warning. A written warning is to be issued by the concerned Office head and is placed in the staff personnel file.

A reprimand is a written notice issued by the staff's supervisor, generally related to a small mistake in her/his performance; this is not a warning and is not considered as a disciplinary measure. A letter of reprimand should be documented in the official file of the concerned staff.

13.3.3. Remediation

A staff member can be placed on remediation by his/her supervisor for a period of one to three months and maximum of 6 months as per Labor Law. During this time, his/her performance shall be closely monitored by his/her supervisor. This disciplinary action needs prior approval of the Head of the NCDD Secretariat and must be based on a clear performance deficiency(s). Written performance expectations and remediation/corrective actions are to be given to the staff at the beginning of the period. The employee shall be reassessed, base on the recommended performance objectives, by his/her supervisor at the end of the remediation period. (Please refer to Policy No: 03: Probation, Observation, Remediation).

13.3.4. Suspension from Service

The Head of the NCDD Secretariat may impose a preventive suspension on a staff member who is suspected of conducting a serious offence and his/her continue presence may be an obstacle to the investigation of the case. During the suspension period, no salary or allowance shall be paid to the staff member and all his/her entitlements shall be frozen until the conclusion of a fair and objective investigation.

When there is a charge of misconduct against the staff, her/his duty should be suspended for investigation, the staff that is suspended should be entitled to her/his monthly salary during suspension, in exceptional case the staff's supervisor decides that the suspension should not be

provided pay. The suspension should not be considered as a disciplinary measure and it is not also a mean to prejudice the right of staff.

13.3.5. Termination

A staff member whose work performance or attitude becomes unsatisfactory as reported in the Staff Performance Appraisal or whose conduct indicates that he/she no longer meets the standards of the basic duties and responsibilities stipulated in the code of conduct may be terminated from services. In this case, the policy on Termination of Employment should be followed.

Either party has the right to terminate the contract with 14 days written notice in advance. The staff who wishes to resign should submit a resignation letter to her/his supervisor 14 days in advance. If the resignation letter is not provided 14 days prior the departure date, the last payment of supplement salary will be conducted.

In case of the dismissal for improper performance, the contract will be terminated with effect upon written notice. After terminating, the staff is not entitled to the annual leave allowance that is not taken. Before the final payment and prior to departure, the staff should return any received and loaned equipments to her/his supervisor.

13.4. Due Process

Employee discipline shall be administered in accordance with due process as follows:

1. An alleged violation is reported to the Office Head, by the supervisor of the staff concerned or by any other staff members, verbally or in writing.
2. The Office Head shall conduct an initial investigation and assess whether a probable violation has occurred. The investigation has to be carried out within 15 calendar days after the alleged violation was reported.
3. The Office Head shall require the staff concerned, in a written memorandum, to respond to the charge in writing.
4. The staff concerned has forty-eight (48) hours to respond, from the receipt of notice. During this time, he/she is entitled to soliciting advice from colleagues in making the response. If there is no response, the Office Head shall decide on the case based on the available information.
5. If the response satisfies the Office Head that no policy violation has occurred, then the case is closed by a written memorandum addressed to the staff member concerned.
6. If the response does not satisfy the Office Head, then he/she shall discuss the case with the EDC to determine whether:
 - a. There is sufficient information to make a decision, or;
 - b. To further investigate the matter personally, or;
 - c. To constitute an investigative committee to gather more information and make recommendations.
7. Verbal and Written warnings shall be implemented by the concerned Office Head. Cases involving potential remediation, suspension or termination must be submitted to the Head of NCDD Secretariat who after consulting with all concerns shall make the final decision.

13.5. No Further Claims Form

NCDD NO FURTHER CLAIM FORM

Employee Name:

Date:

Calculation of Termination Payment:

		KHR
Salary	(3 months = 3 x 2,000,000)	6,000,000
Paid leave	(2 days = 2/22 x 2,000,000)	181,818
Total taxable income		5,818,182
Less: Income tax		- 419,809
Net income after tax		5,398,373
NET AMOUNT DUE		<u>5,398,373</u>

Hand Over of NCDD Property

All NCDD property signed out and described in the personnel file, including the NCDD identity card, must be handed over to the Personnel Administration Office prior to the receipt of the termination payment.

No Further Claims Statement

The No Further Claims statement below must be signed prior to the receipt of the termination payment.

I, name of employee, agree that the above calculation is a true and accurate reflection of all outstanding salary allowances and other benefits due to me on completion of my contract of employment with NCDD as at (date).

I hereby declare that I have received my full terminal benefit entitlements (as stated in the above Net Amount Due) by cheque number xxxxx dated dd-mm-yyyy and that I have no further claims against NCDD.

Signed by

..... Date:.....

Witnessed by

..... Date:.....

13.6. Termination and Hand Over

The Personnel Administration Office should conduct an exit interview for employees who are leaving of their own accord. Such interviews can be a valuable source of information.

Ideally, the aim should be to have a handover period when the outgoing employee works alongside his or her successor, although this is not always possible. For senior staff, a handover report should be mandatory. It can also be a precondition to the final salary payment.

The final salary payment and termination benefits should take into account any amounts owing to the organization, such as outstanding working advances, etc.

To protect the NCDD against future legal action, this final payment should not be made until the employee has signed a waiver form stating that he or she has received all benefits due and that he or she has no further claim against the organization.

Any staff member who is sanctioned may appeal for reconsideration within 12 calendar days by following the Internal Grievance Procedure described in the Policy No. 14: [Appeals](#).

13.7. Forms Used and References

1. Policy No. 01: Code of Conduct.
2. Policy No. 14: Appeals

CHAPTER 14: APPEALS

14.1. Rationale

To establish an effective and impartial means for the prompt disposition and settlement of all grievances, ensuring due process, fairness and objectivity.

14.2. Policy

1. A staff member who considers a disciplinary action (Warnings, remediation, suspension or termination) taken by the NCDD Management to be unjust shall have the right to appeal.
2. This appeal process is applicable to a “Grievance” or dispute arising between NCDD and a staff member with respect to the imposition of any disciplinary sanction resulted in documentation to an employee’s personnel file, from letter of warning to notice of termination.
3. This appeal policy and its corresponding procedures are not intended to represent a court of law; its jurisdiction is limited to the NCDD Program and is intended to deal with staff/management conflict in a fair and impartial manner.

14.3. Appeals Guidelines

1. The concerned staff member should prepare a written statement, requesting review of the disciplinary action or personnel action. The statement should objectively state why the action recommended is considered unfair or incorrect and should offer any evidence that the employee feels to be appropriate in support of his/her view.
2. The written statement of appeal should be filed within 12 working days from the date of the receiving the disciplinary action or personnel action.
3. Appeals should be filed with the evaluator’s immediate supervisor. The Chief of Office will review and make recommendation to the Executive Deputy Head who will recommend to the Head of NCDDS for final decision.
4. For light disciplinary sanctions i.e. written warning and remediation, the Executive Deputy Head of NCDD-S will respond following an investigation of any relevant issues. A written response will be given to the employee initiating the appeal within 2 weeks from receipt of the appeal and shall be considered final and binding.
5. The appeal shall be forwarded to the Grievance/Hearing Committee (created within NCDD) by the Executive Deputy Head in case of serious sanctions i.e. suspension from service and termination. The Grievance/Hearing Committee is an ad hoc Committee created for the sole purpose of hearing an individual grievance. It shall consist of five voting members; two shall be the members of the Management and another three selected from the pool of staff of different levels
6. The Grievance/Hearing Committee has **twelve working days** to investigate the case, meet with the parties concerned and submit a recommendation to the Personnel Officer and Executive Deputy Head. The aggrieved staff member may choose to have a member of the Staff Association present during the hearing to serve as support, help the employee articulate his/her case, or translate, but not to serve as representative or quasi-legal advocate.

7. The Personnel Officer shall act as a neutral facilitator in the Grievance procedure and is a non-voting participant of the Grievance/Hearing Committee and ensures that the recommendations of the hearing committee are documented.
8. In formulating a recommendation, the Grievance/Hearing Committee may either present consensus opinion, majority and minority opinions if unanimity is not reached.
9. The Executive Deputy Head, in consultation with the Management of NCDD-S, shall review the recommendation of the Grievance/Hearing Committee and advise in writing of final disposition of the case within six working days.
10. The decision of the Head of NCDD-S base on the recommendation of the Grievance /Hearing Committee is final and binding.

CHAPTER 15: TERMINATION OF EMPLOYMENT

15.1. Rationale

1. To set up a systematic exit clearance system for staff leaving the NCDD.
2. To ensure the proper handing over of outstanding tasks and property under custody of an outgoing staff.
3. To clarify separation entitlements of departing employees in accordance with policies of NCDD and the Cambodian Employment and Labor Laws.

15.2. Policy and General Provisions

1. Both the NCDD and the staff member have the right to terminate the employment agreement at any time by notice in writing.
2. With the exception of the probation period and gross misconduct, notice of termination shall be given by the employee (in case of resignation), in advance of intended date of resignation as possible but **not less than 30 calendar days**.
3. With the exception of the probation period and gross misconduct, notice of termination shall be given by NCDD in advance following the required notice below.

Length of Employment	Required Notice
6 months or less	7 days
More than 6 months, and up to 2 years	15 days
More than 2 years and up to 5 years	1 month
More than 5 years and up to 10 years	2 months
More than 10 years	3 months

* No notice is required of serious misconduct of force majeure.

4. Should NCDD desire to relieve the staff member of his/her assignment without prior notice, the number of days notice required in the above table shall be paid in lieu of notice, along with unused accrued leave on a pro-rata basis up to a **maximum of 15 days**.
5. The staff member resigning from the post must be present on the last 2 weeks of services to ensure proper handing over of responsibilities and exit clearance. No annual leave shall be approved during this period even if the staff still has unused leave days. Therefore, the last 2 weeks do not allow the employee to be on leave. Unused accrued leaves should be used prior to the last 2 weeks otherwise will be forfeited.

6. The Executive Deputy Chairman may approve summary dismissal of a staff member for gross misconduct such as:
 - a. Refusal to follow lawful instructions or insubordination;
 - b. Commission of offences punishable under local penal laws;
 - c. Reckless or disorderly behavior or gross negligence in the performance of duties;
 - d. Serious misconduct of any kind, particularly in behaving contrary to the obligations as defined in the NCDD [Code of Conduct](#).

15.3. Guidelines

15.3.1. Resignation

1. A staff member intending to resign shall address a letter to his/her immediate supervisor with copy to the Personnel Officer within the required notice period in 15.1.3 above. The official date of notice is considered to be the date when the letter is received by the immediate supervisor.
2. Upon receipt of the resignation letter, the concerned Office Head shall acknowledge receipt and forward instructions regarding final pay and exit clearance of the staff to the Personnel Officer using the PAF.
3. In case of resignation with less than the required notice above, and failing to report on the last two weeks of employment, the staff final salary will be deducted by the number of days short of the required notice period calculated equivalent to the daily base pay.
4. A staff member who is absent from his/her post without authorized leave (AWOL) shall have all his/her unused accrued leave forfeited. The balance will be released to him/her after deducting any cost of damages to NCDD property, if any.

15.3.2. Termination

1. Termination is the last disciplinary measure to be imposed on a staff member. Except for the case of summary dismissal, any staff who is recommended for termination of contract should already have been served at least two verbal warnings, one written warning by his/her immediate supervisor.
2. Before serving a staff member a termination notice, the supervisor shall submit in confidence to the Personnel Officer, the reason(s) for terminating the staff together with support documents and recommendation in regard to his/her final pay.
3. Any termination case must be approved by the EDH prior to the serving of termination notice.

15.3.3. Summary Dismissal - Termination for Cause

Where a staff member is clearly and undoubtedly guilty of gross misconduct, the concerned Office Head may recommend immediate termination or suspension of the staff. The recommendation must be done in writing with support evidence within **7 days** of the date on which he/she learned about the misconduct (Article 26 of Cambodian Labor Laws).

1. Suspension from service shall **not be longer than two months**, after which a decision to terminate or to reemploy shall be made by the EDH. (For suspension, please refer to Policy No. 12: [Disciplinary Measures](#)).

2. Samples of gross misconduct are: stealing, fraud, taking or offering bribes, sexual exploitation assaulting or conspiring to assault another staff member, divulging false information about the organization and defaming other staff members.
3. During the investigation of the case, the staff member under suspension shall not be allowed to enter the NCDD premises or use any of the NCDD's facilities.
4. Staff terminated by summary dismissal shall receive his/her **pro-rata salary** for days worked only. His/her **unused annual leave is forfeited**.

15.3.4. Retirement

1. The mandatory retirement age is 65 per Royal Government Cambodia policy for all staff members of the NCDD. The employment of a staff member reaching this age shall terminate at the end of the month during which the staff member concerned reaches his/her 65th birthday.
2. In exceptional case, a retired staff may be requested to work as a consultant from time to time on a consultant contract.
3. If a staff member is unfit to continue his/her employment due to health reasons, he/she may be required to retire before the retirement age.

15.3.5. Lay Off or Retrenchment

1. In any circumstances when donor decided to reduce or freeze funding for some reasons, it may therefore be necessary at some point of time, to retrench staff due to financial constraints, project or program closure or other reasons beyond the control of NCDD. Such a decision would be taken by NCDD Head of Secretariat after having fully considered all options. Staff who will be affected by the decision shall be notified in writing.
2. Any staff who was asked to leave due to redundancy or lay-off, the staff is entitled to **two days leave per week** to find a job.
3. Staff members who are terminated because of program closedown, operations downsizing, or reduction-in-force, shall be entitled to all salary and benefits as per resignation or retirement clauses above.

15.3.6. Death and Disability

1. The maximum total sick leave days with pay for prolonged illness or partial working disability is **2 months (60 calendar days) in one calendar year**. In case of absence due to total working disability **exceeding 2 months but less than 4 months**, he/she shall be compensated at the rate of **50%** of his/her base salary. For the absence of **more than 4 months but less than 6 months**, **25%** of his/her salary shall be given. Any staff that is absent for **more than 6 months** due to working disability shall be automatically considered "unfits for normal work" and he/she shall have to retire from services.
2. NCDD holds a Group Accident Policy with Infinity Insurance, which covers all national staff members. Therefore, any claim for compensation in regard to death and disability due to accident, shall be referred to the insurance policy.
3. If the staff member died due to **illness/natural death** or accident, the life insurance policy during the employment period, would cover a **death compensation of US\$35,000** paid in full, by the Insurance Company, to the documented beneficiaries.

4. The deceased's last month pay (salary, and applicable allowances) and unused leave entitlements within the limits of these regulations shall also be paid out to the employee's designated beneficiary(s).
5. Should a staff member receive an injury, which result in a partial or total "permanent disability", the staff member shall be compensated for the loss of his/her income by the insurance company in accordance with the table of benefits as illustrated in the insurance policy.
6. Should a staff member died due to **an accident or receive an injury which is/are the cause of his/her death**, the documented beneficiaries of the staff shall be compensated equivalent US\$35,000 as his/her **last salary** by the insurance company.
7. The proven dependents/documentated beneficiaries of a staff member are those people whose names are listed in the staff beneficiaries form in his/her personnel file.

15.4. Final Settlement

1. The separating staff member must process his/her exit clearance by returning all NCDD properties (including NCDD and Insurance I.D. cards), settling all accounts and have the exit clearance form signed by all signatories.
2. Upon the presentation by the staff member of the Exit Clearance form, duly completed and signed, the Finance Section shall endeavor to process the separation formalities and complete the final payment of entitlements of a separated staff member **within 10 working days**.
3. Upon separation, any advance annual leave, special leave or long term training costs taken beyond the allowable entitlement shall be reimbursed by the staff member by means of cash refund or through deductions from monies owed to him/her by the NCDD.
4. The separating staff member must sign a **"No Other Claim"** statement before receiving the final pay and benefits due to the staff.

15.5. Certification of Service and Letter of Recommendation

Upon separation of service from the NCDD, a Certificate of Service may be delivered to the separating staff member. The certificate may contain the nature of the duties performed by the staff member and the length of service. This general certificate will be prepared by the Personnel Officer. If specifically requested by the staff member, the certificate may contain a brief statement related to the quality of work and conduct of the staff member. This specific recommendation letter should be issued by the concerned immediate supervisor and noted by the Executive Deputy Head of NCDD-S.

15.6. Forms Used and References:

1. Exit Clearance Form
2. No-Other-Claim Form
3. Beneficiaries Form I
4. Beneficiaries Form II
5. Personal Accident Policy

CHAPTER 16: LEAVE

16.1. Rationale

To provide in details, the NCDD policies, rules and procedures to be followed in the event of a staff member's absence from work for annual leave, family events, sick leave, maternity leave or special leave.

16.2. Policy and General Provisions

Annual leave is the vacation leave entitlement of a staff member to be accrued monthly at the rate of one and one quarter (1.5) days for each full month of service or eighteen days for one year. Staff that signs the full-timely employment contract with the NCDD is entitled to the annual leave allowance for 18 days per year (1 and half day per month). There is no annual leave application during the probation period but can be earned. Official leave and absence of work due to illness with proper permission should not be included in the annual holiday.

1. Sick leave can be taken only when a staff member has to be absent from work due to illness or accident. The sick leave cannot be used as an excuse for absence or be converted to cash. In the Labor Law it says only 7 days of sick leave per year does not require doctor's certificate. However, NCDD imposes medical certificate for 3 consecutive sick leave days.
2. Maternity leave is granted to female staff members as recognition of their vital maternity roles and they are expected to spend full time with their families during the leave. Staff members on maternity leave are not allowed to seek employment elsewhere during the entire period nor may such leave be converted to cash. As for woman staff is entitled to the maternity leave of 90 days
3. Special leaves are given to a staff member under special circumstances i.e. special family events, emergencies or natural disasters, extended illness of self or member of families. These special leaves are not granted but only be taken as need arise and cannot be carried over or converted to cash. Staff that signs the full-timely employment contract with NCDD should be entitled to a special leave in circumstance of the event effects staff's family. In the case, if staff does not take at all her/his annual leave, the number of days for this special leave will be offset from the number of staff's annual leave. If a staff has taken all of her/his annual leave, the number of days for this special leave should not be offset from the number of staff's next annual leave.
4. With the exception of sick leave and emergency leave, absence from work requires submission of the leave request form at least **one week prior** to the planned day of departure from work. Non-compliance to # 5 policy would mean AWOL (Absent Without Leave) and must be deducted from the salary aside from receiving a warning.
5. Official holiday: Staffs' Leave policy and the number of days for official holiday should follow the official holiday calendar of royal government of Cambodia.

16.3. Guidelines

16.3.1. Annual Leave

1. All NCDD staff members are entitled to accrued leave, earned at a monthly rate of one and one quarter (1.50) days for each full month of service or eighteen days for one calendar year.
2. The leave shall not accrue if a staff member is on special leave without pay for 30 days or more or is suspended from duty.
3. A new staff member accrues his/her leave from the first month of employment but will be **eligible to take the leave only after three months of service** (after passing

probation period). This may be waived for exemplary scenarios with the approval of the Executive Deputy Head of NCDD-S.

4. In principle, accrued annual leave entitlement shall be used during the earning year and should be taken annually. Although the unused leave days can be carried over to the next; a staff can only accrue his/her leave to the **maximum of 15 days. All leave days earned beyond this ceiling are forfeited.**
5. For effective program planning purpose, all staff members must submit their annual leave plan at the beginning of the year to the Personnel Officer who shall collate them and submit the leave plans to Executive Deputy Head for consideration.
6. Accrued annual leave may be taken in **units of half-days and days**. In calculating the entitlement, any absence of more than half a day is counted as a full day of leave, using midday noon as the cut-off point.
7. In case of **separation**, for a staff who has served the program for more than one year, the accrued leave of the separating staff shall be credited pro-rata up to the last date of employment. For a staff who has served less than 12 months, his/her entitlement is only calculated up to the last complete calendar month of services.
8. On separation, payment in lieu of accrued annual leave shall only be made up to a maximum of **15 days**, provided the staff member was unable to utilize his/her accumulated days during the employment period due to urgent need of service. In this case, the Executive Deputy Head must approve such payment. Payment for the accumulated leave shall be calculated at the salary rate to which the staff member is entitled at the time of payment. Payment for the accumulated leave shall be made at the rate of **one over the calendar days of the monthly salary** of the working days.

16.3.2. Special Leaves

1. Family Events: A staff member is entitled up to **five working days** leave with pay to attend any of the following significant family events:
 - a. The staff member's own marriage,
 - b. The birth of a male staff member's own child (Paternity Leave), and
 - c. The death of a member of his/her immediate family (Spouse, children, parents, parents in law, brothers and sisters). This five days special leave can be taken any time during the period of mourning and funeral ceremony.
2. Emergencies:
 - a. A staff member can request for a special leave up to **five working days** with pay at one time to attend to any emergencies or natural disasters which affect his/her family directly like flood, fire, robberies, security problems, etc.
 - b. The staff member has to inform his/her superior prior to departure in writing via a leave request form or if not possible, verbally. This applies to all leave.
 - c. If it is an emergency leave of which a written request has not been filed, a leave request form must be submitted within **24 hours** upon his/her return to duty.
 - d. To grant an emergency leave, the leave request form must be endorsed by his/her immediate supervisor and approved by the respective Office Head.
 - e. In the event that the leave is not approved as an emergency leave, the leave days shall be treated as an **unauthorized leave** and is subjected to a salary deduction even though the staff may have available accrued leave days.
3. Leave without pay.
 - a. Under special circumstances and at the discretion of the Executive Deputy Head, special leave without pay may be granted where a staff member submits a request stating the circumstances and the reasons for such request. The reasons may be of a compassionate nature, including the

intention to undertake advanced study, extended illness, or requirement to attend to family matters in case of bereavement.

- b. The Executive Deputy Head shall consider applications for leave without pay on a case-by-case basis. The approval is strictly discretionary.
- c. This special leave shall be granted only where the staff member has already exhausted all accrued annual leave days.
- d. No annual leave shall accrue during absences due to leave without pay.
- e. The request for this special leave shall be submitted to the respective Office Head who shall, in turn, forward it to the Executive Deputy Head with his/her comments and recommendation.

16.3.3. Sick Leave - Working Disability due to Illness or Accident

- 1. Staff members, who are absent from work due to an illness or accident, shall inform his/her supervisor as soon as possible. A leave request form shall be submitted to his/her supervisor immediately after returning to service.
- 2. A one-day sick leave may be taken without a medical certificate. This day is considered uncertified sick leave and is authorized up to seven days per calendar year (in line with the local labor law). Any additional period of absence from work for uncertified illness is charged against the staff member's balance of annual leave or considered as special leave without pay.
- 3. Absences more than three working days shall require a medical certificate confirming that the staff member is unable to work and indicating the expected duration of absence. If no medical certificate is provided, any absence exceeding three days shall be considered unauthorized leave and is subjected to a salary deduction (unless they are taken as annual leave with prior permission of his/her supervisor).
- 4. In cases of prolonged total or partial working disability, a medical certificate is required monthly. In case of frequent absences from work, the staff member concerned may be asked to undergo a medical examination by a doctor designated by the NCDD.
- 5. The maximum total sick leave days with pay for prolonged illness or partial working disability is two months (60 calendar days) in one calendar year. In case of absence due to total working disability exceeding two months but less than 4 months, he/she shall be compensated at the rate of 50% of his/her base salary. For the absence more than four months but less than six months, 25% of his/her salary shall be given. Any staff that is absent for more than six months due to working disability shall be automatically considered "unfits for normal work" and he/she shall have to retire from services.
- 6. An illness while on annual leave, special leaves or maternity leave is not sick leave.

16.3.4. Maternity Leave

- 1. Staff members, who have completed a minimum of **twelve months** (including the probation period) of uninterrupted service prior to the expected date of birth, shall be entitled to **twelve weeks** of paid maternity leave with **100%** of monthly salary pay, i.e. **six weeks** immediately preceding and **six weeks** immediately following child-birth. If the staff gives birth prior to serving **twelve-month period**, the salary will be paid **pro rata** but she shall be entitled to other maternity benefits.

2. In support of her request for maternity leave, the staff member shall submit a medical certificate indicating the expected date of birth of the child, together with the leave request form.
3. The commencement of maternity leave should be six weeks before the anticipated date of birth. However, at the staff member's request and with the support of a medical certificate indicating fitness for work, the maternity leave may commence less than six weeks but not less than two weeks before the anticipated date of birth.
4. Annual leave entitlements may be added to the maternity leave period.
5. A pregnant staff member shall not work more than the normal work hours per week, i.e. more than 40 hours.
6. Sick leave shall not be granted for maternity cases except where serious complications arise and maternity leave are exhausted. In this case, the staff member must provide a medical certificate to the respective Office Head at least once per month during the period of inability to work.
7. Annual leave shall continue to accrue during the maternity leave, provided that the staff member returns to service for at least six months after the completion of the maternity leave.
8. The staff member who is on maternity leave and benefits shall not be asked to perform any of her official duties. She is also not permitted to seek employment elsewhere for the entire period. If she is known to work or be employed elsewhere during this period, her maternity leave and benefits shall be withdrawn retroactively and an appropriate disciplinary action shall be imposed on the staff member.
9. Official holidays falling during maternity leave are not taken into account and shall not be used to extend the maternity leave period.

16.3.5. Leave Reporting and Attendance Records

1. The Personnel Officer shall maintain an up-to-date leave record card for each staff member. The leave record card shall contain information as follows:
 - a. The daily attendance status;
 - b. Leave dates (accrued, special, maternity) and balances; and
 - c. The sick leave record and balances.
2. In each unit, an attendance monitor shall be appointed by the Office Head to maintain the attendance records of staff members assigned to that Unit. The responsibility of the attendance monitor includes:
 - a. Recording on a daily basis the attendance status of each staff member. Entries shall be made for all absences of half a day, whether on leave or not.
 - b. Ensuring that individual records, including properly completed and approved leave forms are submitted on time to the Personnel Officer.

16.3.6. Leave Request

Staffs wish to take leave, should submit the leave application (Form 32) to their supervisor at least 3 days in advance, except for special case. Unauthorized leave will result in leave without pay; it means that the equivalent cost of the unauthorized leave will be deducted from the monthly salary. Application for one day leave of staff of should be submitted to her/his supervisor for recommendation and final decision by the Director of concerned Division. The leave taken should be recorded on the attendance report and submit monthly to the Personnel Office for salary and personnel administration.

16.4. Forms Used and References

1. Timesheet/Attendance Form
2. Leave Request Form
3. Leave monitoring Form

CHAPTER 17: WORKING HOURS

17.1. Rationale

NCDD is a results-oriented program implementer for which, the program goals, expected outputs and work plans are established at beginning of every year. It is, therefore, the responsibility of every staff member to plan and organize his/her work to achieve the performance expectations within normal working hours per day and working days per week.

This policy is written to:

1. Provide a parameter for staff members and supervisors in planning and organizing their work assignments within the working hours.
2. Give flexibility to staff members in scheduling working hours and days to best meet the needs of their clients.
3. To describe rules and procedures in regard to compensation for working overtime when necessary and unavoidable.

17.2. Policy and General Provisions

1. The working hours of the NCDD is 8 hours per day or 40 hours per week, Monday to Friday. (The Cambodian Labor Law states that the employer can ask the employee for less than 48 hours but not more than 48 hours per week.
2. In general, all staff should work 8 hours per day, and Monday through Friday (5 days a week). Working time starts from 7:30 AM to 12:00 and from 14:00 PM to 17:30 PM.
3. Official working hours vary, depending on the nature of work and location. For Phnom Penh office and sub-national offices, the official working hours are from 7:30 AM - 12:00 noon and 2:00 PM to 5:30 PM. These are the core times but are flexible within a half-hour before or after the core times with the approval of the supervisor. For staff members working in the rural area, they discharge their work under the procedures of flexible working hours as determined by the respective supervisor and line manager. In any case, the total working hours should be not more than 40 hours per week. Flextime is applicable with proper arrangement with the supervisor as long as it does not hamper the daily schedule especially meetings and report deadline.
4. A staff member may be requested to perform duties in excess of the above-mentioned hours or during weekends and holidays, as required. In such cases, a staff member may receive compensation of compensatory time off (CTO). NCDD does not compensate in cash for any excess working hours.
5. Overtime work must be conducted based on volunteer principles (Article 4 of Prakas 80-90 of MSALVY) and it should not be used for routine tasks, for purposes of enhancing income or to avoid hiring additional full or part-time staff. Overtime payment shall be done in the form of CTO (compensatory time off).

17.3. Guidelines

17.3.1. Official Holidays

Officially NCDD shall follow all Government public holidays from the Government, Ministry of Labor and Vocational Training Centre.

17.3.2 Working Hours and Overtime

1. Staff members shall arrive at work on time and they shall perform their duties until the time assigned, unless they have received prior written authorization for flexible hours from their direct supervisor.
2. Some positions, because of the nature of work may be required to work outside the mandated working hours. This is considered common for some positions within NCDD. Only when the hours worked in excess of 40 hours per week and with prior approval, the staff member shall receive compensation time-off. In principle, the staff member may not be asked to work more than 10 hours overtime in any given month except in cases where urgent work need to be done.
3. Compensatory time off (CTO) is the preferred method of compensation for overtime worked. Staff members are entitled to take time-off for any substantial periods worked beyond the normal working hours on one to one basis. If the staff worked on Saturday, Sunday and during declared holidays they are also entitled for a one to one compensatory time off.
4. Overtime work and CTO must be approved by the immediate supervisor prior to the overtime and taking CTO by using the normal leave request form.
5. Overnight at projects is not considered overtime, it is part of the job.
6. The staff member who wishes to take a CTO should seek a prior approval of his/her immediate supervisor, using a leave request form.
7. The earned CTO shall be utilized within 3 months of its accrual; otherwise it will be forfeited. The Executive Deputy Head may grant an extension in exceptional circumstances.

17.4. Forms Used and Reference

1. Overtime Work Request Form
2. Leave Request Form
3. Yearly Official Holidays

CHAPTER 18: STAFF ALLOWANCES AND BENEFITS

18.1. Rationale

To clarify policies, regulations and conditions in regard to the entitlements of staff allowances.

18.2. Policy and General Provisions:

1. Allowances are not staff benefits. The respective allowance shall be given only to those staff members who, because of the nature of the works, are entitled to that particular allowance(s).
2. Fuel Allowance is given to qualified national staff proportionally to the distance they are required to travel to complete their official duties as approved by the Executive Deputy Head of NCDD-S.
3. Uniform to drivers and cleaners is given in kind.

18.3. Guidelines

18.3.1. Cellcard Allowance

To assist a staff member communicate officially to perform well in his/her job. Cell card allowance amount is given depending on the nature of position and decided by the EDH.

18.3.2. Fuel Allowance

A fuel allowance is given only to the management and Division Director and other Priority Operation Costs (PoC) staff who had been working for a year without any compensation.

18.3.3. Uniform provision

Uniform is provided to staff such as drivers and cleaners every year are given in kind through the Admin Unit. Each eligible staff is informed of this allowance in-kind.

18.4. Forms Used and References:

1. Personnel Action Form (PAF)

CHAPTER 19: STAFF ACCIDENT AND MEDICAL COVERAGE

19.1. Rationale

1. To provide basic medical coverage for NCDD staff members and their immediate dependents and to describe claiming/reimbursement procedures.
2. To ensure that all NCDD staff members are covered by the external Personal Accident Policy of Insurance Company and describe basic entitlements and claiming procedures.

19.2. Policy and General Provisions

1. NCDD will contact an Insurance Company who can provide coverage of the staff medical treatment and other medical expenses for diagnosed diseases as per Insurance policy. .
2. All staff members should be covered **24 hours** by the “Personal Accident Insurance” and “Medical Insurance” policy provided by an accredited insurance company. All claims due to accidents shall be forwarded to the insurance company and may not be claimed with NCDD.

19.3. Guidelines

1. For illness, the staff member or his/her dependents seeking doctor consultation and treatment must call the hotline number of the insurance company and inform about the illness.
2. Any medical claim should be made within the stipulated deadline in the insurance policy.
3. In case of accident, the staff member should file a claim for accident compensation and medical expenses to the insurance company. Send one copy of the report to the Admin Office for record and follow up.
4. Death or Permanent Disability due to Accident. Should a staff member receive an accident, which results in total or partial permanent disability or death, the staff member or his/her proven dependents (in case of death) shall be compensated for the loss of his/her income in accordance with the table of benefits illustrated in the external “Personal Accident Policy”.
5. To claim compensation in case of death or permanent disability, a report, detailing the incident proving that the cause of death or permanent disability is the result of accident must be submitted together with the attending doctor’s report which clearly states the cause of death/permanent disability and the degree of disability. (Please refer to the Personal Accident Policy for more details).
6. In case of death, the Primary Beneficiary shall be the recipient of all the compensation (including his/her final pay). In the event that the Primary Beneficiary failed to show up within 6 months after the death, the compensation shall be paid in equal portions to each of the proven secondary beneficiaries of the deceased or as explained by the insurance company for specific issues.

19.4. Forms Used and References

1. Medical Claim Form
2. Insurance Company Combined Claim Form
3. NCDD Accident Report Form
4. Insurance Personal Accident Policy

CHAPTER 20: PERSONNEL MOVEMENT

20.1. Rationale

1. To maximize the utilization of the organization's human resources by assigning challenging and meaningful work responsibilities to each staff member in accordance with his/her demonstrated competencies and potential while discouraging poor-performance.
2. To ensure that professional growth and career development opportunities are provided equally to NCDD male and female staff members through job enhancement/post reclassification, transfer/reassignment and promotion.
3. To set up systems and procedures for moving/shifting the NCDD staff to best meet the needs and priorities of the NCDD Program.

20.2. Policy and General Provisions

1. Career development is an integral part of the NCDD performance management. The priority is to get the best qualified staff for the position. This can be done through staff development, internal transfer or promotion and through competitive recruitment process.
2. Internal personnel movements (demotion, transfer or reclassification) are NCDD-initiated reassignments) that don't require the competitive recruitment process. All such personnel movements shall be confirmed by an approved Personnel Action Form duly approved by the Head of NCDD Secretariat.
3. Position reclassification is implemented where there are significant changes in the position's accountability and responsibilities as objectively evaluated, using a job evaluation/functional analysis system.
4. Transfer is the reassignment of a staff member from one position to another and/or from one unit/project to another within the same job grade.
5. Promotion is the vertical movement of a staff member to a position that is higher than his/her former post because of his/her demonstrated competencies in a competitive recruitment process. All promotions must follow the recruitment process defined in Policy No. 02.
6. Demotion is the reassignment of a staff member to a job of the lower grade due to his/her poor performance, disability or other justifiable reasons.
7. Since the new position accountabilities and responsibilities may be different from the former ones, all staff members who are demoted, transferred and promoted to new positions shall undergo a 3-month observation period.
8. All resignations and new positions are filled following the competitive process described in Policy No. 02 Recruitment and Selection.

20.3. Guidelines

20.3.1. Position Reclassifications

1. A position reclassification is the result of functional analysis/job evaluation of a position's accountability and responsibilities. The nature of a job (roles, responsibilities and accountability) maybe expanded or reduced over time due to changes in NCDD goals, focuses, technologies or development nature.
2. Position reclassification means the change of job grade of the position across the program. All staff occupying the reclassified position shall be moved (upward or

downward) automatically to the new job grade irrespective of their tenure or performance.

3. In case the position is reclassified to a higher position, the salary level of every staff occupying the same job shall be adjusted to correspond to the new job grade and steps.
4. In case the position is downgraded, the salary level of the affected staff will be frozen at the same level until his/her new salary grid catches up. This demotion through position reclassification system does not normally happen but if this is the case, NCDD shall try its best to reassign the affected staff to another suitable post within the same grade. In short, no one should suffer salary deduction due to position reclassification.

20.3.2. Transfer

1. A transfer is the lateral movement of a staff member from one position to another within the same unit/project or to a different project/unit within the same job grade.
2. In case of the reassignment of a staff member from one position to another within the same unit/project, the reassignment request (using PAF), rationale and the new position description must be endorsed by the appropriate Head of Office before forwarding to the Head of NCDD Secretariat for approval.
3. In case of a transfer of a staff member across units/projects, the transfer request shall be made in writing either by the staff member or his supervisor to the incumbent's Head of Office for endorsement and acceptance.
4. The proposed transfer request, recommended salary adjustment (if any) and support documents must be submitted to the Head of NCDD Secretariat for his/her review and approval through Personnel Officer prior to the commencement of the transfer.
5. To assist a staff member who was asked by NCDD to transfer from one project or location to another that is located in a different province,
6. In principle, staff members may be reassigned to a new position within the same job grade without extra compensation. However, the Head of NCDD-S, on the basis of a specific recommendation from the supervisor, and the endorsement Executive Deputy Head may approve a salary adjustment within the job grade (step increase). This is not automatic and therefore, no commitment should be made prior to the final approval.

20.3.3. Promotion

1. A promotion is the advancement of a staff member to the next level on the salary scale corresponding to the job grade of the new position.
2. Where there is a vacant position or a new post, all potential and qualified staff shall be encouraged to apply with the understanding that they will compete with external candidates, through selection panel (see Policy No. 02 Recruitment and Selection).
3. There is no direct promotion within NCDD. All staff are eligible to go through the regular recruitment process. This will ensure that the best candidates are recruited for the position in a fair and transparent way.

20.3.4. Demotion

Demotion is the transfer of a staff member from a higher position to a lower one due to his/her poor performance, lack of essential competencies or other justifiable reasons. Unlike downgrading of the position, the demoted staff's salary shall be reduced to correspond to the job grade and level of the new position.

1. Demotion, due to poor performance, is a serious performance correction method and any staff who is recommended for demotion should already have been placed on remediation but failed to meet the remediation objectives. In such a case, strong rationale is required to justify retaining the employee.
2. Before demoting the employee, the supervisor shall submit in confidence to the Executive Deputy Chairman the reason(s) for demoting the staff together with support documents (results of remediation, written warnings, Staff Performance Appraisal, etc.) and recommendation in regard to his/her new position.
3. The Executive Deputy Head recommends to the Head of Secretariat if it is appropriate to demote a staff and the Head of the Secretariat, shall make the final decision in regard to the demotion.

20.4. Forms Used and References

1. Personnel Action Form
2. Job Description
3. Staff Performance Appraisal Form

CHAPTER 21: JOB DESCRIPTIONS

21.1. Rationale

1. To describe primary responsibilities, duties and level of authority of a position in NCDD.
2. To set up performance expectations and competencies required for the staff member holding the particular position.

21.2. Policy and General Provisions

1. Every position in the NCDD structure must have a corresponding job description that describes clearly, the position title, job level, primary responsibility and specific duties to be carried out by the job holder. Each job description shall also list the minimum qualifications and skills required as well as other pertinent information about the nature of the work.
2. The job description shall be attached to the agreement of employment as an integral part of the employment contract.
3. The job description of each staff can be revised upon circumstance and actual needs of each institution.
4. The job description should also be used in evaluating the staff's performance in order to know how they performed.
5. Normally, the job description should be finalized before the advertising a job vacancy and interviewing applicants.
6. The job description should be given to applicants in order to enable them getting ready in advance and to interviewers in order to enable them understanding the position and being convenient in judgment of the job, experience, competency, and interest of applicants during interview.

21.3. Guidelines

1. Developing a new job description. In case there is a need for a full-time staff to perform a newly created job which does not match any of the existing job descriptions, the concerned Office Head shall draft the job description by using the standard NCDD Job Description Form.
2. Revising an existing job description. In case there are significant changes in the duties and responsibilities of a position that requires job description revision and/or job evaluation/reclassification, the concerned Office Head shall rewrite the job description using the standard NCDD Job Description Form and highlight those duties that have been changed, added or deleted.
3. The draft job description then shall be sent to the Personnel Officer who shall conduct a review of the job. If there is a need for position reclassification, the Personnel Officer shall analyze the functions and the position requirements and submit the results of the job evaluation to the Executive Deputy Chairman for endorsement to the Head of Secretariat for final approval.
4. All new or revised job descriptions must receive the final approval from the Head of NCDD Secretariat prior to their announcements/implementations.
5. All positions shall be graded according to their responsibilities, accountabilities and complexities as follows (example only, this is not the actual list):
 - a. Grade 1: Cleaner
 - b. Grade 2: Driver

- c. Grade 3: Admin Assistant, Finance Assistant, Procurement Assistant, Inventory Assistant
- d. Grade 4: Admin Officer, Personnel Officer, Finance Officer
- e. Grade 5: Technical Officers
- f. Grade 6: Technical Advisors
- g. Grade 7: Office Chief
- h. Grade 8: Deputy Director
- i. Grade 9: Manager
- j. Grade 10: Head of NCDD

21.4. Forms Used and References

1. Job Description Form
2. NCDD Organizational Chart
3. NCDD Salary Scale (confidential)

CHAPTER 22: SUPERVISION AND AUTHORITY

22.1. Rationale

1. To define supervision, working relationship and lines of authority of NCDD Operations.
2. To install fair and efficient means of managing the program through a representational body.
3. To establish rules and procedures in regard to fund disbursement approval authority, signing of legal agreements and official correspondence.

22.2. Policy and General Provisions

1. In the discharge of their assigned duties and functions all NCDD staff members shall work under the general administration and supervision of the NCDD Head of Secretariat in turn shall be responsible to the Board of NCDD through its Chairmen. For immediate supervision and performance management of staff members, the staff members shall be accountable to their respective Division Directors and Chief of Offices appointed by the Executive Deputy Head who is accountable to the Head of NCDD Secretariat.
2. To ensure effective and speedy program implementation, specific staff supervision and limited financial authorities are delegated to the Executive Deputy Head of NCDD-S holding supervisory and managerial and directorial positions for NCDD program and projects. Any matters not specified herein shall be referred to the Head of NCDD Secretariat for final decision.
3. Team work and cross program and Office cooperation are encouraged at all levels and as much as possible, key program decisions and operational issues shall be reviewed and deliberated by the Executive Deputy Head with other NCDD Management.

22.3. Guidelines

22.3.1. Secretariat Executive Management Team

1. Composition of Executive Management Team: Chair by the Executive Deputy Head of NCDD-S is composed of the Directors from the Divisions and other appointed Deputy Heads of NCDD-S.
2. The Executive Management team is an executive body responsible for the transparent, smooth, efficient and effective implementation of the NCDD projects and program by making sure that all approved policies, guidelines and systems are fairly and consistently complied with by all staff members while also balancing policy interpretation with the NCDD's mission/ goals/ objectives.
3. The Executive Management Team interprets and applies policy in between Management Team Meetings. It does not make major policy, but can formulate policy suggestions for consideration by the Board of NCDD. .
4. The Executive Management Team also plays a role as a disciplinary body of last resort when problems cannot be solved at lower levels in the NCDD.

22.3.2. Board of Directors is the Policy Making Body

1. Composition of the NCDD Board: Board members of NCDD came from various ministries.

2. The NCDD Board is a body charged with the overall management of the NCDD legislatively. It is responsible to look after the interests of the organization, creating, modifying and enforcing regulations and policies that ensure the most effective and efficient implementation of the AWPB through the responsible (transparent and accountable) utilization of its resources.
3. Meeting at least twice a year, the Board deliberates, review and make recommendations on issues pertaining to NCDD programs, policy approvals, structures and other important issues.

CHAPTER 23: SAFETY, SECURITY AND EMERGENCY EVACUATION

23.1. Rationale

1. To put in place systematic security measures for all NCDD staff members to follow while performing their functions and take necessary actions in case of serious security situations and or a hostile environment.
2. To set up safety practices and procedures for NCDD staff members, regarding information, records and property.
3. To describe steps and actions to be taken to solve conflicts and to protect NCDD staff members who, while performing their functions, may encounter threats.

23.2. Policy and General Provisions

1. NCDD carries out its D & D Reform work in close coordination with people, civil societies, donor partners and other Cambodian Government agencies and shall not operate in any areas, which are declared unsafe by the Government.
2. It is the responsibility of the respective Head of Units to ensure that the NCDD staff members follow the established security measures while performing their duties.
3. When an emergency evacuation becomes necessary, NCDD shall do everything in its capacity to evacuate staff members, their spouses and dependent children residing with them at the duty station to a safe place. Cost of the evacuation shall be borne by the NCDD.
4. If a staff member is arrested, legally or illegally detained or kidnapped, as a result of performing their duties, NCDD shall do everything in its capacity to obtain their immediate release. This includes bearing the cost of lawyers, and providing appropriate support and safe guards to their immediate family. NCDD however will not pay ransom under any circumstances.
5. NCDD cannot evacuate national staff outside the country, but if warranted by life threatening situations will assist staff with applying for asylum through the UN.

23.3. Guidelines

23.3.1 Security and Safety in the Workplace

1. Every NCDD offices should ensure that security measures are in place where security people like government police should be posted.
2. Office safety and security. Every office staff should be trained in the use of telephone, emergency radio base station and fire extinguishers. All staff with cell card allowance must keep their cell phones on 24 hours a day so that they can be contacted in case of an emergency. Fire extinguishers and First Aid medical supplies should be made available in every office. All rooms should be closed after the office hours and it is the responsibility of the last staff member leaving to ensure doors and windows are locked as well as electrical equipment are off. .
3. Security of documents. All Head of Units are responsible for ensuring that a system is in place for securing documents and records of the program (contracts, personnel files, financial records and electronic files). A back-up copy should be made for all pertinent documents and electronic records.

23.3.2. Security of Property and Vehicles

1. All NCDD fixed assets are tagged with fixed asset numbers that correspond to the inventory records maintained and updated by the Inventory Officer.
2. The Office Head is accountable for the safety of NCDD fixed assets assigned to a unit. This includes the proper use, care, maintenance and security of the equipment, fixture and vehicles. No equipment or fixtures shall be moved, transferred or disposed without prior approval of the respective Head of Unit. Vehicle and equipment maintenance schedules must be kept.
3. Reporting unsafe conditions and equipment. All NCDD staff members are responsible for reporting any conditions, which may be a safety hazard, e.g. electrical shortage, exposed wiring and broken furniture. The report should be made to the Office head immediately. The Office head shall then ensure appropriate measures are taken to safe guard staff and that timely repairs are made.
4. Report the loss of NCDD Property. Loss of NCDD property must be reported immediately in writing to the concerned Office Head, who shall make a primary investigation, report the loss to the local police and immediately inform the Executive Deputy Head.
5. Vehicle security: Vehicles are not to be left on the street overnight. They should be parked in gated compounds and guarded.
6. Vehicles from the provincial project should be parked inside the Ministry of Interior when they spent overnight in Phnom Penh or at a guarded hotel or residence.
7. In cases of loss/theft, the driver or the responsible staff must immediately file the duly completed vehicle accident/damage report together with the police report to Executive Deputy Head. (See Policy No. 26: [Vehicle Management](#))

23.3.3. Security Measures for Field Operation

1. Before traveling to provinces especially to districts, communes and villages, staff members shall check on security situation with local authorities and other organizations working in the same areas and shall never travel against their advice.
2. The Office Head or his/her designated staff shall attend to any appropriate security meetings to keep abreast of developments in times of crisis. These are usually organized by UNDP or the Provincial Government. All project staff and Phnom Penh office should be alerted of any potential security problem.
3. The Office Head shall ensure that the radio system(s) is working properly. Training on the use of radio communications shall be provided to all staff members who are given access to the system. This includes the issuance of a “Call Sign” and list of Call Signs of NCDD staff, UNDP and other NGOs, the calling channel and talking channels.
4. In case of a deteriorated security situation, all Office Heads shall take the following pre-cautionary measures:
 - a. Have the mobile phones and/or base radios on 24 hours a day.
 - b. Have all vehicles fuelled up and keep some spare cash and a moderate stock of food in the home all the time.
 - c. Have one drum of spare fuel at the office in a safe location, to be used only during emergencies.
 - d. Always have your travel documents and IDs on hand.

23.3.4. Evacuation

1. The decision to evacuate staff shall be made by the Head of NCDD Secretariat or on his/her absence, the Acting Head in consultations with the Office Heads, other Government agencies operating in the same areas.
2. Only in extreme cases where the Head of NCDD Secretariat cannot be reached because of complete communication failure and the situation is life threatening, the concerned Office Head shall be given the authority to make the decision to evacuate the field office. This decision should be made in consultation with other NCDD staff, the UN, Government Offices and other NGO operating in the areas. The Head of NCDD-S shall be notified as soon as possible on the decision.
3. The Head of NCDD-S and the concerned Office Head shall decide the mean(s) of evacuation either by air or by road convoy and the destination. The standing evacuation points in Cambodia are:
 - a. District Office
 - b. Provincial Capital
 - c. Phnom Penh Office
4. The Head of NCDD-S shall be informed immediately on the decision. If an evacuation situation persists more than one month, the Head of NCDD-S shall make the decision, after consulting other government agencies on the continuation of the program in the evacuated area.
5. The staff who cannot resume their work because of the hostile situation shall continue to be paid in full for the 1st month. After one month, if the situation does not improve, the following steps shall be applied:
 - a. Use annual leave
 - b. One month administrative leave with pay
 - c. Then follow the same scheme of work disability i.e. **50%** of pay for the next 4 months and **25%** for the 5th & 6th months.
6. In case of hostile environment toward **expatriate personnel or visitors**, EDH with the approval of the Head of NCDD-S may decide to evacuate all expatriate visitors, staff and their dependents to another country temporarily. The 1st point of evacuation is Bangkok or Vietnam.

23.3.5. Bomb Threats or Life Threats

1. A bomb threat is meant to disrupt the daily routine of NCDD operation. Bomb threats are often made by pranksters, emotionally stressed employees or business rivals. Any bomb threat or life threat must be taken seriously and shall be reported immediately to the respective Head of Office and then to the Head of NCDD-S.
2. If you receive a bomb threat or life threat by telephone, do not hang up, keep calm, try to keep the caller talking and obtain as much information as possible. Report the call immediately to the Head of Office and the Head of NCDD-S when the call ends.
3. If the staff feels under threat, he/she may take Administrative Leave but must remain on call.
4. Only the Head of NCDD-S shall make the decision on appropriate action to be taken after analyzing the situation.

23.3.6. Threats in the Field or Provincial Area

While performing their roles in the rural areas, NCDD staff members may encounter threats over sensitive issues related to work, etc. The following guidelines should be strictly followed to ensure the safety of the personnel.

1. Staff concerned may evacuate from the villages/communes to the Provincial Office or if the problem is at the provincial office, the staff may find a secure hotel in the meantime or at any time they feel under threat and must report immediately to the Office Head as much detail as possible.
2. The Office Head shall assess the situation and report the incident immediately to the EDH and Head of NCDD. Always keep the Head of NCDD informed of the situation, including any local conflict resolution processes and plans.
3. Attempts to solve the problem shall take place at the lowest level and move up as deemed appropriate, but should never endanger the staff.
4. Strategic alliances and strength through numbers shall be utilized where advantageous, especially in handling sensitive issues. Such alliances may include other NGOs, Govt agencies, UN, IOs, etc.
5. If in doubt call the Head of NCDD-S before proceeding. Never take chances.
6. If the problem cannot be solved locally, inform the Head of NCDD-S who will carry the issue to the next appropriate level.
7. In some cases it may be advisable to transfer the affected staff to a different village, commune, district or province during the travel.
8. Keep detailed documentation of the issues, conflict resolution processes and support evidence for future legal reference.

23.3.7. Staff arrest, detentions or kidnapping

All staff is responsible to work within the law. NCDD cannot and will not support criminal or illegal actions by any staff. However in the course of upholding basic rights, staff may be at some risk of offending powerful people who may use the law or their personal power to harass, intimidate or even arrest or kidnap a staff member. In such cases NCDD has a responsibility to aid and support the affected staff to the extent of its capacity. However NCDD cannot pay ransoms.

1. In case of arrest, detention or kidnapping of a staff member due to work related actions or words, the Head of NCDD-S must be informed immediately with all known details.
2. The EDH shall, together with the Head of NCDD and other appropriate staff assess and document the situation and possible solutions for gaining the release of the staff in detail and share the information immediately with the immediate family of the affected staff.
3. Communications to the public shall follow the NCDD guidelines for communications in a crisis situation.
4. As appropriate legal assistance will be hired by NCDD to assist with legal advice, action, negotiations and representation as needed. This may also include payment of bail by NCDD or other legal fees.
5. Physical and legal protection shall also be provided to immediate family members of the affected staff as may be appropriate.
6. In the absence of the affected staff, his/her salary shall be released to the primary beneficiary of the affected staff as per the Beneficiary Form in their personnel file. Once annual leave is used up, NCDD shall continue to pay the staff their full base salary for up to six (6) months. At the discretion of the Head of NCDD-S the staff may then be granted leave without pay for a maximum of six (6) months.

23.4. Forms Used and References

CHAPTER 24: HIV/AIDS AND WORKPLACE

24.1. Rationale

1. To set up the HIV/AIDS education program for all NCDD staff, including confidential issues in the working sites and attitudes towards HIV/AIDS infected staff, their dependents, program beneficiaries and visitors.
2. To comply and support the implementation of the Cambodia Law on HIV/AIDS epidemic control and prevention.

24.2. Policy and General Provisions

1. HIV/AIDS education shall be integrated as a part of the NCDD-wide training program and it is the responsibility of every Head of Office to ensure that education documents and related information on the causes, modes of transmissions, prevention measures and the complications of the HIV/AIDS are disseminated to all staff members under their supervision.
2. NCDD shall not require anybody to undergo HIV/AIDS test before, during or after a) employment, b) attending any NCDD organized activities, or c) receiving any medical assistance.
3. NCDD management shall not discriminate against staff members who are HIV/AIDS carriers or suspected of being HIV/AIDS carriers and the staff shall have equal rights and opportunities in regard to travel, accommodation, employment retention, promotion, work assignment and staff development.

24.3. Guidelines

24.3.1. Information and training

1. NCDD will provide information and training at the workplace on issues raised by the epidemic, appropriate responses, and on the general needs of people living with HIV/AIDS and their caregivers.
2. Such information and training will be gender sensitive, as well as sensitive to disability, and sexual orientation.
3. Information will include the availability of local support organizations for people living with HIV/AIDS.

24.3.2. Confidentiality

1. NCDD encourages a supportive work environment, in which staff can discuss HIV/AIDS openly, including their own experience living with HIV/AIDS. Where staff discloses that they or their dependents are living with HIV/AIDS, confidence will be respected with regard to the circumstances in which the information was shared. If there is any doubt, the person living with HIV/AIDS should be consulted before further disclosure takes place.
2. HIV information relating to applicants for employment, staff or dependents will be kept strictly confidential, and be kept only on medical files under the strict care of the Personnel Officer.

24.3.3. Employment and Benefits

1. No one (staff, dependents, visitors, villagers, etc.) shall be detained, isolated or not permitted to stay or travel or participate in NCDD program because of being identified or suspected that that person or the family of that person carries HIV/AIDS.
2. HIV infection is not a cause for termination of employment. Staff with HIV-related illness will continue in employment as long as they are medically fit for available, appropriate work.
3. In the case of termination of employment due to extended illness, staff with HIV/AIDS will be accorded the same benefits and conditions as apply to termination due to work disability. (Please refer to Section 15.2.6 Death and Disability)
4. Medical treatment. All health benefits apply equally to staff with HIV/AIDS as with other illnesses.

24.4. Forms Used and References

Cambodian Law on HIV/AIDS Epidemic Control and Prevention, June 17, 2002.

CHAPTER 25: ROAD SAFETY

25.1. Rationale

1. Injury and death on Cambodia's roads is increasing at an alarming rate. As the number of vehicles increase and traffic becomes more complex, an epidemic of injury, death and disability is expected, unless clear steps are taken to manage this risk.
2. Therefore NCDD has established a road safety policy aimed at promoting injury prevention through safe driving and respect of basic safety rules.
3. The same rules will apply to all employees (expatriates and locals), visitors of NCDD or any occasional users of NCDD vehicles. Everyone is also strongly encouraged to follow these simple rules in his-her daily activities and to promote their use by all their family members and friends.

25.2. Policy and General Provisions

1. This policy will be an integral part of NCDD internal rules from, therefore compulsory for any NCDD staff (national and expatriates, including consultants, trainees or other temporary staffs) during working time and on the road to or from NCDD office or any place where they act as NCDD employees, whether with NCDD vehicles or not.
2. The NCDD shall encourage compliance with this policy through a variety of actions, including periodic education and training campaigns.
3. The NCDD also take incremental enforcement action if an employee fails to comply with the policy, such as:
 - Informal reminder,
 - Official warning,
 - Note for the Record placed in the employee file,
 - Other disciplinary action.

25.3. Guidelines

1. Licensing: Employees operating a vehicle must obtain a valid license and registration in accordance with Cambodian laws.
2. Seat Belt Use Requirement: Employees must wear seatbelts while traveling by car. All NCDD drivers shall make sure all seat belts function and drivers should make sure all passengers wear a seat belt while traveling.
3. Helmet Use Requirement: Employees must wear a helmet while traveling by motorbike or bicycle. Helmets with cracks or weakened areas due to previous impacts may not provide the full level of protection. Therefore, employees should ensure that their helmets are in good condition. When the chinstrap is buckled, the helmet should fit snugly, with little movement.
4. Safe Road Behaviors: Employees must have a good knowledge of traffic rules and strictly respect them at all time. Employees are also strongly encouraged to adopt a gentle road behavior. They will not engage in dangerous driving practices such as:
 - Speeding in built-up areas (villages, town) or nearby schools;
 - Overtaking on bends or where vision is not clear;
 - Driving on the wrong side of the road;
 - Drive while under the influence of alcohol or drugs;
 - Parking in the middle of the road or on bends; and etc.
5. Mobile Phone Use: All persons driving motorbike or car will park their vehicle at the side of the road (off the road) before answering or making a telephone call.
6. Recruitment: All new staff employed on a permanent/ part time/ temporary contract at NCDD will be made aware of this policy. Employment contracts signed by staff/ volunteers/ consultants contain a statement concerning their respect of the policy.

CHAPTER 26: EMERGENCY RESPONSES

26.1. Definition of an Emergency

An Emergency is an extraordinary event that causes destruction to people, property and structures to such an extent as to exceed the capacity of the affected community to cope with the situation relying solely on its own resources. It requires external action which is immediate, appropriate and limited in time, and which will enable the affected community to cope with the emergency and begin to return to normal life.'

26.2. Emergency Responses

From time to time, disasters or emergencies occur in Cambodia where NCDD program operates. The emergencies will be either natural or man-made. At the onset of an emergency, the NCDD must be contacted immediately. The Head of NCDD-S must be copied on all correspondence. NCDD cannot send requests for funds direct to donors. NCDD needs to have some mitigation or reserves to response on emergencies.

26.3. Communications with Secretariat

Communication expenses are a significant part of the budgets. There is a need to be in contact with donor partners and all stakeholders. Some of the offices are in remote locations which mean that contact is often made through radio operations and satellite communications systems. Generators are frequently required in remote areas in order to facilitate communication. Therefore the program must have appropriate communications systems in place.

However this is also an area where there are significant risks, and risks that have increased over the last decade with the arrival of mobile phones and the internet.

For these reasons an effective system of monitoring and controlling the use of communications systems must be in place. The topic of communications must be part of the Policies and Procedures Manual. This chapter outlines some of the key considerations to be covered in the manual.

From time to time the Finance Division in NCDD-S will update the schedule called "Communications with NCDD-S" and will circulate it to all Sub-Programs and Sub-Nationals by email. The schedule shows the date of the update. Copies of the schedule should be made available to all relevant staff. All previous updates should be discarded. The schedule is also available on the NCDD web site. The following is an example of the schedule.

Note 1: Requests for Cash Transfers

Must be sent by a signed scanned Admin and Finance Division, with a c.c. to HE Lai Navuth as Deputy Executive Head of NCDDS. The document will then be sent to the Deputy Executive Head of NCDDS for approval. The cash flow should also be sent by e-mail. The request can be followed up by an email, but emails will not be processed, unless it is clear that the scanned signed pages were sent and received by the NCDD-S. The reason for sending a scanned copy is that we need a signature on the request for audit purposes. Also, a scan will always be seen and will then be processed by the next person responsible.

Note 2: Donor Codes for Donor Partners - see chart of accounts above

Note 3: Sending Financial Reports by Email

Large reports and files must be tried to send through sendit.com. NCDD has a limit on the size of attachments that can be received. When a file has been sent to the gmail address, a separate email must be sent to the recipient's normal email address to alert the recipient to check the gmail email account.

Monthly reports and details to be sent to NCDD-S by 10th of each month (see details in Chapter of the Finance Admin Manual) by Sub-Nationals and Sub-Programs

- Financial Statements – all projects, Balance Sheet, etc., Income and Expenditure with budgets and variances, and notes to variances.
- Narrative Report – report on financial matters that highlight the items that need attending to and ensuring that certain procedures have been properly followed.
- Cash Flow Forecast – showing actual and forecast figures to year end. Ideally the forecast figures should always be for 12 months, which means including the months for next year.
- Current Account Reconciliation and Bank reconciliations.
- Report on advance accounts for staff.

Questionnaire Checklist for Personnel Management

Date:..... Name:..... Organization:
NCDD

<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	No comment
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1.	Does the current management structure exist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Does the staff list exist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Has the staff recruitment followed the NCDD procedure correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Does each staff have individual contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Does each staff have the job description that stipulated their roles and responsibilities to perform?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Has all staff been informed about their roles and responsibilities? Do they understand their roles and the NCDD's goal well?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Have the staff performance evaluation conducted in compliance with its procedure? Have their performance been reviewed and advised for improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Have all personal staff's documents such as biography, contract, holiday, performance and others been kept?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Have all staff been encouraged to comment and share inputs to improve the NCDD implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part II : FINANCIAL POLICIES AND PROCEDURES

CHAPTER 1: FINANCIAL MANAGEMENT

This manual outlines the accounting policies and financial management procedures to ensure that all resources channelled through the NCDD are managed in an accountable, cost-effective, and transparent way, at all execution stages by the NCDD Sub-Programs and Sub-National Offices.

Each chapter includes an introduction to issues covering the theory and the general principles of NCDD policies.

The manual provides assistance with practical day-to-day implementation of the policy issues covered. Examples, standard forms, sample policy documents, flow diagrams and other accounting tools are included within, or at the end of each chapter. The Financial System provides for the rules and procedures governing the disbursement process across the NCDD, including:

- Allocation of resources to the implementing agencies through participatory budgeting
- Flow of resources from the donor partners down to the implementing partners
- Obligations of the NCDD agencies in respect of the use of allocated resources: accounting and periodic reporting procedures
- Internal control mechanisms to ensure security and accountability for the use of resources, and efficiency of the operation system
- Auditing requirements to assess the accuracy of the accounting records, and statements, and compliance with the established internal control procedures.

The Financial System set up assumes that relations between the NCDD implementing partners are based on Joint Decision (JD); these JDs are intended to regulate the rights and obligations of the parties in respect of the execution of the agreed activities. Joint Decision rules and procedures are specified in three types of contracts.

1.1. Funding Agreements - FA

These contracts specify the conditions and terms under which the Donor Partners will provide financial resources for NCDD through the NCDD-S down to the Sub-Programs and Sub-National levels.

1.2. Joint Decision Contracts - JD

These agreements are signed between the NCDD-S with the Head of Sub Programs, other Ministries and the Provincial Governors who represent the Sub-National level. The NCDD-S transfer funds required by each sub-program and sub national level based on cash flow. The NCDD-S, other sub-programs and sub-national offices open a bank account for purposes of fast transfer of funds into its respective bank accounts. Each bank account disbursement is through cheques signed by two authorized persons. There are sometimes direct payments being done by NCDD-S in behalf of sub programs and sub national levels. All activities planned for implementation down to the districts and commune levels obtain financial resources under cash advance modality from the Provincial Finance Division. The Joint Decision provides the amount of resources allocated to the executing entity and the terms and conditions for the release of funds provided to implementers. The imprest fund will be replenished quarterly against submission of monthly financial reports and new cash flow for the quarter. It is also accompanied by a formal request for fund transfer from the head of sub program and the provincial governor.

Contributions from other donor partners for the Commune/Sangkat Fund support are still channelled through the bank account of NCDD-S. The NCDD-S then makes a one-time off transfer of the CSF fund to the National Treasury for disbursements to the commune through the Provincial Treasury following the list of identified beneficiaries provided by the donor partners.

1.3. Sub-Contracts

Sub-contracts regulate relations between NCDDS and supplier of works, goods and/or services, including civil works and consulting services. Sub-contractors under procurement policies and procedures set following entities: i) private companies, ii) non-governmental organizations, and iii) civil society organizations.

1.4. Financial Control Policy and Procedures

Financial policy procedure related to execution of financial transactions is set under this sub-chapter and consists of five-tier of processes/functions with four-tier of signatories necessary to execute financial transaction:

1. **Requesting:** all financial transactions are initiated through respective payment request form – payment request is initiated by internal or external Payment Requesting Party Function,
2. **Verifying:** that financial transactions are in compliance with anticipated activity (in the case that advance payment request is allowed) or delivered activity in accordance with respective payment request – verification is done by designated Verifying Officer Function,
3. **Certifying:** that financial transactions are examined and certified for execution – certification is done by designated Certifying Officer Function,
4. **Approving:** that financial transactions are approved for execution – approval is done by designated Approving Officer Function, and
5. **Paying:** in accordance with payment request referring to execution of financial transaction in accordance with respective approval – payment is done by designated Payment Officer Function.

Payment Requesting Party together with Verifying Officer, Certifying Officer, Approving Officer and Payment Officer shall be separate/different individuals to enable and promote proper segregation of duties among respective processes/functions and to disable any possibility of conflict of interest among concerned parties.

In relation to the specifics of requesting process/function, obligations of both internal and external Payment Requesting Parties are described in detail in the text listed below. Payment request form is the same for both internal and external Payment Requesting Parties. Therefore, depending on its status each of Payment Requesting Parties need to check the appropriate box where indicates its status, i.e. internal or external.

Both internal and external Payment Requesting Parties need to submit payment request form, invoice (only in the case of external Payment Requesting Party) and supporting documentation in accurate and timely manner to enable proper set of checks and balances in order to comply with policies and procedures described within this manual and to comply with best international practices related to execution of financial transactions as part of ACCOUNTABLE and TRANSPARENT Financial Management System.

1.4.1. Payment Requesting Party Function – Internal

In accordance with specifics of requesting process/function, internal Payment Requesting Party referring to NCDDS Personnel need to submit to Verifying Officer following set of documents:

- Submit properly filled-out and signed payment request form including description of

specific activity which is subject of respective payment request which MUST be in full compliance with detailed annual work-plan set under specific program or project,

- Submit full set of supporting documentation (case-by-case basis) which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- Submit copy of detailed annual work-plan set under specific program or project indicating specific activity which is subject of respective payment request,
- It is strictly prohibited to sign and submit payment requests form and/or to make false statements at respective payment request form without providing relevant proofs as described in text listed above,
- In the case of cancelation of respective payment request, which is caused by concerned NCDDS Personnel intentional wrongdoings or malpractice, Verifying Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned NCDDS Personnel side including those stipulated in text listed above – concerned NCDDS Personnel will be subject to Audit and Ethics Committee proceedings. Accordingly concerned NCDDS Personnel will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.1.1. Duties of the Verifying Officer Function

In accordance with specifics of verification process/function, Verifying Officer has following set of duties:

- Verify existing payment request to make sure that the respective payment request is not duplicated in form of already executed payment for delivery of specific activity which is subject of respective payment request which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- Verify whether the payment request is in full compliance with specifics set within detailed annual work-plan set under specific program or project,
- Verify payment request related to sufficiency of provided supporting documentation including its accuracy which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- Verify/inspects PHYSICALLY whether Beneficiary Party has received services and/or outcomes related to specific activity which is subject of respective payment request which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- In the case that delivered services and/or outcomes together with supporting documentation including payment request form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within detailed annual work-plan set under specific program or project – Verifying Officer will grant his/her verification in form of putting signature on payment request form and forward supporting documentation with signed payment request form to Certifying Officer for his/her certification,
- In the case of any discrepancies Verifying Officer shall disapprove and cancel respective payment request and return respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel within Procurement Office for necessary clarifications and corrections related to delivered services and/or outcomes if and when required all in order to fully comply with specifics set within detailed annual work-plan set under specific program or project,
- In the case of cancelation of respective payment request Verifying Officer shall in written form notify both Certifying Officer and Approving Officer through respective

cancellation form about reasons for cancellation of respective payment request by providing detail explanation for its cancellation,

- It is strictly prohibited for Verifying Officer to put his/her signature on blank payment request form in advance,
- In the case of cancellation of respective payment request, which is caused by concerned Verifying Officer intentional wrongdoings or malpractice, Certifying Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Verifying Officer side including those stipulated in text listed above – concerned Verifying Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Verifying Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.1.2. Duties of the Certifying Officer Function

In accordance with specifics of certification process/function, Certifying Officer has following set of duties:

- Examine existing payment request to make sure that the respective payment request is not duplicated in form of already executed payment for delivery of specific activity which is subject of respective payment request which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- Examine whether the payment request is in full compliance with specifics set within detailed annual work-plan set under specific program or project,
- Examine payment request related to sufficiency of provided supporting documentation including its accuracy which MUST be in full compliance with detailed annual work-plan set under specific program or project,
- Examine through DOCUMENTS whether Beneficiary Party has received services and/or outcomes related to specific activity which is subject of respective payment request which MUST be in full compliance with detailed annual work-plan set under specific program or project which has to be clearly indicated within respective payment request,
- Examine if there is sufficient funds in the bank account for executing payment in order to avoid issuance of checks and/or bank transfers orders, in the case when there is no sufficient balance in the respective bank account,
- Examine whether specific financial transaction in relation to respective payment request has been properly registered in designated accounting system,
- In the case that all supporting documentation together with payment request form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within detailed annual work-plan set under specific program or project, Certifying Officer will grant his/her certification in form of putting signature on payment voucher form and forward supporting documentation with signed payment voucher form to Approving Officer for his/her final review and approval,
- In the case of any discrepancies Certifying Officer shall disapprove and cancel respective payment request and return respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel within Procurement Office for necessary clarifications and corrections related to delivered services and/or outcomes if and when required all in order to fully comply with specifics set within detailed annual work-plan set under specific program or project,
- In the case of cancellation of respective payment request Certifying Officer shall in written form notify Approving Officer through respective cancellation form about

reasons for cancelation of respective payment request by providing detail explanation for its cancelation,

- It is strictly prohibited for Certifying Officer to put his/her signature on blank payment voucher form, check and/or bank transfer order in advance,
- In the case of cancelation of respective payment request, which is caused by Certifying Officer intentional wrongdoings or malpractice, Approving Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Certifying Officer side including those stipulated in text listed above – concerned Certifying Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Certifying Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.1.3. Duties of the Approving Officer Function

In accordance with specifics of approval process/function, Approving Officer has following set of duties:

- Review payment voucher form received from Certifying Officer which MUST be in full compliance with policies and procedures described within this manual,
- Review whether the supporting documentation related to payment request has been properly examined and certified by the Certifying Officer which MUST be in full compliance with policies and procedures described within this manual and which MUST be in full compliance with specifics set within detailed annual work-plan set under specific program or project,
- In the case that all supporting documentation together with payment voucher form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within detailed annual work-plan set under specific program or project, Approving Officer will grant his/her approval in form of putting signature on payment voucher form and forward supporting documentation with signed payment voucher form to Payment Officer for execution of respective payment request and invoice,
- In the case of any discrepancies Approving Officer shall disapprove and cancel respective payment request and forward respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel within Procurement Office for necessary clarifications and corrections if and when required all in order to fully comply with specifics set within detailed annual work-plan set under specific program or project,
- It is strictly prohibited for Approving Officer to put his/her signature on blank payment voucher form, check and/or bank transfer order in advance,
- In the case of cancelation of respective payment request which is caused by Approving Officer intentional wrongdoings or malpractice, Head of NCDD will notify both Chairman of the NCDD and Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Approving Officer side including those stipulated in text listed above – concerned Approving Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Approving Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.2. Payment Requesting Party Function - External

In accordance with specifics of requesting process/function, external Payment Requesting Party referring to Contracted Party who signed contract with NCDDDS need to submit to Verifying Officer following set of documents:

- Submit properly filled-out and signed both payment request form and invoice including description of specific activity which is subject of respective payment request which MUST be in full compliance with specifics set within terms and conditions of relevant agreement or contract,
- Submit full set of supporting documentation which MUST be in full compliance with specifics set within terms and conditions of relevant agreement or contract,
- Submit copy of relevant agreement or contract for delivery of works, goods and/or services indicating specific activity which is subject of respective payment request,
- It is strictly prohibited to sign and submit payment requests form including invoice and/or to make false statements at respective payment request form including invoice without providing relevant proofs as described in text listed above.
- In the case of cancelation of respective payment request, which is caused by concerned Contracted Party intentional wrongdoings or malpractice, Verifying Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Contracted Party side including those stipulated in text listed above – concerned Contracting Party will be subject to Audit and Ethics Committee proceedings in close cooperation with Internal Audit Group Team. Accordingly concerned Contracted Party will be subject to termination of contract in accordance with respective internal and/or external investigation findings.

1.4.2.1. Duties of the Verifying Officer Function

In accordance with specifics of verification process/function, Verifying Officer has following set of duties:

- Verify existing payment request to make sure that the respective payment request is not duplicated in form of already executed payment for delivery of same works, goods and/or services,
- Verify whether the payment request is in full compliance with specifics set within terms and conditions of respective agreement or contract as legal base for execution of respective payment request,
- Verify payment request related to sufficiency of provided supporting documentation including accuracy of provided information contained within supporting documentation which MUST be in full compliance with specifics set within terms and conditions of respective agreement or contract,
- Verify/inspects PHYSICALLY whether Contracting Authority has received works, goods and/or services with quantity, quality and size which MUST be in full compliance with specifics set within terms and conditions of respective agreement or contract which has to be clearly indicated within respective payment request,
- In the case that delivered works, goods or services together with supporting documentation including payment request form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within terms and conditions of respective agreement or contract, Verifying Officer will grant his/her verification in form of putting signature on payment request form and forward supporting documentation with signed payment request form to Certifying Officer for his/her certification,
- In the case of any discrepancies Verifying Officer shall disapprove and cancel respective payment request and return respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel

within Procurement Office for necessary clarifications and corrections related to delivered works, goods and/or services if and when required all in order to fully comply with specifics set within terms and conditions of respective agreement or contract.

- In the case of cancelation of respective payment request Verifying Officer shall in written form notify both Certifying Officer and Approving Officer through respective cancelation form about reasons for cancelation of respective payment request by providing detail explanation for its cancelation,
- It is strictly prohibited for Verifying Officer to put his/her on blank payment request form in advance,
- In the case of cancelation of respective payment request, which is caused by Verifying Officer intentional wrongdoings or malpractice, Certifying Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from Verifying Officer side including those stipulated in text listed above – concerned Verifying Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Verifying Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.2.2. Duties of the Certifying Officer Function

In accordance with specifics of certification process/function, Certifying Officer has following set of duties:

- Examine existing payment request to make sure that the respective payment request is not duplicated in form of already executed payment for delivery of same works, goods and/or services,
- Examine whether the payment request is in full compliance with specifics set within terms and conditions of respective agreement or contract as legal base for execution of respective payment request,
- Examine payment request related to sufficiency of provided supporting documentation including accuracy of provided information contained within supporting documentation which MUST be in full compliance with specifics set within terms and conditions of respective agreement or contract,
- Examine through DOCUMENTS whether Contracting Authority has received works, goods and/or services with quantity, quality and size which MUST be in full compliance with specifics set within terms and conditions of respective agreement or contract which has to be clearly indicated within respective payment request including invoice,
- Examine if there is sufficient funds in the bank account for executing payment in order to avoid issuance of checks and/or bank transfers orders, in the case when there is no sufficient balance in the respective bank account,
- Examine whether specific financial transaction in relation to respective payment request has been properly registered in designated accounting system,
- In the case that all supporting documentation together with payment request form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within terms and conditions of respective agreement or contract, Certifying Officer will grant his/her certification in form of putting signature on payment voucher form and forward supporting documentation with signed payment voucher form to Approving Officer for his/her final review and approval,
- In the case of any discrepancies Certifying Officer shall disapprove and cancel respective payment request and return respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel within Procurement Office for necessary clarifications and corrections if and when

required all in order to fully comply with specifics set within terms and conditions of respective agreement or contract,

- In the case of cancelation of respective payment request Certifying Officer shall in written form notify Approving Officer through respective cancelation form about reasons for cancelation of respective payment request by providing detail explanation for its cancelation,
- It is strictly prohibited for Certifying Officer to put his/her signature on blank payment voucher form, check and/or bank transfer order in advance,
- In the case of cancelation of respective payment request, which is caused by Certifying Officer intentional wrongdoings or malpractice, Approving Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Certifying Officer side including those stipulated in text listed above – concerned Certifying Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Certifying Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.2.3. Duties of the Approving Officer Function

In accordance with specifics of approval process/function, Approving Officer has following set of duties:

- Review payment voucher form received from Certifying Officer which MUST be in full compliance with policies and procedures described within this manual,
- Review whether the supporting documentation related to payment request has been properly examined and certified by the Certifying Officer which MUST be in full compliance with policies and procedures described within this manual and which MUST be in full compliance with specifics set within terms and conditions of respective agreement or contract,
- In the case that all supporting documentation together with payment voucher form are in full compliance with policies and procedures described within this manual and in full compliance with specifics set within terms and conditions of respective agreement or contract, Approving Officer will grant his/her approval in form of putting signature on payment voucher form and forward supporting documentation with signed payment voucher form to Payment Officer for execution of respective payment request and invoice,
- In the case of any discrepancies Approving Officer shall disapprove and cancel respective payment request and forward respective payment request form together with supporting documentation to concerned Payment Requesting Party through designated personnel within Procurement Office for necessary clarifications and corrections if and when required all in order to fully comply with specifics set within terms and conditions of respective agreement or contract,
- It is strictly prohibited for Approving Officer to put his/her signature on blank payment voucher form, check and/or bank transfer order in advance,
- In the case of cancelation of respective payment request which is caused by Approving Officer intentional wrongdoings or malpractice, Head of NCDD will notify both Chairman of the NCDD and Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Approving Officer side including those stipulated in text listed above – concerned Approving Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Approving Officer will be

subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.3. Duties of the Payment Officer Function – Internal and External

In accordance with specifics of payment process/function, Payment Officer has following set of duties:

- To check that Verifying Officer granted his/her verification in form of putting signature on payment request form,
- To check that Certifying Officer granted his/her certification in form of putting signature on payment voucher form,
- To check that Approving Officer granted his/her approval in form of putting signature on payment voucher form,
- In the case that payment request form is duly signed by Verifying Officer and payment voucher form is duly signed by both Certifying Officer and Approving Officer which includes all supporting documentation, Payment Officer shall execute payment request with no further delay,
- It is strictly prohibited to execute any payments without prior having duly signed payment request form (by Verifying Officer) and payment voucher form including check or bank transfer order (by Certifying Officer and Approving Officer),
- In the case of cancelation of respective payment request which is caused by Payment Officer intentional wrongdoings or malpractice, Approving Officer will notify Internal Audit Group for further investigative proceedings if and when necessary.

Should any wrongdoings or malpractices occur from concerned Payment Officer side including those stipulated in text listed above – concerned Payment Officer will be subject to Audit and Ethics Committee proceedings. Accordingly concerned Payment Officer will be subject to corrective measures or immediate termination of contract in accordance with respective internal and/or external investigation findings.

1.4.4. Appointment of Officer in Payment Process

The Head of NCDD Secretariat is the owner of the bank account (Main Account) for implementation of the National Program.

The Head of NCDD Secretariat shall issue an instruction letter on the appointment of authorizing officers in payment process to all NCDD's implementers at national level and sub-national level. The appointment of authorizing officers in payment process including: payment request, verifying, certifying, approving and payment officers shall follow the principles below:

1.4.4.1. Appointment of Requesting Officer

Permanent Requesting Officer

- NCDDS : Head of Division
- Province and Capital : Head of Division
- Ministry and Institution : Member of Working Group/Team of the Steering Committee on D&D Reform

Acting (alternate) Requesting Officer

- NCDDS : Deputy Head of Division
- Province and Capital : Deputy Head of Division
- Ministry and Institution: Member of Working Group/Team of the Steering Committee on D&D Reform

1.4.4.2. Appointment of Verifying Officer

Permanent Verifying Officer

- NCDDS : Head of Program Management and Support Division (PMSD)
- Province and Capital: Head of Division responsible to manage program activities.
- Ministry and Institution : Member of Working Group/Team of the Steering Committee on D&D Reform **Acting (alternate) Verifying Officer**
- NCDDS : Deputy Head of Program/Project Management and Support Division(PMSD)
- Province and Capital: Deputy Head of Division responsible to manage program or project's activities.
- Ministry and Institution: Member of Working Group/Team of the Steering Committee on D&D Reform

1.4.4.3. Appointing of Certifying Officer**Permanent Certifying Officer**

- NCDDS : Head of Administration and Finance Division
- Province and Capital : Head of Finance Division
- Ministry and Institution : Member of Working Group/Team of the Steering Committee on D&D Reform, who is responsible for finances and administration

Acting (alternate) Certifying Officer

- NCDDS : Deputy Head of Administration and Finance Division
- Province and Capital: Deputy Head of Finance Division at Province and Capital.
- Ministry and Institution: Member of Working Group/Team of the Steering Committee on D&D Reform, who is responsible for finances and administration.

1.4.4.4. Appointing of Approving Officer**Permanent Approving Officer**

- NCDDS : Head of NCDD Secretariat
- Province and Capital : Governor (Province/Municipal),
- Ministry and Institution : Chief of Working Group/Team of the Steering Committee on D&D Reform

Acting (alternate) Approving Officer

- NCDDS : Deputy Head of NCDD Secretariat
- Province and Capital : Vice Governor (Province/Capital)
- Ministry and Institution: Deputy Chief of Working Group/Team of the Steering Committee on D&D Reform

1.4.4.5. Appointment of Payment Officer

- All NCDD implementers shall appoint a payment officer who is not involved with financial or accounting tasks.

1.4.4.6. Consideration of Segregation of duty when appointing

Segregation of duties is critical to effective payment process. When appointing an authorizing officer in payment process, segregation of duty needs to be taken into account to avoid any collusion to perpetrate a fraudulent act.

All steps in payment process, starting from requesting, verifying, certifying, approving and payment are separated among appointed officers. One appointed officer cannot perform sign functions more than one step. For example, activity implementation by Finance Division, the Head of Finance Division perform Certifying function, so he/she cannot perform as requesting officer and this function may be assigned to the deputy head of the Finance Division.

For further details information on Segregation of Duty is available in section 19.2.3.

1.5. Accounting System

The *accounting system* includes rules and procedures, which allow to:

- Identify and record all valid transactions across the NCDD Sub-Programs and Provincial implementation process;
- Ensure that transactions are accurately recorded and their supporting documents filed in safe and proper conditions;
- Describe on a timely basis the financial transactions in sufficient detail to permit proper classification for financial reporting based.

The Finance and Admin Division in every implementing agency or partner takes care of the following important tasks in financial management of NCDD.

- Cash Management

1.5.1. Receipts

- Ensuring that funds are received timely and in accordance with the planned schedule;
- Requesting the replenishment of the Imprest Account in due time as real requirement;

1.5.2. Payments

- Reviewing payment request;
- Executing payment of expenditure and disbursement of funds based on proper certification and authorisation;
- Handling the Petty Cash.

1.5.3. Cash Position

- Monitoring the cash position verify with bank balance in Peachtree Accounting System
- Relations with banks and treasury
- Reconciliation of bank account
- Accurate projection of cash requirement.

1.5.4. Accounting

Book Keeping:

- Recording the financial transactions in the Peachtree Accounting System
- Filing and safeguarding financial reports and supporting documents
- Reviewing periodically the sub programs and sub national levels accounting records and reports.

1.5.5. Financial Reports

- Reconcile accounting records;
- Preparation of financial statements and reports.
- Reconcile report compare with bank statements

1.5.6. Accounting Principle

- Regularly updating the Chart of Accounts and accounting procedures;
- Ensuring that the established internal control mechanisms are enforced at all levels.

1.5.7. Monitoring the Budget Execution

- Operating the data entry (posting actual expenditures to budget lines into Peachtree Accounting System)
- Preparing monthly reports, quarterly reports, semester reports on the budget execution, and the end-of-year report in timely basis
- Identifying issues and problems related to the budget execution, and proposing the appropriate corrective measures
- Monitoring the implementation of these corrective measures as agreed by Executive Deputy Head of NCDD-S.
- Review of accounts/documents in the Sub-Programs and Sub-National level Finance Offices

NCDD Secretariat Finance and Admin Division will review periodically account documents like vouchers, supporting documents will be retained in their respective Finance Offices and submit report to the Head of Sub Program or Provincial Governor/Project Manager on the outcome of the review.

All the above tasks are undertaken in consultation with support and training from International and National Finance advisor when necessary.

The manual also assists in the induction of new staff finance and non-finance staff and should be made available to interim or contract staff including advisors and consultants.

Although in any given divisions and offices the operational responsibility for implementing the policies contained in this manual may be delegated normally to the Director of Finance and Admin Division, the final responsibility for ensuring compliance rests with the Head of NCDD Secretariat who delegates day-to-day management to the Executive Deputy Head of NCDD-S.

The manual complements the NCDD Operations Manual, the IP3 Document, the NCDD Procurement Policy (within the Finance Admin Manual), Information Technology Policy Manual and the Accounting Manual (Peachtree). Inevitably, as these various documents have been created at different points in time, there may be cases of conflict. Hopefully, they will be few, but if a conflict occurs it should be referred to the NCDD-S Management through the Deputy Executive Head of NCDD-S for clarification.

It is worth pointing out that a manual should be an evolving document. The manual will need to be updated from time to time to take account of changing policies within NCDD and in the donor partners' policies. Any suggestions for changes should be sent to the Director of Finance and Admin Division at NCDD-S. When the manual is updated, in whole or in part, the previous versions should be removed from circulation but still kept in the archive for future cross-referencing.

The manual provides the minimum standard accounting practices to be adopted in all offices of NCDD. Each NCDD office should use this manual as reference for any decisions related to financial management. This manual should serve as a guide to all staff, both local and international, on how the finance function in their particular office should operate. It also outlines the responsibilities of the relevant staff members in relation to finance.

When drafting our procedures, each office may feel that due to specific local geographical circumstances there are good reasons for departure from one or more of the policies laid out herein. Such issues will be considered on a case-by-case basis by the NCDD-S. An amended policy can only be included in the procedures manual after written approval has been received from the Head of NCDD-S.

Finally, this manual should not be read in isolation. All NCDD implementing partners' offices must follow the policies, guidelines and procedures that are in separate manuals and documents.

CHAPTER 2 : DONOR AGREEMENTS

2.1. Donor Guidelines

With a number of donors that support NCDD IP3 program and other projects, it was agreed between NCDD and donor partners having only one AWPB, only one financial report format and only one audit report for IP3.

When a draft Agreement is received from any donor partners, it is thoroughly read as soon as it is received so that all the terms, conditions and requirements of the are fully understood and agreed by both parties. Copies of donor requirements and guidelines are made available to all concerned NCDD personnel responsible for implementing the grant.

2.1.1. Requirements Included in Donor Guidelines

- Implementation period.
- The amount or percentage of co-funding that may be required.
- Interim reports – frequency, format and style of reports and appendices.
- Final reports – the date the final narrative and financial reports are due.
- External Audit – some donors require a separate external audit.
- Scope and designation of funds – what funds may, or may not, be used for; whether funds can be carried forward from one financial year to the next.
- Procurement procedures – whether the NCDD Procurement Policy can be applied or whether the donor's procurement procedures must apply.
- Administrative overheads – the specific items that are allowable or excluded, or a percentage limit based on the total grant.
- Budget line items – specific budget headings and account classifications correspond with the original grant application.
- Budget revision policy – how to apply for approval to transfer surpluses in the budget from one budget heading to another, and within what limits.
- Accounting method – accruals or cash accounting.
- Bank accounts – separate bank accounts required for each donor or a basket fund like the IP3 program.
- Interest earned – in some cases interest must be returned to the donor. In some cases the interest must be credited to the project or program.
- Exchange gains or losses – in some cases exchange gains must be returned to the donor. In some cases they must be credited to the project or program.
- How to treat fixed assets purchased with a grant – in some cases the assets remain the property of the donor and instructions are provided on disposal at the end of the project.
- Documentation and archiving.

2.2. Donor Reports

The main financial reports that will be required by donors during the life of a project are:

- Interim narrative and financial reports

- Budget revision requests
- Final narrative and financial reports
- Audit report

Peachtree accounts is set up to exactly reflect the budget lines agreed with the donor. The report is automatically generated from Peachtree. The Peachtree system has the flexibility to produce reports in formats that are specifically required by donors. Financial reports for donors are not prepared separately outside of Peachtree and Excel programs.

Some donors require the reports to be in a currency other than USD and this case an annex is attach for the report in another currency. These reports are also generated in Peachtree since Peachtree allows only USD currency or only one currency.

Where there are several donors, the Peachtree system is set up whereby information required by a specific donor can be easily retrieved. There are instances where a donor provides funds for specific segments within a project/program document, or for specific budget lines. In these cases, the Peachtree code for the donors are included in the account code so that the financial report can be extracted direct from the Peachtree system.

2.2.1. Interim Reports

The frequency of interim reports and the deadlines for their submission are contained in either the donor guidelines or in the project/program contract. Reporting deadlines are complied with at all times.

Donors often have prescribed formats. In some cases, the budget has additional columns in order to analyze variances. Usually the financial report has to be submitted at the same time as a narrative report. Both reports must be reviewed before they are sent to the donor in order to ensure that they are consistent. For example, if 10 gender trainings were held, ensure that the expenditure reflects the 10 activities.

Interim financial reports provide the donor with a picture of how the financial execution of the project is progressing. In this respect, it can also indicate to the donor that there might be a need to change a budget line. This makes timely preparation and submission of reports an essential pre-requisite of good financial management.

The timeframe for interim reports is normally a three-month period. Some donors release the next tranche of funding only after the approval of interim reports. It is therefore important from a cash-flow perspective that the deadlines for these reports are met.

If there are significant variances between actual and budgeted expenditure, confirm that such variances will be reduced to an acceptable level before project/program completion or a request a revision of the budget. The word “significant” means greater than the percentage allowed by the donor. If the donor does not specify the percentage, provide explanations for variances that are over or under 10% at the activity level.

2.2.2. Budget Revision Requests

Donor guidelines state the percentage of variation that is allowed between activities or between budget sub-headings. Changes in circumstances may cause expenditure to vary from the initial budget by more than the permitted percentage. In cases like this, a request must be sent to the donor for a budget re-allocation which will be formally requested during mid-year review in July or in the preparation of the last quarter budget. Informal approval is obtained for variations of more than 10% per activity. However, formal request and approval is made after the mid-year review in July when a new proposed budget revision is submitted to the donor

partners for consideration and approval. This applies whether the budget is over spent or under spent.

Budget revisions must be applied for without delay when necessary and if significant amount is the subject. This highlights the necessity for close monitoring of the management accounts by the responsible members of staff.

2.2.2.1. Budget Lines for Contingencies

Some budgets have a line for contingencies. The purpose of a budget line for contingencies is to cover unforeseen costs due to unit price increases of variable costs. The Head of NCDD-S should approve the use of contingency budget line prior to the funds being committed or spent for activities other than just to cover an increase in unit costs. This normally happens in the last quarter of the year, especially when there is no other source of funds to finance those emerging activities while seeing the contingency remained untouched at the last quarter of the year. The formal request is submitted by the Head of Sub Program or Provincial Governor to the Head of NCDD-S or his designee.

Budget lines for contingencies should be avoided wherever possible. Unforeseen costs should not apply when a budget is carefully prepared. When a budget has been carefully prepared the contingency line is rarely needed. This means that the contingency line has zero expenditure against it and will often mean that unspent funds will have to be returned to the donor. In order to avoid this, a request can be sent to the donor for that proposed additional expenditure on other activities.

2.2.2.2. No Cost Extensions

When it appears that all funds will not all be spent within the original project implementation period especially if it is seen during the mid-year review, it may be possible to submit a request for a no-cost extension. This allows the implementation period to be extended with no additional cost to the donor. Not all donors allow no-cost extensions. If a no-cost extension becomes necessary the request to the donor must be submitted well in advance of the completion date of the project.

A no-cost extension should be a last resort. Although a no-cost extension has no additional costs for the donor, it does have costs to the NCDD. The additional cost is usually in the areas of salaries and administration. Salaries will usually have to be paid for the additional months that employees work on the project/program. That is, unless they can be deployed in another project/program in the interim. Administration costs such as DSAs, utilities, communications, fuel and oil increase for the additional time that takes to complete the project/program. This is particularly the case where the project/program office is in an area that is not supported by other projects/program.

2.2.3. Final Reports

Donors may have varying deadlines for submission of the final report. In general, it will be two to three months after completion of the project. The final report will usually include narrative and financial reports submitted at the same time. Check the donor's guidelines to ensure that all requirements for the final reports are met.

2.3 Check List for Financial Reports for Donors

A check-list is prepared based on the requirements in the donor guidelines. The following are items to be checked for all financial reports to donors.

No.	Check List for Financial Reports for Donors	√
1.	The report must be in the format required by the donor.	
2.	Clearly show the name and address of the NCDD.	
3.	Clearly show the name and address of the donors.	
4.	Clearly shown the name and department of the donor contact person.	
5.	Clearly show the correct title and reference number.	
6.	Show the implementation period.	
7.	Show the date of the report and whether it is a quarterly, six-monthly, annual or final report.	
8.	Show the budget.	
9.	Show the actual expenditure to date.	
10.	Show the variance between actual and budget, both in monetary terms and as a percentage.	
11.	Use the “=ROUND(formula,0)” function in Excel where appropriate. This function helps to eliminate founding differences.	
12.	At the top of each column, show the currency used.	
13.	Check that the exchange rates that have been used are as specified by the donor.	
14.	Show the exchange rates used, if applicable.	
15.	Check the report against the monthly management report to ensure that the report for the donor has the same figures. If there are any differences the coding in the Peachtree reports must be checked in order to locate the error.	
16.	Check the financial report against the narrative report to ensure that there are no inconsistencies between the two reports.	
17.	Provide notes to the financial report to explain significant variances and cross check them with the narrative report.	
18.	Manually check the figures in the report and tick all totals on the file copy.	
19.	Check that the full headings are on the top of each page.	
19.	Do a spell check.	
19.	Initial and date all relevant sheets when they have been checked and approved by all concerned authorities.	
20.	File all documentation, including working papers, in the appropriate file.	
21.	Send the report to the donor – by email, followed by a hard copy by post.	
22.	When a report is sent by email, make sure that the file does not have any links. After completing the report, close it and then open it again. If there are any links, find them and remove them. To locate a link, click on Edit and Links. Look for a specific word or two in the link, and type it into the Find function. Then click on Find Next and overtype each link until they have all been removed.	

2.4. Donor Reporting - Some DOs and DON'Ts

- **DO** - meet the reporting deadlines.
- **DO** - produce accurate and verifiable figures.
- **DO** - carefully review the reports before they are sent to the donors.
- **DO** - keep the donor informed of any potential problems and request a budget revision if necessary.
- **DO** - make the report is sent to the right person in the donor agency. If a report is submitted by email, send it to all interested parties unless specifically requested not to.
- **DO** - remember that donors need to be kept informed. Donor agencies will almost always respond positively when advice or support is requested.

- **DON'T** - under spend the budget. Under spent budgets cause administrative problems for both implementer and for the donors. It may OUTPUT in returning hard won funds to the donor. If repeated regularly, this gives the impression of poor project planning and poor financial management.
- **DON'T** - over spend the budget. The NCDD does not have reserves to cover deficits.
- **DON'T** - revise the budget without donor approval. Any changes must be agreed with the donors in advance of spending the money.
- **DON'T** - spend contingency budget lines without written donor approval.
- **DON'T** - wait until the completion period has arrived before requesting an extension of time.

2.5. Other Users of Reports to Donor Partners

Financial reports donors are often used for other interested parties, such as the following:

- **Potential new donors** – to get a picture of the NCDD's financial position in order to consider whether to support it in the future.
- **Government departments** - to oversee the activities of NCDD work.
- **Local partners** or local NGOs that are working with the country program.
- Ultimately, the **beneficiaries** have the right to know how the funds received are being used in the way they are intended.

2.6. Content of Specific Agreement with the Donors

NCDD signs specific agreement with some donors for the project or program of NCDD. Signatories on the part of NCDD are the Heads of NCDD, Deputy Prime Minister and Deputy Prime Minister of Finance. Attached is the MoU. The annex outlines the specific working relationship between NCDD and the Government of Sweden. The annex covers the following topics:

- 1 The Role of Secretariat
- 2 Monitoring and On-going Planning
- 3 Budgeting and the Use of Funds
- 4 Reporting and the Reporting Schedule
- 5 Communications between the Parties
- 6 Financial Policies and Procedures
- 7 Audits
- 8 The roles and Responsibilities of Donor Partner
- 9 Transfer of Funds
- 10 Liabilities
- 11 Validity of the Agreement
- 12 Donor Partners Specific Requirements
 - 12.1 Annual Funding
 - 12.2 Financial Reporting

The funds received by NCDD-S from the donors ensure the terms of Annex 1 are rigorously followed. Annex 1, and any amendments thereof, should be circulated to all staff. It would be advisable to have the MoU; and Annex 1 translated into the local language and circulated.

2.7. Reports and Documents on Website

Report are posted on to the NCDD web site so that the donors can access the reports on the projects that they support. The types of reports and documents that are accessible by donors on NCDD are as follows:

- 1 NP-SNDD
- 2 AWPB
- 3 Quarterly Financial Reports
- 4 Quarterly Monitoring Reports

- 5 Annual Financial Reports
- 6 Annual Monitoring Reports
- 7 Audit Reports

It is important that all reports and documents that are produced by NCDD look professional and are easy to read and to understand.

Donor partners have sometimes very stringent terms and conditions. It is of the utmost importance that NCDD-S have the capacity to effectively and efficiently implement and monitor the grant or funds received from the donor partners, and to properly account for it in the required formats and in a timely manner.

2.8. Prior to Signing an Agreement

- All Agreements with the donors are signed by the Head of NCDD; reviewed by the NCDD-S.
- When negotiating the budget, NCDD-S ensure that an adequate amount is included for Operations costs.

2.9. After Signing an Agreement

- Distribute copies of the agreement to all concerned staff responsible for implementing and reporting on the project/program. A translated copy is provided to key staff if they cannot read the English copy.
- Prepare a checklist of all the requirements in the agreement and distribute it to staff.
- Hold a meeting with all concerned staff who will be involved with the project/program implementation and discuss the terms and conditions of the agreement.
- Do not commence implementation until the first instalment has been received unless it is agreed by the donor to go ahead with the available funds of NCDD-S (if any). If it is necessary to pre-finance the first installment, procedures laid down in 10.3 should be followed.

2.10. Requirements in an Agreement

Requirements vary from donor to donor and are detailed in the agreement with the donor, or in the donor's guidelines that are in separate attachments to the agreement. The following is an example of the requirements that NCDD can expect to find in an agreement with donor partners.

- The date from which eligible expenses can be incurred.
- The date after which eligible expenses cannot be incurred.
- Amendment of the agreement.
- Termination of the agreement and force majeure.
- Settlement of disputes.
- Co-financing requirements.
- Requisition of instalments, including timelines.
- Requirements for a separate bank account.
- Obligations of all parties.
- Roles and responsibilities.
- Approval for significant deviations from planned activities.
- Procurement procedures.
- Employment contracts and other documentation to be used for the grant.
- A clause relating to fraud and corruption.
- Exchange rates to be used.
- Reporting currency.
- Timelines for submission of reports.

- Formats of the reports.
- Ownership and use of assets.
- Audit requirements, procedures and reports.
- Repayment of unspent funds.
- Repayment of interest earned.
- Access by the donor partners to all supporting documents.
- Visits by the donor partners.
- Evaluations.
- Visibility.
- Retention period for documents and data.

2.11. Documentation Requirements

NCDD maintains and preserves accurate and detailed documents for every transaction in the project, no matter how small the transaction might be. The documentation should be kept in files that have been specifically set up for IP3. Documentation are not filed with other records that are not related to a particular project. As a minimum, NCDD uses and keeps the following documentation for IP3 program and other special projects:

- Signed agreement for the grant.
- Project proposals.
- Signed contracts for every staff member who has been charged to the program.
- Letters of deployment.
- Time sheets.
- Payroll records.
- Contracts with implementing partners.
- Contracts with suppliers.
- Co-financing documentation, and receipts.
- Community contribution details.
- Tender documentation, including advertisements, evaluations of bids, and minutes of the procurement committee.
- Requisitions, orders, invoices, delivery documents, payment vouchers.
- Log books.
- Distribution lists.
- Bank statements and bank reconciliations.
- Journal entries.
- Audit trails and transaction listings.
- Narrative, financial and audit reports.
- All correspondence relating to the project, including emails.

2.12. Retention of Documents

The period of time that documents must be retained will usually be stated in the agreement. If a retention period has not been stated, all documents must be retained for seven years after the closure of program or project. All stored documents are kept in a clean and dry area. The area is safe from the threat of fire. The storage area is easily accessible and the documents are stored in a systematic manner. Electronic data are retained and stored in a safe place. They are clearly labeled, filed systematically and easily accessed.

2.13. Removal of Documents

Under no circumstances can NCDD documents be removed from NCDD premises, unless copies are retained. If NCDD documents are required by the donor, an external auditor or other authority, a photocopy should be offered. If, for any reason, it is essential that original documents are required to be taken away from NCDD premises, photocopies must be kept. This

applies to all documents, no matter how seemingly insignificant the document might seem. Written details must be kept of which original documents have been removed, who requested the documents, the reason for the removal of the documents, who authorized the removal, and certification that copies have been made and filed. These written details are signed by two staff members, one of those being the Director of Admin and Finance Division.

2.14. Donor Audits

Donor grants require a special audit, particularly after the closure of the year or program/project. It is essential that NCDD is adequately prepared for audits and if support is required from the Admin and Finance Division, this must be sought without delay. It may be possible to make available details of previous audits by the donors in question in order for NCDD management to familiarize themselves with the sort of issues that donors will focus on.

CHAPTER 3 : DONOR AND PRE-FINANCING

3.1. Introduction on Pre-Financing

Pre-financing of donor funding means that NCDD incurs expenditures before the donor has sent funds to pay for those expenditures. Pre-financing is not generally permitted.

Pre-financing can only be done under certain circumstances, such as:

- The first instalment for the year has not been received from the donor partner. In some instances a first instalment might not be received until March, but salaries and other expenses must be paid for January and February. Pre-financing can be approved in order to ensure that operations can continue.
- Instalments from donors do not coincide with expenditure. There could be a need for most of the funds to be received at a certain time of the year instead of in equal instalments during the year. This situation often arises due to climatic conditions when most of the work must be done before the rainy season.
- A project has been approved and an agreement has been signed, the project must begin immediately, but the first instalment has not yet been received.

3.2. Pre-financing of Donor Partners

Donor Partners send their pledged contributions in installments throughout the year. Each donor partner has its own timeline for sending installments, and the portion of the pledge to be sent in each installment. This information is sent to NCDD by the donor partner through the MoU or Funding Agreement. NCDD is prepared to pre-finance the installments when the installments are delayed, but only if certain criteria are met and if funds are available.

CHAPTER 4 : BUDGETS

4.1. The Role of Budgets

The budget is the cornerstone of any financial system. It indicates the amount of funds NCDD needs to raise in order to achieve its objectives each year. Budgets for NCDD Program serve the following four key functions:

4.1.1. Planning

Work plan and budgets are prepared at NCDD in a participatory process with the guidance of the management and sometimes with the consultants. The Program Management and Support Division leads the formulation of plan with the participation of key positions in the Admin and Finance Division for special input on budgets formulation. There is strong cooperation and participation of all sub programs and national level offices in 24 provinces and municipal in developing the whole plan for a program and projects of NCDD.

4.1.2. Fund raising

The reviewed draft plan is presented to the NCDD Management for acceptance and approval prior to presentation to various donor partners for funding. A complete, agreed AWPB is sent to donor partners at least 3 months before the actual projected period of implementation. When funds are secured, Joint Decision document is signed between the Head of NCDD-S and each Sub Program. Likewise each province, represented by the Provincial Governor also signs a Joint Decision document with the Head of NCDD-S prior to implementation of any activity in the plan.

4.1.3. Controlling expenditure during project implementation

During implementation the budget is an important control mechanism. The budget forms an integral part of the Work Plan to show when each activity will take place. It allows finance staff to ensure that there are sufficient funds available each month for the activities in the Work Plan. It allows senior management to ensure that more money is not spent than will be available. It indicates whether approval needs to be obtained from donors for increases in line budgeted amounts in circumstances where activities have changed. It allows the management to monitor the progress of the whole organization.

4.1.4. Monitoring and evaluation

After the program or project implementation, the budget provides necessary information for preparing and presenting the final reports to donor partners. It helps to explain the areas where more or less was done than was originally planned. The final review of the budget also feed back into, and improve the accuracy of, future budgeting.

4.2. Approaches to Budgeting

There are two basic approaches in forming a budget, both of which are being used by NCDD. Most especially the incremental budgeting is being used in estimating operations budget while for fresh or new activities the zero based budgeting is applied.

4.2.1. Incremental Budgeting

This type of budget begins with the previous year's actual expenditure as a basis. Then a percentage is either added or deducted. This is a simple and quick method. It works well, for example, when calculating the cost of stationery or telecommunications. However, it also has serious limitations. It assumes that operations will continue more or less unchanged. It does not encourage fresh thinking or a thorough review of ongoing expenditure. Instead it tends to perpetuate existing inefficiencies.

4.2.2. Zero-Based Budgeting

This type of budget begins with a clean sheet or a zero base. The budget is built on the specific objectives in the IP3 Documents. It means that the people who prepare the budget are required to explain and justify every line of expenditure. This results in a well-planned and precise budget.

4.3. Budgeting

4.3.1. National Strategies

The Cambodia Strategy is the basic reference that sets out priority goals and the strategies to reach them. It is prepared every ten years. It provides Cambodia the overall framework of what NCDD can and should do and what it should not. It is not in itself an operational plan but a guideline for the formulation of such plans. It answers the following questions:

Should NCDD be here?

If yes, why should NCDD be here?

What should NCDD be doing?

What does NCDD need to be able to do it?

The Government Strategy document contains a wide operational context and the potential role of NCDD, justification for NCDD's presence, the outline of substance of NCDD intervention, the broad resource requirements and sources, and broad management issues. The Government approves the Country Strategy which does not contain yet a budget.

4.3.2. NCDD Annual Work Plan (AWP)

The NCDD Annual Work Plan (like the IP3) translates the overall direction given by the Country Strategy into practice. The AWP is the shell that brings together all the components, objectives, output, activities through which the strategy is implemented, and ensures coherence of activities and optimal use of available resources.

The AWP contains a detailed description of the situation and issues that NCDD will tackle through its presence; clear and measurable objectives; operational modalities through which objectives are pursued; the work plan with time frames; the budget; material and human resource requirements and funding strategy; organizational chart and management structure.

The AWP is prepared every year. It is formulated by NCDD Secretariat senior management team and recommended for approval by the Head of NCDD Secretariat to the NCDD Committee for final approval. It is shared with the donor partners that support the program in order to show how their support contributes to the whole program.

4.3.3. The Role of Finance Staff

Ideally, finance staffs are required to provide the input for the resource section of the AWP and Budget or AWPB. In order to do this, finance staff needs to understand the whole AWP and what it aims to achieve. Without having a comprehensive understanding of the Strategy the finance staff will not be able to provide the required information for the AWP, to prepare the budgets and to produce the correct coding for Peachtree accounts. The Resource Section requires input from both finance staff and program staff. Neither the finance staff nor the program staff can do it alone. The two must work together. Finance staff also prepares the detailed financial analysis.

4.3.4. Resources Requirements

Information that is needed for the Resources Section covers the following topics:

- o Staff
- o Infrastructure
- o Vehicles
- o Other materials and equipment

4.3.5. Guidelines for Finance Staff in Preparing the Resources Section of the AWPB

The following guidelines are intended to assist finance staff in asking the right questions when preparing the resources section of the AWPB. It should steer finance staff through the thought processes that will be needed, and it provides some Frequently Asked Questions (FAQs). Finance staff needs to understand the program plan and what it aims to achieve to be able to help put the resources section together. Finance staff cannot do it alone. They need to work with the rest of the staff in the program – both finance and program people, including the support of the Deputy Heads.

Frequently Asked Questions

4.3.5.1. What is the purpose of the AWPB, Particularly in Relation to Finance?

The aim of the AWPB is to show a one-year plan – how to achieve what is planned, what resources are needed, how to check that resources will be available, and what would happen if the resources are unattainable.

The AWPB provides a quick scan of the whole program. It shows whether the program is viable. It is the only document where all components, outputs and activities are drawn together to show how they relate to the strategic objectives of the government. The AWPB puts together in one place the level of anticipated funding and the amount of overhead that every cost center such as Sub-Programs and Sub-National Levels would need. It should be a realistic plan and how it will operate. The AWPB answers the question:

How is NCDD going to make the program work in order to achieve its objectives?

The AWPB is more specific than the NP-SNDD. It explains how the program is going to run in order to meet the priorities and to implement the strategies that are part of the NP-SNDD. If NCDD cannot explain how it will do the work to meet the priorities, then NCDD probably will not be able to meet them.

4.3.5.2. How Much Income Can be Expected from the Donors?

It is not easy to make exact predictions on donor grants. However, most of the main donors should be able to provide indications. Will the donors continue to provide support the following year or for the next three years? Will it be around the same level as in the past? Or will they increase or decrease their grants? Based on these answers and the current year information, it is possible to obtain a good indication of how much ‘assured’ income will be available.

For any new donors, the amount will probably be difficult to predict. But management should be able to identify new possibilities in a variety of ways such as asking other agencies where they obtain their funds. Once these possibilities are noted down, management needs to work on obtaining funds from these new possibilities or other possibilities that arise.

4.3.5.3. Guess the Level of Expenditure for the Next Three Years ?

If total funding for the last three years has been around \$300,000,000, it would probably be unrealistic to expect to have a program for the next three years of \$500,000,000 per year. A good starting point will always be past experience.

4.3.5.4. Problem of the budget not accurate

A lot of the figures that are put in the AWPB will be estimates. That will be acceptable as long as they are based on reasonable assumptions. If it can be explained as to how the figures were arrived at (based on last year, for example) and it fits in with the rest of the narrative sections, it will make sense. For this process to work, finance and program work together. Finance staff

needs to know what the program staff is thinking. Need to see if the parts to which finance contributed fits with the whole.

4.3.5.5. Obtain Data on Human Resources Needed to Run the Program?

How many staff is needed, the information to be provided is staffing for all offices by type of position and staffing for the secretariat office in terms of type of position and cost per position. Start with how many people are needed in the sub-programs, Sub-National offices and the secretariat offices. Most of the positions already exist. However, if the program plans to go in a new direction, more expertise may be needed in a certain area. These new positions need to be included in the table showing the Sub-Nationals and the Sub-Program offices composition.

If it is anticipated that a short-term consultant may be required at some time, but the consultant would not be directly relate to a project, it should also be mentioned in this section. An explanation needs to be provided on how the cost of the consultant will be covered.

When all of the staffing numbers are put together, the finance staff must check it with the program staff. Also check to see that what has been written in the other parts of the AWPB, agree with these estimates, and that no other part of the document relates to a position that is not in the Table 2.

The tables required in IP3 AWPB Section are as follows:

TABLE 1: Sub-Program Offices' Composition – Example Only

Sub-Program Office	Intl or National	Technical, Managerial or Support	New or Existing	Person months (1 year period)	Annual Cost USD (Salary & Benefits)
Head					
Deputy Head					
Finance Officer/Advisor					
Admin Officer/Advisor					
Capacity Development Advisor					
Support Staff					
POC Staff					

TABLE 2: Staff Composition

Duty Station	Number of Staff	Number of Intl Staff	Number of National Staff	Number of Contract Staff	Number of PoC	Number of New Positions	Person Months (1 year)

4.3.5.6. Physical Infrastructure

The infrastructure layout and requirements and how it affects the work is also seen in the AWPB. Consider these questions and if any of them apply they should be explained:

- What are the plans for the physical infrastructure?
- Is there enough office space for the program for the following year? Is it adequate?
- Will it be necessary to change any of the offices?
- If there are new positions, is there room for the new staff?
- Would there be any other reasons to change offices? How much would that cost? Where would the money come from?

- If it is planned to close a project office, can the furniture and equipment be transferred to another project office?
- Is there some physical infrastructure from the past that is no longer needed or no longer cost efficient? How will this be handled?
- What else may affect the physical infrastructure?

TABLE 3: List of Physical Infrastructure

Location	Size	Uses

Table 4 in this section is important because it looks at how the location and facilities available at the other NCDD offices affects the management of the whole program from the secretariat office.

How are cash transactions handled if the other office location is a remote area? How are documents transferred back and forth? Is it easy to communicate with the offices remotely or does it always require a visit? Has consideration been given to moving the office to a slightly different location to make communication easier? How is the situation or location of the offices handled so that reporting can be timely? Would it be worthwhile to invest in better telephones or internet service? How much would that cost and how would it be funded? The tables required for that analysis is listed in the text below.

TABLE 4: Implications of Location of Offices on Management

Location	Telephone	Internet	Reliable Electricity	Kilometers from the town or Secretariat	Quality of Road	Postal System	Banks and Cash

4.3.5.7. Show which Vehicles are Needed and how they Will be Funded

An appendix should be attached with the list of all vehicles in the program no matter where the location. Plans to buy and sell vehicles need to be shown and discussed in the narrative portion to explain any details.

Consider these questions:

- When will the current vehicles need to be replaced? What planning ahead is being done?
- How will the funds be obtained to buy a new vehicle? Will the sale of an old vehicle be sufficient to cover it?
- Can old vehicles be sold or is permission required from a donor?
- Will the projects include budgets for these capital expenditures?
- Why are new vehicles needed?
- Have motorcycles been considered instead of 4WDs?

4.3.5.8. Other Materials and Equipment

Show what materials and equipment are available and what will be needed the following year and what will be needed later. Filling in this table helps to anticipate what funds will be needed during the 1 year or 3 years and beyond to keep the office equipment current. For a major purchase, it should be indicated how it is planned to fund when the time comes. This primarily relates to the secretariat office. Sub-Program Offices and Sub National levels need should be discussed in their level and communicated with the Secretariat. The table required is listed in text below.

TABLE 5: NCDD-S Inventory

Type	Number of Items	Year Acquired	Replacement Date	Value in USD
Desks or Tables				
Chairs				
PCs				
Laptops				
Printers				
Software				

4.3.5.9. Financial Requirements

This section shows the level of funds that will be needed in order to implement the program objectives.

Begin by working on the budget for the period of the program by taking the objectives. Finance staff need to know what the program plans to do in the duration of the program or project. For instance, the main things that the program wants to accomplish whether a new area will be established, whether there will be a new focus, and whether some activities, areas or types of beneficiaries or counterparts will be dropped.

The information entered in this section has to correspond with the rest of the document. Check the detailed budget. If an activity is mentioned in the narrative but it does not appear in the budget, then something is wrong.

The budgets need to be laid out in the same manner as the objectives are laid out in the narrative section. The budget is laid out by objective, component, output and activity. In the beginning it will probably easier to work by objective because the objectives fit with the narrative portion of the program plan. The AWPB budget will be as detailed as the descriptions of the objectives and activities. The part of the AWPB that will be specific is the budget for Operations.

4.3.5.10. Questions to be Considered for Formulating the AWPB Budget

- If it is a continuing program or project, is it planned to have the same size program as last year?
- Is it planned to try to grow the program?
- Is it planned to focus on a smaller number of activities?
- Will the types of activities be more or less expensive than before? It will probably not be possible to provide exact answers to this, but it should be possible to have a rough idea. For instance, if last year's only activity was to build roads and bridges but from now on it is planned that instead of building roads and bridges, capacity building workshops in planning will be done instead, it will be easy to see that the costs will be less.
- Is it planned to do an equal amount of work on all the objectives or will one be greater and maybe more costly than the others?

The following basic budget is in the main body of the AWPB. If every year is expected to be the same, then a budget with one column only will be needed. Assistance in preparing the detailed budget for Appendix 5.2 is on the following pages.

TABLE 6: Summary of Financial Requirements for 3 years - Example Only

Code	Components, Objectives, Expected Outputs and Activities	Year 1	Year 2	Year 3
1.1	Policy, Regulatory and Capacity Development Frameworks of the D&D Reforms	600,000	650,000	700,000
1.1.1	All regulations required by the Organic Law are issued and aligned	100,000	100,000	100,000
1.1.1.1	Related DM fund implementation regulations are approved	100,000	100,000	100,000
1.1.1.1.1	Organize meetings/consultations on draft DM Fund regulations	100,000	100,000	100,000
1.1.1.2	Sub-decree on the SNIF approved	120,000	210,000	300,000
1.1.1.2.1	Consultant prepares first draft following discussions with NCDDDS and MEF	120,000	210,000	300,000
1.1.2	NCDDDS capacity for policy development and program management strengthened	500,000	550,000	600,000
1.1.2.1	NCDDDS fully staffed and capacity established including proactive measures to increase share of women	500,000	550,000	600,000
1.1.2.1.1	Recruit/Appoint all staff based on Prakas for NCDDDS Structure/Functions	500,000	550,000	600,000
1.2	Advancing Sector Decentralization Reforms and Functional Reassignment	250,000	300,000	400,000
1.2.1	RGC-wide consensus reached on the process of reassigning functions	250,000	300,000	400,000
1.2.1.1	Functional assignment regulations are approved	250,000	300,000	400,000
1.2.1.1.1	Drafting sub-decree on SNA general functional assignment process	250,000	300,000	400,000

4.3.5.11. Resourcing Plan

Objective of this section - to show where the resources will come from and what new sources of funds will be sought.

This is one of the most difficult sections to complete. Current sources of funds need to be analyzed, and the likelihood of the continuation of support from the same sources. Other potential sources of funds should also be investigated. The following questions should be asked and discussed in detail when budgeting and preparing a resource plan.

- Who currently supports the NCDD program or project?
- Has the level of funding been steady?
- What have these donors said about continuing to support the program?
- Have any of them indicated whether they can continue with the same level of funding, or is it likely to be more or likely to be less in the future?
- What sources of new funding might there be locally or internationally?
- Have other donor funding been considered? If so, does the program have the capacity to handle the reporting?

- What proposals are already in progress?
- What discussions on fundraising have taken place in the program?
- Does the program have a fundraising strategy? Who will work on that?
- What discussions have been held with NCDD management about their role in fundraising for the program?

Table 7 is a format for a Summary of Foreseen Income, for those donors that have indicated they will continue to provide support. If there are no firm indications from these donors for the next three years, contact them and ask if they plan to continue funding the program at the same level for the next three years. For donors that have provided support in the past, but for whom it is not possible to predict whether more funds will be granted in the future, put them in the table, but do not indicate how enter an amount. Do not just consider current donors but search for other prospective donors. Consider all donor partners that have provided funding in the past, and also those who have never provided funding but might be a possibility.

For potential new funders, indicate how confident management is that new funding will be available. Do not put new funding sources in year 1 if it has not been confirmed. Instead, enter an X in year 1.

TABLE 7: Summary of Foreseen Income

Donor list (Example)	Number of Projects	20XX USD	20XX USD	20XX USD	Probability
SIDA					
Danida					
World Bank					
European Union					
UNDP					
GIZ					
AusAID					
ADB					
JICA					
UNICEF					
UNFPA					
Others and Individuals					
Total Expected					

4.3.5.12. Contingency Planning

Objective of this section - to show what activities will be prioritised and what activities will be cut if the resources are not available to fully fund the program budget.

Begin by taking the budget as presented in Appendix 5.2. Then consider what income the program can really count on. Is it only 80% of what was considered or is it less than 80%? If it is 50% or less, then it should be considered that the original budget was unrealistic. If chances are less than 50% that the original budget as presented will be fully funded, then the original budget should be scaled back to what is more probable. This is something that must be discussed seriously with the program staff. Maybe the plan can be changed so that funding can be built each year to meet the original plan.

The contingency budget should be based on best estimates of income – those that are 97% certain and not those that are 70% likely, or less. The expenses under the activities should be reduced so that each shows a zero balance – no surplus or deficit.

4.3.5.13. Finance Appendices

Objective of this section - most of the appendices are straightforward and are to provide additional information to more fully explain the narrative sections in the main body of the AWPB. All of the finance appendices are required.

♦ **Appendix 5.1 – Detailed budget**

This is the budget for the entire program for each year or for three years. Begin by looking at all the current activities within the program. Examine whether these activities fit the objectives for the program period. See whether the narrative states that the program will continue.

It may not be possible to know exactly how many activities the program will actually implement. Perhaps it is known that there will be 6 Sub-Programs and 24 Sub-National Offices that each covers a number of objectives.

A line should be added for donors that will be approached for funding but from which there is no certainty that funds will be received. The income should be left blank because of the uncertainty of the amount.

If the AWPB will likely show a projected deficit balance, then at this point it would be unusual for AWPB have a budgeted surplus balance. If the budgets show surpluses, then the expected income needs to be examined to see if they are accurate. If the expected income is accurate, in all probability the level of activities can be increased. If the level of activities cannot be increased, then the narrative needs to mention that donor indicated funds are higher than is needed for X activities and that donors will have to be approached to re-allocate fund.

4.3.6. Annual Work Plan /Working Budgets - AWP/WB

NCDD have work plans and indicative budgets presented on a year or three-year basis. Indicative pledges are expected to be received per date pledged by the donors, in accordance with the Agreement. On this basis, the Work plans need to be adjusted so that they are in line with the pledges received. As soon as the Work plans are adjusted, the Working Budgets can be prepared. Some points to note for Working Budgets are as follows:

- The adjusted Work plans and Working Budgets are submitted to Donor Partners upon completion soon before the actual implementation date or at the early stage of implementation if it comes late to the implementer.
- The Working Budget should always use the same budget lines as the budget in the Work plan.
- It covers one year only.
- Budgeted income and expenditure is shown for each month to allow monthly budget monitoring and cash-flow control.
- It has a sub total for each quarter.
- Total expenditure in the Working Budget must be limited to the actual funds available.
- The Working Budget then becomes the budget that is used for control and monitoring purposes in the monthly management accounts.
- The Working Budget should be entered as Budget Set 2 in Peachtree.
- When the program or project is fully or 100% funded by the donor partners, the original budget and the Working Budget will be the same. Even when this happens, it is still useful to enter the budget as Budget Set 1 and copy it to Budget Set 2 in Peachtree as the different budgets will probably be accessed by different reports.
- It is not a fundraising budget but a management tool used for day-to-day budgetary control of finance during the year.
- The monthly management accounts use this budget to report actual expenditure against income.
- Every time new funds are secured, the Working Budget must be changed to reflect the additional activities and funding.

- At the end of every quarter, the budgeted expenditure for the remainder of the year together with actual expenditure to date should be reviewed and if major deficits are likely to occur, the budgeted expenditure should be reduced accordingly.

4.3.7. Steps in Preparing a Working Budget

- Step one: Prepare a summary of pledges from all donor partners (international, local and other income). Refer to the next two pages for an example of a summary of pledges.
Beginning balances may or may not be included in the Total Funds Available, depending upon the agreements with donors. Deficits might not be permit
- Step two: Prepare a template for all Sub-Programs and Sub-Nationals.
Enter the funds available for each office.
Enter the budget lines for the allocation of budget.
- Step three: Inform them of the funds available. The amount will be the pledges or assurances.
Agree a time frame with them for the submission of their AWPB.
Arrange a date for the concerned key staff in Finance Division, M&E Division and PMS Division to meet to agree on the NCD and Peachtree coding, terminologies and other issues so that the wordings, presentation and other formats are consistent.
The minimum level of detail should be the same as the AWPB document.
- Step four: The Finance and IT Offices finalise the template.
- Step five: A meeting of NCDD-S Management is held in order to approve the AWPB.
- Step six: The Working Budget is sent to the NCDD-S Management for approval.
The adjusted Work plans and Working Budgets are forwarded to the donor partners no later than 15 December during the year prior to implementation.
- Step seven: Each quarter the Working Budget should be reviewed and adjusted.

4.4. The Budgeting Process

It is *extremely important* that the process of **drafting the budget** involves Finance Division and the PMSU Division staff working together. It should involve staff from the relevant offices as well as the secretariat for core costs. This is essential in order for the budget to be an effective control mechanism. For example, if the finance staff do not understand how a particular line in the budget was arrived at, they may charge the wrong items to it.

The **Most Frequently Purchased Items (MFPI) list** should be used when costing a budget. It provides the cost of an item that was purchased in the recent past. Without the MFPI, it will be necessary to obtain quotations from suppliers for budgeted items to ensure that the budget is accurately estimated. This slows down the whole process but a realistic budget will be prepared that would avoid stuck amount for immovable line items.

According to section 4.4 of the NCDD Procurement Policy the MFPI list “is updated every 4 months by the Procurement Officers. NCDD-S should maintain such a list and use it each time a budget is set.

Clarity is essential when drafting the budget. Different people need to look at the finished budget for a variety of reasons. Everyone should be able to understand the budget. The budget should be built up by using units and unit costs to arrive at the total cost for each line. Budget

Notes should always be included in the budget papers – ideally in the same spreadsheet in a column to the right of the budget.

The budget should be separated into **Categories or Sub-headings**. Some donors will specify the sub-headings that are to be used. However, as far as possible, the budget structure should be standardized so that it can be used across all Sub-Programs and Sub-National offices. This simplifies control, monitoring, and coding.

It is also useful to **have a summary version of the budget**. The detailed version will usually include all the workings, assumptions and calculations with expenditure grouped in a number of sub-headings. The summary version can just contain the sub-headings. In most cases, the summarized version would be the one presented to donors, for 3 main reasons:

A more detailed budget is more time-consuming to administer, and therefore more difficult to control.

A more detailed budget gives less operational flexibility, because it has a more specific list of activities.

It is easier to avoid budget variances for a summary budget than for a detailed budget. This is because expenditure on several items in the detailed budget are grouped together in the summary budget, meaning an over spend on one item can be offset by an under spend on another.

Budgets should always be prepared in Excel. Budgets produced in Word are prone to calculation errors. If the person who first drafted the budget is not able to use Excel, the finance staff should copy and paste the budget into Excel, inserting formulas for all calculations, totals and subtotals. Comment – staff that cannot use Excel should be given training. An introduction of new programs in preparing a budget like Microsoft Project should be introduced when there is enough time for the users to learn.

The process of **reviewing a budget** once the draft has been completed should be undertaken by the Finance Division, the Program Management Division and the Deputy Head of NCDD-S.

Key questions to ask include:

- (1) Does the budget match the narrative?
- (2) Does it match the donor guidelines?
- (3) Are the amounts reasonably based upon recent experience? If different, can the difference be justified?
- (4) Does the budget include realistic amounts for salaries and office costs?
- (5) Is the budget adequately explained in the notes?

Refer to the following page for a Budget Check List.

4.5. Budget Check List

Budget Check List		√
1. General		
1.1	Do all of the formulae in the Excel spreadsheet work properly?	
1.2	Does the unit cost multiplied by the number of units = total amount?	
1.3	Has each section been sub-totaled?	
1.4	What is the currency of the budget? Is it clearly identified?	
1.5	Does the grand total formula include all sub-totals?	
1.6	The actual budget must be a single currency not a mix - although the budget	

	workings may involve another currency converted to the main currency of the budget.	
1.7	If the budget workings use exchange rates, are they consistently applied throughout the budget?	
1.8	Is the exchange rate a named range/cell or separately input in every cell?	
1.9	Has the budget format been set up to allow easy reporting in Peachtree?	
2. Budget		
2.1	Is it in the format required by the donor?	
2.2	Should there be a summary page showing the budget by category only?	
2.3	Does the donor require a separate salary line for each staff member?	
2.4	Has it been cross checked to the donor guidelines?	
2.5	Does the budget match the narrative in the Work Plan and Log Frame?	
2.6	Are the amounts in the budget reasonably based upon recent experience? If different, can they be justified?	
2.7	Does the budget include realistic amounts for operations costs?	
2.8	Does the budget include realistic amounts for other often forgotten costs such as staff costs, vehicle running costs, equipment maintenance, audit fees, start-up costs (e.g. recruitment of new staff, publicity, and office renovation)?	
2.9	Is the budget adequately explained in the narrative?	
2.10	Has the budget been agreed by Sub-Programs and Sub-National staff?	
2.11	Has the budget been read by finance staff in all levels?	
3. Working Budgets		
3.1	Is it within the limits of available funding?	
3.2	Have all items specifically requested by donors been included?	
3.3	Is the budget in the same format as the budget in the Proposed or Approved Document?	
3.4	Does the budget include realistic amounts for operations costs?	
3.5	Does the budget include realistic amounts for other often forgotten costs such as staff costs, vehicle running costs, equipment maintenance, audit fees, start-up costs (e.g. recruitment of new staff, publicity, and office renovation)?	
3.6	Has the budget been agreed by Sub-Programs and Sub-National staff?	
3.7	Has the budget been agreed by finance staff in all levels?	

4.6. Using the Working Budget to Monitor and Control Expenditure

The Working Budget is the budget used when reporting internally, both for NCDD-S Management and the donors. As this budget is a method for allocating funds available, the total value of the budget should only change when additional funds are received.

Every month, actual expenditure against this budget is reviewed in order to see if any corrective action is required. Corrective action is required if actual expenditure for the year-to-date against one or more specific budget lines is above or below the budget. Some donors stipulate the variance allowable for each budget line.

4.6.1. Corrective Action

Corrective action will aim to ensure that by the end of the year expenditure will equal income. That is, unless the program or project extends past the end of the year. Corrective action can take three forms:

Control overall expenditure for the rest of the year to bring it in line with the budget

This option represents using the existing budget to control activity. The total amount of the budget is not actually changed. It may involve imposing an expenditure limit stating clearly that when that limit is reached there can be no further expenditure against that particular budget line. Alternatively, if a budget is heavily under spent it may involve asking the management to increase the level of expenditure to ensure planned activity is completed on schedule and avoid having to return unspent funds to donors at year end.

Review the budget lines and, where necessary, revise the Working Budget.

This option means that the NCDD management has agreed in writing, after proper analysis, that some budget lines are no longer accurate and that they need to be changed. It does not mean that the budget will be increased or decreased. It means a re-allocation of funds from one budget line to another.

If the expenditure relates to particular budget lines, submit a request to the donor to request a realignment of the particular budget lines.

This option means that the donor partners must be kept fully informed at all times. It also means that a request for realignment must be sent to the donor partners in a timely manner, so that approval can be received in time for proper implementation.

4.6.2. Budget Realignment

Whenever budgets are realigned it is important to know which costs are committed and which are not. Committed costs are those that cannot be changed in the short to medium term like salaries. As this cost cannot be changed, it is important that this budget line has sufficient funds to cover expenditure. Reductions will have to be made elsewhere.

The procedure for budget realignment depends upon the type of project. If it is a special activity where the budget is not often fully funded, the Working Budget does not need prior permission from donors. However, if the budget reallocation means that the new Working Budget is significantly different from the approved budget, the donors should be informed accordingly when the quarterly report is submitted to them.

4.6.3. Budget Revisions

When budget revisions or amendments are necessary, always check donor guidelines. The latest copy of the Agreement should be available always in the Files directory in the Important Files Directory of NCDD. It is also advisable to speak to the contact person at the donor partners office and seek their advice on what is and is not allowable.

4.7. Quick Guide to the Quarterly Review of Working Budgets

The Working Budget is revised every time new funds are secured. In addition, progress against the budget is reviewed at regular intervals throughout the year. This should be done at least quarterly after the accounts for the quarter have been produced. However, if the regular review of monthly management accounts highlights major variances part way through a quarter, management should also consider reviewing the Working Budget at that stage.

4.7.1. STEP 1: Update the Year End Forecast Report

Update the Year End Forecast Report with actual expense for the monthly columns that have been posted and completed. Leave the columns for future months showing the forecast according to the Working Budgets.

4.7.2. STEP 2: Check the Income Lines

If income did not come in at the time originally forecast but will be received in later months, revise the Working Budget by moving the income to the months in which it is expected to be received. Make this change to the Working Budget in Peachtree and re-run the Year End Forecast Report.

4.7.3. STEP 3: Check the Expenditure Lines

Check the relatively fixed cost lines and ensure that the Working Budget for the remainder of the year accurately reflects the actual cost as shown by expenditure in YTD. If this is not true and the variance is likely to continue for the rest of the year, amend the report in Excel to reflect the higher or lower level of actual cost. Do not amend the Working Budget in Peachtree at this stage.

For program activity lines, expenditure will often not be evenly spread throughout the year but will be concentrated in particular months. If expenditure to date is below budget, it may be that activity will be later than forecast due perhaps to a late rainy season when some constructions cannot be possible. However, management will still be expecting to carry out the activity so the full original budget allocation will still be needed. If this is the case, amend the report in Excel to reflect the higher level of actual cost now anticipated for the rest of the year. Conversely, if expenditure to date is above budget it may be possible to reduce expenditure for the remainder of the year. Again, the Working Budget should not be amended at this stage in Peachtree.

4.7.4. STEP 4: Review the OUTPUT and Amend the Budget

The updated forecast now reflects the reality when looking at the bottom line. If it shows a deficit, expenditure will have to be reduced in order to balance the budget. If it shows a surplus, expenditure should be increased or donors will have to be contacted with a request to carry forward a surplus. The Working Budget in Peachtree, for expenditure, can be amended when management agrees on the action to be taken.

4.8. Budgets and Budget Monitoring - Some DOs and DON'Ts

DO balance the budget. Unless there is specific permission from donors to carry forward funds at the year end, a budget surplus often means returning unspent funds and should therefore be avoided. Budgeted deficits are not allowed under any circumstances.

DO make costs as realistic as possible. If uncertain, err on the high side. Having more money than is needed to complete activity no. 1 can, with proper approval, allow a transfer of surplus funds to activity no. 2. This is far easier to deal with than having to cancel some planned activities because there are insufficient funds to complete them.

DO set up the Peachtree account structure in the same format as the Program or Project Document.

DO start at the end with the report format when setting up a specific activity in Peachtree. Reports to donors must be in the format of the budget submitted to them. Therefore, the Chart of Accounts in Peachtree should match their budget.

DO use the Working Budget in the monthly financial reports.

DO make sure that expenditure is charged to the proper budget line, and not simply to wherever there is an unspent budget. This ensures the budget versus actual comparison is comparing like with like. Otherwise, it will not be known whether the original budget was accurate. This will mean that budgeting inaccuracies will be repeated in future budgets.

DO ensure that the two elements to any expenditure decision (the decision to spend money and the decision on which budget line to charge the expenditure) are made at the same time. It is the responsibility of the person authorising the expenditure to ensure that there are sufficient funds in the budget to cover it.

DO discuss the budget position with the senior management once a month after the management accounts have been circulated. Identify areas where expenditure is high or low and where action needs to be taken.

DO consider whether or not the Working Budget needs to be realigned each quarter. If the monthly discussions do not succeed in bringing expenditure in to line with the budget, consider whether it is desirable or possible to change the budget.

DON'T make over-optimistic income forecasts when setting the budget. Only include those items that can reasonably be expected to be funded. It is far better to start from a low but realistic base and to add in new activities when additional income is secured.

DON'T assume that all postings are correct when reviewing the monthly accounts. Big variances may be the OUTPUT of coding or data input errors. If some budget lines are heavily over budget, check the items that have been posted to them. If others are significantly below budget, check to see if items have been mistakenly charged somewhere else.

DON'T assume that the budget agreed with donor partners is set in stone. Donors would normally prefer a negotiated budget revision to a year end return of unspent funds. Give them advance warning of any major variances and a proposal to re-allocate under-spent budget lines.

DON'T change the budget unilaterally. The process has to involve at least project management and finance. In many cases, donors will have to be involved. For Program Operations it is important to know if a budget line has been incorrectly forecast so that it does not reoccur in the next budget.

4.9. Using Budget to Set-up Codes and Reports in Peachtree

Obtain a copy of the budget in Excel or coordinate with the IT group for the export and import of data from the NCD/ATM. If this happens, steps below from 2 to 8 are not necessary. Copy the sheet containing the budget. Decide which Peachtree account code structures to use. Create column headings to the right of the budget for each segment in the code structure. Fill in the columns for all segments which are the structure for every account. Allocate an account code to each line in the budget. Allocate the required segment codes for the structure to each individual budget line. When the segment codes have now all been listed, combine the segments into a full Peachtree General Ledger code.

Note the Excel concatenate function can be used to automate and greatly speed up this process. Insert a new column A into the sheet. Copy the Peachtree codes into Column A using the paste special function and pasting the Values. Open the month end report file and create a sheet for AWPB by copying an existing report design using the Edit -> Move or Copy Sheet -> Create a copy function. Insert rows above the Total expenditure row to ensure this sheet has enough rows for the budget.

Copy/Paste the Peachtree codes into column A of this sheet. Copy/Paste the descriptions from the budget spreadsheet into the descriptions column in the report spreadsheet making sure that they correspond correctly to the codes in column A. Tidy up the new report spreadsheet. Copy the backslashes into all rows with an account code in column A, remove any backslashes from the original report definition that are no longer necessary, and make sure the totals and sub-totals are correct, etc. A financial report has now been set up. Create the G/L accounts in Peachtree from the list produced at 9 above. Enter the budget in the new account codes.

CHAPTER 5: PAYMENT SYSTEM

5.1. Management Cost

5.1.1. Staff Salaries and Other Remunerations

The payment cycle of salaries and other remuneration to various categories of NCDD staff includes the following steps:

Every sub-program and sub national offices use the Personnel Database (PDB) within NCDD in providing information to the Personnel Management Office (PMO) of NCDDS who centrally process monthly payment of salaries and other remunerations to Prior Operating Cost (PoC) Personnel and Consultants. One personnel member from each sub-program and sub-national level receive training from the NCDDS on how to use PDB. Every 25th of the month, designated personnel member ensures provision of reliable information in the PDB related to days-work, monthly report and time sheet as requirement prior to processing salary payments. NCDDS Personnel Management Office has full access to the PDB and they generate payroll. Payroll for the Contract, Support and PoCs personnel prepares Senior Personnel Officer from PMO while the payroll for Advisors prepares Chief of the PMO. **Payroll Sheets** specify the following information for each staff member: Name, Salary per month, Deductions, and the Net Salary are reviewed by the Chief of the PMO prior to Budget Certification in the Finance Office. The full set of payroll document goes to the Executive Deputy Head of NCDDS for approval. Payment Request for payroll is prepared, verified by the Chief of Finance Office and cleared by the Director of Finance and Admin Division.

The final set of documents goes to the Finance Officer-Cashier to prepare the Payment Voucher and Cheque for the signature of Certifying Officer and Approving Officer. The Finance Officer-Cashier brings the check and transfer forms to the bank to enable bank-to-bank transfer to each of personnel individual bank accounts. The signature acknowledging receipt of the salary is not necessary and it is not required to put signature on the Payroll Sheet. After bank-to-bank transfer has been executed by the NCCDS bank, entries are made into the Peachtree accounting system.

5.1.2. Procurement of Works, Goods and/or Services

The NCDD may acquire works, goods (which refers to supplies, materials and equipment) and/or services on as-needed basis in accordance with a periodic procurement plan centrally assigned to NCDDS upon approval of the sub-program and sub-National level's requests. In all cases, the responsibility for the procurement process rests with the NCDDS Procurement Office under the direct supervision of Director of the Finance and Admin Division, procurement process is described as follows:

- Reviewing procurement requests,
- Ensuring, before initiating procurement process, that budget allocation is available for the concerned works, goods and/or services,
- Identifying appropriate procurement method under established guidelines,
- Receiving necessary authorisation for procurement, which has been issued by the **Head of NCDDS** who does not perform role of Approving Officer in order to enable and promote proper segregation of duties and disable any possibility of conflict of interest,
- Issuing **Purchase Order** to selected supplier with **Procurement Review Committee** written approval,

- Finance Advisor's responsibility is to provide assistance and guidance in compliance to procurement procedures and guidelines stated within this manual.

5.1.3. Payment Procedure for Procured Works, Goods and/or Services

1. Procurement personnel will submit full set of supporting documentation on procurement process including delivery verification/inspection certificate and acceptance note together with invoice. **Payment Request** is prepared by **Contracted Party** and has to be duly signed by designated **Verifying Officer** prior to the preparation of the **Payment Voucher**. Payment Request is supported by the following documentation as described in text below:
 - One copy of the **Purchase Order**,
 - **Invoice** or **Pro-forma Invoice** depending on the modality for the specific payment as stipulated in the respective agreement or contract for the delivery of works, goods and/or services,
 - **Verification/Inspection Certificate** issued by the designated Verifying Officer from Administration and Inventory Office (AIO) or any other designated Verifying Officer, which has to be in compliance with assigned responsibility related to the verification/inspection process/function referring to the receipt of delivered works, goods and/or service,
 - **Copy of the Agreement or Contract** in relation to delivery of works, goods and/or services indicating specific activity which is subject of respective payment request,
 - Other relevant documents which are stipulated in terms and conditions of respective agreement or contract.
2. **Verifying Officer** verify/inspect physically whether specific works, goods and/or services are delivered as stipulated in respective agreement or contract in case of any discrepancies, whole file is sent back to the Chief of the Procurement Office to assure clarifications and corrections if/when necessary.
3. **Certifying Officer** examines Payment Request and supporting documentation, in the case of any discrepancies, whole file is sent back to the Chief of the Procurement Office to assure clarifications and corrections if/when necessary.
4. If Payment Request meets all requirements and accuracy of supporting documentation, Payment Officer shall prepare **Payment Voucher** and write cheque or bank transfer order.
5. Payment Voucher with the cheque or bank transfer order together with all supporting documentation is submitted first to Certifying Officer and than to **Approving Officer** for authorisation and signature.
6. Signed Payment Voucher and cheque or bank transfer order are forwarded to the Payment Officer for payment release to the concerned payee. The payee is required to present a regular identification document to Payment Officer and to put his/her signature on the Payment Voucher to acknowledge receipt of the cheque. Respectively, the entry is made in the Peachtree accounting system as posted and file the documents in a safe place.

5.1.4. Payment of Cash Advance

The NCDD may acquire in advance some funds for settling travels, meetings, workshops and other similar expenses.

5.1.4.1. Release of the Advance

1. The concerned staff member must submit a **Cash Advance Request** through their Division Director Head to the Chief of Finance to verify documents. In case of documents are proper, the Chief of Finance certifies funds available, verifies and process Payment Request to be cleared by the Director of the Finance and Admin Division. Approval on the Cash Advance form is given by the Executive Deputy Head of NCDD-S.
2. The Finance staff member prepares Payment Voucher and cheque with the requested amount and submits to the Certifying Officer and Approving Officer for authorisation and signature.
3. The signed cheque and Payment Voucher are forwarded to the Finance staff for releasing cheque to the requester. The requester must sign on Payment Voucher to acknowledge the receipt of cheque. Then, the documents are posted in the Peachtree and filed in a safe place.

5.1.4.2. Liquidation

1. The liquidation of Cash Advances should be made within 10 working-days after the completion of the activity or travel.
2. The beneficiary of the Cash Advance must provide the Finance Office with a summary of expenditures paid out of the Cash Advance attached with Liquidation documents and all supporting invoices, receipts, and any unused funds.
3. Finance staff reviews the liquidation documents, and issues either a **Payment Voucher** (Reimbursement), or a **Cash Receipt Voucher** (Refund) in order to clear cash refund. In case the liquidation amount is equal to the cash advance, a **Journal Voucher** is prepared to clear the advance.

The Payment Voucher and cheque are submitted to the Certifying Officer, and the Approving Officer for approval and signature.

5.1.5 Payment of Petty Cash Fund

Finance Office holds a cash fund up to a maximum of \$ 2,000 to deal with petty expenditures. The following rules will apply to the operation of the petty cash fund:

a. Establishment of the Petty Cash:

- Finance staff prepares request for Petty Cash and a cheque for the limited amount of the petty fund to the Director of Finance Admin Division and the Executive Deputy Head.
- After certification, and authorisation by the qualified officers, Finance staff withdraws the funds from the bank. Finance staff who holds the Petty Cash fund must keep the funds in a safe place.

b. Payment:

- Any single payment out of the petty cash fund must not exceed \$ 100 for a fund with an imprest amount of not more than \$1,500 and must not exceed \$200 for an imprest fund of \$2,000.
- DSA, salary and allowances cannot be paid from the petty cash fund.
- For each payment, the Finance staff must prepare a **Petty Cash Voucher** (supported by proper expenditure documentation) which is certified by Cashier (temporarily by the International or National Finance Advisor) and approved by the Deputy Head of NCDD-S in-charge of Finance Division.
- Upon authorisation of the payment, the Finance staff remits the funds to the payee and keeps the payment documents in the safe box together with the remaining money. The entry is made in the Peachtree system.

c. Replenishment:

- The Petty Cash Fund is replenished every end of the month or when the cash balance reaches an amount equivalent to less than 50% of the Petty Cash Fund level whichever comes first.
- The petty cash fund should be subject to spot checks by the approving officer or certifying officer. The Internal Auditor and Chief of Finance must carry out regular review of the petty cash operation, to ensure proper handling of the fund. The **Cash Count Sheet** is prepared every time the petty cash fund is checked. The controlling officer and the petty cash custodian sign on the Cash Count Sheet.

5.1.6. Payment of Expenditure and to Line Ministries

There are Ministries who actively implement activities contributing to the D& D Reform of the government. The NCDD releases Requested Cash Advance amount by some Ministries upon approval by the Executive Deputy Head of NCDD-S of their proposed activities for implementation. The NCDD-S can also settle expenditures of the line Ministries and other entities through **direct payment when necessary**. The same procedures apply above from the preparation of the Payment Request until the release of cheque and recording into the Peachtree accounting system.

CHAPTER 6: ACCOUNTING SYSTEM

6.1. Basis of Accounting

6.1.1. Financial Accounts

The financial accounts of NCDD are produced on a modified cash basis. Exceptions to the cash basis are approved by the Head of NCDD-S upon the recommendation of the Executive Deputy Head of NCDD-S as endorsed by the Director of Finance and Admin Division. The identified exceptions are listed under significant accounting policies in the Notes to the Accounts in the annual Audit Report. Such exceptions are as follows:

1. Guaranty fees and other long-term assets (except fixed assets) are treated as current assets.
2. Salaries and consultancy fees (including taxes) are accounted as expenditures during the year when services are rendered.
3. Accounts payable is created for any unpaid invoice of expenditures during the year.
4. Long term assets or donor's commitment specified in the signed agreement (if any).

The financial year is the calendar year, 1 January to 31 December.

The reporting currency of NCDD is United States Dollars (USD).

All financial statements in the offices of NCDD are produced in USD. In some cases where some donors may require a financial report with another currency, then it is necessary to add extra columns in a financial report to include another currency. Separate reports can be produced in another currency when specifically agreed, in accordance with requirements in the agreement signed with the donor partners.

6.2. The Four Functions in the Accounting System:

- To record all financial transactions settled through the NCDD Imprest Account;
- To inform about the cash position;
- To monitor budget allocated to the implementing agencies, and
- To report on the use of resources received from the government and donor partners.

6.2.1. The Accounting Cycle

Step	Task
1.	Analysing transactions based on information detailed in the source documents.
2.	Posting data and information, preparing Vouchers and cheques
3.	Identifying errors, and entering necessary adjustments and corrections in the Cash Journals or/and the Ledger of accounts.
4.	Generating the financial statements and reports.
5.	At the end of the month and year, closing the accounts.

6.2.2. Cash Journals

The Cash Journals are chronological record of the transactions processed in order the Peachtree accounting system. It keeps track of all payments and receipts.

Each entry in the Cash Journals includes the following information:

- The number and date of the entry
- The source document reference
- The number of cheque and the name of payee
- A brief narrative explanation of the transaction
- The amount of the transaction
- The code of the corresponding Ledger account(s).

6.2.3. General Ledger

The General Ledger provides a list of accounts showing the debit and credit balance of each account.

The Finance staff assigns a title code and name to each account in accordance to the standard of accounting.

6.3. Accounting for Income

Funding received from donor partners are credited directly to NCDD IP3 basket fund account.

During the year, income is recorded only when it is received. Pledges or assurances are not recorded as income or as contributions receivable. **At the end of the year**, income is match with expenditure. This means that income received in the New Year but which relates to the year just finished is brought to account by a journal entry. The income is recorded under *Fund Balance Receivable account* in the year just ended, meaning that it is recorded in the year in which it was spent. Income can only be brought to account if it has actually been received in the New Year before the accounts are finally closed off. Final installments that are due but have not been received by 31 December can only be brought to account if the amount due is firmly stated in writing by the donor partner. Estimates are not permitted.

Income due during the year and has actually been spent, are presented in the books of entry as shown below for guidance. Only the exact amount that is equal to the amount that has been spent in the year ended should be recorded as income for the year.

For income received, at year-end, generate a General Ledger journal:

Debit	IP3 Fund Receivables (account number 1600)
Credit	Income (account number 5xxx)

In the New Year when the income is received:

Debit	Bank (account number 1000)
Credit	IP3 Fund Receivables (account number 1600)

6.4. Accounting for Fund Balances

During the year, Fund balances are listed in the Balance Sheet. **At year end**, Fund balances are not listed in the Balance Sheet. At year end, Fund balances are actually unspent balances and are shown as Contributions Received in Advance under Current Liabilities. This can only be done if the donor agrees that the unspent balance can be spent in the following year. If the donor does not agree the unspent funds will therefore have to be returned to the donor. In these instances the unspent funds will be recorded in Accounts Payable.

Expenditure in excess of income (a deficit) is not acceptable under any circumstance. In the worst scenario due to inefficiency or negligence in budget control, if a deficit does occur, meaning that no donor has agreed to fund the over expenditures, the deficit should be recorded under Other Assets - Deferred Expenditure. The deficit must be recovered over several months or years from other sources of income. This is rare to happen if an integrated finance and program monitoring is in place especially in budget monitoring.

Expenditure in excess of income is only permitted when the program or project is ongoing and further funds will be received in the New Year. When this occurs the amount overspent is shown as Fund Balance Receivable under Current Assets.

6.5. Accounting for Expenditure

Expenditure is recognized in the month in which the payment actually occurred except for taxes paid on salaries and consultancy fees recognized in the current year and settled the following year.

For procured materials and equipment actually delivered to NCDD, where an invoice has been received from the supplier, but not paid until next year, the amount is treated as an Accounts Payable. The accounting entries are as follows:

At the end of the month, generate a General Ledger journal:

Debit	Program expense account
Credit	Accounts Payable account (account number 3000)

In the following month when the invoice is paid:

Debit	Accounts Payable account (account number 3000)
Credit	Bank (account number 1000)

Purchase orders for which the goods have not yet been delivered or and services have not been provided must **not** be brought to account.

6.6. Accounting for Fixed Asset Purchases

Assets purchased from NCDD funds are fully expensed on the date of purchase.

6.7. Accounting for Office Supplies/Stationeries Stock

The NCDD policy is to fully expense purchases of office supplies stock in the period of acquisition.

6.8. Accounting for Contributions in Kind

NCDD will sometimes receive assistance from other donor partners in the form of contributions in kind (donated commodities and/or services) instead of receiving cash. Normally, an agreement will be entered into where a large amount of donated commodities/services will be provided. Donated commodities/services received from a donor partner are mentioned only in the notes to financial statement but not recognized in the books of accounts, unless otherwise agreed that it should be brought to account then the following entries should be made.

Debit	Program expense account (account number 6xxx)
Credit	Program income account (account number 5900)

The donor partners defined clearly the contribution in kind brought to the account of IP3. The receiver and the giver agree upon the value of the goods/services. When the goods/services came from abroad the value of the goods normally be the one shown on the documents presented to customs. If this is not the case, the value stated is determined in relation to the market value of the goods/services. If there are any difficulties in deciding the value of the goods/services, advice should be requested from the internal or external expertise related to the goods or services.

6.9. IP3 and Special Projects

The IP3 is a program implemented by NCDD as the basic accounting unit. It is the program to which donors give funds. For reporting purposes NCDD has 2 different categories of projects:

- IP3 Program
- Other Special Projects funded by other donors, implemented by NCDD that requires separate accounting and reporting.

The particular considerations relating to each category are listed below.

6.9.1. IP3 Program

It is a three-year implementation plan funded by various donors where funds are not restricted or earmarked to a particular activity. It has one bank account, funds put into a basket fund, one annual work-plan and budget, requires one report and one audit.

6.9.2. Special Projects

This category is for all the projects that do not fit into the IP3 Program. It is for projects funded by donor partners with separate requirements and funding.

NCDD prepares the funding proposal for the donor partners. If it is not possible to embed the proposed plan in the IP3 plan it will become a Special Project. Amongst other things, the Director of the Program Management and Support Division checks the viability and feasibility of the proposal and prepares a short report for the NCDD Management prior to endorsement or submission to donor partners for review and acceptance.

All special project agreements are signed by the Head of NCDD Secretariat, after endorsement by the Executive Deputy Head of NCDD. Generally, these agreements are negotiated. When negotiating the budget, the NCDD ensures that an adequate amount is included for operations costs. As soon as the two parties signed the contract, one copy must be sent to the NCDD Admin and Finance Division.

Implementation of special projects does not commence prior to the receipt of funds from the donor partner unless approval for pre-financing is received in writing from both the donors and the NCDD Management. Generally, pre-financing for special projects is not acceptable. Problems concerning donors who do not send their installments as planned should be communicated earlier.

Reporting requirements vary from donor to donor and are detailed in the letter of agreement or in the donor's guidelines in separate documents attached to the agreement.

All reports for Special Projects are submitted by the NCDD-S directly to the funding donor partner as agreed and scheduled.

Each Special Project is recorded in the Peachtree accounting program as a separate company with a separate set of chart of accounts and separate reporting formats. The Admin and Finance Division advises the relevant staff or office of any newly allocated project codes and chart of accounts when there is a special project occurring in the NCDD operation.

CHAPTER 7 : CHART OF ACCOUNTS

7.1. Definition Chart of Account

The chart of accounts is a complete list of all accounts name used in the general ledger. Each account is associated with account ID to help the allocated account during recording data. The accounts are used to classify transaction information for reporting purposes.

The following provides information on the Peachtree structure and Chart of Accounts.

The Chart of Accounts for NCDD is relatively short. There was a Chart of Accounts that came into effect on 1 April 20XX but was revised to take effect in 20XX.

7.2. Chart of Account for AWPB

X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
A	B	C	D	E	F	G	H	I							

Chart of Account Definition

No.Digit	Digit's Represent
1	A. Account Type
2	B. Implementer
1	C. Donor
1	D. Sub-Program
1	E. Component
2	F. Objective
2	G. Output
2	H. Activity
3	I. Detail Expenditure

A Account Type -1 digit

1	
2	
3	
4	
5	
6	Expense

B Implementer-2 digits

Sub-Program

Z1	Sub-Program 1(NCDDS)
Z2	Sub-Program 2 (MOI)
Z3	Sub-Program 3 (MCS)
Z4	Sub-Program 4 (MEF)
Z5	Sub-Program 5 (MOP)
Z6	Sub-Program 6

Provinces

A0	Banteay MeanChey
B0	Battambang
...	
X0	Pailin

I	Detail Expenditure (3 digits)
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Expenditure (6)

100	Personnel Costs (6.100)
101	POC Staff
102	Advisor
103	Contracted Staff
105	Consultancy fees/Professional Fees
106	Technical Fees
107	Trainers/Facilitators Fees
108	Staff Benefits
109	Audit fees
	Personnel
110	Insurance
200	Operations/Admin Costs (6.200)
201	Office Rent
202	Office Building Maintenance/Renovation
203	Office Equipment & Maintenance
204	Office Furniture Maintenance
205	Vehicle - Car maintenance
206	Motorbike Maintenance
207	Boat Maintenance
208	Fuel and Oil
209	Office and Cleaning Supplies
210	Office Stationeries
211	Office Meeting Cost
212	Representation Costs
213	Office Photocopy and Printing
	Vehicle
214	Insurance
215	Communication (Internet/Phone/...)
216	DSA
217	Translation
218	Software
219	Vehicle -Motorcycle
220	Bank Charge
221	Operation/Contingency
222	Road Tax
300	Training/Workshop/Meeting (6.300)
301	Training/Workshop/Meeting Venue
302	Training/Workshop/Meeting Materials and Photocopies
303	Daily Subsistence Allowance
304	Training/Workshop/Meeting Meals and Refreshments
305	Transportation costs - air ticket, visa, airport tax, taxi, bus, etc

400 **CS Fund**
 500 **Study/Design**
 600 **M & E**
 700 **Study Tour**
 800 **Gender**

Sample Budget Code, Description

Account	Description	Length
6A0D11010101110	OP1.1.01.01 Staff Salaries & Benefits	15 chars

CHAPTER 8 : COMPUTERIZED ACCOUNTING SYSTEM

The accounting software used by all NCDD is Peachtree Quantum 2010 for Windows Advantage Series, Enterprise Edition. It is distributed and supported world-wide by Sage Software.

The Peachtree system was first installed in NCDD-S in 2007. In 2009 a decision was made to install a new structure for the Peachtree system. The OUTPUT is a new design of Chart of Accounts. The new structure and new Chart of Accounts became operational from 1 January 2007. Succeeding revisions were made whenever there were changes in the budget structure.

For more details on the Peachtree system of NCDD, refer to the NCDD Peachtree Manual.

8.1. The PEACHTREE Accounting System

8.1.1. Accounting Software

The accounting software used by NCDD Sub-Programs and Sub-National levels is Peachtree 2010 Edition. It is planned to be web-based accessibility 24/7 by the authorized finance offices. It is installed in the main server situated in the Admin and Finance Division in the NCDD Secretariat building with one more hard disk storage as backup. The antivirus program is properly managed and maintained by ICS Company where NCDD-S have contracted for its maintenance and set up support.

NCDD has produced its own guidelines for using the Peachtree Program that provides more specific instructions relating only to NCDD. Refer to the NCDD Peachtree Manual available in the Office of Finance in the Finance and Admin Division.

The Peachtree accounting system must be backed up at the end of every day that new data has been entered to the system.

On a stand alone PC, installing, backing up and restoring Peachtree data is by the Copy and Paste functions in Windows Explorer.

8.1.2. Peachtree Back up Schedule

Week 1	<p>Daily - Back up the data for each day of the week onto an external drive which is labelled for that weekday, (for example, Monday, Tuesday, and so on).</p> <p>Weekly – Back up a second copy of Friday’s. Date it and store it offsite.</p>
Week 2	<p>Daily - Re-use last week’s daily back up medium. Back up Monday’s data onto the Monday back up medium, and so on.</p> <p>Weekly – Back up a second copy of Friday’s data, date it and store it offsite.</p>
Weeks 3-5	<p>Repeat the daily backup and the Friday offsite backup.</p> <p>The occurrence of a week 5 is possible when there are 5 Fridays in a month.</p>
Month end	<p>Make a backup on the last day of the month, that is, after the monthly transactions have been completed. Use a new back up medium and label it with the date. Store it offsite.</p>
Next month	<p>Repeat the same system, starting with week 1. Re-use the Friday offsite back up mediums from weeks one through to five of the previous month. At month end, do not overwrite the previous month’s data. Back each month up onto a new back up medium and store it offsite.</p>
Year end	<p>Make a copy of the data. Store it offsite.</p>
Next year	<p>Repeat the same system, starting with week 1. Re-use the monthly offsite back ups from one through twelve of the previous year.</p>

All back ups must be recorded in the Log Book.

If files become damaged the data will need to be restored from the back up medium that does not have damaged files. The reason for the above frequency of back up is that damaged data files might not be noticed until some days later. If the backups are done daily, on a different medium each day, there is less likelihood that large numbers of transactions will have to be keyed in again if a previous backup has had to be restored. Daily backups should never be overwritten until the following week.

8.2. Peachtree Manual

Peachtree has produced very comprehensive manuals and user guides. Soft copies can be located in C:\. If the manuals were not downloaded when Peachtree was installed, they can be downloaded from the CD or contact any Finance Officer at NCDD-S.

However, the manuals provided by Peachtree are not sufficiently specific for NCDD. Therefore, NCDD needs to write its own NCDD Peachtree Manual which provides step by step instructions and hints for setting up NCDD Peachtree systems.

8.3. Log Books

Log books for computer data must be kept. The log books should provide information on when back ups have been done, the type of back up, details of any errors that have occurred, and how the errors were fixed.

8.3.1. Example of a Computer Back Up Log

This must be filled in by ICS and one Finance Officer in charge of this matter			
Log Book for Computer Back Ups			
Date of Back Up	Special Observations, Error Messages, Action Taken	Location of Back Up	Signature

8.4. Back Up Procedures for Other Computer Data

Data on all computers - must be subjected to the following back up procedures. This includes files in Word, Excel, PowerPoint, emails, etc.

- All files that have been created or worked on during the day must be backed up at the end of the day.
- A different medium must be used for each day of the week and should not be overwritten until the following week.
- Archived documents should not be overwritten. They should be kept in a safe place.
- A copy of all files must be kept off site.

8.5. Passwords

All passwords on NCDD computers are the property of NCDD. They are not the property of the user. On the other hand, they should not generally be shared with other staff. Where appropriate, passwords can be given to the Information Technology Advisor.

Passwords and changes to passwords, for all computers should regularly be given to the IT Advisor.

8.6. Emails on Web-based Sites

Some staff will need to use a web-based email address such as gmail, Yahoo or Hotmail when they are travelling and they are away from their office PC. A personal email address should not be used. A separate business address should be set up. When using the web-based email address, copies of all emails should be sent to their NCDD email address on their PCs in their office. Passwords for the web-based address should be given to the IT Advisor.

8.7. Virus Protection

The NCDD Operations Manual states “A current virus protection program must be used and all disks scanned prior to being used in an NCDD computer”.

Viruses are very smart. They do not simply infect machines. They can open the “back door” to computers, allowing hackers to compromise the data. A good security solution must incorporate anti-virus, anti-spam, anti-spyware, anti-phishing, malware and a firewall.

A reputable virus protection package can be expensive. However, when comparing the cost of losing data and perhaps having to replace a hard disk, to the cost of good virus protection, it is clear that losing data is considerably more expensive. Furthermore, when data on an infected computer is copied to another computer, the problem spreads. Files are frequently sent and received by email. This means that viruses can be spread to NCDD colleagues thus spreading the damage.

8.8. Rules for NCDD Computers

The following are some rules for NCDD computer systems.

- Every computer should be regularly checked to ensure that the latest virus protection has been installed and properly updated.
- All memory sticks, CDs and other mediums should be regularly checked for viruses.
- Copying of software from friends is not permitted.
- Downloading files from web sites that are not work related is not permitted.
- Downloading or copying music, games and movies is not permitted.
- Visiting questionable and immoral web sites is not permitted.
- It is against NCDD policy to install or use pirated copies of software.

CHAPTER 9: EXCHANGE RATE

9.1. Official NCDD Rates

NCDD uses exchange rates obtained from the NBC web site.

On the day of expense, spot rate during that day will be applied. These rates become the official NCDD rates. They are summarized in an Excel file that can be downloaded from NBC. A hard copy of the rates should be kept in a file for audit purposes.

In exceptional cases, where no rate is quoted by the NBC, the NCDD will be asked to obtain, in writing, a rate from their bankers on the last working day of the month and to advise Sub-Programs and Sub-Nationals about the rate on the same day.

For year-end closing purposes, the rate on 31 December will be used – i.e. the official NCDD rate for January of the following year.

9.2. Exchange Gains and Losses recognition policy

The NCDD policy is to recognize exchange gains and losses at year-end only. The procedure for 31 December is that the gains and losses are recognized and brought to account. A journal entry is raised to recognize the gains and losses and posted to the accounts. The journal is not reversed on 1 January.

9.3. Converting to Local Currency

All conversions into local currency must be transacted in accordance with the NBC spot rate on the date of expense. Any exchange of USD (or other currency) into local currency that is not transacted via the established banking system must be approved by the Finance Division Director.

10.1. Selecting Banks

Banks in which NCDD hold funds should be financially sound and wherever possible, there are branches in all provinces to facilitate the flow of funds from NCDD to the Sub-Nationals and vice versa without delay. In this instance, management must determine the most reputable and stable bank to with which to deal. So far, the most appropriate bank is the ACLEDA Bank with branches and offices in the district level.

NCDD should utilise the local banking system to minimise the use of cash. This means that not only the head office should have a bank account but also any Sub-National offices, district officers where NCDD and the Sub-Nationals can make regularly significant payments. Ideally the Sub-National offices use branches of the same bank that is used by head office. However, it is recognised that this will not always be possible because international banks do not often have an extensive branch network in the countryside. This is one of the reasons why Cambodia may not be able to avoid holding accounts with more than one bank.

There is also a need to ensure that the number of bank accounts is limited to the minimum required to operate efficiently. In general, it would be expected that the program should be able to operate with no more than one bank account for each location where it operates plus one foreign currency account at the head office. An excessive number of accounts unnecessarily increase the workload on administration and accounting. Furthermore, it can cause cash flow problems and thereby reduces control rather than enhancing it.

10.2. Donor Requirements for Separate Bank Accounts

In some instances, donors might insist on separate bank accounts for their funds. Wherever possible this should be avoided. The NCDD office should discuss this issue with the donor, pointing out that this is not necessary as the Peachtree accounting system provides the required details on all disbursements of funds.

10.3. Opening Bank Accounts

New bank accounts can be opened at the discretion of the Head of NCDD-S following the procedures and guidelines of the government through the Ministry of Economy and Finance wherein an authorization letter is obtained from the MEF prior to legally open a bank account for a particular project or funds of donor partners.

All bank accounts should be in the name of the “NCDD – project name”. On opening a bank account, a clear written agreement should be countersigned by the bank that, among other things:

- 1) Precludes withdrawal of funds by any means other than cheque or cheque equivalent, e.g., Letter of Transfer with the two signatures from any of the group of signatories provided by NCDD. The appropriate form template is provided by the bank.
- 2) Confirms that the bank is liable for all funds disbursed based on unauthorised signatures.
- 3) States that the bank must not accept faxed documents authorising transactions.

10.4. Bank Mandates

10.4.1. Authorised Signatories for National and Sub National Levels

The bank accounts of NCDD, Sub-Programs and Sub-National Offices should have the following people as signatories:

For Sub-Program 1, NCDD-S:

- Head of NCDD-S
- Deputy Executive Head of NCDD-S
- Deputy Head of NCDD-S in-charge of Finance
First Deputy Director of NCDD-S

For Sub-Programs 2,3, 4, 5 and 6:

- Head of Sub Program
- Appointed Finance Officer of the Sub-Program

For Sub-National Offices:

- Provincial Governor
- Provincial Finance Division Chief/Director

Under normal circumstances, only NCDD employees can be bank signatories. When a new main bank account is opened or changes occur that necessitates submitting a new list of signatories to the bank, the following are the steps that should be taken.

- The Finance Officer in the Admin and Finance Division obtains signature cards and any other necessary documents from the bank.
- The Finance Officer arranges for these documents to be signed by all authorized signatories who will be signatories.
- The Finance Officer completes all details on the List of Bank Signatories form and delivers to the bank.

10.4.2. Signing Authorities

10.4.2.1. Joint Signatory

All signatories listed above must have joint signatory authority. All cheques, transfers, internet banking and other payment instructions must be signed by at least 2 authorised signatories.

No one, can have sole signatory authority on any payment instruction no matter how small.

10.4.2.2. Changes in signatories

The NCDD-S must be notified in writing of all changes to signatories immediately after the changes occur. The form “List of Bank Signatories” as shown on the previous page should be used for notifying the NCDD-S.

10.5. Currency

NCDD maintains two currency, US Dollar and Khmer Riel. The Khmer Riel was just opened for purposes of paying the monthly tax remittance to the government. However, in the future, big payments in Khmer Riel will also be withdrawn in this bank account when exchange rates would bring favorable impact in the financial position of NCDD.

10.6. Interest Earnings

Interest earned on bank accounts (IF ANY) should be allocated to the projects or as agreed with the donor partners in the MoU. If the bank account relates to a single project, that project should have the benefit of the interest. If the bank account relates to many donors funds, as a

basket fund, it is usually allocated directly to individual donor's contribution on a pro-rata basis counting the date it was credited into the bank account. It would mean a lot of work for finance, hence this should be negotiated with the donor partners of a basket fund that any interest earned from the bank should be allocated to finance operations costs of the project. In these circumstances, interest should be credited to Program Operations. It will then be indirectly credited to reduce Operations costs.

Exceptions to this are when the contract with a donor states that the interest must be returned to the donor. If the bank account relates to a single donor, it is easy to identify the interest. If the bank account relates to many donors, but one donor insists that a share of interest earnings is returned to them, the value of that donor's share of the interest should be calculated on a pro rata basis. The precise method of calculation will be illustrated in the Year End Instructions that will be provided by the NCDD-S Finance Unit before year end.

10.7. Cheques

All cheques must be crossed "Account Payee Only". No cheque should be paid to "Cash". Pre-signing of blank cheques is not allowed under any circumstances. If a pre-signed cheque is mislaid or stolen, there is great potential for financial loss. This means that the payee and amount should always be completed before the cheque is signed.

The bank should be instructed to issue cheque books only to an authorised member of staff bearing the following:

- An official NCDD ID card
- A letter signed by two account signatories requesting the cheque book.

Cheque books must be treated similarly to cash and retained in the safe when not in use.

All cheques must be fully accounted for. A cancelled cheque must be attached to the cheque stub with "cancelled" written on its face. The Chief of Accounting and Budgeting Office should check the sequence of cheques immediately on receipt of new cheque books from the bank. The Chief of Accounting and Budgeting Office should also review the sequence of monthly cheques issued to ensure no cheque has been taken from further down the book.

10.8. Bank Reconciliations

Bank statements must be reconciled to the cash book every month for all bank accounts. If there is undue delay in the receipt of statements from the bank, the DFAD should arrange for their collection through the Finance Officers. The format of the reconciliation is as follows:

NCDD

BANK RECONCILIATION as at (date)

NAME AND LOCATION OF BANK:

ACCOUNT NO.:

		USD *
Cash Book Balance as at 1 January 20XX**		0.00
Add Income Received**		
	<u>0.00</u>	<u>0.00</u>
		0.00
Less Expenditure**		
	<u>0.00</u>	<u>0.00</u>
Cash Book Balance as at 31 January 20XX ***		<u>0.00</u>

Bank Balance as at 31 January 20XX		0.00
Add/Less Receipts not yet banked:	<u>0.00</u>	<u>0.00</u>
		0.00
Add/Less Un-presented/Outstanding Cheques	<u>0.00</u>	<u>0.00</u>
Cash Book Balance as at 31 January 20XX***		<u>0.00</u>

*A separate reconciliation must be prepared for each bank account and each currency.

**Year to date.

***The two balances must agree with each other.

10.9. Bank File

The Admin and Finance Division in NCDD must maintain a documentation file for each bank account. As a minimum, this file should contain:

- 1) Bank Agreement
- 2) Date account was opened
- 3) Authorised Signatory List
- 4) Bank fees (original and updates)
- 5) All account related correspondence with the bank, excluding regular transactions
- 6) For closed accounts, date closed and a copy of the bank confirmation of closing

10.10. Annual Summary of Bank Accounts Details

Details of all bank accounts held and operated by each Sub-Program and Sub-National offices during the financial year must be sent to the NCDD-S Director of Admin and Finance Division for updating in the beginning of the year and within one month of the end of the year for audit purposes.

This report should be in the form of an excel spreadsheet with a row for every bank account and columns for the following:

- Name of bank
- Branch address
- Account number
- Account title
- Currency of account
- Balance on account at beginning of the year or at year end
- Authorised signatories
- Date opened
- Date closed
- A comment explaining the purpose of the account

LIST OF BANK ACCOUNTS as of 1 January 20xx or 31 December 20xx

Name of Bank	Branch Address	Account Number	Account Title	Currency of Account	Balance on Account at Year End in Source Currency	Balance on Account at Year End in USD	Authorised Signatories	Date Opened	Date Closed	Purpose of the Account

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CHAPTER 11 : CASH HANDLING

11.1. Cash Handling Policy

Cash is the most liquid of all the assets, and therefore exposes NCDD offices and its staff to particular risks. It is the most likely asset to be misappropriated, and handling large amounts of cash on a regular basis exposes staff to the risk of theft and personal injury. For these reasons cash expenditure should be kept to the minimum amount possible, given the local circumstances. Wherever possible, payments should be made by cheque or bank transfer. As well as addressing the security issues, cheques provide a legal proof of payment and a record of what has been paid to whom and when.

However, it has to be recognised that much of NCDD'S work takes place in remote rural areas where economies are largely cash based and banking systems are still in the process of being developed especially in some districts and communes. In this context, cash transactions are unavoidable and controls over cash are therefore a critical part of the internal control framework.

This chapter attempts to outline some of the key considerations in this important area and to provide minimum standard guidance. NCDD develops a cash handling policy that is based on the following topics and procedures.

11.2. Imprest System for Petty Cash

The petty cash system should be operated on an imprest basis. This means that when the cash reaches a low level it should be topped up with the amount that has been spent. For instance, if the float is USD 1000 and USD 950 has been paid out, the balance in the cash box will be USD 50. The amount that is to be topped up is USD 950, which will bring the petty cash fund back to the authorised level of USD1000.

The Finance Officer of each Sub-Program and Sub-National offices ensure that there is segregation of duties in accounting and cash handling. The cashier as the cash custodian should submit a request for top up funds to the Accountant or Finance Officer. The cash book or a copy of the relevant section of the cash book covering the expenditure, together with payment vouchers and supporting documents should accompany the request for top up funds.

11.2.1. Procedures for Petty Cash Funds

1. The cash fund should be held in a cash box.
2. Day to day petty cash expenditure may be made from a cash box.
3. During normal working hours the cash box may be held in a locked drawer of the Cashier's desk. At the close of business the cash box must be locked away in the safe.
4. The safe key and the combination should be controlled by two people and one of them is the Cashier.
5. The amount for each cash fund must be specified and approved in writing by the DFAD.
6. NCDD set the minimum of \$500 to a maximum of \$2000 petty cash fund to disburse petty expenditures less than 10% of the imprest amount which means \$50 for \$500, \$100 for \$1000 and \$200 for \$2000 imprest funds. The maximum amount as decided by the Sub-Program and Sub-National offices should be reported in writing to NCDD-S

- Director of Admin and Finance Division for record purposes and basis of monitoring.
7. If, in exceptional circumstances, it is necessary to withdraw an amount of cash in excess of the abovementioned limit, prior written approval must be obtained from the Executive Deputy Head of NCDD Secretariat through the recommendation of the Director of Admin and Finance Division.
 8. The cash float should be operated on an imprest basis. This means that cheques are raised to top up the float to the value of funds that have already been spent from the float, and when the Cashier requests a cheque be signed, they must attach the cashbook and supporting documentation to verify that expenditure.
 9. Payments in excess of allowed maximum amount payable by Petty Cash Imprest fund should be made by cheque. In any circumstances whereby the supplier had requested the amount to be paid in cash due to acceptable reasons is an exception to this rule. In that case, prior written approval must be obtained from the Director of Admin and Finance Division.
 10. Under no circumstances can payments be made against DSAs, salaries and other payables. Cash loan by the staff is not allowed.
 11. Personal cheques cannot be cashed in this fund.
 12. The balance on hand for all petty cash funds must be banked on the last working day at the end of the year. The new Petty Cash fund will be withdrawn from the bank on the first working day in the New Year.

11.3. Cash Payments

All payments must be made against a properly authorised cash payment voucher. The Cashier responsible for making the payments must not be permitted to prepare the payment voucher, certified by the DFAD and approved by the DH of NCDD in charge of Finance.

Petty cash must not be used to circumvent the procurement process. A limit should be set for the maximum amount of expenditure that can be paid from petty cash as mentioned in 18.2.1.

11.3.1. Procedures for Cash Payments

1. First, a payment requisition on the official Payment Requisition form must be submitted. The form must be completed (preferably in English) by the person requesting the payment and submitted to the authorised person for approval.
2. The person requesting the payment must ensure that all required supporting documentation is attached to the form.
3. The form and all required supporting documents should be checked by the Finance Officer for arithmetical accuracy, for budget cover, and for compliance with NCDD policies. If the details are correct, the Finance Officer will then sign the form and prepare a Payment Voucher for authorisation. Refer to 22.1 for an example Payment Voucher.
4. The Payment Voucher is then authorised by the appointed personnel and sent to the Cashier for payment.
5. The Cashier should make the payment and obtain a receipt from the payee. If the payee is a company, this should be on an official receipt form from the company. If the payee is an individual, their signature on the payment voucher is sufficient evidence of receipt.
6. All transactions must be entered immediately in the cash book/Peachtree accounts by the Cashier.

11.4. Cash Receipts

Cash receipts do not normally represent a significant number of transactions and in most cases can be dealt with by the Cashier and acknowledged by means of official NCDD pre-numbered receipt vouchers.

There may be situations where a particular office receives cash and other payments on a more regular or substantial basis, for example unspent advances done on a regular basis. In such cases, the DFAD, in conjunction with the Project Manager, should review the cash handling procedures more thoroughly in order to ensure that appropriate controls are in place.

11.4.1. Procedures for Cash Receipts

1. All cash received must be evidenced by an official receipt form. Refer to 22.2 for an example receipt form.
2. The form must be completed (preferably in English) by the Cashier including details of the budget line to be credited.
3. The Cashier must also ensure that appropriate supporting documentation is attached to the form to explain the nature of the receipt.
4. The Cashier should issue the payer with a the receipt form.
5. All transactions must be entered immediately in the cashbook/Peachtree account by the Cashier.

11.5. Cash Counts

The Cashier must maintain a cash book for every cash fund, if more than one fund is being handled. Each cash book should be updated at least once a day.

11.5.1. Procedures for Cash Counts

1. The cash must be counted by the Cashier at the end of every day to ensure that the amount of cash physically held agrees to the cash book balance.
2. The Cashier must sign a copy of the cashbook to verify this reconciliation below the words "Agreed to cash fund balance".
3. The Cashier must maintain a file of daily cash counts.
4. Before the Cashier goes on leave, the cash must be counted in the presence of the person who will take over the cash box and fill the duties of the cashier. The cash count must be agreed on a written form by both parties. Both parties must sign the form. The form must have a section where both parties verify that the key has been handed over. Upon the return of the Cashier the same procedures must be performed.
5. Surprise cash counts must be done once a every quarter (at least) Sub-Program focal manager or his designee for each fund held by the cashier. To evidence that this check has been performed, the cash count form completed by the Cashier must be countersigned by the person performing the check and have it filed safely for internal and external audit checks.
6. On the last working day of each month, a formal cash count must be completed. An official cash count form should be completed by the Cashier, verified by the Accountant, and approved by the Sub-Program focal manager and the Governor or his designee in the case of the Sub-National offices.
7. A member of management must also perform a physical cash count at least once a month for each cash fund to ensure the amount held agrees to the cash book balance. To evidence that this check has been performed, the cash count form completed by the Cashier must be countersigned by the person performing the check.

11.6. Cash Limits

For security purposes, cash held at offices at any one time should be kept to a minimum. This includes petty cash and cash receipts.

To the extent possible, payments should be made by cheque. When the payee will accept a cheque, payments by cheque should be the method that is used. Payments by cash should not be used for convenience.

A written limit for total cash to be held in each Sub-Program and Sub-National offices should be set by the Director of Admin and Finance Division with the approval of the Deputy Executive Head of NCDD-S. Maximum amounts should never be more than the amount of cash typically expected to be used in a month after careful analysis of the past costs incurred.

11.7. Security

11.7.1. Safes

1. All Sub-Programs and Sub-National offices must have at least one fireproof safe.
2. Where possible, the safe should be cemented to the ground especially for remote rural offices.
3. Cheque books, cash and other important documents must be kept in the safe.

11.7.1.1. Keys – Safe Keys

1. Two copies of the keys to each safe should exist.
2. For the main safe at every Sub-Program, one copy must be kept in a secure location off site, e.g. in a bank safe deposit box, while the other must be kept by either the DFAD or any designated person delegated by him/her, with the agreement of the Head of NCDD-S.
3. For safe in the Sub-National locations, the Head of NCDD-S and the DFAD should delegate key-holding responsibility to a senior staff member.

11.7.1.2. Keys – Cash Box Keys

2. The key for the cash box must be held by the Cashier only. No other staff should hold a key to a cash box.
3. The cash box must be placed in the safe at the end of every day.

One person should not hold both the key to the cash box and the key to the safe. When the key holder is on leave, a back-up person should replace him/her by signing on the cash count sheet turnover with the safe key.

11.8. Cash for Remote Locations

Some NCDD offices sometimes operate in districts where there is no banking system and no banks installed. The only alternative is to hold large sums of cash in order to pay for activity expenditures. Transportation of the cash to the remote site is a very real risk.

Written procedures should be put into place for operating with cash in this situation. Planning the procedures should be the responsibility of the DFAD with the Executive Deputy Head of NCDD-S. The safety of staff and the security of the cash must both be included in the procedures. The procedures must then be submitted to the Head of NCDD Secretariat for approval.

This chapter outlines the necessary steps and controls involved in making and recording accounting transactions for cash and bank.

11.9. Cash and Bank Payments

NCDD develops a Payment Voucher form which serves to record the necessary details of the payment that has been made. The form should confirm that the appropriate checks have been

consistently carried out, that proper authorization has been obtained and includes appropriate information to post the transaction to the accounting system.

Payment vouchers should be pre-numbered in the system.

11.9.1. Payment Voucher

As a minimum the Payment Voucher form should show the following:

- Name of payee
- Details of bank account or cash account from which the payment was made
- Currency and amount of payment
- Date of payment
- General Ledger code to which the expense should be charged
- Description of the expense
- Signature of the person who prepared the voucher
- Signature of the person or persons who authorised the voucher
- Signature of the Cashier who made the payment
- Signature of the person who received payment
- Signature of the person who posted it into the Peachtree program

See the next page for an example Payment Voucher.

Example Payment Voucher used by NCDD see below.

PAYMENT VOUCHER

Payee:

Voucher No.

Bank or Cash Account Details:

Date:

Cheque Number – if applicable:

11.9.2. Processing the Payment

Original supplier invoice is presented to accounts for payment with appropriate supporting documentation. The exact nature of what is required as supporting documentation will need to be determined by each Finance person in the Sub-Program and Sub-National offices. In order to keep account files down to a manageable size and to avoid unnecessary duplication of paperwork, it will normally be the case that the evidence of tenders and quotes will be filed in a separate Purchase Order filing system in a separate cabinet. Generally, the accounting records should relate to those aspects of the transaction that come after the Purchase Order has been raised. This is usually the Purchase Order, the Goods and Inspection and Received Note (if applicable), the supplier's invoice, and the supplier's receipt.

Examples of Required Supporting Documentation (Attached to Payment Voucher)

Salaries

- Salary payroll
- Instruction letter to bank with the list of staff bank accounts to credit the salary amount

- Letter of appointment for the new staff
- Copy of letter authorising increments or changes to salary or change of place of assignment
- Attendance Records or Time Sheet of staff

Travel

- Travel authorisation
- Mission order with Visa stamped and signed
- Used transportation tickets or completed Service Contract for hired vehicles
- Travel expenses report with original supporting documents
- Copy of approved leave form (if applicable).
- A brief report after the official travel is required

Medical Compensation - for the insurance company (Admin HR assists)

- Application form
- Doctor's prescription(copy)
- Medical bills (original)

Office Supplies, Printing and Stationery,

- Quotations
- Purchase Order
- Store Receipt
- Invoice
- Copy of the contract with the

Fixed Assets

- Fixed Asset procurements include the documents such as: Committee minutes of the meeting and summary of the 3 quotations obtained from the suppliers.

Fuel

- POs
- Statement of account or Bill
- Vehicle log book (must include all entries of fuel and lubricants and places travelled)
- Contract with Oil Company who supply the fuel
- Reviewed Purchase orders issued when filling oil from the stations

Vehicle Repairs

- Repair request form
- Estimate for major repair
- Invoice from the contracted repair shop
- Agreement with contracted shop
- Accident report form and if big accident attached the police report
- Approval from the management representative

Training

- Approved proposal with budget estimation
- List of participants
- Agreement with caterers, invoices
- Brief training report
- Request letter for payment from organiser
- Follow the complete procurement process of obtaining 3 quotes when some budgeted costs in the training plan exceeded the threshold amounts in procurement.

Program Materials and Equipment

- Approved requisition with list of materials
- Purchase order
- Store receipt
- Invoice

- Advertisements, original bids, comparative chart, quotations, etc. (in the file as per the process)

Consultant

- Agreement
- Terms of Reference
- Request letter for payment from organization or person
- Request for payment from consultant
- Satisfactory acceptance of the consultant report before payment

Finance staff prepares and signs the Payment Voucher.

The finance staff checks the required supporting documentation is complete and attached, that it is properly authorised, that the invoice is arithmetically correct and that it agrees in all respects to the Purchase Order.

Director of Admin and Finance Division signs Request for payment and the Payment Voucher is certified by the Deputy Head of NCDDS in charge of Finance with the final approval of the Deputy Executive Head of NCDDS.

Cashier raises the cheque or a bank transfer and stamps the invoice as paid upon settlement of payment.

Authorised signatories sign the cheque or bank transfer.

The authorised signatories should check that the person authorising the payment has the authority to do so.

When payment is made, ask the payee to sign the form to confirm receipt and ask for an official receipt if the payee is a company and not an individual. All documents should be stamped paid to avoid double payment or reduce the risk of using the same documents in making claim. The stamp should only be hold by the cashier.

Cashier updates cash book/Peachtree, preferably immediately and at least once a day.

The Finance Officer posts batches of transactions to Peachtree on a regular basis preferably daily, but at least weekly. As each transaction is posted, the Payment Voucher must be signed and dated by the person who posted it. All documents should be stamped entered to avoid risk of re-entry.

The Finance staff files the Payment Vouchers with supporting documentation.

For payments by cash, exactly the same process should be followed except for the steps that relate to cheques and bank transfers.

11.10. Receipts

NCDD develops a Receipt Voucher form that serves to record funds have been received. The receipt voucher should be pre-numbered, tri-color and auto-carbon. It also provides a summary format of the information required to post the transaction into the accounting system. As a minimum it should have space for the following:

11.10.1. Receipt Voucher

- Name of the payer
- Details of payer's bank or cash account
- Currency and amount of receipt
- Date of receipt
- General Ledger code to which the receipt is to be credited
- Description of receipt
- Signature of the budget holder authorising the coding of the receipt

- Signature of the Cashier who receives the money
- Signature of the payer
- Signature of the accountant or finance person who does the posting

Example of a Receipt Voucher.

RECEIPT VOUCHER

Received from:

Voucher No.

Bank or Cash Account Details:

Date:

Peachtree Code	Description of receipt	Currency	Amount
	Total amount received		

Received from:
.....

Approved by:

Date: **Date:**

Received by:

Posted by:

Date: **Date:**

11.10.2. Processing the Receipt

The process of recording the receipt is as follows:
Money is received.

This means physical receipt of cash or cheques in the office. It also includes funds received by transfer direct to the bank.

Cashier prepares and signs and stamp “Received” the Receipt Voucher.

The Cashier attaches all supporting documentation. The Cashier ensures that the correct amount has been received. This is necessary for example, if the receipt relates to a debit note or invoice previously issued by the payee.

Payer countersigns the Receipt Voucher to confirm details of receipt and receive the original copy of the receipt, duplicate for the accountant and triplicate for the cashier.

Director of Admin and Finance Division signs the Receipt Voucher to authorise actual receipt of the amount. He/She ensures that the details as entered correctly on the Receipt Voucher, including the amount, the code and the description.

Cashier updates data entry in Peachtree, preferably immediately and at least once a day.

The other Finance Staff posts batches of transactions from the Peachtree upon reviewed on a regular basis preferably daily, and at least weekly. As each transaction is posted, the Receipt Voucher must be signed and dated by the person who did the posting and stamp entered.

The Finance Staff files the Receipt Vouchers.

11.11. Transfers Between Bank and Cash Accounts

When making transfers between different bank accounts or from a bank account to a cash account, there should be a decision on whether a Transfer Control Account should be used. This is at the discretion of the Director of Admin and Finance Division.

If it is so decided to use a Transfer Control Account, transfers are posted as a payment in one account and a receipt in the other. The accounting entries are as follows

For a transfer from Bank Account A to Bank Account B:

Recording the payment in Bank Account A

DR Transfer Control Account
CR Bank Account A

Recording the receipt in Bank Account B

DR Bank Account B
CR Transfer Control Account

If NCDD opt not to use a Transfer Control Account, transfers are posted only once with the posting reflected in both bank accounts at the same time. There are three basic options, as follows:

Option 1:

- Post the transfer as a receipt in the books of the receiving account.
- Credit the receipt directly to the General Ledger code for the transferring bank account.
- Ignore it when dealing with the transactions for the transferring account.

Option 2:

- Post the transfer as a payment in the books of the transferring account.
- Debit the charge directly to the General Ledger code for the receiving bank account.
- Ignore it when dealing with the transactions for the receiving account.

Option 3:

- Create a separate section in the cash book for transfers and post them using a separate General Ledger Journal.

The advantage in using Control Accounts is that they can help to reduce the risk of double counting of the transfers. If the Director of Admin and Finance Division decides not to use one, NCDD needs to produce written guidelines on how the postings will be made in order to ensure that the transfer is not double counted.

CHAPTER 12 : ADVANCES

12.1. Staff Advances - Work Advance

Advances are an essential part of implementing activities for NCDD program. They are necessary because at the rural areas the economy is cash based. NCDD need to make hard currency cash advances to staff travel abroad officially.

NCDD only provides **Work Advance** - paid to a staff member to cover NCDD expenses, e.g., when staff member travels on NCDD official work.

This chapter outlines some of the key matters involved in providing and accounting for advances. It also indicates where more detailed guidance on how to account for working advance.

Work advances are those paid to the staff member to cover their expenses while they are travelling on official NCDD work. The rules for work advances apply to international staff and national staff. There is no differentiation.

The size of any work advance should be justified in relation to the expenditure for which it is intended. There is a Work Advance Request form that must be completed by a staff member – see example below. The request must be approved by the Director of Admin and Finance Division the Deputy Executive Head of NCDDS, or other person duly authorised to do so. The request should provide satisfactory details for requesting the advance. The person authorising the advance must check that the estimated expenditure is reasonable, before approving the advance.

The Work Advance Request form is only an indication of how the advance is likely to be spent. It does not represent any form of accountability. The staff member must submit a separate expense form with full supporting documentation attached, when liquidating the advance.

For work advances related to training, workshop and big meetings, work advance is made by one Finance Officer to take care of the disbursements to ensure complete documentation of expenditures and timely liquidation. It has been observed and experienced that when it is not assisted by the Finance Officer, work advance clearance takes months and incomplete documents brought some problems during the audit. This process may be temporary only. Once the Accounts and Budgeting Office have observed improvement in this area, the issuance of big advance may be made soon to non finance staff. All work advances must be zero in the Balance Sheet as at 31 December.

Example Work Advance Request.

WORK ADVANCE REQUEST		
Name:	Date:	Account No.

Purpose of advance:				
Description of anticipated expense	Unit	Unit cost	Number of units	Total cost
Requested by: Staff Requesting an Advance Date:	Authorised by: Director of Admin and Finance Division Date:			
Approved by: Deputy Executive Head of NCDD Date:	Received by: Finance Officer who will take care of big advance for workshop, training and meeting. Date:			
Issued by: Finance Officer- Cashier Date:	Received by: Requesting staff for small advance for travel Date:			
NOTE: This advance is made on the conditions that it must be acquitted within 10 working days after return from travel or after the completion of the proposed activity, and that if it is not acquitted within on time, a written explanation is required for approval by the Chief of Accounts and Budgeting Office.				

12.2 Accounting for Work Advances

A staff debtor account should be set up in Peachtree for each staff member who has received a work advance. Staff advance accounts are in the 1300 series in the Balance Sheet. A printout of each work advance account should be handed to the staff member every month until the account shows a zero balance.

12.3 Currency of Advance

Advances paid in local currency must be repaid in KHR Riel.

Advances paid in USD currency must be accounted for in USD currency.

If a staff member has received an advance in KHR Riel currency and an advance in USD currency, two advance accounts must be opened for that staff member for the two currencies.

12.4 Work advance During Termination of Service

When a staff member leaves the NCDD, any outstanding working advance must be repaid in full prior to the end of employment. If this does not happen it is the responsibility of the Admin and Finance Division to ensure the outstanding balance is deducted from the final salary payment.

CHAPTER 13 : PAYROLL SYSTEM

13.1. Payroll

The NCDD's payroll system is computerized. A Personnel Database was designed by the NCDD group of ITs tailored to NCDD's needs where focus is to the capacity building of the government staff in managing payroll.

The payroll software is maintained in only one server by the NCDD IT, web base accessibility by the Human Resource staff in each Sub-Programs and Sub-National offices. Each of this person received a training on how to use the database and should be able to provide payroll information through internet that are accessible to the human resource advisor and officers of the NCDD-S who consolidate monthly payroll on time for all advisor, contract and support staff in the secretariat, Sub-Programs and Sub-National offices.

It is password protected and back-ups are done at the end of each day when the payroll system is used. The back-up is stored in site and off site likewise with other NCDD databases.

The ability to make changes to the payroll data should normally be restricted to one person. This may be one of the human resource staff in the provincial administration office, the admin or one staff of the Sub-Program and in NCDD are the Personnel Officer and the Human Resource advisor. At least one other member in the administration unit in the Sub-Program and in the Sub-National should be able to operate the payroll database system to cover in the absence of the regular staff assigned to do it.

On a random check basis the Admin and Finance Division must review the tax formulas used in the payroll system to ensure that they comply with current tax law. The Finance Officer should check the tax rates whenever the rates are changed by the government. Payroll is reviewed by the Finance Officer in the Admin and Finance Division prior to final approval by the Admin and Finance Division and finally by the Deputy Executive Head of NCDD.

13.2. Processing the Payroll

Changes to the payroll database must be made only on the basis of properly approved and authorized documents. Each month the Human Resource person in the NCDD-S alerts the Sub-Programs and the Sub-Nationals on the monthly staff movement report which is the basis in preparing a monthly consolidated payroll. This should be in the form of a schedule summarizing the change and other input that would affect the salary calculation of individual staff.

The schedule should be supported by copies of the appointment letter for new employees showing the salary level and start date, and copies of the letter or memo informing existing staff of the changes to their salary. Other documents such as individual required reports and changes on the marital status are also needed in order to complete the monthly staff movement report on the online Personnel Database. Once the Admin and Finance Division has checked and verified the changes, he/she signs and date the schedule and pass it on the Deputy Executive Head of NCDD for approval.

At the same time the Finance Officer should advise the Human Resource at NCDD in writing of any necessary deductions from the payroll such as for reimbursement of advances or the cost of personal phone calls made on NCDD phones.

After the Human resource runs the payroll, he or she passes the Payroll Summary report to the Admin and Finance Division who verifies that employees have been added or deleted as required and that all changes in salary have been correctly recorded.

The Admin and Finance Division must sign the Payroll Summary to confirm that this check has been completed.

The payroll should be verified by the National or International Finance Advisor prior to certification of the Admin and Finance Division prior to final approval by the Deputy Executive Head of NCDD. The verification process should include the following:

- Identifying all changes that have been made since the last payroll date.
- Ensuring that all changes have been properly approved and are supported by correctly authorised documents.
- Checking the entitlements and calculations for terminated staff.
- Checking that all terminated employees have been deleted from the payroll.
- Randomly checks the payroll calculations.

The Payroll Summary is then returned to the Finance Officer who pays the salaries and then raises a payroll journal for posting to the General Ledger in Peachtree.

13.3. Payroll Disbursements

The net pay due to each member of staff is settled by direct transfer to their bank account. All staff is encouraged to open personal bank accounts.

Cash payments should be avoided unless absolutely necessary. When it is necessary to pay by cash, special consideration must be given to security of the cash custodian for big amount of money. For example, the payroll could be staggered and paid over two to three days to reduce the amount of cash held on any one day, or the day of the month when the payments are made could be varied to reduce the predictability of when a large amount of cash will be held in the office. This happens only if it is not really possible to pay through bank to bank transfer in some cases.

13.4. Payroll Journal

The payroll journal helps to ensure that:

- All payroll costs are properly recorded on completion of the payroll even though some physical payments, e.g. payment of taxes, may take place much later.
- All statutory deductions are paid over to the relevant authorities.
- All salary costs due to staff are fully paid.

This is done by initially posting the cost to control accounts or payroll clearing accounts which are then reconciled and zeroed each month.

13.4.1. The Example below Illustrates a Typical Payroll Journal

DR Control Account - Staff Costs

Total cost of employment for the month, including salaries and taxes. This account will be zeroed by the credit entry when the staff costs are entered in Peachtree.

CR Control Account - Net Pay

This is the value of net pay for the month for all employees. This account will be zeroed when the actual physical payment of salaries is charged to it.

CR Control Account – Income tax payable

This is the value of income tax payable for the month for all employees. This account will be zeroed when the actual physical payment of tax is charged to it.

13.5. Payroll Files

The Personnel Officer maintains a good filing system for the payroll. As a minimum the filing system should contain:

- Original payroll summaries for each month with appropriate authorising signatures.
- Copies of all documentation explaining any changes to the payroll, e.g., new staff or new salary levels, and any additional payments or deductions in a given month.
- Copies of individual pay slips (soft copy).
- Copies of staff signatures for salaries that are paid by cash, if any only.
- Copies of correspondence with tax authorities regarding payment of tax deductions.
- Copies of records of payments for staff deductions and contributions.

Good employees are vital to the successful operation of any organization. High staff turnover can be costly and disruptive. Payroll costs are likely to take up a large percentage of the budget of a typical organization. Because they are a high proportion of project budgets, staff costs are likely to come under scrutiny from donors and auditors.

It is important from a financial point of view that NCDD maintains a professional approach to human resource management. This includes written procedures that are consistently followed. Whether or not the Finance Unit has any direct line management responsibility for the personnel function in their program, the Finance Unit must be satisfied that the personnel records are maintained to an acceptable standard.

This chapter deals with the personnel matters that are required of NCDD offices in Sub-Programs and Sub-National offices, including the minimum records that should be maintained. It also covers staffing issues relating specifically to finance staff.

CHAPTER 14: MONTH END AND PROCESSING

The month end period is a busy one for finance staff who often is under pressure to finalize reports and send them to NCDD-S management and to donor partners. In these circumstances it is easy to overlook important information and to inadvertently send out incomplete or inaccurate reports. In order to avoid this, it is advisable to maintain a month end checklist. The checklist includes all the necessary steps that must be completed prior to finalizing the monthly reports. It includes everything from ensuring that each Sub-Program and Sub-National levels have submitted its monthly financial report, all standard monthly journals have been posted, through to checking the reconciliations.

The checklist is a flexible, constantly changing tool, tailored to fit the specific circumstances of the Sub-Programs and Sub-National offices. For example, it may include a list of all donor reports - a list that will change regularly as grant agreements come and go. The Admin and Finance Division maintain a checklist for reviewing the monthly reports submitted by each Sub-Program and Sub-Nationals.

The checklist serves as a reminder for each step so as to ensure that the reports include all the relevant transactions. A hard copy should be printed and each item ticked off as soon as it is completed. It is on the wall of the Finance Office to serve as a visual reminder of the work remaining and of the work already completed.

It also serves as a permanent record of the work completed, and the final version should be signed by the Director of the Admin and Finance Division and filed with the month end management reports.

Refer to an example Check List for Month End Processing on the following page.

14.1. Sub-Program and Sub-National Levels

14.1.1. Check List for Month End Processing

Preparation								√
Unlock the month in Peachtree fiscal calendar								
Transaction Processing	Location 1		Location 2		Location 3		Location 4	
	Bank	Cash	Bank	Cash	Bank	Cash	Bank	Cash
Cash/Bank Books								
Received in NCDD-S (enter date)								
Check with vouchers and verify coding (initial)								
Check reconciliation								
Import to Peachtree (national level)								
Post to Peachtree								
Agree Peachtree to bank reconciliation								
Download income files from NCDD-S Directory and post any income								
Check any unidentified income to see if it belongs to the account								
Post all standard journals for the month:								
Payroll								
Post all prepayments or cash guaranty for the month (if any)								
Process time sheets								
Entries for purchase or disposal of fixed assets that are in the Balance Sheet								
Produce draft budget versus actual reports and circulate to focal managers for review with a brief narrative report highlighting key or unexpected variances								
Run Trial Balance								
Run month end report and reconcile to Trial Balance for:								
Balance Sheet – ONLY for NCDD-S								
NB at the end of this process each account on the Trial Balance should be ticked once against either								
an Income and Expense account or a Balance Sheet account. Investigate and correct any errors.								
Make any necessary amendments								
Run data integrity check (backup beforehand)								
Prepare and submit NCDD-S monthly report (contents as defined in the Admin and Finance Manual)								
Once completed – file this sheet in the month end report file together with:								
A copy of each of the above reports								
The Peachtree batch log for the month								
The Peachtree back up log for the month								
Lock the month in Peachtree fiscal calendar								
Inactivate all Peachtree General Ledger accounts for any special project that closed in the month								

14.1.2. Check List for Month End Report

Check to ensure the following are in the Reporting Package	√
---	---

	Monthly Finance Narrative Report	
	Balance Sheet – NCDD-S only	
	Income and Expenditure Statement – Summary for NCDD-S only	
	Matrix of income by donor NCDD-S Only	
	Income and Expenditure Statement for each Sub-Program and provinces	
	Bank reconciliation for each bank account	
	Schedule of staff advances	
	Cash flow forecast	
	Check the accuracy of each report in the reporting package	
	Income and Expenditure Statement for each project:	
	Does the total income and total expenditure agree with Income & Expenditure Summary Report?	
	Does the balance brought forward agree with the Balance Sheet?	
	Does the total income agree with the Matrix of income?	
	Balance Sheet:	
	Does the total bank balance agree with the individual bank reconciliations?	
	Matrix of Income by Donor:	
	Does the income reported per sub program and provinces agree with the income in the Matrix?	
	Check the progress against budget	
	Are any Sub-Programs and Sub-Nationals showing forecast year-end deficits?	
	Have deficits been following up with staff?	
	Is the proposed action satisfactory?	
	Are any offices showing forecast year-end surpluses?	
	Have surpluses been following up with staff?	
	Is the proposed action satisfactory?	
	Are there any individual budget lines with major variances?	
	Is the proposed action satisfactory?	
	Have donors been informed or requested for approval?	
	Do any budgets need to be revised?	
	Do all Sub-Programs & Sub-Nationals have the Working Budget submitted to NCDD-S?	
	Is the last approved Working Budget been set up in Peachtree?	
	Narrative Report	
	Have all the questions been properly answered?	

CHAPTER 15 : FINANCIAL REPORTING

Reporting has two purposes: First, it informs about the activity carried out during the concerned period, and enables the supervising entity to monitor the progress in achieving the agreed objectives. Second, it provides a summary of the agency's financial position in respect of the use of allocated resources, and compliance with the financial rules. The reporting is effective when it is made on a regular basis, and following a standard format.

A standard reporting includes the following information:

- Financial report: allocated resources, payment, and receipt, adjustment to be made in the period of time, total payment year-to-date, and funding balance

- The activity progress report: assessing actual achievements against the work plan, and objectives;
- Problems encountered and proposed corrective measures.

15.1. Reporting

The NCDD reports to the Funding Agencies/Donor Partners and to other government institutions as may be required.

15.2. Periodic Reporting

15.2.1. Activity Progress Report

The report will describe the activity progress in respect of all the components of the NCDD Program and Projects. The report shall assess the achievements against the objectives and outputs of the annual work plan.

15.2.2. Financial Report

The monthly, quarterly financial report is intended to inform the national authorities and funding institutions about the financial position and cash flow profile of the NCDD. The report also supports the NCDD-S request for the replenishment of its imprest accounts. The monthly financial report includes two sections:

15.2.2.1. Income and Expenditure report for Sub Programs and Sub Nationals

Does a report include cash receipt journal, cash disbursement journal, general ledger, and budget line summary, and expenditure by budget code (sample of these report in annex 1) Statement for each Sub-Program & SNA

The reports show the income received from each donor and expenditure by individual budget lines and the balance at the end of the reporting period by each Sub-Program and Sub-National level.

The budget should be the Working Budget. It is likely that funding is lower than have requested, a Working Budget is shown as in line with actual income. The budget is as shown in the agreement signed with the NCDD-S and may span more than one year.

There are columns for year to date income, year to date expenditure, the budget balance remaining expressed in currency and the budget balance remaining expressed as a percentage.

Incorporating both the full year Working Budget and balance of budget remaining allows the report to show:

- How much the Sub-Program and the Sub-National managers have left to spend on each individual budget line;
- Where the full year budget is already over spent;
- Which expenditure lines have unspent funds;
- The income lines that have not received contributions from the donors, either whole or in part.

This is a detailed report and is therefore most useful to the management. When reviewing it, the typical questions to ask include:

- Where expenditure lines are below budget is it because planned activity is behind schedule or because the cost is less than budgeted?

- Where expenditure lines are above budget is this because planned activity is ahead of schedule or has it cost more than budgeted?
- Will the level of variances be acceptable to the NCDD-S and donor partners or should the NCDD-S contact the donors in order to obtain approval for higher variances?
- If a balance is negative, are funds expected to come to clear the deficit? What action needs to be taken if no further funds are expected?

Refer to the following pages for examples of Income and Expenditure Statement for the following: Sub-Program, Sub-National. Note that they have been shortened to one page each for this manual.

NCDD SUB-PROGRAM OR SUB-NATIONAL **Report for the month ending: 31 December 20XX**

	Approved 20XX USD	Working 20XX USD	Actual 20XX USD	Budget 20XX %
INCOME				
Received in the previous year				
Donor A	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0%</u>
Received in the current year				
Donor A	0.00	0.00	0.00	00%
Donor B	0.00	0.00	0.00	00%
Donor C	0.00	0.00	0.00	00%
Donor D	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>00%</u>
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>00%</u>
Total Funds Available	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>00%</u>
EXPENDITURE				
Total Expenditure	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>00%</u>
Closing Balance, 31 December 20XX	<u>0.00</u>	<u>0.00</u>	<u>(0.00)</u>	

A year to date deficit means that the project is being pre-financed. It could mean that the donor needs to be followed up for the next instalment.

15.2.2.2. Consolidated Income and Expenditure Report Prepared by Secretariat

Income and expenditure reports indicating period planned and actual period; annual planned and actual to date, variance for period and annual in USD and as a percentage. Reports give figures per component, per output, per activity, collated from the relevant monthly records. Indicate if the report is against a revised budget and the date of the revised budget. The reports are prepared by the Admin and Finance Division as part of the entire program financial reports. The QMR or any progress report is incomplete without the Financial Statements.

The opening balance does not include fund balances. As mentioned above, the report should have zero balance at year end. Approved fund balance at year-end is treated as income in the New Year.

The opening balance is the same amount as the balance at the end of the previous year. The closing balance in the Income and Expenditure Statement for the months from January to November is made up of the balances in fund balance. The Consolidated Income and Expenditure shows income and expenditure for all Sub Programs and Sub national levels.

The report is intended to show the movement of cash that has been generated for the year to date.

Refer to an example Income and Expenditure Statement below.

NCDD IP3 Program

INCOME AND EXPENDITURE STATEMENT for the period ended 31 December 20XX

	Appendix	USD	USD
Opening Balance, 1 January 20XX			<u>0.00</u>
INCOME FOR 20XX			
Total Income:			
Donor A		0.00	
Donor B		0.00	
Total Income to date			<u>0.00</u>
EXPENDITURE FOR 20XX			
Total Expenditure to date (DETAILS as laid out in the AWPB)			<u>0.00</u>
Closing Balance, 31 December 20XX			<u>0.00</u>

15.2.2.3. Balance Sheet for Secretariat

The Balance Sheet lists all the assets and liabilities of the NCDD on one particular date and provides a 'snapshot' of its financial position.

It shows what assets the NCDD-S hold and, after taking into account its outstanding liabilities, shows how the remaining balance is split between IP3 Fund balances and other restricted funds. Note that Fund balances are listed in the Balance Sheet during the year from January to November. Fund balance is zero in the external audit report.

If the program or project has an approved balance at year-end, the balance to be carried forward is treated as a contribution received in advance for the following year, and shown as a current liability. A journal entry is made on 1 January to transfer the amount out of the account for Contributions Received in Advance and into the program or project as current year's income. It is shown under the income section in the financial report as income received in the previous year.

If program or project has an approved deficit balance at year end, the deficit balance is treated as a fund balance receivable. A deficit balance only occurs when a program or project continues on into the New Year, or when the final contribution was withheld by the donor, pending the receipt of the audit report. When the contribution is received from the donor, the amount in the Balance Sheet for Balances Receivable is cleared and the difference, if applicable, is treated as current year income.

Assets brought into the balance sheet are only cash, bank and guarantees. Fixed assets are fully expensed and not brought as a balance sheet account.

Generally, the Balance Sheet is used by NCDD-S management and finance staff in order to obtain an overview of the NCDD's financial position, particularly its liquidity. When reviewing the Balance Sheet, the items to check will include the items listed in

BALANCE SHEET as at 31 December 20XX

Current Assets

Check: Does the figure for bank accounts agree to the sum total of all bank reconciliations?

Check: Does the figure for staff advances agree to the Schedule of Staff Advances?

The figures in the column for 20XX must be exactly the same as the 20XX audit

Appendix USD USD
31 Oct 20XX 31 Dec 20XX

0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
<u>0.00</u>	<u>0.00</u>
0.00	0.00

TOTAL ASSETS

0.00 0.00

LIABILITIES AND RESERVES

Current Liabilities

Accounts payable	0.00	0.00
Contributions received in advance	0.00	0.00
	0.00	0.00

Fund Balance0.00 0.00**Total Liabilities**0.00 0.00**TOTAL LIABILITIES AND FUND BALANCE 0**0.00 0.00

Do not show this variance figure (which should be zero) in the final report.

Bank reconciliations for all banks must be sent to NCDD-S to verify that this important internal control has been properly done for the month to date.

BANK RECONCILIATION as at (date)

ACCOUNT NO.:

USD*

Cash Book Balance as at 1 January 20XX**		0.00
Add Income Received**	<u>0.00</u>	<u>0.00</u>
Less Expenditure**	<u>0.00</u>	<u>0.00</u>
Cash Book Balance as at 31 January 20XX***		0.00

Bank Balance as at 31 January 200xx		0.00
Add/Less Receipts not yet banked:	<u>0.00</u>	<u>0.00</u>
Add/Less Un-presented Cheques:	<u>0.00</u>	<u>0.00</u>
Cash Book Balance as at 31 January 20xx ***		<u>0.00</u>

*A separate reconciliation must be prepared for each bank account and each currency.

**Year to date.

***The two balances must agree with each other.

15.2.2.5. Schedule of Staff Advances

This report shows the balances for each month for each work advance individual staff members for the calendar year. It allows NCDD-S to check that the policy on staff advances is being properly implemented.

NCDD SUB-PROGRAM, SUB-NATIONAL AND NCDD-S
ANALYSIS OF STAFF ADVANCES as of (date)

Employee name	Title	Jan USD	Feb USD	Mar USD	Apr USD	May USD	Jun USD	Jul USD	Aug USD	Sep USD	Oct USD	Nov USD	Dec USD	Balance at month end
1.														
2.														
3.														
4.														
5														

WORK ADVANCES

Every staff member who has had a Work Advance during the current year should be listed, even if their current balance is zero.
This information will show whether staff members promptly settles their advances. Overdue balances must be followed up. The balance must be zero at year end.
This applies to all staff.

Sub Total – Work Advances

Total Staff Advances

15.2.2.6. Individual Cash flow and Consolidated cash flow

Include cash flow profile summary, financial position summary, imprest account, bank reconciliation, outstanding cheque, cash advance.

The Cash Flow Forecast is part of the set of monthly reports that must be submitted to NCDD-S. The purpose of this report is to justify the cash currently requested from NCDD-S. The report shows actual amounts for each month to date and budgeted amounts for the remaining months of the year.

The first section of the report provides details of the cash position. It shows monthly actual and projected income, actual and projected expenditure and the projected balance.

The second section provides details of income by donor both actual and forecast. It also shows whether the income has been, or will be, received through NCDD-S.

On the basis of this report, NCDD-S will decide whether or not to authorize the request for transfer of funds, and how much to send.

Refer to the following pages for an example of the Cash Flow Forecast.

NCDD
SUB-PROGRAM, SUB-NATIONAL
Cash Flow Forecast 20XX

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Budget Nov	Budget Dec	FORECAST FULL YEAR TOTAL
Summary													
Balance brought forward	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income received through bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance carried forward	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer requested from NCDD-S for the Month													
ADD Forecast total expenditure for the period											0.00	0.00	
LESS Balance brought forward – bank accounts											0.00		
Net value of transfer requested												<u>0.00</u>	
Current Account balance as of 31 October as per 31 October Monthly Report											0.00		
<u>Income through NCDD-S– pledged but not yet received:</u>													
Donor A												0.00	0.00
Donor B												0.00	0.00
Donor C												0.00	0.00
Donor D												0.00	
Current Account balance												<u>0.00</u>	Balance –
Compared to transfer requested amount												0.	

15.3. Who Needs Financial Reports and Why

Financial reports are used by different stakeholders for a variety of reasons.

15.3.1. Senior management

They have overall responsibility for the proper management and they need to ensure that the plan is being implemented as scheduled.

15.3.2. Directors of Every Divisions

They need to monitor the progress of the whole implementation and its other projects.

15.3.3. Chief of Offices

They need to know that expenditure is in line with budget, how much has been spent so far, how much is still available, and what is left to spend.

15.3.4. Finance Staff at all Levels

They need to ensure that there are sufficient funds available each month and that expenditure is in line with budget.

15.4. Financial Management Reports

Monthly management reports are the key tools for tracking progress against budget. Proper review of the reports identifies the areas for corrective action. For this reason the reports need to be timely, accurate and relevant.

Timely means the information is received promptly in order to permit quick management decision-making processes. As an example, if the April management report is received in September, the information will be so out of date as to render it useless. Management will not be able to assess the progress of expenditure and will be unsure as to whether to authorize future payments. For this reason it is important that management reports are produced as soon as possible after the end of the month. The deadline is the 10th day of the following month from all sub- programs and sub national levels in order to provide 5 days for the national level to consolidate and meet the deadline of the donor reporting which is usually every 15th of the following month or quarter.

The reports need to be **Accurate** because the donors will advance funds on the basis of the information contained in the reports. The NCDD-S management will make expenditure decisions in line with the reports. Different users will use the reports and if the reports contain errors the program can suffer through erroneous decisions and in its credibility. Accuracy projects an image of proper professional control and management of finances. After the reports have been prepared, they should be carefully checked before they are circulated.

The reports need to be **relevant** because they are the main source of financial information within the NCDD. Relevance means concentrating on the key information – for example presenting income and expenditure statements in the same format as the budget agreed with the donors. The Working Budget must be included. This is the key budget that it used to control expenditure. Management reports should form the basis of useful dialogue between program staff and finance staff on budget and expenditure matters.

15.5. Monitoring Reports – Quarterly and Annually

15.5.1. Quarterly Monitoring Report

A Quarterly Monitoring Report (QMR) is to be prepared and submitted to the NCDD-S Management by 10th of April, July, and October and 10th of January following year. The QMR is then submitted to donor partners by 15th April, July, October and January of the following year.

Some donors may require semi-annual reports only. Bilateral projects and several donor partners may have specific reporting formats and timelines. These requirements are to be complied with in accordance with the signed agreements. NCDDS need to produce the report on the specific required format as mentioned in the specific agreement with other funding partners.

There is an outline of the information required from the Admin and Finance Division, as follows:

15.5.2. Financial Performance/Financial Review

15.5.2.1. Financial Overview

This is an overall statement by the Admin and Finance Division on the financial performance during the period.

Indicate whether there were major changes as to where money came from; was there enough; were there unexpected developments, new funding sources or new regulations that created questions.

Make reference to major variations in income and present clear explanations. It should also provide a plan of how to deal with the variations or unexpected developments in both income and expenditure (if referring to above expenditure explanations, clear reference numbers should be used).

Explain here any changes in program or coordination costs compared to the latest agreed upon working budgets. Indicate here significant changes in overhead, if any, especially if staffing changes took place and whether it OUTPUT in any financial implications or differences.

Please note that in Section 2 of the matrix, the financial cost reported should be consistent with the Financial Report.

This is a complement to the actual financial report and contributes to building the bridge between finance and narrative.

It should be prepared by the Admin and Finance Division in consultation with the Program Management Support Division and Monitoring and Evaluation Division.

The quarterly reports are prepared as:

Q1= 3 months cumulative figures (March report)

Q2= 6 months cumulative (June report) and 3 months of financial activity from April to June

Q3= 9 months cumulative (September report) and 3 months of financial activity from June to September

Q4 = 12 months cumulative (Oct to December)

15.6. NCDD Report – Tables of Preparation and Circulation

The following table shows the reports prepared by NCDDS and to whom they should be circulated.

		NCDD-S Prepares	Sub- Program Prepares	SNAs Prepares
1.	Narrative Report	✓	✓	
2.	Balance Sheet	✓		
3.	Income and Expenditure Statement	✓		
4.	Matrix of donors for basket fund	✓		
5.	Income and Expenditure Statement for each Sub Program and 24 Sub-National Offices	✓	✓	✓
6.	Bank Reconciliation – each bank account	✓	✓	✓
7.	Schedule of Staff Advances	✓	✓	✓
8.	Cash Flow Forecast on Year to Date period	✓	✓	✓
9.	Three Month Cash Forecast	✓	✓	✓

The following table shows the circulation of reports.

		Division Director Received	Deputy Head NCDD-S Received	Donors Partners Received
1.	Narrative Report	✓	✓	
2.	Balance Sheet	✓	✓	✓
3.	Income and Expenditure Statement	✓	✓	✓
4.	Matrix of donors for basket fund	✓	✓	✓
5.	Income and Expenditure Statement for each Sub-Program and 24 Sub-National Offices	✓	✓	✓
6.	Reconciliation – each bank account	✓		
7.	Schedule of Staff Advances	✓	✓	
8.	Cash Flow Forecast on Year to Date period	✓	✓	
9.	Three Month Cash Forecast	✓	✓	

15.7. Narrative Management Reports – Format of Submission

The Narrative Report is circulated as a separate Word document file. Reports 2-5 are the core of the Financial Report. Each is in a separate sheet, but in a single Excel file. The Cash Flow Report is circulated as a separate single sheet in an Excel file. Reports 6-9 is circulated as separate sheets within a single Excel file.

The formats of these reports are reviewed and updated from time to time. The Admin Finance Division at NCDD-S sends notification of any changes by email to all Finance Offices in Sub-Programs and Sub-National Levels.

In addition to the reports sent by email, **one set of signed hard copy** of the reports is also sent to NCDD-S. The Head of each Sub-Program and the Provincial Governor should sign the reports. The Director of Provincial Finance Division signs on the report with the initials of the Provincial Finance Advisor or in his/her absence by the Provincial Program Management Advisor (PPMA). A back up of the Peachtree data for each month is saved on the folder created for each Sub-Program and Sub-Nationals together with other files listed below.

- A soft copy of all the above reports.
- A soft copy of the generated Peachtree Financial Report.
- A month end backup copy of the Peachtree data.

15.8. Deadlines for Submission of Reports

Sender	Reports		Received by NCDD-S	Received by the DPs
Sub-Programs (except NCDD-S) and Sub National levels	Income & Expenditure Report Cashflow		10 th of every month	N/A
NCDD-S	Consolidated Income & Expenditure Report Balance Sheet Consolidated Cash flow		10 th of April, July, Oct and Jan the following year	15 th of April, July, Oct and Jan the following year

The report to local management in the Sub-Program and the Sub-National must be sent out every month before the 10th of the following month giving time for the signatory's time to read and analyze the reports before signing. Upon signing, the Finance Officers and Advisors scan the report and paste it on the folder created in the Peachtree program accessible by the national level. The hard copy of the report can be sent to the national level on or before the 10th of the following month.

15.9. Financial Narrative Report for the Management

The narrative report is a Word document of three pages that has a list of questions that must be answered by the Director of Finance and Admin Division for the NCDD-S Management. Some questions require explanatory comments.

Monthly Finance Narrative Report			
NCDD-S ONLY:		Month:	(Please tick)
		Yes	No
1.	BALANCE SHEET		
1.1	<i>Is the total bank balance sufficient to finance the months while waiting for the next transfer from donor partners? If no, what is the contingent solution?</i>		
1.2	Have any new bank accounts been opened during the month? If yes, explain the purpose of the bank account.		
1.3	If a new bank account has been opened, has the List of Bank Signatories been updated? If no, explain why.		
1.4	Is there sufficient fund in the bank to meet transfers to provinces and sub programs if this month falls on the month after the end of a quarter? If no, explain the possible solution.		
1.5	Are there any staff work advances more than 10 days outstanding? If yes, list the staff members by name and explain the reason for the delay and when the advance will be settled.		
1.6	Are any payables more than 30 days outstanding? If yes, explain why.		
1.7	Have all Balance Sheet accounts been reconciled? If no, explain why.		
2.	SUB-PROGRAMS AND SUB-NATIONALS		
2.1	Are any Sub-Programs and Sub-Nationals expected to have a deficit balance at 31 December? If yes, explain the reasons why and the action being taken to remedy the situation.		

Monthly Finance Narrative Report			
NCDD-S ONLY:		Month:	(Please tick)
		Yes	No
2.2	Are there any offices of sub programs and provinces that have budget lines been overspent for the year to date? If yes, explain the reasons why and the action being taken to remedy the situation.		
2.3	With reference to 2.2 above, have donors been informed? If no, explain why.		
2.4	Are any Sub-Programs and Sub-Nationals behind schedule in the implementation? If yes, explain the reasons why and the action being taken to remedy the situation.		
2.5	With reference to 2.4 above, will all funds be spent by year-end? If no, explain why and whether donors have been informed.		
2.6	Have any expenditure items occurred during the month, which were not in the AWPB? If yes, explain the expenditure items and where the funds will come from to cover them.		
2.9	Have any donor contributions been pre-financed during the month? If yes, list the projects, the donors and the amounts.		
2.10	If the answer to 2.9 is yes, explain the following: What are the reasons for pre-financing? What is being done to follow up the installments from the donor?		
3.	COMMUNICATIONS		
3.1	Has the finance report been discussed with the NCDD-S Management and other program staff? If no, explain why.		
3.2	Have any of the Sub-Programs and Sub-Nationals been visited during the month? If yes, explain the issues that were discussed.		
4.	OTHER INFORMATION		
4.1	Provide other information that should be made available to the NCDD-S Management.		
<p>Signature (Director of Finance and Admin Division):.....</p> <p>Signature (Deputy Head of NCDD-S in-charge of Finance):.....</p> <p>Date Submitted:</p> <p>(Send a hard copy of the Narrative Report with the monthly financial reports to the Executive Deputy Head of NCDD-S for review, approval and signature)</p>			

15.10. Management Reports - Some DOs and DON'Ts

- **DO** make them timely, accurate and relevant.
- **DO** meet the reporting deadlines.
- **DO** review the reports before they are sent out.
- **DO** use the management reports to have a dialogue between finance and program staff.
- **DO** use that dialogue to ensure the reports are used to monitor and control budgets.
- **DO** explain any significant variations and make suggestions where you feel corrective action is necessary

- **DON'T** assume that a report produced automatically from Peachtree is correct. Check the report definitions to ensure that all relevant data is being captured.
- **DON'T** send out reports with Peachtree specification ranges included. After the reports have been run and checked, delete the ranges before saving the final copy for the month.
- **DON'T** send out reports with links to other files. After the report has been completed, close it and open it again. If there are any links, remove them and save the amended file. Another way to check if there are links, click on Edit and see if Links is in bold. If it is in bold it means that there are links in the file. To find the links, click on Edit, then click on Links. Look at the name of the file and decide upon some distinctive words that made up the file. Then Select All Sheets, click on Find and type the distinctive words that make up the file that is linked. Press Find Next and the first cell with the linked file will be shown. Overtyping the file name. Continue this procedure until all links have been removed.
- **DON'T** over spend a project budget. NCDD-S does not have reserves to cover deficits.

Donor reporting is one of the biggest challenges for finance unit. Most donor partners have specific guidelines, rules and formats for proposals and for reports. In many cases a program like IP3 receives funding from several donors. This means that budgeting and reporting can be quite complex.

15.11. Financial Statements

15.11.1. Statement of Compliance

The financial statements have been prepared in accordance with and comply with the financial regulations and the accounting principles of the NCDD following the IPSAS principles and standard. The accounting policies have been based in part on the general principles of the IPSAS, as detailed in the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements.

15.11.2. Basis of Preparation

The financial statements are presented in U.S. Dollars. The financial statements have been prepared under the historical cost convention, except for securities which are stated at fair value. Fair value is the amount for which an asset, liability or security could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and

expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual OUTPUTs ultimately may differ from those estimates and the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

15.11.3. Restricted and Unrestricted Funds

The financial statements distinguish between Restricted and Unrestricted Use funds. Restricted use funds are those funds received from donor partners or any third parties who have imposed restrictions on the purposes for which they may be used. Unrestricted Use funds are those funds where there are no externally imposed restrictions and include assets freely available or appropriated to reserves for internally designated purposes.

15.11.4. Foreign Currency Transactions

The presentation and functional currency of the NCDD is the U.S. Dollar. The books of account are maintained in U.S. Dollars. Assets and liabilities, excluding fixed assets, denominated in currencies other than U.S. Dollars have been translated at the 31 December 20XX rate of exchange per the NBC.

Income and expenditure has been translated into U.S. dollars monthly using the spot rate on the date of expense per NBC. The local currency of the program is KHR. The exchange rates used during the year between the local currency and USD were as follows:

MONTH	1 USD =
January	4,000
March	4,000
February	4,000
April	4,000
May	4,000
June	4,000
July	4,000
August	4,000
September	4,000
October	4,000
November	4,000
December	4,000

Exchange gains and losses OUTPUT from the application of the accounting principles outlined above are credited or charged to the applicable operations costs.

15.11.5. Revenue and Expenditure Recognition

Restricted use funds are normally received as OUTPUT of a specific solicitation or with donor imposed restrictions and are recognised as income over the duration of the program or project in proportion to the achievement of the conditions attached to the contributions. Income for the year is therefore equal to expenditure. Expenditure in excess of funds received for projects or specific purposes are recorded in assets. Excess of expenditure is written off in the event that management determines that such over expenditure is unlikely to be recovered by additional funding. Contributions received but not yet recognised are included in Current Liabilities.

In some instances, in-kind contributions are recognised in the financial statements and an equal amount of expenditure is recorded. In 20XX, the amount included in revenue and expenditure related to in-kind contributions is USD XXXX. In-kind contributions are recorded at the value noted in the accompanying shipping documents upon receipt or provided in terms of services.

In-kind contributions of fixed assets that are not restricted by the donor are accounted for using the same principles as used for purchased assets, with acquisition costs being determined on the basis of donor values.

15.11.6. Cash and Cash Equivalents

The NCDD considers cash on hand and amounts due from banks to be cash and cash equivalents.

15.11.7. Accounts Receivable

Receivables are stated at original amount less provision made for impairment of these receivables.

A provision for impairment is made when there is objective evidence that the NCDD will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount of inventories.

Inventories purchased from Restricted Use Funds are expensed in the year of purchase. Rights over inventories would not generate future economic benefit to the NCDD due to the short-term nature of program contracts and the terms of contracts where rights over residual program assets are vested with the grantors.

15.11.8. Fixed Assets

Fixed assets purchased from Restricted Use Funds are expensed in the year of purchase. It is considered improbable that such expenditures will generate future economic benefit to the NCDD due to the short-term nature of program contracts and the terms of contracts where rights over residual program assets are vested with the grantors.

15.12. Details within Financial Statements

This section provides a breakdown of the main items on the Balance Sheet, the Income and Expenditure Statement.

- 1 Bank Accounts
- 2 Petty Cash Accounts
- 3 Advance Accounts
- 4 Fund Balances Receivable
- 5 Other Receivables
- 6 Prepayments/Cash Guarantees

Expenses were incurred in these projects in prior years but no donor is committed to fund those expenditures. A plan is in place to recover the expenditures.

15.12.1. Fixed Assets

Fixed assets purchased are recorded as expensed:

The NCDD-S maintains a register of all assets over USD 500 including those that are for restricted use. The following figures reflect the assets held for restricted purposes at their original cost.

	Balance at 31 Jan	Additions	Disposals	Balance at 31 Dec
Land and Buildings	0.00	0.00	0.00	0.00
Computers	0.00	0.00	0.00	0.00
Vehicles	0.00	0.00	0.00	0.00

Other Equipment	0.00		0.00	0.00		0.00
Total	0.00	0.00	0.00		0.00	

15.12.2. Accounts Payable

Utilities	
Equipment	
Other project supplies	-

15.12.3. Contributions Received in Advance

The NCDD is remitting taxes deducted from staff salaries and consultant fees.

15.12.4. Financial Risk Management

The NCDD has minimal exposure to financial risks as detailed below.

15.12.5. Market Risk - Foreign Currency Risk

Foreign currency risk arises primarily when the U.S. Dollar falls against the local currency. Bank accounts are kept in both local currency and U.S. Dollar accounts to minimize this risk

15.12.6. Credit Risk

The NCDD's principal receivables are with its related donor partners, where credit risk is considered to be low. There is no significant concentration of credit risk.

15.12.7. Liquidity Risk

As the NCDD has no investments in securities, there is no exposure to liquidity risk.

15.12.8. Interest Rate Risk

There is no significant short-term exposure to changes in interest rates as cash and cash equivalents are held as cash on hand or on-demand deposits and they earn minimal interest.

15.12.9. Related Parties

Related parties for NCDD are Sub-Programs such as the MEF, MOP, SSCS, and LEAGUE.

CHAPTER 16 : FRAUD AND CORRUPTION

16.1. Introduction

In practice, corruption and fraud are closely related. A definition of fraud is "a deliberate, improper action which leads to financial loss to the organization" and a definition of corruption is "the abuse of entrusted power for private gain".

NCDD is committed to prevent fraud occurrences and combat corruption. It is important to include in this manual for a reader to understand who commits fraud and why people commit fraud.

16.1.1. Who Commits Fraud

The average fraudster does not appear to be any different from anyone else. This is why it is often extremely difficult to detect fraudulent acts. People are often surprised when a certain person is accused of fraud. This is because the one accused of fraud is often a person who is helpful, polite and inconspicuous. Most importantly, it is the colleague who enjoys the absolute trust of both superiors and colleagues. This highlights the importance of recognizing trust as a main risk factor, making it all the more crucial for management of the NCDD to exercise well-considered balance between trust and control. On the other hand this does not lead to the assumption that every trusted employee is a potential fraudster.

Statistics taken from KPMG's survey:

- 89% of frauds were committed by the fraudster against his or her employer.
- 20% of the fraud involved an external perpetrator.
- 50% or more had been with their employer for more than six years.
- 68% acted independently.
- 5% involved more than five people.
- 91% were not content with one fraudulent act, but acted multiple times over a period of several years.
- 70% were between 36 and 55 years of age.
- 85% were male.
- 49% were able to commit fraud by primarily exploiting weak internal controls.
- 46% were detected by the whistle blower or management reviews.

16.1.2. Why People Commit Fraud

Opportunity: Opportunity generally occurs through weaknesses in the internal controls and creates an atmosphere where fraudsters believe they are likely to be successful and undetected.

Motive: Motive often develops from financial pressure resulting from a fraudster's excessive lifestyle, or from the gap between the financial remuneration earned and the responsibility held by the individual, or pressure to meet financial targets, or the superiority complexes of the individual or basic greed.

Rationalization: Rationalization is the fraudster's internal dialogue that provides the self-justification for his or her actions. The fraudster convinces himself or herself that he or she is owed this remuneration by the employer.

16.2. Warning Signs of Fraud

16.2.1. Fraud in the Accounting Records

- A considerable number of corrections to the cash-book. In manual records this may include extensive use of correction fluid or blocked out figures.
- Pristine records. For instance, a manual cash-book that looks as if it has been written up on the same day and in the same hand. This could be an indication of rewritten or duplicate books.
- Delays in banking cash received. This will show up in the bank reconciliation.
- Records not being kept up to date. Delays are deliberate so that managers find it difficult to detect false accounting.
- Missing supporting documents. Instances of this could be bank statements destroyed to cover someone's tracks, a project officer who regularly claims to have 'lost' receipts, invoices missing.

16.2.2. Fraud in Reports

- Budget monitoring reports showing inconsistent behavior between line items. For instance, project related expenditure is under-spent due to delays – except for fuel which has been overspent. This could indicate the abuse of vehicles.
- Budget monitoring reports delayed – possibly to cover up something.

16.2.3. Fraud in Non-financial Areas

- A staff member who works very long hours – first in and last out of the office. This could mean that the staff member has to work extra hours to cover his or her tracks.
- A staff member who never takes holidays. This could mean that the staff member does not want someone else to discover what he or she has been doing.
- A change in lifestyle. Spending patterns do not match the staff member's income. For instance, the staff member might begin to wear designer clothes and accessories, expensive social habits, expensive car.
- Smoke screens – where someone makes a false accusation about another member of the staff in order to cover his or her tracks or to make a hasty departure.

16.3. Corruption

Corruption can involve financial and non-financial benefits such as enhanced personal reputation, the acquiring of political capital, access to services, sexual favors, etc. Common forms of corruption include but are not limited to:

- **Nepotism:** the use of friends, family members or “cronies” for a specific task or recruitment to a certain post in return for favors. Nepotism is a concern when aid agencies are recruiting staff, selecting local implementing partners, contractors, suppliers and beneficiaries. Damage is caused by non-transparent system that often involve collusion of staff with third parties and staff who are no longer independent because they owe favors to other people. The public image of an agency suffers as these practices are usually well known by the local population.
- **Bribery:** the provision of money or favors to unduly influence a decision. Aid workers are sometimes drawn into situations involving bribes when being asked to present official documents or when staff is “encouraged” to buy his way out of a difficult situation, such as an alleged traffic offence. Payments made at road-blocks are a frequent phenomenon in many conflict-prone areas. The obligation to hire specific people (members of one armed group or staff of a local warlord) as security guards can also be included in this category.
- Bribery is an offence. Those offering bribes fear persecution and might commit other offences to camouflage the initial bribe. The credibility of an organization and its staff is severely damaged when such payments become public. Last, but not least, the funds used for the bribe are lost for the legal objectives of the operation.
- **Kick-backs or cuts:** payments or favors in connection with a certain transaction. Cuts or kick-backs are payments or favors received by staff when completing a transaction such as procuring project materials, signing a service contract or renting premises or vehicles. On the recipient's side the motive is greed. On the payer's side the motive is to avoid or outlive competition or to achieve a higher price by sharing the profits with the staff members. Kick-backs can come in the form of gifts, a monthly percentage of all purchases or fixed amounts per transaction. Suppliers can also issue two original receipts that permit the billing of one item to two different donors or the amounts shown on the receipts do not correspond with the amounts actually paid.

- Kick-backs lead to inflated prices or the procurement of lower quality goods. Staff members become indebted to the payer and become a potential blackmail victim. The staff member then owes the payer favors in return. Extensive procurement fraud can lead to lower quality aid as funds are lost in the transactions.
- The NCDD has to put costly control measures in place. Expatriate staff are hired to improve oversight functions on the assumption that they will not be tempted to accept kick-backs even though the tasks could just as well be accomplished by local staff.
- Diversion of resources for private gain: fraud, embezzlement, and theft of resources for own use. When agency staff uses NCDD assets or funds for their personal use then these assets are diverted, regardless of whether they are permanently stolen or only “borrowed”. Motives are to enrich oneself by selling the goods (e.g. fuel, vehicle spare parts, food aid etc.) or to save money by borrowing goods for private use (e.g. generators, computers, etc.). Without downplaying the seriousness of these offences, agencies must pay their staff decent salaries to provide for basic necessities. If salaries are kept low to maximize the use of donor funds then staff is more likely to be tempted to divert funds or assets when an opportunity arises. The fear of losing a job is less if the job does not pay well anyway.
- Widespread corruption in many places means that staff may see their own fraudulent activities as a copy of larger-scale corruption in national politics that often go unpunished. These actions can happen anywhere at any time: in procurement, in the warehouse, during or after distributions, when using office equipment or vehicles.
- Distribution of relief goods to people who are not entitled to receive them is another form of diversion. In this case, donor partners can face the specific problem of staff sexually exploiting beneficiaries by promising them extra goods in return for sexual services.
- Direct diversion of funds can happen at any step in the financial cycle through the forging of receipts, taking advantage of parallel exchange markets or simply stealing money from the cash box.
- Diversion leads directly to a loss of funds, assets and resources. Additional costs are incurred when expensive control mechanisms have to be put in place.
- **Misuse of power and/or position:** to use entrusted power for personal benefits, e.g. money, services, sexual favors etc., in exchange for food, shelter, protection, or other reasons.
- Practices closely related to corruption and fraud includes protecting corrupt individuals, hiding or concealing incidents that have occurred, manipulating regulations, vote-buying, invented fees, illegal funding of election campaigns, etc. Also serious negligence is a closely related issue that under some circumstances can be seen as a form of corruption.

16.3.1. Consequences of Corruption

- The reputation of the organization will be harmed with donors, which is likely to affect subsequent fundraising ability.
- Damage to the local reputation of the organization with the affected beneficiary population.
- Damage to staff morale and organizational culture.
- Damage to the quality of the program and the failure to achieve the humanitarian mission.

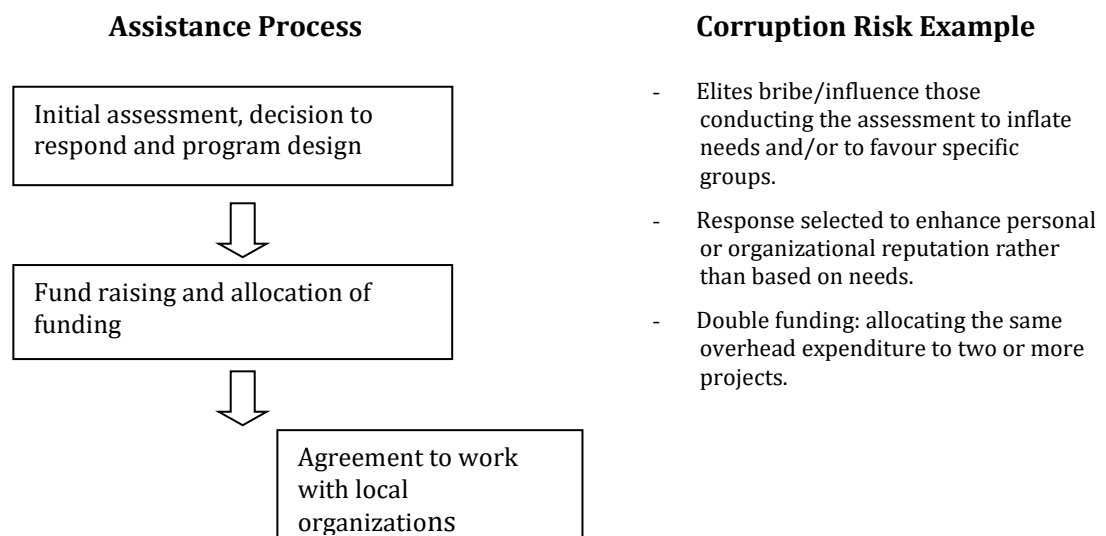
- Security risks.
- Waste of management time.
- Liability and legal issues.

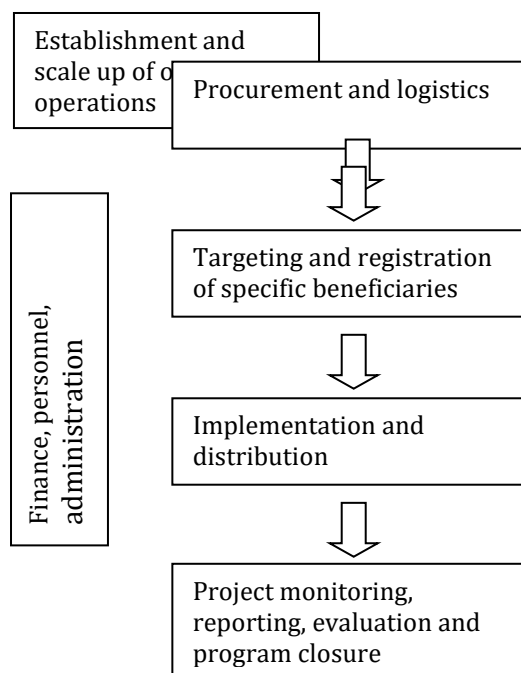
16.3.2. Motivations for Corruption

There is always the risk for corruption to occur and it can happen anywhere. There are, however, specific risk factors that have been identified in development aid and emergency relief operations. These include:

- Conflict - there is generally more corruption where the situation is more war-like.
- A high level of corruption in society - in general this increases the risk of corruption in projects and organizations.
- Weak, ineffective governments and authorities.
- Weak, ineffective legal systems as well as unclear or outdated laws and regulations.
- High monetary value of the aid compared to the local economy.
- A bad image of the organization- this increases the risk substantially.
- Low level of transparency in the organization or the project – the project is perceived as inadequate or as wasting resources.
- Low media coverage - this gives potential fraudsters a feeling that it will be possible to get away with it and this increases the risk.
- Weak administrative system in the organization - weak financial routines, lack of internal control, unclear staff policy, lack of guidelines for logistics or purchases. These factors make it difficult to investigate any incidents that may have occurred.
- High level of cash handling is a substantial risk. Cash is much easier to divert than bank transfers or cheques.
- Time pressure - when there is an immediate need to be met.
- Scarcity in general in the area.

16.3.3 Corruption Risk Map - Example Only





- Staff invent partners or demand kickbacks.
- Goods which are sub standard or do not meet the original specification are accepted and ultimately paid for through kickbacks, bribes, collusion.
- Powerful individuals within the community manipulate the beneficiary lists.
- Beneficiaries have to bribe agency staff, local elites or authorities to maintain their place in a distribution line or receive goods.
- Manipulation of monitoring reports and information to attract further resources.
- Reports falsified to hide corruption.
- Disposal of assets to favoured people.
- Monitoring, reporting or evaluations falsified to hide evidence of corruption that was found.

16.3.4. Fighting Corruption

All legal means will be used to enforce procedures. Individual staff members who become aware of possible corruption will be supported and will not be seen as trouble-makers.

There are a number of principles in addressing corruption:

- Transparency in decision-making.
- Publicity and openness in handling information.
- A “four-eye principle” (actions cannot be authorised by one person only) throughout all procedures.
- Enforcement mechanisms for rules and regulations.
- Transparent recruitment procedures to avoid or reduce nepotism:
 - ✓ Staff vacancy announcements in newspapers, on the radio, and in public places.
 - ✓ Receipt of applications carefully managed so that all reach the appointed decision-makers.
 - ✓ Written tests.
 - ✓ Careful background checks on potential candidates.

The public tends to be very well informed about recruitment practices as large numbers of people are looking for well-paid jobs with international agencies. An agency can easily spoil its public image by poor recruitment or, conversely, can earn a lot of credit through transparent and merit-based staff recruitment. Deploying staff away from their home region can be a measure to reduce pressure from family members.

Forbid the payment of bribes. Bribery is illegal in any ways. Senior staff needs to set an example themselves. Even if tempted to take short-cuts senior staff should never instruct subordinates to effect such payments. If it is done once there is no point in forbidding it the second time. As a consequence, “receipts” for such payments should not be given thus obliging the person who wishes to bribe to do it from his or her own pocket.

Procurement:

- Provide several quotations and public tenders for more valuable contracts. Suppliers and vendors find ways to cheat the system and so NCDD makes sure sensitive information is well controlled.
- Tenders are opened in public or at least by a tender committee. The committee includes Directors and Deputy Executive Head of NCDD and Advisors as observers, also includes the representatives of third parties such as the sub-program who requested items or work for procurement.
- Exchanging information with others on suppliers that should be avoided helps to eliminate some of the worst cases.
- If possible in the local context, legal action must be taken and suppliers who are found guilty should be publicly exposed.
- Payment by cheque, with two signatories, reduces the likelihood of direct cash cuts.
- Quality control reduces cheating through the provision of lower quality goods.
- Pre-numbered forms for procurement orders, limits the abuse of NCDD's letterhead and NCDD's price arrangements for personal / private purchases. The latter can also be achieved by confirming all orders through phone calls from senior management staff.
- The rotation of staff occupying key or sensitive posts can reduce the development of a system which may become difficult to detect by senior management where turnover is often quite high.
- The involvement of communities in general and the intended beneficiaries, in particular, is the best way to tackle the diversion of aid resources during distributions. Transparency in setting up selection criteria, consistency in applying them and publicizing distributions contributes enormously to reducing aid diversions. Victims may not dare to denounce culprits in public during the distribution itself but post-distribution monitoring can help uncover corrupt practices. Victims of malpractice might be willing to expose them when an efficient complaint mechanism is available.
- Control of stock and equipment is the basis of all storage systems used in professional aid agencies.
- Tight control of who has access to resources and unannounced counting is necessary to achieve a high level of vigilance.
- If a person is found guilty, exposure of the act and consequent punishment is necessary to make sure that procedures are taken seriously.

16.3.5. Confidentiality

All such disclosures will be treated in a confidential and sensitive manner. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required.

16.3.6. Anonymous Allegations

Individuals are encouraged to put their name to any disclosures they make. Concerns expressed anonymously are much less credible, but they may be considered at the discretion of the NCDD management. In exercising this discretion, the factors to be taken into account will include:

- The seriousness of the issues that have been raised.
- The credibility of the concern.
- The likelihood of confirming the allegation from attributable sources.

16.3.7. Untrue Allegations

If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against that individual. In making a disclosure the individual exercises due care to ensure the accuracy of the information. If, however, an individual makes malicious or vexatious allegations, and particularly if he or she persists with making them, disciplinary action may be taken against that individual.

16.3.8. Procedures for Making a Disclosure (financial Disclosure)

On receipt of complaint related to wrongdoing or malpractice, the Director of IAG or his/her deputy/designee or any of IAG Team Members who receives and takes note of complaint, will pass information as soon as is reasonably possible, to Audit and Ethics Committee, as follows:

- Complaints about malpractice are going to be investigated by the Director of IAG or his/her deputy/designee and/or IAG Team Member(s) unless the complaint is against Director of IAG or his/her deputy/designee and/or IAG Team Member(s).
- Complaints against the Director of IAG or his/her deputy/designee and/or IAG Team Member(s) will be directly referred to Audit and Ethics Committee through auditandethics@ncdd.gov.kh and NCDD through [Raise Concerns Form](#). The complainant have full right to by-pass the line management structure and refer the complaint direct to Audit and Ethics Committee through auditandethics@ncdd.gov.kh and NCDD through [Raise Concerns Form](#) link located at NCDD website in accordance with whistleblower protection policy and internal reporting structure.

16.3.9. Time Frames

Due to varied nature of these types of complaints it is not possible to lay down precise time frames for investigations. Those to whom the complaints have been referred should as soon as practicable acknowledge the receipt of the complaint. Wherever possible, this should be in writing. The complainant will be kept informed of the progress of the investigation, and in writing wherever possible.

16.3.10. Investigating Procedure under Fraud Response Plan

Investigating Procedure under Fraud Response Plan are described in text listed below:

- Full details and clarifications of the complaint will be obtained.
- The Director of IAG or his/her deputy/designee will inform member of staff against whom the complaint/accusation is made as soon as is practicable. The member of staff must be informed of their right to be accompanied by another person at any future interview or hearing.
- The Director of IAG or his/her deputy/designee will immediately inform in written Audit and Ethics Committee about start of investigation process.
- The IAG Team through appointed Lead Investigating Officer will conduct necessary interviews with accused staff member and all material witnesses to enable determination of facts against possible false allegations.
- The IAG Team through appointed Lead Investigating Officer will conduct investigation to determine full facts (with material evidence) versus allegations from complaint/accusation, and consequently will notify in written Audit and Ethics Committee but their findings.
- The Director of IAG or his/her deputy/designee based on the Audit and Ethics Committee advice will consider involving the external auditors and reporting to third parties such as described in paragraph 21 of sub-chapter 16.6.4.
- If accused staff member has breached one or several provisions of law and IAG Team has found material evidence that criminal act has been committed in accordance with provisions of criminal law of the Royal Government of Cambodia,

Director of IAG or his/her deputy/designee will immediately notify relevant authorities for further legal proceedings/actions such as described in paragraph 21 of sub-chapter 16.6.4.

- The Director of IAG or his/her deputy/designee will inform in written Audit and Ethics Committee about results of investigation findings and about further proceedings if and when applicable.
- In the case that complaint/accusation solely rest at jurisdiction of Audit and Ethics Committee, committee will make final decision and judgment regarding complaint/accusation and validity of the complaint/accusation. This will be detailed in writing and will contain the investigation findings and reasons for the judgment.
- If the complaint/accusation has shown to be justified, disciplinary or other necessary actions such as dismissal will be taken by the NCDD/NCDDS.

16.4. Management of Fraud: Prevention and Deterrence

The NCDD will have the policy as laid down below named Anti-fraud policy. The Policy is shown below in full.

16.4.1. Policy Statement

The policy framework set out in this statement is drawn from matters discussed in further detail in the *Management of Fraud: Deterrence, Prevention and Investigation – Discussion Paper* which should be read in concurrence with this statement.

This statement recognizes that NCDD manages a program and projects in Cambodia that have the national and sub national levels with diverse practices and sensitivities. Therefore, while this statement sets out to present uniform policy where appropriate, it also calls the NCDD management to ensure that policy appropriate to the local environment is in place.

This statement recognizes the potential negative impact of the occurrence and investigation of fraud, and therefore recognizes the importance of having effective systems of prevention and deterrence in place.

In fraud management as in any other aspect of managing donor funded program and projects, there is cross cutting issue. That is – compliance with donor requirements. It is the obligation of the Head of NCDD-S to ensure familiarity with donor partners' requirements relating to fraud management and reporting, and to ensure that the program is conducted in compliance with such requirements. Requirements may be contained in project agreements, or perhaps in standing orders or framework agreements. It is the responsibility of the Head of NCDD-S to find out.

16.4.2. Prevention and Deterrence of Fraud

16.4.2.1. Strong Systems of Internal Control

It is the responsibility of the Head of NCDDS to ensure that strong systems of internal control are set in place, covering procurement, accounting, asset management and human resource management. Within such systems the importance of prompt reporting, and of management checking and awareness, is recognized.

16.4.2.2. Lines of Communication and Supervision

It is the responsibility of Head of NCDDS to ensure that lines of communication and supervision are in place, which are appropriate to all projects and activities.

16.4.2.3. Establishment of a Good Working Environment

It is the responsibility of the Head of NCDDS to consider in full measure the importance of the establishment of a working environment where the contribution of all staff is valued, and to take action to create an environment where staff is happy in the work and where they feel valued.

16.4.2.4. Fraud Risk Appraisal

To assist the Head of NCDDS in addressing fraud prevention and deterrence, NCDD will prepare, and update annually, a fraud risk appraisal report. The report is to be submitted to the Head of NCDDS. This report is to be prepared by Director of IAG or his/her designee in liaison with the NCDDS management team. The report will address the nature of NCDD's activities; identifies the "most likely" areas of potential fraud; and describes the management actions that have been or will be implemented to prevent and deter the occurrence of fraud.

While the areas of potential fraud are for identification by the management team, issues for consideration may include project size, project location, levels of procurement of goods and services (including levels of individual transactions), the incidence of construction and engineering contracts, etc.

The report will be in whatever format is deemed appropriate by the Head of NCDDS. The benefit is derived in preparing the report and in addressing the issues that come into focus.

16.4.2.5. Communication of Suspected Instances of Fraud

The Director of IAG function takes account of environment and culture to decide whether it is appropriate to have a formal and confidential process for the reporting to the Head of NCDDS suspected instances of fraud.

In the event that the Head of NCDDS becomes aware, from whatever source of suspected fraud, which has potentially material impact on program's operations, finances or donor relationships, the Head of NCDDS is required to immediately inform the Director of IAG, Director of Admin and Finance Division and the Deputy Head of the proposed action. Proposed action addresses the method of investigation and the need to advise the Donor Partners.

16.4.2.6. Action after a Suspected Fraud is Reported

Potential actions by the Head of NCDDS are documented in detail in the discussion paper. The focus of such action should be on:

- The identification of the penalties to be imposed on the fraud perpetrators in the event that they can be successfully identified.
- The gathering of evidence to support the successful imposition of such penalties.
- The protection of the rights of innocent staff.
- The containment of the fraudulent activity.
- Recovery of losses.
- Public relations.

CHAPTER 17 : ZERO TOLERANCE FOR PROHIBITED PRACTICES

17.1. Policy Summary

- ❖ The NCDD/NCDDS has a ZERO TOLERANCE policy towards fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist

financing. It will always seek to take disciplinary and/or legal action against those found to have perpetrated any of prohibited practices (paragraph 7).

- ❖ The NCDD/NCDDS is fully committed and determined to developing an antifraud and anticorruption culture and keeping opportunities for fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing to the absolute minimum (paragraph 8).
- ❖ The NCDD/NCDDS will assess the risks of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing, and establish processes and controls to minimise these risks, and regularly review the effectiveness of its internal control systems (paragraphs 11 and 15).
- ❖ The NCDD/NCDDS requires all staff to immediately report any incidents or suspicions of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing to an appropriate manager or supervisor or another person or function named for raising concerns. The NCDD/NCDDS will not penalize anyone for raising a concern in good faith (paragraphs 16, 17 and 19).
- ❖ The NCDD/NCDDS will take all reports of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing seriously, and investigate proportionately and appropriately as set out in the **Prohibited Practices Response Plan** (paragraph 22).
- ❖ The NCDD/NCDDS requires those receiving funds thru NCDD/NCDDS or representing NCDD/NCDDS, including its suppliers, grant recipients, implementing or executing agencies, sub-national administrations, contractors and agents, to act in accordance with this policy. This includes reporting to NCDD/NCDDS any suspected or actual instances of any of the fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing involving NCDD/NCDDS assets and/or staff (paragraphs 6 and 18).

17.1.1. List and Definitions of Prohibited Practices

- **Corrupt Practice** means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value (including but not limited to gifts, gratuities, favors, invitations, and benefits of any kind) to influence improperly the actions of another party.
- **Fraudulent Practice** means any act or omission, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation. ^[17]_{SEP}
- **Bribery** means giving or offering someone a financial or other advantage to encourage that person to perform its functions or activities improperly, or to reward someone for having already done so.

- **Facilitation Payment** means a type of bribe. An example is an unofficial payment or other advantage given to a government official to undertake or speed up the performance of their normal duties.
- **Coercive Practice** means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- **Collusive Practice** means an arrangement between two or more parties designed to achieve an improper purpose, including to improperly influence the actions of another party. ^[1]_{SEP}
- **Obstructive Practice** includes (i) deliberately destroying, falsifying, altering, or concealing evidence material to an investigation; (ii) making false statements to investigators in order to materially impede an investigation; (iii) failing to comply with requests to provide information, documents or records in connection with a Fund investigation; (iv) threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (v) materially impeding the Fund's contractual rights of audit or access to information. ^[1]_{SEP}
- **Abuse** means theft, misappropriation, waste or improper use of property or assets related to Fund-related Activity, either committed intentionally or through reckless disregard. ^[1]_{SEP}
- A **Conflict of Interest** is any situation in which a party or any of its staff involved in the relevant decision making process has interests that could, or could be deemed to, improperly influence its performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations. Described under section 1, chapter 1, subchapter 1.5.
- **Retaliation against Whistleblowers or Witnesses** means any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness, or person associated with a whistleblower or witness, in a manner material to a complaint because of the report or cooperation with investigation by the whistleblower or witness. Described under section 2, chapter 16/2, subchapter 16.9.
- **Money Laundering** refers to: (a) the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the crime to evade the legal consequences of his or her action; (b) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime; or (c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.
- **Terrorist Financing** means the act of, directly or indirectly, providing or collecting funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist acts.

17.2. Introduction

1. The NCDD/NCDDS complies with applicable legislation of Royal Government of Cambodia, and with other regulatory requirements and applicable guidance including

requirements to manage public money with accountability and transparency together with relevant donor guidance and requirements. Its managers and supervisors are required under Royal Government of Cambodia law to safeguard the assets of the NCDD/NCDDS.

2. The NCDD/NCDDS is committed to conducting business fairly, openly and honestly and in accordance with the highest ethical and legal standards to neutralize all possibilities of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing.

17.3. Purpose and Scope

3. The purpose of this policy is to set out the NCDD/NCDDS stance on fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing and its approach to preventing, detecting, reporting and investigating prohibited practices.
4. This policy applies to the NCDD/NCDDS, including its implementing or executing agencies and sub-national administrations and separate legal entities, persons and agents who enter into agreements or contracts with NCDD/NCDDS.
5. This policy is applicable to, and must be followed by, all staff members, consultants and contractors. Failure to comply could result in disciplinary action, including dismissal, or termination of contract and any legal actions if and when applicable in accordance with external reporting requirements stipulated in paragraph 21.
6. The NCDD/NCDDS requires all those receiving funds through NCDD/NCDDS or representing NCDD/NCDDS, including its suppliers, grant recipients, implementing or executing agencies, sub-national administrations, contractors and agents, to act in accordance with this policy.

17.4. Policy on ZERO TOLERANCE for Prohibited Practices

17.4.1. Policy Statement

7. The NCDD/NCDDS has a ZERO TOLERANCE policy towards fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. This means that the NCDD/NCDDS:
 - a) Does not accept any level of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing within the NCDD or by any other individual or organisation receiving funds through NCDD/NCDDS or representing NCDD/NCDDS, and
 - b) Will always seek to take disciplinary and/or legal action against those found to have perpetrated, be involved in, or assisted with fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing in any of its operations.
8. The NCDD/NCDDS is committed to developing an culture related against prohibited practices and keeping the opportunities for fraudulent practice, corrupt practice,

bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing to the absolute minimum.

9. The NCDD/NCDDS requires all staff to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.

17.4.2. Risk and Internal Control Systems

10. The NCDD/NCDDS will seek to assess the nature and extent of its exposure to the risks of internal and external fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. It will regularly review these risks, using information on actual or suspected instances of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing to inform its review.
11. The NCDD/NCDDS will seek to put in place efficient and effective systems, procedures and internal controls to: encourage an culture against prohibited practices; prevent and detect fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing and reduce the risks to an acceptable level.
12. The NCDD/NCDDS will seek to equip its staff with the skills, knowledge and expertise to manage effectively its risk related to fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. It will provide adequate training to make staff aware of the risks of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing and of their responsibilities in preventing, detecting, and reporting it.
13. The NCDD/NCDDS will make all those receiving funds through NCDD/NCDDS or representing NCDD/NCDDS, including its suppliers, grant recipients, implementing or executing agencies, sub-national administrations, contractors and agents aware of this policy.
14. The NCDD/NCDDS will work with relevant stakeholders, including comparable institutions, relevant regulators and government organizations to tackle fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing.
15. The NCDD/NCDDS will regularly review and evaluate the effectiveness of its systems, procedures and internal controls for managing the risk of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. It will do this through risk management and assurance processes, various audit arrangements and audit and ethics committee function.

17.4.3. Internal Reporting System

16. All staff members must immediately report any suspected or actual instances of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. This includes offers to pay bribes, solicitation of bribes and demands to make facilitation payments, etc. Failure to report could result in disciplinary action, including dismissal, and any legal actions if and when applicable in accordance with external reporting requirements stipulated in paragraph 21
17. Reports should be made in written to Head of NCDDS, respective Director and/or Manager as well as to Director of Internal Audit Group (IAG) or to any of IAG Team Members who will immediately inform Audit and Ethics Committee function through designated e-mail address: auditandethics@ncdd.gov.kh. If staff members are not comfortable reporting their concerns to aforementioned functions, [Raising Concerns Form](#) link set-up at the NCDD website will enable direct submission of relevant concerns to the Audit and Ethics Committee.
18. The NCDD/NCDDS also requires all those receiving funds through NCDD/NCDDS or representing NCDD/NCDDS, including its suppliers, grant recipients, implementing or executing agencies, sub-national administrations, contractors and agents, to report to any suspected or actual instances of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing involving NCDD/NCDDS assets or staff. Reports from above mentioned parties should be made to the IAG Team through designated e-mail: prohibitedpractices@ncdd.gov.kh by cc e-mail address: auditandethics@ncdd.gov.kh or through designated hotline: [XXXXXXXXXXXX](#).
19. The NCDD/NCDDS will not penalize anyone for raising a concern in good faith, even if it turns out to be unfounded. Any member of staff who harasses or victimizes someone for raising a concern in good faith will be subject to disciplinary action, including dismissal.
20. The NCDD/NCDDS will maintain a system for recording: all reports of actual or suspected fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing, the action taken, and the outcome of any investigation. It will use this information to inform its review of the risks and the effectiveness of its controls.

17.4.4. External Reporting System

21. The NCDD/NCDDS will through Internal Audit Group (IAG) and Audit and Ethics Committee fully meet its legal obligations to report fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing to third parties which include central government investigation bodies but not limited to law enforcement agencies such **Anti-Corruption Unit (ACU)** set under Office of the Council of Ministers, police, attorney general and/or state prosecutors, etc. The sets out: the parties that suspected of actual fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing must be reported to; the nature and timing of the disclosure required; and who is responsible for making the report.

17.4.5. Investigation Structure with Procedure

22. The NCDD/NCDDS will take all reports of actual or suspected fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing seriously, and investigate proportionately and appropriately as set out in this policy and the Investigation Procedure under **Prohibited Practices Response Plan**. Investigation Procedure under **Prohibited Practices Response Plan** have been described in detail in text listed below:
- Full details and clarifications of the complaint will be obtained.
 - The Director of IAG or his/her deputy/designee will inform member of staff against whom the complaint/accusation is made as soon as is practicable. The member of staff must be informed of their right to be accompanied by another person at any future interview or hearing.
 - The Director of IAG or his/her deputy/designee will immediately inform in written Audit and Ethics Committee about start of investigation process.
 - The IAG Team through appointed Lead Investigating Officer will conduct necessary interviews with accused staff member and all material witnesses to enable determination of facts against possible false allegations.
 - The IAG Team through appointed Lead Investigating Officer will conduct investigation to determine full facts (with material evidence) versus allegations from complaint/accusation, and consequently will notify in written Audit and Ethics Committee but their findings.
 - The Director of IAG or his/her deputy/designee based on the Audit and Ethics Committee advice will consider involving the external auditors and reporting to third parties such as described in paragraph 21 of sub-chapter 16.6.4.
 - If accused staff member has breached one or several provisions of law and IAG Team has found material evidence that criminal act has been committed in accordance with provisions of criminal law of the Royal Government of Cambodia, Director of IAG or his/her deputy/designee will immediately notify relevant authorities for further legal proceedings/actions such as described in paragraph 21 of sub-chapter 16.6.4.
 - The Director of IAG or his/her deputy/designee will inform in written Audit and Ethics Committee about results of investigation findings and about further proceedings if and when applicable.
 - In the case that complaint/accusation solely rest at jurisdiction of Audit and Ethics Committee, committee will make final decision and judgment regarding complaint/accusation and validity of the complaint/accusation. This will be detailed in writing and will contain the investigation findings and reasons for the judgment.
 - If the complaint/accusation has shown to be justified, disciplinary or other necessary actions such as dismissal will be taken by the NCDD/NCDDS.
23. The **Prohibited Practices Response Plan** sets out system and processes with pocedures (including roles and responsibilities of key stakeholders) for investigation of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing, and determines actions which has to be taken by the relevant investigating function and oversight body within NCDD/NCDDS structure, and finally sets out requirements for external reporting of fradulent activities.
24. The NCDD/NCDDS will always seek to take disciplinary and/or legal action against those found to have perpetrated or assisted with fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing in any of its

operations. For all its staff members, this may also include dismissal and respective legal actions. It will also seek to recover any assets lost through fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. This will also include forwarding accused staff members to third parties such as described in paragraph 21 of sub-chapter 16.6.4.

17.4.6. Approval of Losses

25. All losses as the result of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing must be recorded on the [Loss Register](#) and approved in compliance with the NCDD/NCDDS delegated authorities.

17.4.7. Specific Risk Mitigation Measures

26. To manage the exposure to bribery, facilitation payments and corruption, all gifts and hospitality received by staff as public officials must be approved in line with the NCDD/NCDDS delegated authorities and recorded on the [Gifts and Hospitality Register](#).
27. Conflicts of interest are known to increase the risk of fraud and corruption. Therefore all staff whom have an interest in an actual or potential supplier whether personally, or through family members, close friends or associates must report that conflict of interest to their manager or supervisor or else as stipulated in section 1, chapter 1, subchapter 1.5.

17.4.8. Responsibilities

28. The **Audit and Ethics Committee** is the owner of the NCDD/NCDDS counter prohibited practices work and the counter prohibited practices champion.
29. The **Director at IAG** is responsible for creating and implementing the NCDD/NCDDS counter prohibited practices strategy and for managing the counter prohibited practices function.
30. The **IAG Team** is responsible for recording all instances of actual or suspected fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing ensuring that they are investigated proportionately and appropriately, and reported to Audit and Ethics Committee and external parties if and when required. They are also responsible for providing advice and training to staff on preventing, detecting and investigating prohibited practices. This includes investigating cases where specialist input is required due to the complex nature of the case.
31. The **Division Directors** are responsible for ensuring that their staff are aware of and support this policy and that all incidents of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing are reported. They are also responsible for ensuring that all incidents of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing in their division are managed and investigated in line with this policy. They should liaise closely with and support the IAG Team in doing this.

32. The **Managers or Supervisors Receiving Reports** of fraudulent practices, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing are responsible for reporting them to the IAG Team, and agreeing with them how the case will be managed and who from IAG Team will be responsible for investigation.
33. The **Staff Members** have responsibility for complying with this policy

17.5. AML/CFT Law, Policy and Oversight and Know Your Customer Procedures

1. The Royal Government of Cambodia has issued Law on Anti-Money Laundering and Combating the Financing of Terrorism dated 24th June 2007 serving as legal background which defines provisions of law regarding anti-money laundering and anti-terrorist financing as well as provisions of law regarding Know Your Customer due diligence within Cambodia. National Bank of Cambodia issued Prakas on Anti-Money Laundering and Combating the Financing of Terrorism dated 30th May 2008 serving as policy and procedures document to define anti-money laundering and anti-terrorist financing policy as well as Know Your Customer due diligence procedure. These two documents are main documents defining Royal Government of Cambodia determination to comply with The Financial Action Task Force (FATF) recommendations on AML/CFT while Asia-Pacific Group (APG) has been associated member of FATF and taking in consideration fact that Cambodia is an active member of APG since June 2004. Both documents aforementioned law and prakas are attached as supplements to OPP Manual.
2. Herewith, NCDD/NCDDS referring to commercial banks and financial institutions requirement to comply with provisions of aforementioned law and respective prakas. Consequently, since NCDD/NCDDS have bank accounts in commercial banks falling under jurisdiction of aforementioned law and respective prakas, and therefore commercial banks within Cambodia are required to fully comply with provisions of aforementioned law and respective prakas, commercial banks at the same time fall under scrutiny of Financial Intelligence Unit (FIU) formed under control of National Bank of Cambodia who is responsible for management and oversight over commercial banks and financial institutions compliance with provisions of aforementioned law and respective prakas. As stated above aforementioned law and respective prakas also includes provisions related to customer due diligence measures, named as Know Your Customer due diligence procedure to combat money laundering and financing of terrorism.
3. Through this policy and through NCDD/NCDDS commercial bank compliance with aforementioned law and respective prakas as stipulated above NCDD/NCDDS is fully complying with both requirement to have proper anti-money laundering and anti-terrorist financing policy and Know Your Customer due diligence procedure to combat money laundering and financing of terrorism. The NCDD/NCDDS is committed to carry out its business operations ONLY through commercial banks who are properly vetted by FIU under control of National Bank of Cambodia, therefore NCDD/NCDDS is fully complying with aforementioned law and with all requirements of National Bank of Cambodia through FIU who is responsible for management and oversight of all matters and issues related to money laundering and financing of terrorism within Cambodia. Additionally, national and sub-national administrations referring to implementing or executing agencies are obligated to conduct its business operations through commercial banks who are properly vetted by FIU under control of National Bank of Cambodia.
4. Related to suppliers and contractors who also deliver work on behalf of NCDD/NCDDS they are properly vetted by same commercial banks who are under scrutiny of FIU

under control of National Bank of Cambodia. Meaning, that each of commercial bank customers referring to supplier and contractors go through thorough due diligence while conducting its business operations through respective commercial banks within Cambodia banking system. As for that matter NCDD/NCDDS will always prior to signing contract with any supplier and contractor require verification and certification from respective commercial bank(s) in which supplier and contractor has bank account. Commercial bank will provide **Certification Form** stating that business operations related to funds in/out of supplier and contractor bank account fully meet requirements of aforementioned law and respective prakas and consequently FATF. The NCDD/NCDDS request Certification Form in order to meet requirement to do proper vetting and to comply with due diligence as per Know Your Customer procedure requirements as stipulated in both aforementioned law and respective prakas. If supplier and contractor is from any country other than Cambodia and have its bank accounts in banks outside of Cambodian banking system, same procedure will apply and Certificate Form will be requested from respective banks where specific supplier and/or contractor have its bank accounts and through which conduct business operations.

5. Related to Development Partners who provide funding to NCDD/NCDDS, they are part of FATF as major international body for fight against money laundering and financing terrorism, Development partners already implemented FATF recommendations related to anti-money laundering and anti-terrorist financing policy and respective guidelines and procedures such as Know Your Customer due diligence procedure. Furthermore, Development Partners conduct its business operations through large banks, which are under strict scrutiny of respective Banking Agencies in their country of origin, thus proper vetting of funds related to business operations of Development Partners is done through respective banks and financial institutions.

17.6. Guidance on Fraud, Bribery and Facilitation Payments – Examples Only

17.6.1. Practical Guidance on Fraud

Summary on Fraud:

The best international practices defines a general offence of fraud and sets out three ways by which fraud can be committed:

- Fraud by false representation. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.
- Fraud by failing to disclose information.
- Fraud by abuse of position. This applies to those occupying a position in which they are expected to safeguard, or not to act against, the financial interests of another person.

In each case, the offence is to act dishonestly with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Examples of fraud relevant to the NCDD/NCDDS:

Procurement fraud:

- Staff colluding with suppliers and ordering and paying for goods or services that are not required and/or have not been delivered, or are charged at an excessive rate.

- Staff or third parties creating false invoices, receipts, purchase orders or supplier identities in order to obtain payment for goods and services that have not been supplied.
- Staff awarding a contract, or preferential terms, to a supplier in return for payments, personal discounts, commission or other benefits, or awarding a contract to a relative or other connected party.

Fraudulently altering documents or records:

- Grant recipients not spending grant funds on purposes intended, or keeping funds for personal use, and falsifying records to support false claims.
- Staff issuing false receipts to customers in order to keep the funds paid for personal use.
- Staff or third parties altering vendor payment details to divert supplier payments to own bank account.
- Staff fraudulently altering exam papers or exam results, or releasing details of exam papers in return for a bribe or in order to favour a relative.
- Staff fraudulently altering accounting records.

Expenses fraud:

- Staff claiming expenses or allowances to which they are not entitled, including by falsifying receipts.
- Staff using NCDD/NCDDS credit card for personal expenses.
- Staff using NCDD/NCDDS assets, such as mobile phones, for their own personal use.
- Staff or contractors falsifying travel and subsistence or other expense claims.

Fraud involving impersonation:

- Staff or third parties impersonating the NCDD/NCDDS staff members in order to extract fees for a service which the NCDD/NCDDS staff members does not provide, or does not charge for.
- Staff or third parties submitting false applications from real or fictional individuals or organisation for grants.

Payroll fraud:

- Staff creating non-existent employees for directing payments.
- Staff or temporary staff making false or inflated claims for overtime or flexible working.

17.6.2. Practical Guidance on Bribery

Summary on Bribery

The best international practice makes it an offence to give or receive a bribe, ie to:

- Offer, promise or give a financial or other advantage to another person with the intention of inducing them to perform their functions improperly, or to reward them for having done so.
- Request, agree to receive or accept a financial or other advantage as the reward for an improper function or activity.

It also makes it an offence to bribe a foreign public official. A foreign public official is someone elected or appointed to a legislative, administrative or judicial position in an overseas government or other public agency or organisation. It is an offence to offer such a person a financial or other advantage with the intention of influencing them in the performance of their official duties.

The best international practice states that any legal entity creates offence by failing to prevent bribery. This means that the NCDD could be liable if someone offers a bribe on its behalf, including employees and third parties carrying out NCDD/NCDDS business, such as implementing or executing agencies, sub-national administrations, suppliers and/or contractors.

Examples of bribes relevant to the NCDD/NCDDS:

Advantages that could be offered as part of a bribe:

- Cash, vouchers or other cash equivalents, or a “fee”.
- Gifts.
- Hospitality or entertainment (outside what would be modest and reasonable in the business context).
- The NCDD/NCDDS paying travel and accommodation costs to a third party where this is not standard business practice (not expenses for staff or consultants).
- The NCDD/NCDDS staff receiving travel or accommodation free of charge from a supplier.
- Loans.
- Favourable business terms.
- Discount of services, or providing services free of charge (or ‘uninvoiced’).
- Provision of information that offers a business or personal advantage.

Offering or receiving one of the above advantages could count as a bribe if any of the following was offered or given in return:

- Award of contract to particular bidder.
- Performance of normal duties by a foreign public official.
- Altering exam paper or marks.
- Obtaining information that would put an individual or the supplier at an advantage, such as the content of procurement papers, or information about a competitive tender.
- Any other preferential treatment influenced by the receipt of an advantage.

The following would not usually count as bribes:

- Payment of an official charge, such as a visa.
- Normal hospitality provided in the course of business, such as provision or acceptance of a modest meal at a working event.

Whether a provision of a particular item or service counts as a bribe depends upon the context and level of hospitality offered. There is no intention to prohibit reasonable and proportionate hospitality or business expenditure, genuine hospitality or similar business expenditure applies that is reasonable and proportionate, in line with NCDD policies, procedures and practice and relevant provisions of law. Judgement is required and the decision depends upon level of hospitality provided and the level of influence the person receiving it had on the business decision in question.

17.6.3. Practical Guidance on Facilitation Payments

A facilitation payment is making a payment or offering an advantage to a public official to undertake or speed up the performance of their normal duties. Facilitation payments are a form of bribe and are illegal.

Examples of facilitation payments relevant to the NCDD/NCDDS:

- Making a payment to clear items through customs. These are not acceptable and must not be made.
- Offering a government minister and high ranking officials exceptional hospitality (beyond a modest meal) whilst trying to win a favourable treatment.
- Making a 'non-official' payment to police to guard a building or provide security services.
- NCDD/NCDDS staff being offered free meals or accommodation (outside what would be modest and reasonable in the business context) in an effort to obtain favourable treatment.
- Making a payment to pass through border controls.

Exceptions:

The provisions of law recognises that there are circumstances in which individuals are left with no alternative but to make payments in order to protect against loss of life, limb or liberty, and the common law defence of duress is likely to be available. This might apply in particular to being asked to make a payment to pass through border controls. In these circumstances, staff should follow these steps:

- ✓ If asked for a payment, refuse. If the official insists, ask them where the requirement for a fee is displayed, and also ask for a receipt.
- ✓ If they continue to insist, without being able to provide evidence that the fee is legitimate, ask for a supervisor and inform them that you would be prosecuted if you make this payment.

The provisions of law recognises that there are circumstances in which individuals are left with no alternative but to make payments in order to protect against loss of life, limb or liberty, and the common law defence of duress is likely to be available. If you feel that refusing to pay puts you at risk of loss of life, limb or liberty make the payment and report it to as soon as possible to your Director and/or Manager and Director of IAG or his/her deputy/desingnee and finally to the Audit and Ethics Committee. They will decide whether this should be reported to authorities. The fact that you have made it difficult for the official to obtain a bribe may deter them from asking others.

17.7. Whistleblower Protection Policy

17.7.1. Introduction

The NCDD has set up policy to enable individuals and employees to raise any concerns in a responsible and effective manner. Where individual/employee discovers information that they believe shows serious wrongdoing or malpractice within the NCDD/NCDDS practices, herewith NCDD/NCDDS set-up arrangements to enable this to be done independently of any of line management if and when employee decide to do so, although in the relatively minor instances head, director or manager could be the appropriate person to be told. This is commonly known as whistleblower protection policy.

The concerns relating to whistleblowing could be:

- Financial malpractice or impropriety or fraud.
- Criminal activity.
- Improper conduct or unethical behavior.
- Failure to comply with legal obligations.
- Dangers to public health, safety or the environment.
- Attempts to conceal any of the above.

The whistleblowers policy offers protection to those individuals/employees who disclose such concerns but only provided that the disclosure is made:

- In good faith.
- In the reasonable belief that it tends to show malpractice or impropriety.

17.7.2. Definitions

1. *"Whistleblower"* is defined by this policy as an employee who reports, to one or more of the parties specified in this policy, an activity that he or she considers to be illegal, dishonest, unethical, or otherwise improper.
2. *"Employee"* means a person who performs a service for wages or other remuneration under a contract of hire, written or oral, express or implied, for the NCDD/NCDDS.
3. *"Matter of public concern"* means:
 - a. A violation of Royal Government of Cambodia laws, bylaws, rules and regulations, or ordinances;
 - b. A danger to public health, safety or the environment; and/or
 - c. Gross mismanagement in form of wrongdoings and malpractice, substantial waste of funds, or a clear abuse of authority.
4. *"Public body"* includes an officer or agency of:
 - a. The government at national level;
 - b. The government at all subnational levels.
5. *Retaliation against whistleblowers or witnesses"* means any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness, or person associated with a whistleblower or witness, in a manner material to a complaint because of the report or cooperation with a Prohibited Practices investigation by the whistleblower or witness.

17.7.3. General Provisions

Whistleblower policy is critical tool for protecting individuals and employees who report activities, which are believed to be illegal, dishonest/fraudulent, unethical or otherwise improper. The whistleblower protection policy is developed, approved and adopted to serve its purpose in scope of role and responsibilities of NCDD/NCDDS to help in discharging its duties and to protect those who step forward to reveal.

17.7.4. Policy

- I. The NCDD/NCDDS will not retaliate against a whistleblower. This includes, but is not

limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes that he or she is being retaliated against must contact the Audit and Ethics Committee immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

- II.** Herewith, whistleblower protections are provided in two important areas: confidentiality and retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law, and to provide accused individuals their legal rights of defense.

III. Individuals Protected Include:

- a. The employee, or a person acting on behalf of the employee, who reports to a NCDD/NCDDS or any other public body or is about to report to a NCDD/NCDDS or any other public body a matter of public concern; or
 - b. The employee who participates in a court action, an investigation, a hearing, or an inquiry held by a NCDD/NCDDS or any other public body on a matter of public concern.
- IV.** The NCDD/NCDDS may not discharge, threaten, or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment.
- V.** The NCDD/NCDDS may not disqualify an employee or other person who brings a matter of public concern, or participates in a proceeding connected with a matter of public concern, before a public body or court, because of the report or participation, or receive another right, privilege, or benefit.

VI. The Provisions of this Policy Do Not:

- a. Require the NCDD/NCDDS to compensate an employee for participation in a court action or in an investigation, hearing, or inquiry by a public body;
- b. Prohibit the NCDD/NCDDS from compensating an employee for participation in a court action or in an investigation, hearing, or inquiry by a public body;
- c. Authorize the disclosure of information that is legally required to be kept confidential; or
- d. Diminish or impair the rights of an employee under a collective agreement.

VII. Limitation to Protection:

- a. A person/employee is not entitled to the protection under this policy unless he or she reasonably believes that the information reported is, or is about to become, a matter of public concern; and reports the information in good faith.
- b. A person/employee is entitled to the protections under this policy only if the matter of public concern is not the result of conduct by the individual seeking protection, unless it is the result of conduct by the person that was required by his or her employer.
- c. Before an person/employee initiates a report to a public body on a matter of public concern under this policy, the employee shall submit a written report concerning the matter to Head of NCDDS, respective Director and/or Manager as well as to Director

of Internal Audit Group (IAG) or to any of IAG Team Members who will immediately inform Audit and Ethics Committee function through designated e-mail address: auditandethics@ncdd.gov.kh. However, the employee is not required to submit a written report if he or she believes with reasonable certainty that the activity, policy, or practice is already known to Head of NCDDS, respective Director and/or Manager and Director of Internal Audit Group (IAG) or IAG Team Members, **OR** if the employee is not comfortable reporting their concerns to aforementioned functions in which case employee will use [Raise Concern Form](#) link located at the NCDD website to report it directly to the Audit and Ethics Committee, **OR** in the case that an emergency is involved.

VIII. Relief and Penalties:

- a. A person who alleges a violation of this policy may bring a civil action and the court may grant appropriate relief.
- b. A person who violates or attempts to violate this policy is also liable for a civil fine.

17.7.5. Procedure

- I.** If an employee has knowledge of or a concern of illegal, dishonest/fraudulent, unethical or otherwise improper, the employee is to contact Head of NCDDS, respective Director and/or Manager as well as to Director of Internal Audit Group (IAG) or to any of IAG Team Members. All reports or concerns of illegal and dishonest activities will be promptly submitted to Audit and Ethics Committee by the Director of IAG or his/her deputy/designee or any of IAG Team Members who is responsible for investigating and coordinating any necessary corrective action(s). Any concerns involving the Head of NCDDS, respective Director and/or Manager and Director of IAG or any of IAG Team Members should be directly reported to Audit and Ethics Committee through [Raise Concern Form](#) link located at NCDD website.
- II.** The whistleblower is not responsible for investigating the alleged illegal or dishonest activity, or for determining/deciding fault or corrective measures; appropriate NCDD/NCDDS officials as stated in **Prohibited Practices Response Plan** including Audit and Ethics Committee are charged with these responsibilities.
- III.** Examples of illegal or dishonest activities include violations of provisions of laws of Royal Government of Cambodia such as stipulated within policy for ZERO TOLERANCE for Prohibited Practices; billing for services not performed or for goods not delivered; and other fraudulent financial reporting, etc. The employee must exercise sound judgment to avoid baseless allegations, and an employee who intentionally files a false report of wrongdoing and malpractice will be subject to disciplinary action.

18.1. Introduction

Risk management and internal control are interlinked in terms of financial management and financial control. There is additional dimension to risk management in relation to the overall risks within the activity management of NCDD program. This chapter covers risks within activity management. Risks relating to internal control are covered in the next chapter.

NCDD developed a comprehensive and integrated Risk Management Policy and Strategy. A Risk Management Report will be prepared that should be referred to in obtaining a more detailed outline of risk management policies and procedures within NCDD. This chapter provides overview of risks relating to activity management.

18.2. Definition of Risk

Risks are defined as the possibility that something adverse will happen and will impact on the NCDD and on the outcomes that the NCDD wishes to achieve. The risk could be a threat or the occurrence of a major problem unless corrective action is taken. Three elements of risk to consider are:

The likelihood of something undesirable happening.

The potential magnitude of the problem or event.

The likely consequences if the things that could happen do eventuate.

18.3. Risk Management

Risk arises out of uncertainty. When deciding on a course of action, there is a need to manage the risks arising out of this uncertainty. Risk management provides structured systems for identifying and analyzing potential risks, and devising and implementing responses appropriate to their impact.

18.3.1. Risk Assessment

Risk assessment is always a part of planning for an activity. It commences with the activity's log frame. The key objectives of the activity are determined and how the activity fits the strategic plan and objectives of the IP3 program. The risk assessment is a process consisting of steps as listed below.

18.3.1.1. Identification of the Risks

Risk identification is the process of determining risks that could potentially prevent the program or project from achieving its objectives. Consider the risks that might affect each key element of the activity. Make a checklist of the relevant risks and describe what each risk involves. Examine previous activities of a similar nature, previous risk assessments, lessons learned and previous evaluations. Conduct brainstorming meetings and risk management workshops.

Risk identification is the most important step in the Risk Management process and will be included in the formulation of the National Programme and its implementation plans.

NCDDS and all implementers at national and sub national level shall perform risk identification on an annual basis, during the formulation of their annual workplan and budget (AWPB). The identified risks should be aligned with the risks identified in the National Programme and its implementation plans. The sooner risks are identified, the sooner plans can be made to mitigate or manage them. Identified risks are analysed to form a basis for determining how they should be managed.

18.3.1.2. Analysis of Risk Likelihood and Consequences

Risk analysis is a proactive method to forecast negative events (risks) that could occur in any project or programme; by doing so it will help to better prepare or to reduce the risk likelihood.

- Estimate the likelihood of each risk occurring by using a rating scale of:
 - ✓ **Likely:** expected to happen, to a more than even chance of happening.
 - ✓ **Possible:** quite possible that it will occur, to an even chance of it happening.
 - ✓ **Remote:** just possible that it might happen but very surprising, to extremely unlikely.
- Estimate the consequences of each risk by using a rating scale of:
 - ✓ **Critical:** would stop the activity being implemented if the risk occurred or would cause serious cost overruns if implementation continued.
 - ✓ **Major:** would require changes to the activity.
 - ✓ **Manageable:** procedures are in place to deal with the consequences of the risk.

18.3.1.3. Risk Raking

Risk raking is very importance in risk management due to complexcities in nature of programmes and/or projects. Prioritizing the risks can help to achieve programme or project objective in more effective and efficient manner. Risks are prioritized in order to arrive at cut-off points for determining in which criteria the risk is to be placed.

Likely risks: require a high level of management attention. Critical risks require a formal risk action schedule.

Possible risks: require monitoring by management. The person who is responsible for the monitoring is documented.

Remote risks: can be accepted because they will be covered by normal procedures. Each identified risk is assessed using a simple scoring system that is shown as follows:

Likelihood of the risk occurring:

Points	Likelihood	Explanation
3	Likely	Expected to happen, to a more than even chance of it happening. (50% to 100% possibility)
2	Possible	Quite possible that it will occur, to an even chance of it happening. (15% to 50%)
1	Remote	Just possible it might happen but very surprising, to extremely unlikely. (below 15%)

Impact of the risk if it should happen:

Points	Likelihood	Explanation
3	Critical	Would stop the activity being implemented if the risk occurred that would cause serious costs if implementation continued. (Will result in a deficit or loss of more than USD 20,000 and / or a budget sector variance of more than 20%. Will also cause damage to reputation sufficient to make a donor reconsider future funding.)
2	Major	Would require a change to the activity. (Will result in a deficit or loss of between USD 5,000 and USD 20,000. Will also cause damage to reputation with donors.)
1	Manageable	Procedures are in place to deal with the consequences of the risk. (Will result in a deficit or loss of USD 5,000. Could give rise to a negative audit comment, which would then be noticed by donors.)

After awarding a score for 'likelihood' and 'impact', the two figures are multiplied to give a numerical assessment of the risk. Each risk is then entered to the appropriate box on a Risk Matrix (section 19.5).

18.3.1.4. Risk Mitigation

Risk mitigation is the implementation of policies, procedures and measure to avoid, minimize or transfer the risk. Each risk should be assigned a responsible person/agent. The responsible persons shall ensure that suitable and adequate controls or mitigating actions are identified and carried out in order to reduce the likelihood and/or the impact of the risk.

Risk mitigation is part of the NCDD mandate. This means that all NCDD staffs and national programme implementers are responsible for the risk mitigation in the implementation of their annual workplan and budget.

For each identified risk, the programme implementers shall determine mitigating actions to avoid and/or minimize the risk (prevent the risk event from happening).

18.3.1.5. Role and Responsibility

Generally, to mitigate the risks, it is required that all management and staff understand and fulfill their roles and responsibilities in relation to risk management. Staff members should be evaluated on the effectiveness of their overall management of risks.

Effectively managing risk is key to NCDD's ongoing success and will increasingly be recognized. Conversely, failure to manage risks adequately or to avoid decisions will result in assignment of lesser responsibilities and reduced delegated authority. NCDD management team is not accountable to prevent all events, but to implement the process in assessing risk and implementing effective risk management strategies.

1. Head of NCDDS:

The Head of NCDDS is accountable to the NCDD and Development Partners for the development and achievement of NCDD's 10-year national program expected outcomes, outputs and objectives, including the overall management of risks that may impact to the program. The Head of NCDDS is responsible for monitoring the effectiveness of risk management and related processes in NCDD, facilitating implementation of these processes across NCDD, and preparing reports on issues and trends of risk management in NCDD. To this end, the Head of NCDDS will:

- Promote effective risk management and innovation, which encourages informed and intelligent risk-taking by setting a strong tone at the top;
- Review and approve the risk tolerance of the NCDD proposed by governors, minister implement national program and director division of NCDD Secretariat;
- Ensure that risk management practices are integrated into strategic planning, operations, and evaluation;
- Promote a culture of responsible risk management and make it an accountability of all staff;
- Oversee an NCDD-wide internal control system to ensure that risks are managed;
- Oversee the heads of National Program implementers at both national and sub-national level in facilitating risk management and reporting across NCDD; and
- Review and determine responses to key risks that may be escalated by the heads of implementers of National Program at both national and sub-national level.
- Align policies, procedures and guidance with risk tolerances and risk management expectations, as defined in this manual.

2. Head of Ministry and Head of Sub-National Administrations (CP and DMK)

- Promote effective risk management and innovation, which encourages informed and intelligent risk-taking by setting a strong tone at the top;

- Ensure that key risks are considered in the strategic planning and budget process such that both threats and opportunities are adequately considered;
- Review and approve the risk tolerance proposed by division directors;
- Ensure that risk management practices are integrated into strategic planning, operations, and evaluation;
- Promote a culture of responsible risk management and make it an accountability of all staff;
- Oversee the internal control system to ensure that risks are managed;
- Oversee the director of each division to facilitate risk management and reporting;
- Discuss the overall effectiveness of risk management practices and provide key findings with the Head of NCDD; and
- Monitor emerging risks and discuss appropriate responses.

3. Heads of NCDD and SNA Divisions/ Units, and Chief of Ministry Working Group/ Team (Heads of Divisions)

The Heads of Divisions are responsible for the overall management of risks related to the programme and division operations. They must assure themselves that planned results are risk-informed and achieved, that services or work performed by their division are effective, efficient and of high quality, and in response to identified risks or constraints balancing the need for innovation with sound resource management. Specifically, the Heads of Divisions will:

- Provide day-to-day guidance to staff to ensure that risks are identified and managed within the acceptable tolerance and that opportunities are seized;
- Ensure major decisions are made and agreements entered into following a risk assessment, usually performed through statutory committees or peer review;
- Ensure that a Risk and Control Self Assessment related to programme or division objectives is completed as part of annual workplan and budget; and review it as necessary;
- Ensure that risk responses are aligned with the risk tolerances;
- Define risk management responsibilities in their division and ensure controls are in place and functioning to manage risks within defined risk tolerance levels;
- Evaluate performance also on the adequacy of risk management practices, the overall portfolio of risks taken and opportunities captured, and whether difficult decisions have been made or avoided;
- Continuously monitor exposure to risk and escalate responsibility for managing any risk where the office does not have the capacity or authority to manage it, where a particular risk requires a coordinated or program-wide response, and where the risk would affect NCDD as a whole; and
- Report the progress of mitigating actions in respect of their key risks.

4. All staff:

All staff members of NCDD and National Program implementers are responsible for managing the risks that affect the achievement of objectives in their area of work, in accordance with their assigned roles and responsibilities. Specifically, all staff members are expected to:

- Support the identification and management of risks in their division;
- Balance risk avoidance with seizing opportunities, while remaining within their delegated authority and avoiding unnecessary risk; and
- Escalate risk management issues and concerns beyond their own authority or ability to resolve to the Division director.

5. Internal Audit of NCDD

The Internal Audit Group of NCDD provides independent assurance to the Head of NCDD on risk management practices within the NCDD. The Internal Audit Group undertakes a risk-based audit program to provide assurance that risks are identified and key controls to mitigate these risks are well-designed and working effectively. This includes reviewing the NCDD's risk management framework, risk documentation of each area and testing controls on a sample

basis. The Internal Audit Group reports independently to the Head of NCDDS on the effectiveness of controls and any recommendations that are made for improvement. The Internal Audit Group also prepares for the NCDDS head an annual assessment of the overall adequacy and effectiveness of the NCDD's internal controls based on the results of the internal audit work conducted during the period.

18.3.1.6. Monitoring Risks

Risk Monitoring is the activity of gathering information through automated or manual means, alerting or reporting on information relevant to intended purposes for risk management, and providing inputs to ongoing risk assessment and response processes. The purpose of risk monitoring is to inform management of the status of identified risks, ensure that risk response measures are implemented and provide early warning of any risk event. This includes verifying compliance with risk management plans (and any information security requirements), determines the ongoing effectiveness of risk response measures, and identifies any changes that would impact the risk posture.

Risk monitoring activities at the various levels of NCDD should be coordinated and communicated. The management of risk within has to be reviewed and reported to (i) monitor whether or not the risk profile is changing and (ii) gain assurance that risk management is effective and to determine whether further action is necessary.

A Risk and Control Self-Assessment must be conducted on an annual basis by the National Program implementers. The Risk and Control Self-Assessment is typically facilitated by the Heads of Divisions and reported to the respective heads of ministries, SNAs; and head of NCDDS. The Heads of Ministries and SNAs will report the result of the Risk and Control Self-Assessment to the NCDDS. The NCDDS will review a sample of risk profiles and matrices to monitor the effectiveness of risk management practices and the emergence of new risks. The NCDDS uses the risk profiles to update the Risk and Control Library and overall Risk Profile for NCDD.

The NCDDS, conducts an annual review of NCDD-wide key risk areas. A summary report, including the NCDD-wide Risk Profile and Risk Matrix that provides a summary view of the key risks faced by the NCDD, is submitted to the Head of NCDDS for reviewing and providing directions on how to address those key risks.

18.3.2. The Benefits of Managing Risk

An effective strategic plan requires sufficient knowledge and understanding of key risk exposures of NCDD. Activities are more efficiently and effectively managed when there is an understanding of the vulnerability to risk. Proper preventive or mitigation measures can be taken in a timely manner. More likelihood of activities attaining their objectives because constraints are minimized and opportunities maximized. There is improvement in efficiency and more likelihood of outcomes being effective and sustainable. There is also a significant reduction in costly surprises. There is greater openness and transparency in decision-making and ongoing management processes.

18.3.3. Categories of Risk

In order to minimize program or project failure, it is prudent to identify the main causative factors that contribute to program or project risk. The four main constraints on program or projects can be classified as below, each can cause a ripple effect on the project, which would then face imminent collapse.

- **Risk to reputation and goodwill:**
 - ✓ Affects standing with donors, bilateral partners, local communities, recipients and beneficiaries, and local government partners.

- **Risk to effective and sustainable results:**
 - ✓ Affects strategic plans and objectives, program implementation, targeting, poverty reduction, environmental factors, gender, and cultural sensitivity.
- **Risk to effective and efficient implementation:**
 - ✓ Affects quality of implementation, timeliness, accountability, compliance, logistics, fraud and viability of results.
- **Risk to capability:**
 - ✓ Affects coordination, accountability, ethics, safety, knowledge, skills, security and financial management.

18.3.4. Sources of Risk

Risks can arise from both external and internal sources. External risks are factors that the NCDD cannot control. Internal risks are factors that can be controlled by the NCDD. The following are examples of external and internal sources of risks.

18.3.4.1. External Risks

- **Political and socio-economic climate in the country and region**
 - ✓ Uncertain political climate in a country.
 - ✓ Unpredictable population movements.
 - ✓ In-country insecurity, armed groups, power struggles, corruption, political instability, human rights infringements.
 - ✓ Lack of infrastructure, legal requirements.
 - ✓ Group expectations and pressure groups.
- **Environmental considerations**
- **Global warming and climate change.**
 - ✓ Frequency of natural disasters, with impact on normal operations.
 - ✓ Magnitude of natural disasters in some locations, with negative consequences for the people.
 - ✓ Inaccessibility of disaster area.
 - ✓ Poor infrastructure
- **Economic factors**
 - ✓ Low education and skills of target beneficiaries.
 - ✓ Weak institution.
- **Financial support**
 - ✓ Competition for donor funding
- **Technological factors**
 - ✓ Poor communications infrastructure within the country.

18.3.4.2. Internal Risks

Strategic planning

- ✓ Poor strategic planning. Lack of clarity in relation to objectives.
- ✓ Unclear stakeholder roles and responsibilities.
- ✓ Lack of properly cost budgets.
- ✓ No contingency planning.
- ✓ Working relationships with others
- ✓ Lack of cooperation with other local government bodies.

Quality

- ✓ Lack of quality controls. Inadequate monitoring.
- ✓ Appropriateness of response
- ✓ Incomplete assessment and analysis.
- ✓ Incorrect assumptions regarding activity logic or sustainability considerations.
- ✓ Administration and reporting systems
- ✓ No key performance indicators.
- ✓ Inadequate administrative systems and procedures.
- ✓ Reporting not done in a timely manner.

Financial

- ✓ Inadequate funding, but costs have not been reduced.
- ✓ Adverse exchange rate variances.
- ✓ Failure of the donor partner or government to meet its contributions to the activity.
- ✓ Fraud and deficiencies in financial controls.
- ✓ Technology and equipment
- ✓ Equipment not adequate or obsolete.
- ✓ Computer backups not done.
- ✓ Network failure, hardware and software failure.

Staff

- ✓ Lack of management skills, technological skills, operational skills.
- ✓ Lack of recruitment planning, training program.
- ✓ Staff turnover.
- ✓ Threats to physical safety or breach of security.
- ✓ Suppliers
- ✓ Reliability of suppliers, quality of goods supplied, suppliers cannot meet deadlines.
- ✓ Shortages of resources.
- ✓ Relationships with target populations and local communities
- ✓ Lack of trust and cooperation by local communities due to poor relationships.
- ✓ Media relations and public information
- ✓ Lack of local knowledge of the activities, leading to misconceptions.

The management of risk happens every day across NCDD, in many different ways. The following examples demonstrate some of the existing processes in place for how Massey mitigates risk:

Health and Safety at Work: To ensure the safety and wellness of workers at Massey, there are a number of processes established to minimise workplace harm including but not limited to: hazard identification, induction, health monitoring, training and development, incident reporting and remediation.

Code of Conduct: NCDD has Codes of Conduct which define the required behaviours of staff consultants, advisers and other focal person who work for NCDD.

Research: Codes of Ethics and Committees to ensure application and compliance to these Codes, supervision, peer reviews, organisation structures and specialist appointments such as designated lab and facility managers, physical audits.

Physical Security: Dedicated security resourcing to ensure the safety of the University community and facilities.

Internal Audit Team: Provides assessment and review of key internal controls, and the control environment.

Academic Quality: Quality of the University's academic portfolio is ensured through the CUAP accreditation process, and peer review processes.

Business Continuity and emergency management: Policy and Framework govern the operational structures, activities and arrangements for emergency management in line with best practice Reduction, Readiness, Response & Recovery processes.

CHAPTER 19: INTERNAL CONTROL

19.1. Definitions and Key Considerations

The Internal Control System (ICS) is a full range of activities, methods and steps which ensure the smooth running of activities. An effective ICS is seen as an integral part of good organizational governance. The ICS covers the entire range of established procedures, methods and controls in NCDD for the purpose of ensuring the proper functioning of activities.

19.1.1. Objectives of an Internal Control System

The internal control system places emphasis on risks and key controls. It is designed to provide reasonable assurance regarding the achievement of objectives of NCDD to ensure that policies and procedures are followed, and to inspire confidence in NCDD.

19.1.2. Effective Internal Control:

- Helps NCDD achieves its operations, financial reporting, and compliance objectives.
- They are built-in to management processes for planning, organizing, directing and controlling.
- Keeps NCDD on course toward its objectives and the achievement of its mission, and minimizes surprises along the way.
- Promotes effectiveness and efficiency of operations.
- Reduces the risk of asset loss.
- Helps to ensure compliance with laws and regulations.
- Ensures the reliability of financial reporting by ensuring that all transactions are recorded and that all recorded transactions are real, properly valued, recorded on a timely basis, properly classified, and correctly summarized and posted.
- Is the NCDD's financial risk management mechanism.
- Inspires confidence in the organization.
- Helps to protect staff.

19.1.3. Internal Control Process

Internal control consists of five interrelated components as follows:

- Control or operating environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

19.1.4. Control Environment

The control environment sets the overall tone of NCDD and influencing the control consciousness of its employees. It is the foundation for all other components of control. Management enhances the control environment when they behave in an ethical manner and when they require that same standard of conduct from everyone in the organization.

Furthermore, the control environment is greatly influenced by the extent to which individuals recognize that they will be held accountable.

Factors that contribute to the control environment include:

- ✓ Integrity and ethical values
- ✓ Competence of staff
- ✓ Personnel practices
- ✓ Management's operating philosophy
- ✓ The way authority and responsibility are delegated
- ✓ The attention and direction provided by senior management

19.1.5. Risk Management – Financial Risks

Internal control is one of the principal means by which risk is managed. Risk is the probability that an event or action will adversely affect the NCDD. The primary categories of risk in relation to financial management are errors, omissions, delay, corruption and fraud. Risk management is the formulation of plans and policies to manage the identified risks. **Risk assessment** is the identification and analysis of risks associated with the achievement of operations, financial reporting, and compliance goals and objectives. The way those plans are put into action is the internal control system and essentially it comprises the “control environment” and “control procedures”.

19.1.6. Control Procedures

Control procedures are the actual day-to-day activities that ensure NCDD policy is implemented and the necessary actions are taken to manage risks. These procedures occur at all levels and in all functions.

Controls can be either preventive or detective. The intent of these controls is different. Preventive controls attempt to deter or prevent undesirable events from occurring. They are proactive controls that help to prevent a loss. Examples of preventive controls are proper authorizations and verification procedures, approvals, performance reviews, asset security, segregation of duties and controls over information systems. Examples of detective controls are reviews, analyses, variances analyses, reconciliations, physical inventories and audits.

Control activities are implemented consistently and conscientiously. A procedure is not useful if it is performed mechanically without a sharp continuing focus on the activity. Unusual conditions that are identified must be investigated and appropriate corrective action must be taken.

Monitoring the effectiveness of the control system's performance over time is a combination of continuous internal review and independent third party evaluation. The scope and frequency of independent evaluation will depend on an assessment of risks and the effectiveness of ongoing monitoring procedures. The reviews may be performed by internal or external auditors, or by external consultants with particular expertise.

The rest of this chapter looks at specific control procedures that should be in operation throughout NCDD.

19.2 Types of Internal Controls

19.2.1. Written Procedures

Well-written policies and procedures are the key for effective internal control. By documenting the steps that should be followed in each particular process it allows the NCDD to perform transaction “walk through tests” to ensure proper compliance with procedures.

This manual is an example of an internal control. It is designed to provide general minimum standard guidance in relation to finance and accounting issues.

Make sure that the following policies and procedures are available to staff, where applicable, either in hard copy, soft copy or by internet access:

- ✓ NCDD Operations Policies and Procedures Manual
- ✓ NCDD IT Policy

All policies and procedures of NCDD are translated into Khmer language.

19.2.2. Delegated Authority on Authorization and Approval Limits

19.2.2.1. Delegated Authority on Authorization

- Authorization is the delegation of authority. The Head of NCDD Secretariat delegates responsibility for the day-to-day management to the Deputy Executive Head of NCDDS.
- Authority levels are documented and included in the manual. Authorization limits take into account the relevant stipulations of the NCDD Procurement Policy.
- Approval of a transaction means the transaction is appropriate, accurate and complies with policies and procedures.
- Approving persons review supporting documents, question unusual items and make sure the necessary information is present to justify the transaction before they sign it.
- Signing blank forms is never allowed at NCDD.
- Transactions that exceed the specified level require approval at a higher level.
- Under no circumstances should an approving person tell someone that they can sign the approver's name on behalf of the approver.
- Under no circumstances should an approver with electronic approval authority share their password with another person.
- The person initiating the transaction should not be the person who approves the transaction.
- The person should not authorise a transaction from which they personally benefit.
- A junior staff member should not authorise his or her manager's expenses.

19.2.2.2. Delegated Authority on Approval Limits

NCDDS: NCDDS manages the main account of the National Program, thus the authority on approval transactions of NCDDS's appointed officer are unlimited.

Capital/Provinces/Ministries and other institutions: The delegated authority on approval is below or equal USD 50,000. In the case of a transaction exceeding USD 50,000 a request for payment signed by approving officer with supporting documents must be sent to NCDDS for processing a direct payment on behalf of implementer.

Internal Delegated Authority on approval Limits: All implementers of National Program shall manage the delegation of authority on approval limits according to their workload and on the discretion of the chief approving officer. A set of approving, certifying, verifying and requesting officers may be appointed for processing of small transactions of size up to a suitable limit amount. This decision should be documented with approval from approving officer, and a copy sent to NCDDS for information and audit purpose.

For example: Implementer may appoint approving, certifying and requesting officer for transactions of petty cash fund or amount less than or equal USD 100.

This will help to reduce workload of approving, certifying and requesting officer mention in section 1.4.4.

19.2.3. Segregation of Duties

Segregation of duties is critical to effective internal control. It reduces the risk of both erroneous and inappropriate actions. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

In general, the approval function, the accounting and reconciliation function, and the asset custody function are separated among employees. These functions require at least two sets of eyes. For small offices of NCDD these functions cannot be separated and due to that a detailed supervisory review of related activities is required.

No one person:

- ✓ Initiates the transaction
- ✓ Approves the transaction
- ✓ Records the transaction
- ✓ Reconciles balances
- ✓ Handles assets
- ✓ Reviews reports

Additional guidance on segregation of duties:

- ✓ The person who requests the purchase of goods or services should not be the person who approves the purchase.
- ✓ The person who requests the purchase of goods or services should not be the person who reconciles the monthly financial reports.
- ✓ The person who approves the purchase of goods or services should not have custody of the cheques.
- ✓ The person who maintains and reconciles the accounting records should not have custody of the cheques.
- ✓ The person who has custody of assets should not be responsible for processing the accounting records for those assets.
- ✓ The person who has custody of assets should not be the person who approves purchase of assets.

19.2.4. Reconciliations

To ensure accuracy and completeness of transactions, reconciliation is needed. Reconciliation is done by comparing different sets of data with one another. Differences are identified and investigated and corrective actions are taken.

19.2.5. Reviews by Management

Reviewing reports, statements, reconciliations and other information by management is an important control activity. Management reviews such information for consistency and reasonableness, such as:

- Budget to actual comparison – compare current performance to budgets, forecasts, prior periods or other benchmarks to measure the extent to which goals and objectives are being achieved.
- Identify unexpected results or unusual conditions which require follow up.
- Management's review of reports, statements, reconciliations and other information should be documented as well as the resolution of items noted for follow up.

19.2.6. Documentation of Transactions and Record Maintenance

Every accounting transaction is supported by proper and complete documentation that explains the nature, timing and value of the transaction. Clear details of who initiated and authorized the transaction is also required.

19.2.6.1. Retention of Records

Accounting documentation, including electronic data are filed neatly for ease of access and retained for a maximum of 10 years or as specified by the donors partners in the signed agreement. This is vital in order to ensure that documents are always available that verify properly authorized expenditure if queried by donors and others.

19.2.6.2. Location of Documentation

Location of documentation in offices in the districts and provincial level is at the discretion of the Director of Finance Division as to whether the supporting documentation should be retained at the district or provincial offices or whether it should be sent to the national level. If documents are to be retained at a remote project location, the Finance Division provides written instructions on how and where the records are to be retained.

19.2.6.3. Storage of Documents

Stored documents can become spoiled over time and this will happen more quickly if the storage environment is not appropriate. All stored documents of NCDD are kept in a clean and dry area and safe from the threat of fire. The storage area are easily accessible and the documents are stored in a systematic manner.

19.2.6.4. Storage of Electronic Data

Non-current electronic data are stored in a safe place. Critical electronic data are copied and stored in a separate place. The storage area is clean, dry and safe from the threat of fire. The data must be stored in a systematic manner.

19.2.7. Information and Communication Systems

Information and communication are essential to effecting control. Reliable and relevant information from both internal and external sources are identified, captured, processed and communicated to the people who need it and in a form and timeframe that is useful.

The Admin and Finance Division at the national level is responsible in the incoming and outgoing documents of the NCDD. Each Division at the national level has one admin staff who takes care of incoming and outgoing documents of the Division.

At the provincial level, the same system applies whereby each division has its own staff taking care of the safety of all documents as well as in and out of all documentations.

19.2.7.1. Electronic information

NCDD has variety of electronic information systems – local area networks, personal computers, telephone systems, internet and email. This is being taken cared and maintained by the Information Technology Group under the Monitoring and Evaluation Division. The internal control and the confidentiality of the information are maintained.

Computers containing financial information are accessible to appropriately authorized personnel. The access to computers are password protected as well as to specific software such as Peachtree, payroll personnel database and other financial records such as the fixed asset register NCDD inventory database and many more.

19.2.7.2. Internal Controls Applying to Information Systems

- The complete and accurate processing of data is always according to schedules.

- Input controls – the complete and accurate recording of authorised transactions are done by authorised users; identification of rejected, suspended and duplicated items; error listings, sequence checks, validity checks.
- Processing controls – control totals, control files, audit trails.
- Output controls – file changes, error listings, reviews of output.
- Processing errors noted and resolved.
- File backups are taken in accordance with procedures.
- Recovery procedures are established for processing failures.
- Review of the actions of computer operators.
- Physical security of equipment to reduce the risk of theft, vandalism and destruction.
- Environmental security for the equipment to reduce the risk of adverse climatic conditions.
- Disaster planning to guide the successful recovery of equipment and data.

Other information

Procedures are in place whereby the information contained in emails are made available, not only to the recipient, but to others who need it. This is particularly important when an employee is transferred to another posting or leaves the NCDD. Staff meetings, workshops and seminars are minuted, disseminated and filed.

19.2.8. Safeguard and Maintenance of Assets

Safeguard and maintenance of **fixed assets** is essential for the sustainability of operations in NCDD. Fixed assets are often the most difficult element of budgets for which to obtain donor funding.

NCDD internal control procedures in this area include the following:

- Documentation of assets in a register (NID).
- Numbering and physically labelling the assets.
- Physical verification (twice a year June and Dec).
- Periodic servicing and preventative maintenance of assets – especially vehicles.
- Appropriate security precautions.
- Insurance coverage (still to be worked out).

Cash is an asset that requires particularly strong internal controls for its safeguard. Cash is the most liquid of all assets and the risks are great. Bank reconciliations and surprise cash counts are two specific examples of standard internal controls.

19.2.9. Personnel

Appropriately qualified and trustworthy personnel are an essential requirement for effective control. It does not matter how good the control system is on paper if the staff members responsible cannot implement the controls.

Key internal controls in the area of personnel include:

- Effective human resource policies and procedures.
- Written recruitment procedures designed so that recruitment decisions are based on qualifications and experience.
- Clearly written job descriptions detailing the desired competence levels, skills, experience, the tasks and responsibilities of each position, their responsibilities for internal control.
- Orientation and training program.

- A standard performance evaluation process to recognize good performance, identify poorly performing staff and ensure that the necessary corrective action is taken to improve performance or remove the employee from service
- Discussion of ethical issues with employees. If employees need additional guidance, issue them with NCDD standards of conduct.
- Adequate training program for employees.
- Appropriate disciplinary action is taken when an employee does not comply with policies and procedures or behavioral standards.
- Clearly stated employee responsibilities, limits to authority, performance standards, control procedures, and reporting relationships.

19.2.10. Legal Advice

It is important that NCDD has at least ready access to legal advice. Immediate access to advice from a known and reliable source is essential in the event of any problems arising at NCDD.

19.2.11. Monitoring

Monitoring is the assessment of internal control performance over time. The purpose of monitoring is to determine whether internal control is adequately designed, properly executed, and effective. On-going monitoring activities include various management and supervisory activities that evaluate and improve internal control. Specific NCDD monitoring involves the following:

- Program Monitoring System
- Regular field visits and spot checks
- Self assessment check lists on management controls and compliance with procedures
- Close communication between donor partners, sub-programs and Sub-National levels.
- Internal and external audits

Management's role in the internal control system is critical to its effectiveness. It is not necessary for managers to look at every single piece of information to determine that the controls are functioning. They focus their monitoring activities in high risk areas. The use of spot checks or basic sampling techniques provide a reasonable level of confidence that the controls are functioning as intended.

19.3. Risks and Internal Control

As mentioned in chapter 3, internal control and risk management are interlinked in terms of financial management. The following shows the relationship between an internal control system and risk management.

19.3.1. Risk Assessment

Risk assessment is one of management's responsibilities. Failure to manage these risks can jeopardize the achievement of an objective. In order to identify risks the following questions are asked:

- What could go wrong?
- What could cause failure?
- What must go right in order to succeed?
- Where are the vulnerable areas?
- What assets should be protected?
- How could someone steal from the organization?
- How could someone disrupt operations?
- What decisions require the most judgment?
- What activities are most complex?

19.3.2. High Risk Areas

It is important that risk identification be comprehensive for operations, financial reporting and compliance objectives. Both external and internal risk factors need to be considered. Quite often several risks can be identified for each objective.

Listed below are some types of areas that often pose higher risks than others.

19.3.2.1 .Cash on Hand and Cash at Bank

The management of cash at bank and in hand requires strong internal control procedures and authorization limits are clearly defined at NCDD in this area, on a bank mandate form or in a cash handling policy. Cash is slippery and needs special attention.

19.3.2.2. Seven Golden Rules for Cash Transactions

- Always give receipts for money received.
- Always obtain receipts for money paid out.
- Keep cash coming in separate from cash going out.
- Pay surplus cash into the bank.
- Have properly laid down procedures for receiving cash.
- Restrict access to petty cash and the safe.
- Keep petty cash transactions to a minimum.
 - ✓ Surprise cash counts are done by supervisors and managers.
 - ✓ Physical access to cash are restricted.

19.3.2.3. Payroll

- Salaries and POCs records are reconciled every month to ensure the correct deductions are being made and passed on to the relevant authority.
- Controls are in place to avoid error in payroll preparation.

19.3.2.4. Unfunded Expenditure

- Unauthorised expenditure – more than the amount specified in agreed work-plans and the budgets.
- Overhead to be funded by out of the budget plan.
- Non-payment of donor partners instalment due to non performance, non acceptance of reports or poor quality of work.
- Budgets that do not include adequate funding of core costs or overhead costs.

19.3.4.5. Contractual and Legal Exposure

- Lacks experience in dealing with EU and other donor partners procedures.
- Inability to produce supporting documents from archives for audits.
- Expatriate income tax not provided for.
- Construction contracts – professional negligence.
- Litigation with former staff.

19.3.4.6. Vehicles

- Use of vehicle for private use are in line with written procedures.
- Vehicle log books are reviewed by managers.
- Physical access to vehicles are restricted.

19.3.4.7. Other Assets

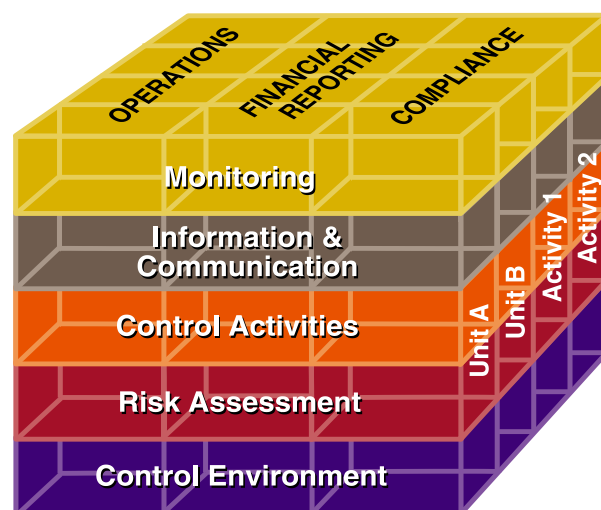
- Loss of assets kept on premises.
- Physical counts is regularly done for all assets.
- Asset registers are kept up to date, particularly when assets are relocated.
- Assets are insured against fire and theft (NCDD will arrange this later)
- Safe place to keep valuables assets

19.3.3. Other Areas of Risk

- Unsettled advances
- Improper Peachtree back up procedures.
- Virus corruption.
- Use of pirated software.
- Travel expenses.
- Presentation of false receipts.
- Collusion with suppliers.

19.4. Internal Control Process

The Internal Control System of NCDD is based on the model of the COSO II Methodology - COSO Enterprise Risk Management Framework.



It favors an approach focus on risk. In addition to the emphasis put on risks and key controls, it is necessary, as far as possible, to first carry out automatic preventive controls, taking into account factors such as usefulness in relation to cost. When there is no segregation of duties, other compensatory controls are put in place.

The internal control process involves the preparation of documents that cover three steps, as follows:

Step 1: Identify the main process areas in implementation. An example is in section 19.4.1 Table of Risk.

Step 2: Prepare a flow chart that shows the sequence of events in each process area. An example is in section 19.4.2 Flow Chart for Payments.

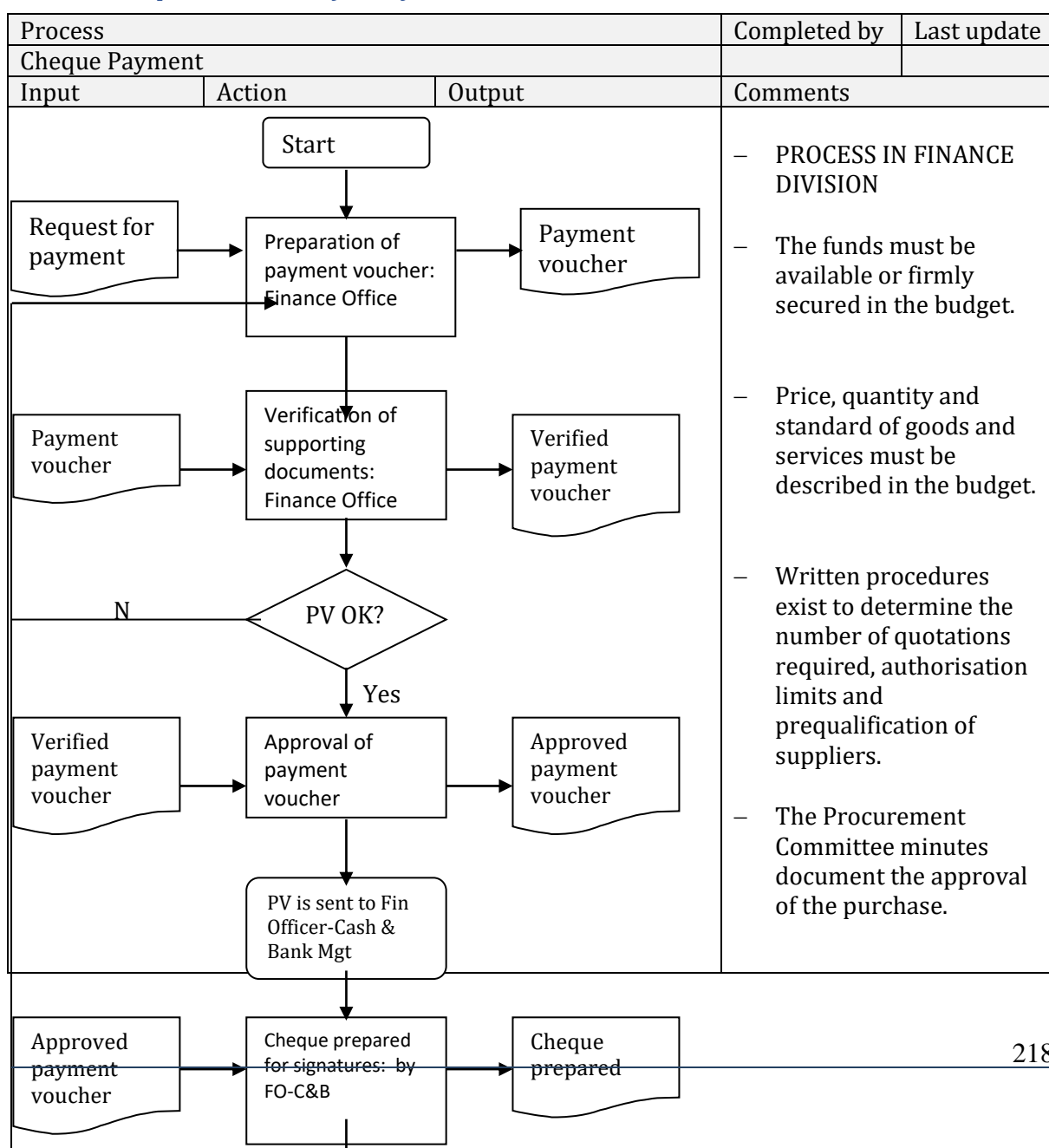
Step 3: Prepare a complete Inventory of Risk spreadsheet for each process area. An example is in section 19.4.3 Financial Risk Inventory Map.

19.4.1. Table of Risk and Control

Process/Area	Risk type by area
Procurement	Entry and checking of invoices Accounting of suppliers invoices Debtors, creditors Payments Program payments Debit note, reimbursements Segregation of duties
Travel Costs	Approval of yearly travel budgets Approval of individual travel requests Travel invoice verification/approval Travel costs budget/actual comparison
Physical Assets	Assets acquisition Assets register Assets sales

	Segregation of duties
Salaries	Salary and benefits computation Accounting of salaries Provisions (travel, etc. reimbursements) Staff advances Payment of salaries and benefits Computation of salary deductions Elaboration of pay slips Segregation of duties
Finance	Cashier/cash Banking Closure of accounts Consolidation Accumulated Fund Exchange rates/currencies
Information Technology	Preparation of the annual accounts Segregation of duties Back ups Virus protection

19.4.2. Example: Flow Chart for Payments



	<ul style="list-style-type: none"> – Procedures exist to record the receipt of goods and services. – Cash payments can be made for amounts under USD 200. – Cheques must be used for payments USD 200 or per request. – Two signatures are needed to approve the payment request. One signature must be the Director of the FAD and the Deputy Head of NCDDDS – Two official bank signatories are needed to sign the cheque.
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19.4.3. Financial Risk Inventory Map

Risk Inventory – Cheque Payments

Risk inventory									Inventory of controls					Assessment of control		
Riss	Control objectives								Controls		Staff Responsible	Frequency of control	Type of control	Effectiveness	Traceability	Conclusions
Description and possible causes	Completeness	Accuracy	Validity	Access	Existence Presence	Evaluation	Rights and duties	Presentation and Publication	No.	Controls Description		P=permanent D = daily W = weekly M = monthly Q = quarterly A = annual	M – manual A = automatic/ computerized	Yes/no	Yes/no	Reliability of controls Explanation of weak points of controls Recommendations for improvement
Unused cheque forms lost	x	x	x	x	x	x	x	x	CQ1	Dep Head to order new cheque books	Dep Head	P	M	yes	yes	OK
	x		x	x	x	x	x	x	CQ2	Blank cheque forms kept in safe by the Dir of Fin Adm Div.	Dep Head	P	M	yes	Yes	OK
Payment vouchers lost in transit		x	x	x	x	x	x	x	CQ3	Sub-Programs & SN offices keep photo copies of all vouchers IF sent to NCDD-S	Fin Officer	P	M	yes	yes	OK
Payment requests not properly authorized		x	x	x	x	x	x	x	CQ4	Finance Officer of Cash and Bank instructed to refuse to accept payment requests which have not been properly authorized and coded	Fin Officer	P	M	yes	yes	OK
Payment request not coded		x	x	x	x	x	x	x	CQ5	Finance Officer of Cash and Bank instructed to refuse to accept payment requests which have not been properly authorized and coded	Fin Officer	P	M	yes	yes	OK
Invoice and claim form questionable		x	x	x	x	x	x	x	CQ6	Finance Officer of Cash and Bank instructed to pay only when invoice is on headed forms and addressed to NCDD-S	Fin Officer	P	M	yes	yes	OK
Delay in receipt of bank statements		x	x	x	x	x	x	x	CQ7	All Accountant to ensure that banks issue statement within a reasonable time	Fin Adm Div	P	M	yes	yes	OK
Bank reconciliation		x	x	x	x	x	x	x	CQ8	Regular reconciliations and checked by Dir of Fin Adm Div	Dir Fin Adm Div	M	M	Yes	yes	OK

19.5 Financial Risk Matrix

In addition to the charts for risk and control in 4.4 above, it is important to produce a Financial Risk Matrix for each financial risk that could affect NCDD Officers. The purpose of this matrix is to alert the Finance and Admin Division to potential losses, deficits and donor funds that are delayed. A separate matrix should be constructed for each risk.

An example of a Financial Risk Matrix that will be prepared for NCDD is listed below.

19.5.1. Financial Risk Matrix - Example Only

NCDD

FINANCIAL MATRIX

For the Period: 1 January 20XX to 31 December 20XX

Risk no. 1	Significant reduction of total annual IP3 funds compared to previous levels						
Likelihood	Likely (3)	Possible (2)	Remote (1)	Total Risk Score	Risk Reduction Action Plan		Likely Outcome
Impact					(Score 4 to 9)	(Score 2 to 3)	
Critical (3)		XX		6	Raise at least USD XXXXXX locally from other donor partners on good governance projects by July 20XX.		Additional USD XXXXXXX likely to be raised through Donor Partner B and the local government.
Major (2)							
Manageable (1)							
Comments:	XX% of annual total funding of the NCDD IP3 Program is raised from only two donor partners. More demands on capacity building at the Sub-National level are likely to be funded. The program will submit Capacity building Proposal to Donor Partner B. The program will also partner and collaborate with one of the UN agencies and collaborate the Unit in the office of the Deputy Prime Minister.						

Key to Ranking Risk Levels

Likelihood:

- 3 = Likely Expected to happen, to a more than even chance of it happening (50% to 100% possibility)
- 2 = Possible Quite possible that it will occur, to an even chance of it happening (15% to 50%)
- 1 = Remote Just possible it might happen but very surprising, to extremely unlikely (below 5%)

Impact:

- 3 = Critical Would stop the activity being implemented if the risk occurred or would cause serious cost overruns if implementation continued
- 2 = Major Would require a change to the activity
- 1 = Manageable Procedures are in place to deal with the consequences of the risk.

19.6. Compliance with Internal Control Systems

It is the responsibility of the Head of NCDD-S or his designee to ensure that the internal control systems are functioning and that policies and procedures are being followed. Two tools have been developed to help the NCDD and Sub-Programs and Provincial offices.

The first one is the Financial Management and Internal Control Checklist which is to be completed by the Division Director in the Sub-Programs and the Provincial Governor in the Sub

National level. The purpose of this document is to determine the level and quality of internal control. The checklist can be found Appendix 3.7.

The second is the Financial and Administrative Compliance Check List to be reviewed by 15th January and 30th June. This checklist is to be completed by the Director of Fin Admin Division and serves as a confirmation that all policies and procedures defined in the finance and procurement manuals are implemented in full. The checklist can be found Appendix 3.8.

19.7. Financial Management and Internal Control Checklist

Financial Management and Internal Control Checklist			
For Completion by the Director of Finance and Administration Division Within each Sub Program and the Provincial Level			
Office: NCDD-S		See above	
Date checklist completed			
Period covered		From:	To:
1.	Legitimacy of Activities	Yes	No
1.1	Please list below all agreements that are required with Sub-Programs, SNAs and local government ministries, departments, tax authorities, and indicate whether or not agreements are current and up to date.		
1.2	For Agreement marked "no" what remedial action is being taken?		
1.3	Agreement up to date?		
2.	Procurement	Yes	No
2.1	Do all staff involved in procurement have access to a current copy of the NCDD Procurement Policy?		
2.2	Do all staff familiar with the contents of the procurement policy?		
2.3	Have limits of authority for individual staff positions and individual purchases been established in conformity with the different sections of the procurement policy?		
2.4	Have they been properly advised of these authority limits?		
2.5	Has a functioning Procurement Committee been established in accordance with the procurement policy?		
2.6	Are procurement limits and authorizations in the procurement manual consistently applied to all procurement procedures?		
2.7	Does supporting documentation clearly demonstrate that required limits and authorizations have been consistently applied?		
2.8	For procurement items marked "no" what remedial action is being taken?		
3.	Management and Donor Reporting	Yes	No
3.1	Is the assigned Officer or Advisor notified in writing about the message from somebody in writing of all new proposals before contracts are signed?		
3.2	Have all agreements been signed by the Head of NCDD Secretariat?		
3.3	The NCDD Finance Admin Manual states that all agreements must be signed by the Head of NCDD Secretariat, has this requirement been complied with for all relevant projects?		
3.4	Have NCDD activity been conducted without pre-financing? (Pre-financing occurs where the fund balance is a negative because funds spent have exceeded funds received.) A detailed explanation is required showing the reason for the negative balance, how the negative balance will be resolved, and clearly identifying the source of funds used to pre-		

Financial Management and Internal Control Checklist			
	finance the project.		
3.5	Have the monthly financial reports from Sub-Programs and Sub-Nationals showing the budget/actual performance, been distributed to all concerned staff?		
3.6	For each office, are there regular meetings to review work performance?		
3.7	Is there a procedure in place to ensure that concerned staff properly analyze budget variances and take remedial action?		
3.8	Have all donor reporting been carried out in the formats required by donor agreements?		
3.9	Are donor reporting, financial and narrative, up to date?		
3.10	Is there a coordination process in place to review narrative and financial reports for consistency before submission to donors?		
3.11	Is there a centralized filing system, either in hard copy, computer files or a combination of both, whereby the Head of NCDD-S and other staff can find, and clearly identify without ambiguity, finalized signed copies of agreements, authorized changes to financial and narrative reports to donors, and copies of all major relevant correspondence?		
3.12	Please provide explanation and proposed remedial action for all project management and donor reporting items marked "no".		
4.	Budget Preparation and Control	Yes	No
4.1	Is there a timetable in place to allow annual program planning and program budgeting to be completed according to a timescale that allows for adequate planning and discussion, detailed formatting, adequate approval processes, and loading of approved budgets into Peachtree, where all can be completed in good time for the plans and budgets to be in place and functional before 1 January each year?		
5.	Cash Flow Management	Yes	No
	The Finance Admin Manual chapter deals with internal monthly reporting and gives comprehensive details of monthly reporting formats. They include formats for forecasting income and expenditure, and for preparing funds transfer requests.		
5.1	Have cash flow reports in the required formats been consistently prepared on time?		
5.2	For cash deficits, or for which the cash flow forecasts identify that future deficits will emerge, has there been taken positive action to eliminate the current deficits and prevent the future deficits?		
5.3	Has the action referred to in 5.2 above been documented and communicated to relevant finance staff?		
5.4	For cash flow items marked "no", what remedial action is being taken?		
6.	Staffing	Yes	No
6.1	Does all staff have up to date written and signed contracts of employment?		
6.2	For those staff who are engaged directly on specific projects, is the duration of employment contracts directly linked to the activity requirements and funding of the projects on which they are deployed?		
6.3	Do arrangements for sick leave, holiday pay, and all other benefits to which staff may be entitled, meet at least the minimum legal requirements of Cambodia?		

Financial Management and Internal Control Checklist			
6.4	Are the costs of accrued annual leave charged on a monthly basis, rather than simply being charged on a cash basis when the leave is taken?		
6.5	For staffing items marked "no", what remedial action is being taken?		
7.	Management of Liabilities	Yes	No
7.1	Regarding short term payroll related liabilities (e.g. staff taxes and insurances), have the liabilities been properly calculated and brought to account in the Balance Sheet?		
7.2	Have all short term payroll related liabilities been paid on time? Only current month deductions should be outstanding.		
7.3	Are all amounts due in respect of staff benefits properly and fully calculated and brought to account as liabilities in the Balance Sheet?		
7.4	For liabilities items marked "no" what remedial action is being taken?		
8.	Fixed assets	Yes	No
8.1	Fixed asset record keeping is described in detail at chapter 16 of the Finance Admin Manual.		
8.2	Is the fixed asset register maintained in a format containing the details required by the Finance Admin Manual?		
8.3	For fixed assets items marked "no" what remedial action is being taken?		
9.	Document and Data Retention	Yes	No
9.1	There are several influences on the need for document and data retention, including donor requirements as defined in project agreements, requirements of auditors of donors and auditors of NCDD, insurance considerations, taxation law and the wider field of law covering commercial activity.		
9.2	Is there a well-defined document retention policy in place, which addresses all relevant requirements and which has been properly communicated to relevant staff? The policy should address the period of document retention, the method by which documents relating to particular projects are to identified and retrieved, and the place of storage.		
9.3	Are the documents and soft copies of data stored in a dry, clean and safe environment?		
9.4	Are the stores documents and soft copies of data stored in a neat and systematic manner		
9.5	Is document retention practice properly implemented so that all relevant needs are met?		
9.6	For document retention items marked "no", what remedial action is being taken?		
10.	Follow Up from Previous Checklist	Yes	No
10.1	For those items marked "no" on the previous checklist, has all remedial action now been completed and implemented?		
10.2	For those items where remedial action has not yet been completed, please explain why, and explain how remedial action will now be completed.		

19.8. Financial and Administrative Compliance Check List

Financial and Administrative Compliance Check List				
Submitted by:				Date:
Chapter of the Finance Admin Manual	Complying?			Problems in Complying and Other Comments
	Yes ✓	No ✓	Partly ✓	
1. Introduction				
NCDD Policies, Procedures and Guidelines				
2. Accounting System				
Financial reports				
Income				
Fund balances				
Expenditure				
Fixed asset purchases				
Office Supplies				
Contributions in kind				
Operations cost				
Accounting software				
International Accounting Standards				
3. Risk Management				
Identification of risks				
Analysis of likelihood of risks occurring and resulting consequences				
Rank the risks against priority criteria				
Risk matrix				
Categories of risk				
External risks				
Internal risks				
Risk management cycle				
4. Internal Control System				
Written procedures				
Delegated authority – authorization and approved limits				
Segregation of duties				
Reconciliations				
Reviews by management				
Retention of records				
Location of documentation				
Storage of documents				
Storage of electronic data				
Information and communication systems				
Safeguard and maintenance of assets				
Personnel				
Legal advice				
Monitoring				
Risk assessment				

High risk areas				
Quantitative and qualitative impact costs				
Table of risk and control				
Flow charts for processes				
Financial risk inventory maps				
Financial risk matrix				
Compliance with Internal Control Systems				
5. Prohibited Practices				
Warning signs of fraud				
Corruption				
Protection of the whistle blower				
Confidentially				
Anonymous allegations				
Untrue allegations				
Procedures for making a disclosure				
5.4.6 Time frames				
Investigating procedure				
NCDD Policy for Management of Fraud				
6. Budgets				
Approaches to budgeting				
Budgeting for NCDD projects				
Role of finance staff in preparing the Budget				
Guidelines for finance staff in preparing the Budget				
Work Plans and Budget				
Steps in preparing a Working Budget				
Planning and Monitoring system				
The budgeting process				
Budget check list				
Using the AWPB to monitor and control expenditure				
Quick guide to the quarterly review of Working Budgets				
Budgets and budget monitoring - some DOs and DON'Ts				
Using a project budget to set up codes and reports in Peachtree				
7. Reports for Management and Donors				
Management reports				
Monitoring reports – quarterly and annually				
Management reports – standard reports required				
Management accounts – format of submission				
Deadlines for submission				
Contents and purpose of each report				
Narrative report				
Balance sheet				
Income and expenditure statement				
Cash flow report				

Income and expenditure report for each sub program and provinces				
Bank reconciliation for each bank account				
Schedule of staff advances				
Cash flow forecast				
Three month cash forecast				
Check list for month end processing				
Check list for month end reports				
Management accounts - some Dos and DONTs				
8. Reports to Donors				
Donor guidelines				
Requirements in donor guidelines				
Interim reports				
Budget revision requests				
Budget lines for contingencies				
No cost extensions				
Final reports				
Check list for financial reports to donors				
Donor reporting - some DOs and DONTs				
Other users of reports				
9. Contracts or Joint Decision with Sub-Programs and SNAs				
Prior to signing the JD				
After signing the JD				
Requirements in the JD				
Documentation requirements				
Retention of documents				
Removal of NCDD docs				
Donor audits				
10. Pre-financing of Donor Funding				
Criteria for requesting pre-financing from DPs				
11. Year End and External Audit				
Prior to year end				
Deadlines for external audits				
Check list of tasks prior to year end				
External audit				
Selection of external auditors				
Audits carried out by donors				
The audit report				
Management Letter				
Distribution of audit reports				
Audit Compliance Certificate				
Financial year end instructions from NCDD-S for Sub-Programs and SNAs, including standard formats				
12. Internal Audit				

Internal audits carried out on behalf of NCDD-S				
Internal audits carried out by appointed internal auditors				
Process of the internal audit				
14. Exchange rates				
Official NCDD rates				
Exchange rates for monthly financial transactions				
Exchange gains and losses				
Policy for recognizing exchange gains and losses				
Gains and losses on transfers from Donors				
Example staff insurance policy				
16. Fixed Assets				
Accounting treatment				
Fixed asset treatment flow chart				
Fixed asset register				
Annual physical inventory				
Disposal of fixed assets				
Fixed Assets – Dos and Don'ts				
17. Procurement				
NCDD Procurement Policy				
Day to day operation				
Authorization limits				
Supporting documentation				
Donor requirements				
International procurement				
18. Office Supplies				
Accounting treatment				
Record keeping and forms				
Physical counts				
Storage				
Insurance				
19. Bank Accounts				
Selecting banks				
Donor requirements for separate bank accounts				
Opening bank accounts				
Bank mandates				
Authorized signatories and lists of bank signatories				
Signing authority				
Currency				
Interest earnings and calculations				
Cheques				
Bank reconciliations and bank reconciliation form				
Bank file				
Annual summary of bank accounts of NCDD				

20. Cash Floats				
Cash handling policy				
Imprest system for cash and petty cash				
Cash payments				
Cash receipts				
Cash counts				
Cash limits				
Security				
21. Accounting for Cash and Bank Transaction				
Payments				
Payment voucher				
Processing the payment				
Receipts				
Receipt voucher				
Processing the receipt				
Transfers between bank / cash accounts				
22. Providing Financial Support to Sub-Programs and SNAs				
Joint Decision Document				
Accounting treatment				
Release of funds				
23. Staff Advances				
Work advances				
Limits to work advances				
Accounting for work advances				
Currency of advance				
Termination of service				
24. Official Travel Expenses				
Air travel				
International travel expense re-imbursement				
National travel expense re-imbursement				
Travel approval				
Duty travel funded by other organizations				
25. Payroll				
Payroll system				
Processing the payroll				
Payroll disbursements				
Payroll journal				
Payroll file				
26. Personnel				
Personnel Policy				
Personnel records				
Employee register				
Personnel files				
Recruitment of staff				
Employment contract				

Termination and hand over				
Topics for hand over report				
No further claims form				
Staffing of the finance department				
Job description				
27. Vehicle Management				
Vehicle Policy				
Log books and fuel consumption logs				
Fuel consumption reports				
Fuel misuse				
Vehicle maintenance				
Authorized drivers				
Official use of NCDD cars				
Personal use of NCDD cars				
Security				
Insurance				
Fleet management services				
28. Telephones				
Processing telephone bills				
Mobile telephones				
Credit limits on mobile telephones accounts				
Loss or theft of mobile telephones				
Internet calling options				
29. Computer Back-ups and Virus Protection				
Peachtree data to be backed up				
Peachtree data integrity check				
Performing a Peachtree back up				
Peachtree back up schedule				
NCDD Peachtree manual				
Log books				
Example of log books				
Back up procedures for other computer data				
Passwords				
Emails on web-based sites				
Virus protection				
Rules for NCDD computers				
30. Filing and Archiving				
Filing systems				
Filing systems for bilateral projects				
Location of documentation				
Retention and storage of documents				
31. Chart of Accounts				
Peachtree segments				
Peachtree structure				
Chart of accounts				
32. General Information				
Communications with Sub-Programs and SNAs				
NCDD web site and directory				

CHAPTER 20 : INTERNAL AUDIT

Internal audit is an independent and objective organizational function that adds value to, and improves, the overall effectiveness and efficiency of an organization's operations. The internal audit function is independent from line management. It helps an organization to accomplish its objectives by providing a review and assessment of risk management, control and governance processes. In NCDD, an internal audit review is not yet undertaken as a statutory requirement.

An internal audit of NCDD may include traditional audit tests such as physical verification of assets and transaction walk-through tests as well as wider ranging assessment such as one-to-one interviews with a variety of staff members. The aim is to form an opinion on the NCDD's accounting systems and procedures and its internal control and risk management mechanisms, and to provide recommendations on how they might be improved.

The 'Three E's' also influence an internal auditor's approach:

- Economy – doing things for least cost
- Efficiency – doing things right
- Effectiveness – doing the right things with the fewest resources

20.1. Internal Audit in Secretariat

There are two types of internal audit in NCDD-S.

20.1.1. Internal Audits Carried Out by IAG

These audits are performed by an appropriately qualified and experienced finance professional, **appointed, supervised, and reporting** to the Head of NCDD-S.

The objective is to plan internal audits of NCDD-S, Sub-Programs and Sub-National offices while at the same time maintaining a sufficient standard of review to ensure the effectiveness of the function. Priority is given to Sub-Nationals and Sub-Programs with relatively higher risk profiles taking into account factors such as:

- The size of the Sub-Program and Sub-National in financial terms.
- Quality and timeliness of financial information that is currently being received from the program.
- The "maturity" of the Sub-Program and Sub-National – a long established program is more likely to have tried, tested, and reliable systems.
- The number of different donors funding the Sub-Program and Sub-Nationals and the variety and complexity of their reporting requirements.
- Recommendations made by the External Auditor in the annual management letter.
- Occasions when NCDD-S has had to find a solution to cover a deficit in the NCDD.

Each year Internal Audit Group (IAG) within NCDD-S will prepare a schedule work plan of proposed internal audits, taking the above factors into consideration. The Head of NCDD-S by consulting with Audit Committee will approve IAG work plan. The IAG through Director of IAG reports to the Chairman of the Audit Committee, Head of NCDD-S, and Chairman of the NCDD. The reports of the IAG are shared with the Sub-Program and Sub-National Administrations as per need to know basis.

20.1.2. Internal Audits Carried Out by Locally Appointed Internal Auditors

In addition to the audits carried out by IAG, NCDD-S can employ full time Internal Auditors as their own staff to perform internal audits on a regular basis. Local Internal Auditors are responsible to the Head of NCDD-S and their method of operation will be agreed at the lower level. Advice will be provided by **the head of NCDD-S** when necessary.

20.2. Process of the Internal Audit by a Professional Person/Company

20.2.1. December/January of Each Year

- NCDD offices are evaluated based on the Internal Audit selection criteria.
- Based on each score from the selection criteria, a schedule is drawn up of the internal audits to be held in the year.
- The assignment of the Internal Auditor and month for the audit to take place are tentatively set.
- The Audit and Ethics Committee (set up as NCDD sub-committee) receives the schedule work plan for the year and make comments and request amendments if and when required.

20.2.2. Two-three months prior to the Start of the Internal Audit

- The Head of NCDD Secretariat delegated the work to the Executive Deputy Head to agree on the timing of the internal audit. This includes ensuring the availability of the Head of NCDD-S at the start and at the conclusion of the internal audit, and the availability of the Director of Finance Admin Division throughout.
- Specific Terms of Reference are developed for the engagement of the Internal Auditor. This involves the EDH and the DFAD so that issues to be investigated are noted.
- The NCDD Office of Personnel signs a contract with the Internal Auditor relating to the particular internal audit.

20.2.3. One month prior to the Start of the Internal Audit

- The Internal Auditor to contact the EDH and DFAD of NCDD-S introducing him/herself and asking for areas of focus in the Internal Audit.
- The Internal Auditor to contact the DFAD and the EDH with a copy to the Head of NCDD-S asking for more information on issues and other areas of focus in the upcoming internal audit.
- The DFAD provides the contact details of donor partners which support the IP3 of NCDD. The Internal Auditor contacts the donor partners to advise them of the forthcoming internal audit and to request if they have any particular issues for examination.

20.2.4. Beginning of the Internal Audit

- The Internal Auditor holds an entrance meeting with the Head of NCDD-S and the EDH and the DFAD and other program staff, explaining the approach of the Internal Audit. Potential focus areas can be raised and discussed at this point.
- The internal audit work plan should take into account the recent Management Letters from the External Auditor. If deemed appropriate by the Internal Auditor, the work plan can be shared with the External Auditors, which should help to ensure a coordinated, focused approach.

20.2.5. During the Internal Audit

- Discussions with the staff during the internal audit process are to be seen, and approached, as capacity building.
- The Internal Auditor will maintain a working file with all the documentation required to support and explain their observations and recommendations.

20.2.6. Mid-way through the Internal Audit

- The Internal Auditor may have a meeting with the DFAD and EDH to discuss any issues of significance that need to be brought to NCDD-S's immediate attention.

20.3. Conclusion of the Internal Audit

20.3.1. One-Three Days before the Internal Auditor's Departure

- The Internal Auditor provides a draft report to the Head of NCDD-S. The Internal Auditor then has a final meeting with the Head of NCDD-S and the EDH and DFAD whichever is applicable staff members that are invited to the meeting by the Head of NCDD-S. The purpose is to discuss the draft report, particularly to identify any factual errors. Each observation and recommendation will be discussed and clarified.
- The Internal Auditor finalizes the report, taking into account the comments and clarification from the final meeting.
- The Internal Auditor submits the final report to the Head of NCDD-S. Further dissemination of the report is left to the discretion of these recipients.
- All subsequent communication concerning the report will be between NCDD-S and other third parties.

20.3.2. Two Weeks after Conclusion of Internal Audit

- Depending on the style of the Internal Audit Report, 1) the NCDD adds its comments to the Internal Audit Report and composes a plan with a timeline of actions that will be taken as a OUTPUT of the recommendations within the Internal Audit Report, OR 2) the NCDD writes a letter accepting the Internal Audit Report as presented and composes an action plan with a timetable based on the recommendations.

19.3.3. One to Six months after the Conclusion of the Internal Audit

- The DFAD schedules one or more meetings with the EDH, including other staff if necessary, to discuss the internal audit and what role NCDD-S needs to play in its follow-up.
- Periodically, as part of normal contact with the Head of NCDD-S, the EDH will discuss the progress on the internal audit recommendations.
- The Internal Audit Report should be brought on the visit as a reference material.
- If the DFAD is connected to the audited program, the DFAD should follow up progress being made on the recommendations, in the next visit to the program.

20.3.4. Three Months after the Conclusion of the Internal Audit

- The Head of NCDD-S updates the DFAD and EDH on progress regarding the action plan including any reasons for delays.
- Any recommendations that are of a 'fluid' nature and therefore, cannot be resolved in the next three months should be noted as this time.

20.3.5. Six Months after the Conclusion of the Internal Audit

- The Head of NCDD-S to provide a final report on implementation of recommendations, reasons for not following specific recommendations, and an update on fluid recommendations.
- DFAD to follow up if final report not received

20.3.6. Seven Months to Start of Next Internal Audit

- The EDH should continue to enquire about the major recommendations from the internal audit to ensure that progress has not deteriorated.

20.3.7. Eighteen Months after the Internal Audit Took Place

A new internal audit will take place – issues from the prior audit should not have arisen again.

CHAPTER 21: EXTERNAL AUDIT

21.1. External Audit Deadlines

- First draft of audit report by email – as soon as completed – while audit is in progress but not later than 28 February.
- Final draft by 31 March or sooner – by email.
- NCDD-S to approve before audit report is signed.
- Signed audit report to donor partners by 15th May

21.2. Prior to Year End

If management accounts are properly monitored on a monthly basis, it will save a considerable amount of time and trouble when producing the year-end accounts. The first draft may involve little more work than the accounts for the 12th month.

The external audit is an extremely important process in terms of showing commitment to transparency and accountability and it is crucial in terms of winning and maintaining donor confidence. For these reasons, it is important that year-end processing and the subsequent audit are prepared in a systematic way.

21.3. Deadlines for External Audits

The Year End Instructions from NCDD, together with the standard formats and layouts that must be used, are shown in detail in respective chapter of this manual. Paragraph 4 provides a list of deadlines that must be met by all Sub-Programs and Sub-National offices.

The deadlines for submission of the draft and final audit report and supporting documents are quite tight. These deadlines are necessary because the NCDD-S cannot compile the overall audit report until the last audit report has been received from Sub-Programs and Sub-Nationals.

In order to meet the deadlines, NCDD-S may arrange for interim audits before year-end so that the auditors can perform most of their vouching beforehand. Furthermore, finance staff avoids taking leave, except for public holidays, during the months of December to March.

21.4. Check List of Tasks Prior to Year End

There are a number of tasks and reviews that should be performed in November and December each year, as follows:

No.	Check List of Tasks Prior to Year End	√
1.	Interim audit to be carried out before year-end (if necessary).	
2.	Cash balances, both at the Sub-Programs and Sub-Nationals offices and the NCDD-S should have a balance as close to 0 as possible.	
3.	Any cash on hand on the last working day of the year should be banked so that cash on hand is zero on 31 December.	
4.	Reconciliations to be completed for bank accounts, cash accounts, and all other Balance Sheet accounts.	
5.	Issue bills and follow up any unpaid amounts.	
6.	Review debtor accounts to ensure that they have been properly billed, that the balances are realistic, that full payment are received, and bad debts written off (with proper approval).	

No.	Check List of Tasks Prior to Year End	√
7.	Review staff advances to ensure that they are in line with stated policies, and take action to ensure that they are either repaid or accounted for in December.	
8.	Review creditor balances to ensure that they are realistic.	
9.	Review unpaid expenses to ensure that they represent justifiable costs that are fully committed and properly explained by relevant supporting documentation.	
10.	Review suspense accounts (if any) to ensure that they have all been cleared. These accounts are normally used when it is unsure as to the accounting treatment for a particular transaction. For these reasons, their use should only be temporary and should be cleared before the year end.	
11.	Ensure that there is an up to date policy that explains the nature and purpose of any amount of expenditures in the report.	
12.	Review fund balances to ensure that any year-end deficits will be receivable in the New Year, there are no remaining balances on projects/program which closed during the year, and any planned balance carried forward are at a level that will be acceptable to donors.	
13.	Review all donor agreements to ensure that they are all readily available on file and any terms and conditions that relate to the year end (e.g. the amount that is allowed to be carried forward) have been met.	
14.	Ensure that all donated commodities and gifts in kind received during the year have been recognized in the accounts (when donor so agreed).	
15.	Make sure the Fixed Asset Register is up to date.	
16.	Ensure that payment requests that need to be processed in the year are received in NCDD-S by 26 December. Any payment requests received after 26 December will be processed in the following year. This applies both to funding transfers and payments to suppliers.	
17.	Before the books are closed for the year, review Chapter 16 of the Peachtree Manual covering <i>Year End Procedures</i> specific to Peachtree.	
18.	Make sure that the external auditors have been booked well in advance. This is important because the auditors are likely to be very busy at this time of the year and the ability to meet deadlines must not to be compromised by their lack of availability. Having a date for the audit set well in advance also helps to plan staff workloads to ensure the work is ready when the auditors arrive.	
19.	Ensure that all items in the Management Letter for the previous year have been attended to.	

21.5. External Audit

An external audit is an independent examination of the financial statements prepared by the NCDD-S. NCDD have an external audit performed on an annual basis. The audit covers all activities during the financial year, which is the same as the calendar year.

As well as being an internal NCDD requirement, an annual external audit is a statutory requirement (i.e. required by law) in Cambodia and most especially by the donor partners.

The purpose of the external audit is to verify that the annual accounts provide a true and fair picture of the NCDD's finances and that the use of funds is in accordance with the NCDD's stated policies, aims and objectives and the terms of any agreements with donors. It is generally for the benefit of those outside the NCDD, e.g. donors. However for those inside the NCDD, the audit is a positive experience and not one to be feared; it is an opportunity to receive feedback on strengths and weaknesses in the accounting systems and procedures, and (particularly through the management letter) to discuss ways of improving them.

It is not the prime role of the audit to detect fraud, although this may of course come to light during the checks that take place. Auditors have thus been described as ‘watchdogs not bloodhounds’.

21.6. Selection of External Auditors

NCDD use the local office of any international auditing firm in the country through competitive bidding process applying Least Cost Selection modality. This allows the group auditors to place greater reliance on their sister firm’s work in country.

Responsibility for contracting the auditor lies with the Head of the Secretariat and the Director of Admin and Finance Division. When a firm is used, the selection of an appropriate local firm is approved in writing by the Head of NCDD Secretariat.

Any change in the audit firm performing the external audit is approved in writing by the Head of NCDD Secretariat. The reason for changing auditors must be submitted to donor partners, together with three quotations from audit firms, profiles of the firms, and a reasoned recommendation of the firm the management would like to appoint.

21.7. Audits Carried Out by Donors

As well as the mandatory external audit of the entire NCDD, it is likely that NCDD will have to undergo donor audits from time to time too.

When the audit is at program or IP3, it is more likely to focus on issues of strategic financial management such as budgetary control, reporting mechanisms and organizational structure. Whatever the focus, it is essential that NCDD's accounting can stand up well to such scrutiny.

If NCDD is notified of an impending donor audit in country, it must inform Admin and Finance Division as soon as possible. It is essential that the program is adequately prepared for audits and if support is required from Admin and Finance Division, this must be sought without delay. It may be possible to make available details of previous audits by the donors in question in order for NCDD program management to familiarize themselves with the sort of issues that donors will focus on.

Before an audit commences the program obtains and be in agreement with the Terms of Reference for the audit as set out by the donor auditors.

Generally a donor audit will be little different from a normal external audit where the donors appointed auditor will visit the NCDD Secretariat to inspect the accounting systems and records.

21.8. The Audit Report

At the end of the audit, the auditors produce a report which gives an ‘audit opinion’ as to the ‘true and fair’ view of the state of affairs of the organization and operations for the period.

- ‘True’ means that the transactions detailed in the accounts did take place and that the assets and liabilities shown in the Balance Sheet do exist.
- ‘Fair’ means that transactions are fairly valued and that assets and liabilities are fairly stated.

When the auditors do not believe the financial statements as presented provide such a true and fair view, they can refuse to sign them or give them a qualified approval. Both of these options are very bad news. Most donors considering supporting an organization ask to see the most recent published accounts and, if there is any kind of qualification to the auditors’ report, will at the very least reconsider their future support.

21.9. Management Letter

The external auditors produces an annual Management Letter. The Management Letter must be received by the NCDD by 30 April. The Management Letter should include:

- Observations of areas where internal controls and operations of the NCDD need to be improved,
- Recommendations for necessary improvements,
- The response to these observations and recommendations from NCDD-S management, and
- Comment on the follow up of previous year's recommendations.

It is the responsibility of the Head of NCDD Secretariat and the Admin Finance Division to ensure that all issues in the Management Letter are properly addressed before the next audit. Items must not appear again in the next Management Letter.

21.10. Distribution of Audit Reports

NCDD will explicitly commit to sending the audit report to a range of donor partners as part of the Year End Instructions. The NCDD assumes responsibility for ensuring that all other donors receive copies of the audit report as required. This is particularly important for local donors.

21.11. Audit Compliance Certificate

The year-end requirements by NCDD-S include the need for the Sub-Programs and Sub-Nationals to complete and sign an 'Audit Compliance Certificate'. This is to be signed by both the Director of Admin and Finance Division and the Permanent Member or Governor. If the NCDD is set up such that the finance function is partially done in project/program offices, a similar form is produced and sent to each project/program office for the Project Manager and Director of Admin Finance Division to sign.

The certificate is to be placed on the program's letterhead. See the following:

(This form should be placed on the NCDD's letterhead)

21.12. Sample Audit Compliance Certificate

WE, the undersigned, hereby certify that the following statements are true and that the information provided below is correct:

All commitments, provisions and expenses related to 20XX are recorded in the 20XX audited report.

All business transactions, recorded in the financial year, are reflected in the financial statements and all assets and liabilities recorded are included.

The following Balance Sheet accounts have been reconciled and all items properly identified:

All bank accounts

All petty cash accounts (cash counts completed)

All staff advance accounts

All other debtors accounts

All accounts payable

There are no pending legal cases that provisions have not been made for or that are not disclosed in the audit report.

All files are properly stored in a safe environment and can be easily accessed when needed.

All budgets presented in the audit report are the same as those in the original agreements or equal to revised budgets as agreed with the donors.

For the following projects (that were being implemented in 20XX) where the donor requires co-financing from other donors we have secured the necessary 'other' contribution.

NCDD Program Number	Program Name	Dates of Program	% Needed from primary donor	% Needed from other donors	% Income received to date from primary donor	% Income received to date from other donors

We have read all donor agreements for projects/program that were being implemented in 20XX (as noted below) that are signed by NCDD-S. The specific terms of each agreement have been complied with.

Audit Compliance Certificate Summary

NCDD Project/Program Number	Project/Program Name

We have read all donor agreements for projects/programs that were being implemented in 20XX (as noted below) that we have signed. The specific terms of each agreement have been complied with.

NCDD Project/Program Number	Project /Program Name

The financial statements for 20XX contain no material misstatement or omissions.

We are not aware of any irregularities involving members of the management or employees who have a significant role in the accounting and internal control systems, which could have a material effect on the financial statements.

We acknowledge our responsibility for the design and implementation of the accounting system and internal controls to prevent and detect fraud and error.

We have disclosed to you the OUTPUT of our assessment of the risk that the financial statements may be materially misstated due to fraud.

We are not aware of any allegations of fraud, or suspected fraud, affecting the 20XX financial statements as communicated by employees, former employees, analysts, regulators or others.

The NCDD has satisfactory legal title to all assets and there are no liens or encumbrances on the NCDD's assets, except for those that are disclosed in the notes to the financial statements.

Signature: _____ Signature: _____

Name: _____
Head of NCDD Secretariat

Name: _____
Director of Admin and Finance Division

Date: _____

Date: _____

21.13. Financial Year End Instructions from Secretariat

During November, the Finance Unit in NCDD-S send a set of end of year instructions to all Sub-Programs and Sub-Nationals. The instructions are available to the external auditors who are expected to ensure the financial statements comply with them.

Details provided in the Year End Instructions are as comprehensive as possible. Their purpose is to provide appropriate guidance to the NCDD offices to ensure that the accounts of NCDD share a common look. The following instructions were distributed at the end of 20XX. Changes to the instructions may occur from year to year and care must be taken to ensure that new instructions are properly followed.

21.14. Audit Report Format

Example schedules are attached in an Excel spreadsheet – file name: 20XX Audit Formats.xls. As well as conforming to Agreement/MoU requirements.

It should also be kept in mind that the Balance Sheet and the Summary of Income and Expenditure Statement in the audit reports are included in the NCDD audit report. It is also important to bear in mind that the auditors for NCDD rely upon the Sub-Programs and Sub-Nationals field tests and reports for the accuracy of these figures.

The attached schedules contain the following examples:

- Balance Sheet
- Income and Expenditure Statement
- Appendix 1: Current Account – IP3 Bank Account
- Appendix 2: Summary of Income Received and Income Recognised in 20XX
- Appendices 3 to 32: Statement 6 Sub-Programs and 24 Provinces Accounts
- Appendix 33: Matrix of donations by donor to IP3 – income recognised in 20XX

The styles, or outlines, of the schedules and appendices are to be adopted. It is important that audit reports for NCDD portray the same image and quality. That is, a donor must be able to pick up an audit report from NCDD, know exactly where to look for the information, and to expect the same quality in each report.

All schedules and appendices with figures MUST be in an Excel spreadsheet. The Notes in the report MUST be in a Word document. If the audit reports are generated through Peachtree, all totals and sub-totals on each schedule must be checked by calculator. It is strongly recommended that the audit reports are not generated through Peachtree unless it is absolutely certain that the figures in the report are being picked up correctly. The reason for this is that reports generated through Peachtree are pasted onto the spreadsheet and therefore no formulas or cell linkages are in these spreadsheets. Errors in audit reports due to poor report writing must be avoided.

Schedules and appendices re-typed by auditors into word processing documents are not acceptable. Re-typing by auditors often OUTPUTs in typing errors, which might not be detected before the audit reports are circulated to donors.

The report must be in Arial font 10 – except for the heading, which is in font 12. The columns, for the most part, are a uniform width. See appendix 4 for details of the widths for Statement of Sub-Program Accounts. To see the column widths, click on the columns in the examples. The scaling for printing should be 80 – see Page Setup, Page and Scaling.

It is best to avoid page numbering. If page numbering is required – do not type the page numbers on the pages. It is relatively easy to put the numbers in the footers so that Excel generates the correct numbers on each page.

Both the draft and the final audit report must be set up for A4 paper.

Approval must be sought from NCDD-S for any changes to the style. The style of the audit reports for NCDD is as a OUTPUT of queries received from donors. The intention of the style is

to provide enough detail in order to avoid queries from donors after the audit reports have been circulated to them.

A page for contents can be included, if required.

Any auditors' notes should be included with the rest of the notes and not be separated out. The auditors' report should be typed as a word processing document.

A "Report of the NCDD-S Management" can be included if wished.

The draft report and a copy of the final report are to be sent to NCDD-S by email, together with a copy of the asset depreciation schedule.

21.15. Deadline for 20XX Audit Reports

The NCDD audit cannot be properly finalized until all Sub-Program and Sub-Nationals field audit tests are completed. The NCDD audit report must be in the hands of donor partners by 31 May.

In view of the above, the deadlines are as follows and they must be met:

- First draft must be sent to NCDD-S before 31 March. Auditors' report and notes are not required with the first draft. The asset depreciation schedule should be prepared with the first draft of the audit report.
- 31 March– final draft, including auditors' reports and notes. The final audit report must not be signed until authorised by Head of NCDD-S.
- May - finalised, signed and received in NCDD-S from the auditor.
- NCDD-S requires two original signed bound copies and one original signed unbound copy of the audit report.
- 31 May – Management Letters to be finalised and sent to NCDD-S.

21.16. Balance Sheet in the Audit Report

- The Balance Sheet will include balances of the first year will have no comparative figures.
- All cash on hand, cash floats and imprest should be banked on 31 December. If there are reasons for this requirement to be impracticable, approval must be obtained from the Chief of Accounting and Budgeting Office.
- All Ministries and staff work advances must be settled before 31 December. Approval must be obtained from the NCDD-S to carry forward any balances in staff advances.
- The position of the Current Account of IP3, either as a Current Asset or a Current Liability, will depend upon whether there is a debit or credit balance as at 31 December 20XX.
- There will be no IP3 Fund balances listed at year end as income will be recognised according to expenditure incurred causing the IP3 Fund Balance to be 0.
- All funds received in advance from donors that have not been spent and will not need to be returned to the donor in the current year will be shown as part of Contributions Received in Advance. The detail of that balance is to be provided in the notes by donor. If the unspent funds are to be returned to the donor, they should be recorded in Accounts Payable. The note should state the donor name.
- For situations where funds due from donors for expenditures incurred in the current year have not been received, an amount equal to the unfunded expenditure should be accrued and included in Project Balances Receivable.
- If there is any deficit balances where no donor has agreed to fund the expenditures and the balance will be recovered over several years from local sources of income should be included in Other Assets-Deferred Expenditure.

- Funds and reserves that fit the definition of a liability, for example Staff Benefits, need to be shown as a long-term liability, separate from the rest of the reserves. The important question to ask is: if the IP3 program were to close today, will these funds have to be paid to anyone? If the answer is yes, then the balance should be placed in long-term liabilities.
- Note the position where references to appendices are typed. They are in a separate column.
- An extra column for references to Notes has been added, so that they are not in the same column as the numbers for appendices.
- The figures in the column for the previous year must exactly match the previous year's audit report for next year and not for the current year.

An example of the Balance Sheet is below.

NCDD Program

BALANCE SHEET as at 31 December 20XX
(in United States dollars)

	Appendix	Notes	20XX
ASSETS			
Current Assets			
Bank accounts		3.1	0.00
Petty cash		3.2	0.00
Advance accounts		3.3	0.00
Balances receivable		3.4	0.00
Other receivables		3.5	0.00
Prepayments		3.6	0.00
Total Current Assets			<u>0.00</u>
TOTAL ASSETS			<u>0.00</u>
LIABILITIES AND RESERVES			
Current Liabilities			
Accounts payable		3.7	0.00
Contributions received in advance		3.8	0.00
Total Current Liabilities			<u>0.00</u>
TOTAL LIABILITIES AND RESERVES			<u>0.00</u>

The Current Account belongs in the Liabilities section if it has a deficit balance.

Petty cash and advance accounts should be zero at the year end.

21.17. Notes in the Audit Report

International Financial Reporting Standards require many disclosures. Please follow the example Notes as closely as possible.

Details of certain accounts in Current Assets, Current Liabilities and Reserves should be shown in the Notes to the audit report. The Notes must be in a Word document. Accounts that do require more detailed information are bank accounts, advance accounts, staff accounts, contributions receivable, other receivables, fixed assets, deferred expenditure, accounts payable, contributions received in advance, accrued expenses (only if significant), changes in long term liabilities, reserves, revolving funds.

Other notes that should be included are as follows:

- Nature of work

- Significant accounting policies including 1) List by month of exchange rates used to convert between local currency and USD and 2) short descriptions of what reserves can be used for and how reserves grows for Asset valuation reserve
- Fixed assets (both those recorded in the accounts and those just tracked in the asset register)
- Example notes are included in a Word document – Audit Notes Format.doc. The notes should follow this example as closely as possible.
- Information on when the IP3 was approved should be entered in Note 1.
- The disclosures should comply with International Public Sector Accounting Standard as much as possible.
- A separate Excel file should be kept to track the necessary figures that are detailed in the Notes and to ensure accurate totals. The example file is 20XX Audit Format – Notes Support.xls. The Excel information can be pasted into Word, but every effort must be made to maintain a nice looking format.
- In Note 2.9a the information that is to be provided is the amount the assets are insured for, not the original cost or the current cost of the assets. It is acceptable to simply state that the assets are insured for replacement value, without providing a definitive amount.
- In Note 2.13 the reserves should be listed in the same order as they are listed in the Balance Sheet. Any other notes, which provide additional information, may be included in the audit report. It is important that all information in NCDD audit reports is shown in a transparent manner.

21.18. Income and Expenditure Statement

- Comparative figures at a summary level will appear in 20XX of IP3 implementation.
- Income shown for IP3 is the current year's recognised income only. Recognised income should be that income which has been received and spent in the year.
- Appendix numbers must be shown – in a separate column.

An example of the Income and Expenditure Statement is on the next page.

NCDD

IP3 Program

INCOME AND EXPENDITURE STATEMENT

for the year ended 31 December (in United States dollars)

	Appendix	20XX
Income		
1 IP3	X	0.00
Total Income		<u>0.00</u>
Expenditure		
1 IP3	X	0.00
Total Expenditure		<u>0.00</u>
Fund Balance		0.00

21.19. Budgets

- Budgets should be included in the audit report.
- Agreement with the donors states:
- “An income and expenditure statement for each project, showing the balance at the beginning, income from each donor, expenditure compared to the budget, and the closing balance.”

- This means that if budgets are not shown in the audit report, then separate financial reports must be produced which include budgets. It is therefore of advantage to show the budgets in the audit reports, and to thus avoid having to produce two sets of reports.
- The IP3 will now show two budget columns – one for the approved IP3 budget in the proposal and the other for the last approved Working Budget. Each column should be clearly labelled.

21.20. Variances between Budget and Actual

Variances between budget and actual are not to be included in the audit report. However, variance columns must be included when separate financial reports are sent to donor partners. The variance must then be shown in one column by dollar value, and another column by percentage. All variances over or under 10% must then be explained preferably in the annual monitoring report that includes programmatic reporting or secondly, in notes to the accounts accompanying these financial reports.

Before sending the above reports explaining the variances to the funding agencies as required by the Donor Agreement, care should be taken to ensure that the explanations of the variances are consistent with those in the narrative report. If the annual monitoring report format was followed, it should be easy to see if the explanations are consistent with the figures.

21.21. Level of Detail to be Shown

The level of detail that is in the monthly Peachtree reports is not required for the audit report. This means that Peachtree accounts will have to be condensed. For instance, where a separate account has been opened for different types of salaries, the separate Peachtree accounts can be added together and can be shown in one line called 'salaries and benefits' in the audit report. On the other hand, if insufficient information is shown in the draft audit reports, they will be not be authorized until sufficient information has been included. Do not show Peachtree account numbers in the audit report.

21.22. Fixed Assets

For those assets which were purchased from NCDD own funds or for assets purchased from IP3 funds are fully expensed on the date of purchase. However an inventory list is also prepared for items valuing \$500 and up.

21.23. Personnel Regulations in the Operations Manual

- Auditors are required to ensure that the NCDD Personnel Policies and Regulations in the Operations Manual have been followed.
- Auditors are required to ensure that policies and procedures as outlined in the Operations Manual and the Finance Admin Manual and all updates since that date, have been followed.
- The Finance Manual is available on the NCDD web site.
- The auditors should request clarification from NCDD-S on any matters of contention, or for points of clarification.

21.24. External Audit Management Letters

All matters contained in the external auditor's Management Letters for previous years must have been attended to during the year 20XX and must not appear again in the next Management Letter.

A report on action taken during the year on the matters listed in the Management Letter of the previous year should accompany the Management Letter of the current year. Both documents are to be sent to NCDD-S by 30 April.

21.25. Confirmation of Income Received

Auditors should contact the donor partners for confirmation of income for income sent to NCDD-S. Where donor partners have transferred their funds to NCDD-S, these donor partners will respond to such requests from auditors.

21.26. Audit Opinion and Possible Qualification of Audit Reports

Some donors are looking for particular wording in the audit opinion. The proposed wording for the opinion is as follows:

“In our opinion, the financial statements referred to above, present a true and fair view, in all material respects, the financial position of the NCDD – IP3 Program as of December 31 and the income and expenditure statement for the year then ended in accordance with generally accepted accounting principles (as highlighted above).”

Please check with the auditors to see if this language can be accommodated. If the auditors want to highlight anything related to the principles NCDD is using they can expand on it as part of the basis of their opinion or refer the reader to the note NCDD has included regarding the basis of accounting.

In the past, audit reports have been qualified for relatively minor matters such as the inability of the external auditors to verify original documents and transactions for income received. It is of the utmost importance that audit reports are not qualified.

21.27. Storage of Documents and Electronic Files

The auditors are asked to review the storage facilities and systems for paper files and electronic files. The files must be in a secure location safe from physical elements, or damage and theft by humans. The files must also be easy to locate and properly controlled.

21.28. Other Reporting Requirements

Review all partner audit regulations prior to the commencement of the audit to make sure guidelines are adhered to.

21.29. Hints for the Spreadsheet

It is strongly recommended that NCDD-S copies the attached example and adjusts it to suit its own formats. The pages, sections and lines that are not required should be deleted. However, when deleting some pages, sections, etc., there will probably be error messages in cells where there are formulae and links. The errors can be traced quite easily and then fixed.

- Save a copy of the attached template first, in case it is needed again.
- Do a spell check on each page of the spreadsheet.
- Check for rounding problems in totals especially on the Balance Sheet and Income and Expenditure Statement.

21.30. Check List with Notes

A check list of the items that must be checked should be completed prior to submitting the draft and final audit reports to NCDD-S.

NOTE 1 - ACTIVITIES

The NCDD is

The NCDD's purpose is to:

The Head of NCDD Secretariat is responsible for the financial statements for the year ended 31 December which were examined and endorsed for issue as of date 20XX.

Refer to the following pages for the list of Items to be Checked and Notes listed below.

AUDIT REPORT 20XX – ITEMS TO BE CHECKED		
Date Submitted:		√
1.	Balance Sheet	
1.1	20XX (N/A) Balances to agree with last year's audit report. – this is for 20XX audit	
1.2	Ensure the correct placement of the Current Account (Assets or Liabilities?).	
1.3	Ensure the correct accounting is done for unspent IP3 funds (Contributions Received in Advance/Contributions Receivable).	
1.4	Current Account opening and closing balances to agree with Appendix 1.	
1.5	Ensure that long-term liabilities are shown separately from reserves.	
1.6	Check that the totals add up correctly and the Balance Sheet does balance.	
1.7	Make sure figures foot (total) properly with no rounding errors.	
1.8	Make sure that the numbering of the appendices are correct.	
1.9	Make sure that the numbering of the Notes are correct.	
1.10	Make sure that the zeros at the bottom (to show any imbalance in the draft reports) do not print in the final audit report.	
2.	Income and Expenditure Statement	
2.1	Check all income and expenditure tot.	
2.2	Make sure figures foot (total) properly with no rounding errors.	
2.3	Make sure the numbering of the appendices are correct.	
2.4	Projects without transactions must be included in both sections.	
3.	Appendix 2 – Summary of Income Received and Income Recognised in 20XX	
3.1	Check that the total of column 1 income agrees with Matrix – Income Received	
3.2	Check that the total of column 2 income agrees with Total Project Income on Inc/Exp Spreadsheet and Matrix – Income Recognized	
3.3	Check that columns 2-7 equal balance sheet/note detail.	
3.4	Check that income received (column 1) agrees with sub total in Appendix 1.	
3.5	Check that income is in the correct sections:	
3.5.1	- Cash Donations	
3.5.2	- Funds Received	
3.5.3	- In Kind Contributions	
3.5.4	- Less Funds Reimbursed	
4.	Other	
4.1	Check that the budgets agree with the approved figures.	
4.2	Check that the spelling of donors' names are correct in all appendices.	
4.3	Check that the headings carry over to the following pages, where applicable.	
4.4	In multi year funding, check that the total column is correct.	
4.5	Check that there are sufficient details in the Notes and figures total correctly.	
4.6	Do a Print Preview to check that the pages will print correctly.	

AUDIT REPORT 20XX – ITEMS TO BE CHECKED		
Date Submitted:		√
4.7	Ensure that the spreadsheet does not have links to other spreadsheets.	
4.8	Check the scaling of all pages.	
4.9	Check the column widths on each page.	
4.10	Do a spell check.	

CHAPTER 22 : AUDIT AND ETHICS COMMITTEE

22.1. Introduction, Background and Purpose

22.1.1. Introduction and Background

The audit and ethics committee plays a very important role in providing oversight over the NCDDs values and ethics management, governance structure, risk management, prohibited practices, internal control framework, oversight over internal and external audit functions. This oversight mechanism also serves purpose to provide confidence in the integrity of NCDDs practices, it performs its role and responsibilities by providing independent advisory and assurance services to the NCDD as NCDDs governing body.

The Audit and Ethics Committee Charter was prepared during May/June 2018 and will be approved in the third quarter of the 2018 by the NCDD as NCDDs governing body. The Audit and Ethics Committee Charter describes specifics related to audit and ethics committee policy and procedures, and at the same time governs the work of the audit and ethics committee, and will be reviewed and updated from time-to-time by NCDD as NCDDs governing body. Reviews and updates will be in respect with requirements to make relevant and necessary changes when need for that arises.

22.1.2. Purpose

The purpose of the audit and ethics committee is to provide structured systematic oversight over the NCDDs values and ethics management, governance structure, risk management, prohibited practices, internal control framework, oversight over internal and external audit functions. The audit and ethics committee purpose is to assists the NCDD by providing advice and guidance on the adequacy and effectiveness of the NCDD initiatives and practices related to:

- Values and Ethics Management,
- Governance Structure,
- Risk Management, ^[17]_[SEP]
- Prohibited Practices (part2, chapter 16/2 of this manual),
- Internal Control Framework, and
- Oversight over Internal and External Audit Functions/Other Assurance Providers.

In broad terms, the audit and ethics committee reviews each of the segments as noted in the text above and provides to NCDD with independent advice on the adequacy and effectiveness of NCDD management's practices, this advice and guidance shall include suggestions and full set of recommendations to strengthen these arrangements. ^[17]_[SEP]

22.2. Mandate and Authority

22.2.1. Mandate

The mandate for establishment and functioning of audit and ethics committee was derived from following documents:

- A. The Royal Degree No.: NS/RKT/1208/1429 dated 31st December 2008 with provisions about establishing and functioning of the National Committee for Sub-National Democratic Development (NCDD).
- B. The Royal Degree No.: NS/RKT/1014/1174 dated 2nd October 2014 with amendments for composition of the National Committee for Sub-National Democratic Development (NCDD).

Legal Bases: According to the Article 13 of The Royal Degree No.: NS/RKT/1208/1429, NCDD can propose to establish other sub-committees as its assistants as necessary. The establishment of sub-committees shall have legal bases through respective sub-decrees according to the Article 14 of The Royal Degree No.: NS/RKT/1208/1429. With approved Audit and Ethics Committee Charter, NCDD through its OPP Manual as a main policies and procedures document included relevant policy and procedures described within Audit and Ethics Committee Charter. The main purpose of audit and ethics committee policy and procedures is to enable necessary oversight on adequacy and effectiveness of the NCDDs management practices.

22.2.2. Authority

The authority of the audit and ethics committee to perform its work is established within the scope of Audit and Ethics Committee Charter referring to described audit and ethics committee policy and procedures. In discharging its responsibilities, the audit and ethics committee shall have unrestricted access to the members of the NCDDs management, employees, and relevant information it considers necessary to discharge its duties. The audit and ethics committee also shall have unrestricted access to the records, data, and reports. The audit and ethics committee is entitled to receive explanations from NCDDs management and employees that it deems necessary to discharge its responsibilities. The audit and ethics committee may engage independent counsel and/or other advisors, as it deems necessary to discharge its duties.

22.3. Composition and Chairman, Terms of Office and Quorum

22.3.1. Composition and Charman

Composition: The audit and ethics committee shall be composed of eight (8) members of whom five (5) members whom shall have voting powers, and three (3) members whom shall not have voting powers.

Voting Members with the Requirements: The five (5) voting members shall consist of one (1) chairman, two (2) deputies and two (2) members. The majority of all members meaning at least three (3) voting members comprised of one (1) chairman and two (2) deputies shall be fully independent of the NCDD structure and functions. All members including chairman shall be fully independent from NCDDs structure and functions. The members have to collectively possess sufficient knowledge and skills related to the values and ethics management, audit, finance, IT, the law, risk and control. The members excluding chairman of the audit and ethics committee must have top qualifications, large knowledge base and experience with high-level of practical skill-set related to **MANAGING** of audit and ethics function at the senior management level within large organization(s). As the responsibilities of the audit and ethics committee evolve in response to the regulatory, economic, and reporting developments, it is important that members' competencies and overall balance of the skills on the audit and ethics committee be periodically evaluated to respond to emerging needs. As per the IIA's Standards requirements in relation to characteristics of the audit and ethics committee individual members, individual

members shall possess following set of characteristics:

- An ability to ask relevant questions, evaluate answers and continue to probe for information until completely satisfied with the answers provided.
- The desire to always encourage openness, accountability and transparency.
- The ability to think independently and objectively.
- Strong ethical values, including a thoughtful approach to ethical issues that might be faced.
- A sense of integrity and an ability to give direct and honest opinions.
- The ability to be open to, accept and foster change.

Chairman with the Requirements: The NCDD shall designate chairman of audit and ethics committee who shall be fully independent from both NCDD/NCDDS structure and functions. Chairman of the NCDD with consent of the majority of the NCDD members* shall appoint chairman of the audit and ethics committee through special decision, which has to be brought to effect at the official NCDD meeting session. Chairman of the audit and ethics committee must have top qualifications, large knowledge base and experience with high-level of practical skill-set related to **LEADING** of the audit and ethics function at the executive management level within large organization(s). Chairman of the audit and ethics committee have to possess all characteristics as noted in the text above.

Non-voting Members with the Requirements: The three (3) non-voting members shall be independent and shall perform observing function as official representatives of Development Partners. The non-voting members shall be composed from different Development Partners based on various funding facilities, which where made available to the NCDD/NCDDS. The non-voting members shall possess required skill-set in accordance to Development Partners requirements for that specific function.

***Note:** Excluding NCDD members who may have conflict of interest if and when applicable, such as in the case of head of NCDDS who also performs function of permanent member of NCDD.

22.3.2. Terms of Office

Voting Members: Term of office for voting members including chairman positions is a term of three (3) years. The members including chairman positions of the audit and ethics committee shall serve two consecutive terms or two terms in total. The continuance of members including chairman shall be reviewed annually in order to ensure required continuity within the audit and ethics committee, the appointment of members including chairman should be staggered.

Non-voting Members: Terms of office for not-voting members is a term of two (2) years with specific right that selected appointees as non-voting members for audit and ethics committee may change as need may arise in respect to approved and/or changed division of responsibilities within any of the respective Development Partners structure and functions. The non-voting members shall serve two consecutive terms or two terms in total.

22.3.3. Quorum

The quorum for the audit and ethics committee shall be a majority of the audit and ethics committee members, meaning at least three (3) voting members of whom at least two (2) voting members need to be fully independent from the NCDD structure and function. At least one (1) non-voting members need to attend every meeting to fulfill requirement of observing function.

22.4. Operational Principles and Procedures

22.4.1. Operational Principles

In respect to operational principles, the audit and ethics committee shall have following set of provisions:

Values and Ethics Management: The audit and ethics committee shall conduct itself in accordance with the code of values and ethics of the NCDD as stipulated in employee code of conduct for the NCDD. The audit and ethics committee expects that NCDDS managers and employees, including members of the Internal Audit Group (IAG) shall fully adhere to these requirements as well.

Communications: The audit and ethics committee expects that all communication with the NCDDS managers and employees, including members of IAG, as with any external assurance providers will be direct, open, and complete.

Work Plan: The chairman of the audit and ethics committee, in consent with chairman of the NCDD and the NCDD members by making necessary consultations with director of IAG, shall establish a work plan to ensure that the responsibilities of the audit and ethics committee are scheduled and will be carried out accordingly.

Meeting Agends: The chairman of the audit and ethics committee shall establish meeting agendas in consultation with audit and ethics committee members, chairman of the NCDD and the NCDD members by making necessary consultations with director of IAG.

Information Requirements: The audit and ethics committee shall establish and communicate its information requirements to relevant parties within NCDD and NCDDS structure and functions. This shall include the nature, extent, and timing of such information requirements. Information shall be provided to the audit and ethics committee at least one week prior to the meeting.

Executive Sessions: At least annually but preferably semi-annually, the audit and ethics committee shall hold an executive session with the chairman of the NCDD, the head of NCDDS, the director of IAG, external assurance providers, and with any other officials that the audit and ethics committee may deem appropriate and necessary to discharge its duties.

Preparation and Attendance: The audit and ethics committee members have an obligation to prepare themselves for and to participate in audit and ethics committee meetings.

Conflict of Interest: It is a sole responsibility of any and each of audit and ethics committee member including chairman to disclose a conflict of interest or the appearance of a conflict of interest to the audit and ethics committee. If there is any question as to whether audit and ethics committee member including chairman should recuse himself or herself from a vote, receipt of any of regular and investigation reports, audit and ethics committee should vote to determine whether specific member including chairman should be recused from vote and receipt of respective reports.

Orientation and Training: In accordance with content of Audit and Ethics Committee Charter, the members of audit and ethics committee shall receive formal orientation training on the purpose, mandate, authority and role and responsibilities of the audit and ethics committee and on the structure, functions and objectives of both the NCDD and NCDDS. A process of continuing education shall be established.

22.4.2. Operational Procedures

In respect to operational procedures, the audit and ethics committee shall have following set of provisions:

Official Meetings: The audit and ethics committee shall meet at least four (4) times annually or more frequently as the audit and ethics committee deems necessary to discharge its duties.

Minutes of Meetings: Minutes shall be prepared in accordance with applicable law, regulation, and policy or procedure.

Access to Officials: The audit and ethics committee shall have unrestricted access to officials of the NCDD as may be required to discharge its duties.

Required Attendance: The chairman of the NCDD, head of NCDD and the director of IAG or his/her deputy/designee are required to attend at all audit and ethics committee meetings.

Secretarial Services: The director of IAG or his/her deputy/designee by making necessary consultation with chairman of the audit and ethics committee and chairman of the NCDD shall facilitate and coordinate all meetings as well as provide ancillary support to the audit and ethics committee, as time and resources permit.

Communication E-mail Address: All communication with audit and ethics committee and correspondence to/from audit and ethics committee will be executed in written thru designated e-mail address: auditandethics@ncdd.gov.kh.

22.5. Appointment, Termination and Remuneration

22.5.1. Appointment

Voting Members: The chairman of the NCDD with consent of majority of NCDD members* shall appoint audit and ethics committee members including chairman through special decision, which has to be brought to effect at the official NCDD meeting session. As noted in the text above, audit and ethics committee members including chairman must have top qualifications, large knowledge base experience and high-level of practical skill-set related to **LEADING OR MANAGING** of the audit and ethics function at executive or senior management level for large organization(s).

Non-voting Members: The respective Development Partners shall appoint three (3) non-voting members whom shall perform observing function and these will be official representatives of Development Partners. The non-voting members will be appointed from different Development Partners in respect to funding facilities made available to the NCDD. Development Partners shall have full independence in appointment of their own officials to represent them as non-voting members to fulfill observing function requirements.

***Note:** Excluding NCDD members who may have conflict of interest if and when applicable, such as in the case of head of NCDD who also performs function of permanent member of NCDD.

22.5.2. Termination

Voluntary: Both the NCDD and each of the individual members including chairman can terminate agreement with no specific reason with three (3) months notice period to enable smooth continuity of audit and ethics committee function due to specific oversight role which audit and ethics committee has, which is highly crucial for proper functioning of the NCDD.

Involuntary: Its strictly prohibited for any of the audit and ethics committee member including chairman to put his or her signature on blank IAG audit report forms in advance prior to conducting required due diligence over respective internal audit report findings. In the case of intentional or unintentional wrongdoings or malpractice from any of the audit and ethics committee members including chairman, the chairman of NCDD with consent of the majority of NCDD members* can terminate appointment of any of the audit and ethics committee members including chairman through special decision, which has to be brought to effect at the official NCDD meeting session. Should any wrongdoings or malpractices occur from concerned audit and ethics committee member and/or chairman including those noted in the text above, concerned audit and ethics committee member and/or chairman shall be subject to immediate termination of contract in accordance with respective internal and/or external investigation findings.

Non-voting Members: Any of Development Partners has full authority and independence in the termination of appointment of their own officials which were selected to represent them as non-voting members.

***Note:** Excluding NCDD members who may have conflict of interest if and when applicable, such as in the case of head of NCDDS who also performs function of permanent member of NCDD.

22.5.3. Remuneration

Voting Members: The audit and ethics committee members with chairman shall be reimbursed for the travel and for audit and ethics committee expenses related to discharging its duties. This has to be in full compliance with formal travel and expenses policy that applies to all NCDD sub-committee members. Payment rates and respective allowances for audit and ethics committee members including chairman time or services are established in written remuneration policy and procedures that applies to NCDD sub-committee members. In absence of remuneration policy and procedures commercial contractual terms and conditions are applicable on case-by-cases basis depending on agreed fees with each of individual members including chairman, respective terms and conditions are based on technical expertise summed-up through their qualifications, knowledge, experiences and skill-set.

Non-voting Members: The non-voting members will not be paid and/or reimbursed for any of attendance or work provided to audit and ethics committee in performing their observing function. Audit and ethics committee budget is prepared and approved solely for the purpose of remuneration of voting members in respect to their fees and expenses which arises when discharging its duties.

22.6. Role and Responsibilities

22.6.1 General Provisions

The role and responsibilities of the audit and ethics committee is to provide to the NCDD with independent, objective advice on the adequacy and effectiveness of the NCDDS management's arrangements with respect to all aspects of these arrangements as noted in the text below. As per the IIA's Standards general characteristics with relation to the role and responsibilities of audit committee, the audit and ethics committee shall have in general following role and responsibilities:

- To review financial and budgetary reporting practices and procedures within the NCDDS.
- To foster the development of NCDDS internal audit function.
- To review any audited financial statement, auditor's report or auditor's special report in relation to the NCDDS and assess any actions taken by the head of NCDDS in response to such a statement or report and to report to that NCDD on its findings.
- To assess and promote efficiency and value for money with respect to the NCDDS performance of its functions.
- To review systems that are operated by the NCDDS for the management of risks, and others based on the requirement of the specific program and/or project.
- To review values and ethical standards set in place as part of function of ethics management of the NCDDS.

22.6.2. Values and Ethics Management

To obtain reasonable assurance with respect to the NCDDS values and ethics management practices, the audit and ethics committee shall:

- Review and assess the policies, procedures, and practices founded by the NCDD to monitor conformance with NCDD employee code of conduct and ethical policies by all NCDDS managers and employees. ^[1]_[SEP]
- Provide oversight of the mechanisms founded by the NCDD for establishment and maintaining of high ethical standards as part of function of ethics management for all of the NCDDS managers and employees.
- Review and provide advice on the systems and practices founded by the NCDD to monitor NCDDS managers and employees compliance with laws, regulations, policies, and standards of ethical conduct.
- Review, assess and actively oversee and lead IAG investigations related to alleged cases of any legal or ethical violations, and consequently deal with any cases of legal or ethical violations, which have been perpetrated by any of the NCDDS managers or employees.
- Provide recommendations to NCDD related to possible corrective measures or immediate termination of contract(s) in respect to findings related to known perpetrator(s) of any legal or ethical violations.

22.6.3. Governance Structure

To obtain reasonable assurance with respect to the NCDDS governance arrangements, the audit and ethics committee shall review and provide advice on the governance arrangements established and maintained within the NCDDS and the procedures in place to ensure that they are operating as intended. ^[1]_[SEP]

22.6.4. Risk Management

To obtain reasonable assurance with respect to the NCDDS risk management arrangements, the audit and ethics committee shall: ^[1]_[SEP]

- Provide oversight on significant risk exposures and control issues, including prohibited practices risks, conflict of interest issues, governance issues, and other matters needed or requested by NCDD.
- Review and provide advice on the risk management arrangements established and maintained by NCDDS managers and the procedures in place to ensure that they are operating as intended.
- Annually review and assess the NCDDS risk profile and provide advice to NCDD related to appearance of conflict of interest versus required segregation of duties at both NCDDS structural and functional levels.
- Obtain from the director of IAG an annual report on NCDDS management's implementation and maintenance of an appropriate integrated risk management process.

22.6.5. Prohibited Practices

To obtain reasonable assurance with respect to the NCDDS procedures for the prevention and detection of prohibited practices described in detail under part 2, chapter 16/2 of this manual such as: fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing, the audit and ethics committee shall:

- Take an active role in the prevention and deterrence of fraudulent practice, corrupt practice, bribery, facilitation payments, financial mismanagement, coercive practice, collusive practice, obstructive practice, abuse, money laundering, and terrorist financing. ^[1]_[SEP]

- Challenge NCDD managers and internal auditors with IAG to ensure that the NCDD has appropriate counter programs against prohibited practices and controls in place to identify potential prohibited practices and actively oversee and lead IAG investigations if and when prohibited practices are detected. [SEP]
- Ensure that improved and proper process for reporting prohibited practices are set in places for potential whistleblowers through established and maintained NCDD/NCDD violations reporting hotline and NCDD/NCDD website tool, and continuously monitor respective process and practices.
- Ensure that formal procedure for whistleblower protection exists such as described in part 2, chapter 16/2, subchapter 16.9 and continuously monitor respective procedure and practices through regular review of Information Technology (IT) policy and procedures including practices related to access and safeguards of IT logs in connection to NCDD/NCDD violations reporting hotline and website tool, i.e. prohibitedpractices@ncdd.gov.kh, [Raise Concerns Form](#).
- Ensure that respective formal procedure for whistleblower protection as noted in paragraph above guarantee complete anonymity (confidentiality) of whistleblowers if and when applicable, to enable this formal procedure will ensure highest standards of security through adequate IT safeguarding tools, and will ensure that absolute minimum of IT personnel have access to relevant IT logs which will be on need to know basis.
- Review and provide advice to NCDD/NCDD on appropriate actions in respect to IAG investigation findings connected to known perpetrator(s) of prohibited practices and ensure that appropriate actions are undertaken against known perpetrator(s) of prohibited practices.
- In scope of appropriate actions against known perpetrator(s), provide recommendations to NCDD related to possible corrective measures or immediate termination of contract(s) in respect to IAG investigation findings related to known perpetrator(s) of prohibited practices. [SEP]

22.6.6. Internal Control Framework

To obtain reasonable assurance with respect to the NCDD internal control framework, the audit and ethics committee shall: [SEP]

- Review and provide advice on the NCDD overall and NCDD divisions internal control arrangements. [SEP]
- Receive reports on all matters of significance arising from work performed by others who provide financial and internal control assurance to the chairman of the NCDD and NCDD members. [SEP]

22.7. Oversight over Internal & External Audit and Other Assurance Providers

22.7.1. Internal Audit

To obtain reasonable assurance with respect to work of the internal audit function, the audit and ethics committee shall: [SEP]

- Review and approve the internal audit policy and procedures at least annually. The policy and procedures should be reviewed to ensure that it is consistent with changes in the financial, risk management, and governance arrangements of the NCDD and reflects developments in internal audit professional practices. [SEP]
- Review and approve proposed risk-based internal audit annual work plans and make recommendations concerning internal audit projects. [SEP]
- Advise the chairman of the NCDD, NCDD members and head of NCDD regarding the

qualifications and recruitment, retention, and release of the director of IAG and internal auditors within IAG. [L] [SEP]

- Provide input to chairman of the NCDD, NCDD members and head of NCDDS on the annual performance evaluation of the director of IAG and internal auditors within IAG. [L] [SEP]
- Recommend to chairman of the NCDD, NCDD members and head of NCDDS the appropriate compensation of the director of IAG and internal auditors within IAG.
- Review the budget, expertise, and personnel levels (internal auditors) of the IAG. [L] [SEP]
- Advise the chairman of the NCDD, NCDD members and head of NCDDS about increases and decreases to the requested budget for the IAG and any additional expertise needed. Evaluate whether additional expertise is needed in the form of permanent personnel (internal auditors) or contracting for outside consulting services. [L] [SEP]
- Review internal audit reports and other communications submitted to chairman of the NCDD members and head of NCDDS. [L] [SEP]
- Review and advise chairman of the NCDD, NCDD members and head of NCDDS on the results of any special investigations.
- Inquire of the director of IAG whether any evidence of prohibited practices has been identified during internal audits and further action to be taken. [L] [SEP]
- Review and track NCDDS management's action plans to address internal audit recommendations. [L] [SEP]
- Inquire of the director of IAG whether any internal audit engagements or tasks have been carried out that did not result in a report to the audit committee. If there have been, inquire as to the matters of significance, if any, arising from such work. [L] [SEP]
- Review and provide input on internal audit's strategic plan, IAG goals, performance measures, and outcomes. [L] [SEP]
- Inquire of the director of IAG about steps taken to ensure that the audit activity is consistent with the IIA's Standards. [L] [SEP]
- Ensure that the internal audit function has an external quality assurance review every three to five years. [L] [SEP]
- Review the results of the independent external quality assurance review and monitor the implementation of the action plans to address recommendations raised.
- Advise the chairman of the NCDD, NCDD members and head of NCDDS of any recommendations concerning the continuous improvement of the audit activity. |

22.7.2. External Audit and Other Assurance Providers

To obtain reasonable assurance with respect to work of the external audit and other assurance providers, the audit and ethics committee shall meet with the external audit and other assurance providers during planning of the audit, and during the presentation of the audited financial statements, and conduct relevant discussions related to content of management letter to the NCDDS managers on respective recommendations. [L] [SEP]

22.7.3. Management Action Plans

To obtain reasonable assurance that NCDDS management has acted on the observations and recommendations from internal and external audit, and other assurance providers, the audit and ethics committee shall review regular reports on the progress of implementing approved NCDDS management action plans and audit recommendations resulting from completed audits.

22.7.4. Financial Statements and Public Accountability Reporting

The audit and ethics committee is responsible for overall oversight of the independent audit of the NCDDS financial statements, including but not limited to overseeing the resolution of audit

findings in areas such as internal control, legal, regulatory compliance, and ethics.

22.7.5. Other Responsibilities

In addition, the audit and ethics committee shall: ^[L]_[SEP]

- Perform other activities related to this policy and procedures as requested by the chairman of the NCDD and NCDD members.
- Institute and oversee special investigations as needed.
- Regularly evaluate the performance of the audit and ethics committee and individual members, i.e. annual assessments.

22.7.6. Reporting on the Performance

The audit and ethics committee shall:

- Make an annual report to the chairman of the NCDD and NCDD members summarizing the audit and ethics committee's activities and recommendations. The report may be delivered at an audit and ethics committee meeting attended by the chairman of the NCDD or may be scheduled for a regularly scheduled meeting of the NCDD members. ^[L]_[SEP]
- The report should include:
 - ✓ A summary of the work the audit and ethics committee performed to fully discharge its responsibilities during the preceding year. ^[L]_[SEP]
 - ✓ A summary of NCDD's divisions progress in addressing corrective actions on the findings and recommendations made in internal and external audit reports. ^[L]_[SEP]
 - ✓ An overall assessment of the NCDD's divisions risk, control, and compliance framework, including details of any significant emerging risks or legislative changes impacting the NCDD through NCDD's. ^[L]_[SEP]
 - ✓ Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended. ^[L]_[SEP]The audit and ethics committee may, at any time, report to the NCDD any other matter it deems of sufficient importance.

22.8. Reporting Structure & Investigations, Conflict of Interest & Confidentiality

22.8.1. Reporting Structure and Investigations

Reporting Structure: In respect to the reporting structure and investigations to/from audit and ethics committee, the audit and ethics committee shall have following set of provisions:

- Internal auditors within IAG shall submit regular and investigation reports directly to director of IAG or his/her deputy/designee, if and when required in absence of any of mentioned functions internal auditors shall regular and investigation reports submit to chairman of the audit committee or his/her deputy/designee, chairman of the NCDD or his/her deputy/designee and head of the NCDD's.
- Director of IAG or his/her deputy/designee shall submit regular and investigation reports directly to chairman of the audit committee or his/her deputy/designee, chairman of the NCDD or his/her deputy/designee and head of the NCDD's.
- External audit and other assurance providers shall submit copy of respective management letters, reports and any investigation findings to the chairman of the audit and ethics committee or his/her deputy/designee*, chairman of the NCDD or his/her deputy/designee** and head of the NCDD's.
- Chairman of the audit and ethics committee shall submit regular and investigation

- reports directly to chairman of the NCDD or his/her deputy/designee**.
- In the case of requirement to include any of external investigators and to meet its legal obligations to disclose actual case of prohibited practices, chairman of the audit and ethics committee or his/her deputy/designee shall through Internal Audit Group (IAG) Team submit IAG investigation reports directly to respective law enforcement agencies such as Anti-Corruption Unit (ACU) set under Office of the Council of Ministers, police, attorney general and/or state prosecutors, etc.

Investigations: If and when internal or external investigation proceeding are conducted against any of above mentioned function representatives, any function representative shall recuse himself or herself and at the same time shall be removed from the duties in above mentioned process and from the list of recipients of regular and investigation reports and any further communications with that function representative shall be strictly forbidden. In that case manager who supervises that specific function shall appoint acting officer to perform the duties of that function by bearing in mind fact that respective acting officer MUST not have any conflict of interest versus required segregation of duties in executing his or her powers under respective function requirements.

***Note:** Deputy/Designee can be any of independent audit and ethics committee members in the chairman absence excluding those who may have conflict of interest if and when applicable.

****Note:** Deputy/Designee can be any of NCDD members in chairman absence excluding NCDD members who may have conflict of interest if and when applicable, such as in the case of head of NCDDs who also performs function of permanent member of NCDD.

22.8.2. Conflict of Interest

Due to high-risk related to conflict of interest, audit and ethics committee function will manage and oversee this segment/topic. Its responsibility of any and each of NCDD/NCDDs managers and employees to disclose any conflict of interest or the appearance of a conflict of interest to audit and ethics committee. If there is an any question to whether NCDDs/NCDDs manager or employee should recuse himself or herself from any or specific duties including work related to production and/or receipt of respective reports, audit and ethics committee will make resolution of conflict by taking vote to determine/decide whether NCDD/NCDDs manager or employee should be recused from any or specific duties including work related to production and/or receipt of respective reports. Procedure regarding disclosure, review and resolution is described within detail in part 1, chapter 1, sub-chapter 1.5 of this manual.

22.8.3. Confidentiality

As it may be very difficult to determine which information received by the members of the audit and ethics committee will be considered confidential, the members shall agree that all information is to be considered confidential to NCDD. The members shall also agree not to use any information received other than for the purposes of discharging its duties with the NCDD, and shall disclose these information only to the NCDD members* strictly on need to know basis. The members shall not disclose, publish or otherwise reveal any information received from NCDD and/or NCDDs to any other party whatsoever except with the specific prior written authorization** of the NCDD.

The information received in tangible form shall not be duplicated by the members except for the purposes of agreement between individual member and NCDD. Upon the request of the NCDD, the members shall return within ten (10) working days of such request all information received in written or in tangible form, including copies, or reproductions containing such information. The members have option to destroy any of the document(s) which was developed by himself or herself which is not in connection to any investigation or related matters which can be of

material importance for determination of corrective measures, including dismissal or any legal actions, in which case each of individual members shall provide written certificate to NCDD regarding destruction of such document(s) within ten (10) working days thereafter.

***Note:** Excluding NCDD members who may have conflict of interest if and when applicable, such as in the case of head of NCDD who also performs function of permanent member of NCDD.

****Note:** Confidentiality clause is considered null and void only in the cases of requirement to disclose any information deemed necessary for the purpose of running investigations led by any of the law enforcement agencies such as Anti-Corruption Unit (ACU) set under Office of the Council of Ministers, police, attorney general and/or state prosecutors, etc.

Part III : PROCUREMENT POLICIES AND PROCEDURES

CHAPTER 1 : GENERAL PRINCIPLE AND PROCEDURE OF PROCUREMENT

1.1. Definition and Scope

Procurement refers to purchasing or acquiring material, equipment (goods) and service, civil work and consulting services through different procurement methods and procedures. Procurement procedures set within this Manual applies to procurement using funds within framework of National Program work plan and budget from different funding sources, which will be approved and endorsed by NCDD. Development Partners are fully entitled to define separate procurement procedures for projects they finance if they chose to do so, the procurement shall comply with procurement procedure according to conditions stated in agreements signed with each of Development Partners. General purpose of procurement is to acquire works, goods and service including civil works and consulting services with proper quantity and quality in a timely manner with cheapest (affordable) price as per NCDD need.

1.2. Definition of Technical Term in Procurement

Definitions of Technical Terms in Procurement are as follows:

- Material and equipment (goods) are liquid, solid or gas which have economic interest, such as mechanic, device, material, equipment, consumable goods, drugs and other various products, including electrical appliances.
- Construction (civil works) are all activities in relation to construction work, large-scale repair, renovation, installation, digging, pumping and similar works causing use of labor, machinery, equipment and technology.
- Procurement Lot (Lot) is collection of goods and construction with the same or similar technical specifications to be put together into one group of one-time procurement.
- Procurement Package (Package) is a collection of procurement lots with the same or similar conditions to be combined as one big package for one-time procure.
- Services are activities in relation to use of human force, equipment or technology which bring benefits to the institutions, but excluding civil works and consulting services. For example, repair and renovation (bathroom, leaked roof, window, information technology material...), translation service, choose of shop supplying office supplies, document photocopy shop, organization of workshop, meeting, learning (venue, snack, LCD...), and so on.
- Consulting Services (services) are skill services provided by consulting company, or individual consultant in relation to any project or for improving the institution;
- Consultant is a consulting company or an individual consultant whose occupation is to provide consulting services;
- Employer is a public institution who has entered into a Contract on Civil Work or Hiring Service with a contractor;
- Contractor is an individual or a company who has entered into a Contract on Civil Work or Hiring Service with an employer;
- Buyer is a public institution who has entered into a Contract on Purchasing Goods with a supplier;
- Supplier is an individual or a company who has entered into a Contract on Selling Goods with a buyer;
- Contract is an agreement between the buyer and the supplier on providing goods between the employer and the contractor on carrying out civil works, repair or providing service with conditions which have been agreed by the two parties; and
- Unit Pricing is a method for setting a fix price on the basis of any scale of money or any amount thereof as a measurement.

1.3. Important Principles

In general, types of procurements include procurement of works, goods and service, which includes procurement of civil work and consulting service. Principles to be adhered with in procurement process include the followings:

- Saving: Is achieving the Value of Money through fair competition;
- Transparency: Is performing duties during the process of procurement properly and faithfully;
- Accountability: Is ensuring that various responsibilities in relation to the process of procurement;
- Equality: Based on one unified form for procure policy and procedure which create a fair competition;
- Effectiveness: Is smooth functioning according to procurement method and procedure and is completely responsive to the needs of technical specifications, quantity, quality, time, service and price;
- Professional Code of Conduct: Participants in relation to procurement shall understand and carrying out procurement properly and faithfully in accordance with legal provisions in force and in accordance with their roles and duties;
- Company not permitted for bidding: is a company that the Royal Government has declared that it is not entitled to participate in the process of bidding. In this case, the institution carrying out procurement will not put tender document or tender offer into consideration, and it shall be considered as not being entitled to receive the contract regardless of source of funds;
- State Enterprise: All State enterprises and companies which are entitled to participate in bidding through public competition only if those State enterprises and companies have financial autonomy (do not receive fund from the national budget) and operate under the Law of Commerce.

1.4. Responsibility

1.4.1. NCDD Secretariat

The NCDD Secretariat - NCDDS (further in document referred as Secretariat) shall bear complete responsibility for oversight over procurements carried out by implementing agencies implementing the National Program such as Ministry, Institution at National level, and Province, Capital, District and/or Municipality at Sub-National level. Meanwhile, the Secretariat is also entitled to carry out procurement by itself to seek supplier for providers of consulting service on behalf of above listed implementing agencies. Secretariat has also role of implementing agency and shall be scrutinized by Procurement Oversight Committee (POC), which is formed only for the purpose when Secretariat acts as implementing agency.

1.4.2. Ministries/Institutions Implementing the National Program at National Level

The ministries and institutions implementing the National Program at National level shall bear responsibility for evaluation of procurements in accordance with procedures, which have been set in this Manual. The ministries and institutions shall bear responsibility for evaluations of procurements carried out by their departments and offices/units.

1.4.3. Sub-National Administrations

The Sub-National Administrations (SNAs) such as Province implementing National Program at Sub-national level shall bear responsibility for evaluation of procurements in accordance with procedures, which have been set in this Manual. The SNAs shall bear responsibility for evaluations of procurements carried out by their departments and offices/units.

1.5 Procurement Committees, Assembly and Oversight Requirements

In order to ensure that procurement within scope of National Program will be processed on time in proper manner and to ensure implementation of the aforementioned principles, the procurement shall be overseen by following committees with respective oversight requirements:

- Procurement Oversight Committee (POC): Assembled by NCDD or appointed by NCDD outside Secretariat structure and functions. The POC will perform PRC function only when Secretariat act as implementing agency for procurement of works, goods and services, etc.
- Procurement Review Committee (PRC): Assembled by Secretariat or appointed by Secretariat outside Ministry/Institution and/or SNAs structure and functions, in the case when Ministry/Institution and/or SNAs procure works, goods and services, etc.
- Secretariat Bid Evaluation Committee: Assembled by Secretariat inside its structure and functions - shall be referred as Bid Evaluation Committee (BEC).
- Ministry/Institution Bid Evaluation Committee: Assembled by respective Ministry and/or Institution inside its structure and functions - shall be referred as Bid Evaluation Committee (BEC).
- SNA Bid Evaluation Committee: Assembled by respective SNA inside its structure and functions - shall be referred as Bid Evaluation Committee (BEC).

Layers of procurement committees within scope of procurement procedures for different levels of implementing agencies such as Secretariat, Ministries/Institutions and SNAs are listed below:

- Procurement carried out by Secretariat in the case when Secretariat act as implementing agency implementing the National Program shall have: two levels of committees (Bid Evaluation Committee and Procurement Oversight Committee) who will perform PRC role only when Secretariat acts as implementing agency.
- Procurement carried out by implementing agencies such as Ministries and/or Institutions implementing the National Program shall have: two levels of committees (Bid Evaluation Committee and Procurement Review Committee).
- Procurement carried out by Sub-National Administration (SNAs: Province, also referring to Capital, District and/or Municipality when agreement is directly signed with them) shall have: two levels of committees (Bid Evaluation Committee and Procurement Review Committee).

1.5.1. Roles of Procurement Oversight Committee

The Procurement Oversight Committee (POC) will perform PRC function only in case when Secretariat* acts as implementing agency and shall have the following roles:

- To give instruction to procurement sector to carry out in proper accordance with the procurement plan;
- To review the scale of money of each procurement package, tender document for material, equipment, service, civil work and consulting services to be in accordance with procurement rule, provision, procedure and method;

- To chair the meeting for opening documents for evaluation, shopping and bidding through national competition; I am not sure this is necessary.
- To oversee and approve on procurement document;
- To oversee and approve the evaluation report for procurement of material, equipment, service, civil work and consulting services;
- To ensure that all tender documents have been taken into consideration and have been evaluated fairly;
- To give final recommendation on decision related to awarding contract to the winning bidder;
- To monitor evaluation of implementation of the contract by the supplier, the contractor and consultant;
- To negotiate prior to awarding contract for Consulting Services;
- To strictly abide by the procurement code of conduct; and
- To oversee and make final approval on procurement within Secretariat* when it acts as implementing agency.

*Note: The POC will be assembled or appointed by NCDD outside of Secretariat structure and functions to avoid any conflict of interest and promote proper segregation of duties.

The POC shall bear responsibility for procurement process in accordance with principles as set forth in text above. The POC shall make decision based on majority vote, there is requirement for quorum of at least three (3) committee members from which all (3) members will be assigned from NCDD side excluding observer function. The POC shall provide final note to the Head of Secretariat regarding the award of contract to the winning bidder. The POC composition will be explained at the end of the document.

In the case that specific Development Partner for project or program they finance allow Procurement Oversight Function (POC) to be assembled through hiring of Commercial Company which are specialized in delivering work of Procurement Oversight Function than assembly of POC will follow this requirement. The NCDD will respectively enforce this requirement in accordance with agreements set in terms and conditions signed with the specific Development Partner.

1.5.2. Roles of Procurement Review Committee

The Procurement Review Committee (PRC) shall have the following roles:

- To give instruction to procurement sector to carry out in proper accordance with the procurement plan;
- To review the scale of money of each procurement package, tender document for material, equipment, service, civil work and consulting services to be in accordance with procurement rule, provision, procedure and method;
- To chair the meeting for opening documents for evaluation, shopping and bidding through national competition;
- To oversee and approve on procurement document;

- To oversee and approve the evaluation report for procurement of material, equipment, service, civil work and consulting services;
- To ensure that all tender documents have been taken into consideration and have been evaluated fairly;
- To give final recommendation on decision related to awarding contract to the winning bidder;
- To monitor evaluation of implementation of the contract by the supplier, the contractor and consultant;
- To negotiate prior to awarding contract for Consulting Services;
- To strictly abide by the procurement code of conduct; and
- To oversee and provide final approval on procurement within implementing agencies excluding Secretariat when it acts as implementing agency.

The PRC shall bear responsibility for procurement process in accordance with procedures and principles as set forth in text above. The PRC shall make decision based on majority vote, there is requirement for quorum of at least three (3) committee members from which two (2) members will be assigned from Secretariat side excluding observer function. The PRC shall provide final note to the Head of Institution regarding the award of contract to the winning bidder. The PRC composition will be explained at the end of the document.

In the case that specific Development Partner for project or program they finance allow Procurement Oversight Function (PRC) to be assembled through hiring of Commercial Company which are specialized in delivering work of Procurement Oversight Function than assembly of PRC will follow this requirement. The NCDDSD will respectively enforce this requirement in accordance with agreements set in terms and conditions signed with the specific Development Partner.

1.5.3. Roles of Bid Evaluation Committee

The Bid Evaluation Committee (BEC) at all levels, shall have following roles:

- To evaluate tender document for works, goods and services, including civil works and consulting services after opening the tender document in accordance with procurement procedures and methods;
- To certify proper responsiveness in accordance with technical specifications and price of the tender offer which has been received;
- To ensure that all tender documents have been taken into consideration and have been evaluated fairly and correctly;
- To prepare minutes of evaluation session and evaluation report containing information about bidder who scored most points during evaluation process;
- To submit minutes of evaluation session and evaluation report to POC/PRC for oversight and final decision.
- To strictly abide by the procurement code of conduct.

The BEC shall bear responsibility for procurement process in accordance with procedures and principles as set forth in text above. The BEC shall make decision based on majority vote, there is requirement for quorum of at least three (3) committee members. The BEC shall provide

evaluation report to POC/PRC regarding most successful candidate in procurement process. The BEC composition will be explained at the end of the document.

1.5.4. Roles of Procurement Officer

The Procurement Officer in charge of Procurement shall have the following roles:

- To prepare a draft of annual procurement plan, to make revision of the procurement plan, if necessary, to prepare a report on carrying out procurement;
- Is a permanent secretary of the POC/PRC and BEC regarding the preparation of relevant documents for procurement and various reports:
- To prepare relevant documents for procurement and reports for each type of procurement in accordance with the fixed procedures;
- To prepare and disseminate notification of each procurement;
- To directly contract and provide direct information of procurement to bidder, supplier, contractor and consultant;
- To provide tender document to bidder, to receive tender offer and to give elaboration to participants in procurement in case there is any question;
- To arrange a venue for opening tender document in public based on each procurement method and prepare minutes of opening tender offer, material, equipment, service, civil work and consulting services;
- To prepare and file all documents or papers in relation to procurement;
- To prepare a draft contract and letter of notification to the winner and the loser regarding the contract delivery;
- To prepare a payment document and submit it to the Finance Officer in charge for making payment; and
- To strictly abide by the procurement code of conduct.

1.6. Procurement Plan and Preparations

The purpose of Procurement Plan is to promote the implementation of procurement to be highly effective, to be quick, costly, transparent and accountable. The Procurement Officer in charge of Procurement is the one who prepares the Procurement Plan (Form 1) with participation of relevant division, department, unit or office and submits to Verifying Officer for authorization by forwarding to Head of Institution (such as Head of Secretariat) for final approval and signature.

The preparation of Procurement Plan shall focus on the following main points:

- Gathering of needs for use annually for implementing the Implementation Plan of the National Program by dividing them according to types of procurement, such as works, goods and services, i.e. material, equipment, service, civil work and consulting services;
- Classification of need of material, equipment, service, civil work and consulting services whose type and technical specifications are the same will be combined into one group, called Procurement Lot or Package in order to carry out one-time procurement;
- Determination of procurement methods according to price and technique in each Procurement Lot;
- Analysis and timeframe of procurement in order to carry out procurement in a timely manner.

1.7. Procurement Method

The NCDD procurement includes procurement of works, goods and services, i.e. material, equipment (goods), service, civil work and consulting services, which must implement the following procurement methods:

1. Procurement of Material, Equipment (Goods) and Service shall comply with these 8 methods, include:

- Method of Petty Cash or Direct Purchase,
- Verbal Quotation,
- Written Quotation,
- National Shopping
- National Competitive Bidding
- International Competitive Bidding,
- Limited International Bidding.
- Direct Contracting,

2. Procurement of Civil Work shall comply with these 5 methods, include:

- Written Quotation
- National Shopping
- National Competitive Bidding
- International Competitive Bidding
- Direct Contracting

3. Procurement of Consulting Services shall comply with 7 methods as follows:

- Quality Based Selection – QBS,
- Quality and Cost Based Selection – QCBS,
- Fixed Budget Selection – FBS,
- Least Cost Selection – LCS,
- Consultant Qualification Selection – CQS,
- Single Source Selection – SSS, and
- Selection of Individual Consultant – SIC.

1.8. Money Thresholds versus Procurement Methods

1.8.1 Procurement of Material, Equipment (Goods) and Service

- Procurement of Material, Equipment (Goods) and Service Complies with the Method of Direct Contracting. This method can only be applied when it is specifically allowed under the project's legal agreements or with no objection from the concerned DP on an exceptional basis.

- Procurement of Material, Equipment (Goods) and Service which costs up to 100 USD: Complies with the Method of Petty Cash or Direct Purchase;

- Procurement of Material, Equipment (Goods) and Service which costs more than 100 USD up to 300 USD: Complies with the Method of Verbal Quotation or on phone call;

- Procurement of Material, Equipment (Goods) and Service which costs more than 300 USD up to 25,000 USD: Complies with the Method of Written Quotation (with a quotation request);

- Procurement of Material, Equipment (Goods) and Service which costs more than 25,000 USD up to 100,000 USD: Complies with the Method of National Shopping with 15 days announcement.

- Procurement of Material, Equipment (Goods) and Service, which costs more than 100,000 USD up to 300,000 USD: Complies with the Method of National Competitive Bidding with 30 days announcement.

- Procurement of Material, Equipment (Goods) and Service, which costs more than 300,000 USD: Comply with the Method of International Competitive Bidding.

- Procurement of Material, Equipment (Goods) and Service comply with Limited International Bidding. This method can only be applied when it is specifically allowed under the project's legal agreements or with no objection from the concerned DP on an exceptional basis.

1.8.2. Procurement of Civil Work

- Procurement of Civil Work, which costs up to 25,000 USD: Complies with the Method of Written Quotation (with a quotation request);

- Procurement of Civil Work, which costs more than 25,000 USD to equal 100,000 USD: Complies with the Method of National Shopping with 15 days announcement.

- Procurement of Civil Work, which costs more than 100,000 USD to equal 1,000,000 USD: Complies with the Method of National Competitive Bidding with 30 days announcement.

- Procurement of Civil Work, which costs more than 1,000,000 USD: Comply with the Method of International Competitive Bidding.

- Procurement of Civil Work: Complies with the Method of Direct Contracting. This method can only be applied when it is specifically allowed under the project's legal agreements or with no objection from the concerned DP on an exceptional basis.

1.8.3. Procurement of Consulting Services

Methods for Procurement of Consulting Services such as: a) Quality Based Selection, b) Quality and Cost Based Selection, c) Fixed Budget Selection, d) Least Cost Selection, e) Consultant Qualification Selection, f) Single Source Selection, and g) Selection of Individual Consultant, will be implemented without fixed amount of money, except the Method of Consultant Qualification Selection will be applied to the Procurement of Consulting Services which cost less than 200,000 USD.

8.4 Summary of Methods and Thresholds Amount

Procurement Methods	Scales of Amounts of Money
Procurement of Material, Equipment (Goods) and Service	
Method of Petty Cash or Direct Purchase	Up to 100 USD
Verbal Quotation	More than 100 to equal 300 USD
Written Quotation	More than 300 to equal 25,000 USD
National Shopping 15 days announcement.	More than 25,000 to equal 100,000 USD
National Competitive Bidding with 30 days announcement.	More than 100,000 to equal 300,000 USD
International Competitive Bidding	More than 300,000 USD
Limited International Competitive Bidding.	Allowed under the project's legal agreements or with no objection from the concerned DP.
Direct Contracting.	Allowed under the project's legal agreements or with no objection from the concerned DP.

Civil Work

Written Quotation	Up to 25,000 USD
National Shopping with 15 days Announcement.	More than 25,000 to equal 100,000 USD.
National Competitive Bidding with 30 days announcement.	More than 100,000 to up to 1,000,000 USD.
International Competitive Bidding	More than 1,000,000 USD.
Direct Contracting	Allowed under the project's legal agreements or with no objection from the concerned DP.

Consulting Services

Quality Based Selection	No fixed amount of money
Quality and Cost Based Selection	No fixed amount of money
Fixed Budget Selection	No fixed amount of money
Least Cost Selection	No fixed amount of money
Consultant Qualification Selection	Less than USD 200,000
Single Source Selection	No fixed amount of money
Selection of Individual Consultant	No fixed amount of money

1.9. Procedures for Implementing Methods for Procurement of Goods and Service

1.9.1. Methods for Procurement

1.9.1.1. Procurement of Goods and Service Costs up to 100 USD

A. Method

Procurement of Material, Equipment (Goods) and Service which costs up to 100 USD shall use the Method of Petty Cash or Direct Purchase.

B. Procurement Process

1. Preparation of Request for Material, Equipment (Goods) and Service

When there are needs for material, equipment (goods) and service, the Requesting Officer/Party shall prepare a request to be submitted to Verifying Officer (i.e. Division Director) for examination and provision of authorization. The request for material, equipment (goods) and service shall specify items of goods, quantity, unit price and total price.

2. Request for Procurement

After having received an authorization, Procurement Officer shall prepare a request for procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer shall tender signature on Request for Procurement and then submit it to Certifying Officer and Approving Officer for signatures.

3. Direct Purchase

After having received an authorization from Certifying Officer and Approving Officer, the Procurement Officer shall carry out procurement through direct purchase. Quotation and preparation of a purchase order are not required for procurement which costs less than or equal 100 USD. Herewith, when authorization is given directly by Certifying Officer and Approving Officer for direct purchase, in process of certifying and approving payment described within OPP Manual under financial control related to execution of payments role of Certifying Officer and Approving Officer shall be delegated to their deputies to avoid conflict of interest and promote proper segregation of duties.

4. Preparation of Payment Documents

When the material, equipment (goods) and service have been received properly according to the set quantity and quality, the Procurement Officer shall be responsible for payment documents to be submitted to the Finance Officer to arrange payment, which include:

- Request for Material, Equipment (Goods) and Service;
- Request for Procurement;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer in charge prepares a request for payment by attaching with the above documents.

5. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.9.1.2. Procurement of Goods and Service Costs more than 100 USD to equal 300 USD

A. Method

Procurement of Material, Equipment (Goods) and Service which costs more than 100 USD to equal 300 USD shall use the Method of Verbal Quotation with Request for Verbal Quotation (or on phone call) from at least three different suppliers.

B. Procurement Process

1. Preparation of Request for Material, Equipment (Goods) and Service

When there are needs for material, equipment (goods) and service, the Requesting Officer/Party shall prepare a request for material, equipment (goods) and service to be submitted to the Verifying Officer (i.e. Division Director) for examination and provision of authorization. The request for material, equipment (goods) and service shall specify items of goods, quantity, unit price and total price.

2. Request for Procurement

After having received an authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer shall tender signature on the Request for Procurement and then submit it to the Certifying Officer for signature.

3. Verbal Quotation

After having received an authorization from the Certifying Officer on the request for material, equipment (goods) and service and Request for Procurement, the Procurement Officer shall conduct Verbal Quotation from at least three different supplying places with record of these quotations regarding name of supplier, address, location, telephone number, store or shop number. After that, the Procurement Officer shall prepare a table of analysis of those three quotations (Form 10) to be submitted to Approving Officer for examination and decision on selection of supplier. Herewith, when authorization is given directly by Certifying Officer and Approving Officer for verbal quotation purchase decision, in process of certifying and approving payment described within OPP Manual under financial control related to execution of payments role of Certifying Officer and Approving Officer shall be delegated to their deputies to avoid conflict of interest and promote proper segregation of duties.

4. Preparation of Purchase Order or Contract on Purchase

The Procurement Officer shall prepare a purchase order (Form 3) or the Contract on Purchase of Material, Equipment (Goods) and Service (Form 17) and submit it to the Head of

Institution (such as Head of Secretariat) for examination and tendering signature. The Procurement Officer shall send the Purchase Order or Contract on Purchase to supplier for tendering signature.

5. Delivery and Receipt of Material, Equipment or Service

Delivery of material and equipment (goods) shall be checked immediately before agreeing to receive goods from the supplier. The Inventory Officer and the Procurement Officer shall bear responsibility for checking the delivery of material and equipment (goods) in order to make sure that ordered quantity and technical specifications of goods are accurate and there is no damage to any parts, Technical Officer will examine status of goods. Material and equipment (goods), which where subject of purchase shall consist of sufficient and specific documents with signatures of the Supplier and the Inventory Officer on the Form of Delivery and Receipt (Form 12).

6. Preparation of Payment Documents

When the material, equipment (goods) and service have been received properly according to the quantity and quality as set forth in the Technical Specification, the Procurement Officer shall prepare documents to be submitted to the Finance Officer in order to arrange payment, which include:

- Request for Material, Equipment (Goods) and Service;
- Request for Procurement;
- Table of Analysis of Quotations;
- Purchase Order or Contract;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

7. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.9.1.3. Procurement of Goods and Service Cost more than 300 USD to equal 25,000 USD

A. Method

Procurement of Material, Equipment (Goods) and Service which costs more than 300 USD to equal 25,000 USD shall use the Method of Written Quotation, which requires quotations from at least three different places within a period of at least seven (7) days.

B. Procurement Process

1. Preparation of Request for Material, Equipment (Goods) and Service

When there are needs for material, equipment (goods) and service, the Requesting Officer/Party shall prepare a request for material, equipment (goods) and service to be submitted to Verifying Officer for examination and provision of authorization. The request for material, equipment (goods) and service shall specify items of goods, quantity, unit price and total price.

2. Request for Procurement

After have received authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer shall tender signature on the Request for Procurement and then submit it to Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Request for Quotation

After having received an authorization from the Head of Institution (such as Head of Secretariat) on the request for material, equipment (goods) and service and the Request for Procurement, the Procurement Officer shall prepare Request for Written Quotation (Form 4) specifying the detailed information of technical specifications, quantity, tax calculation (if any), place, date and time of delivery, date of stop receiving the request for quotation and attaching with Statement on Ethical Conduct related to Prohibited Practices (Form 7) to be submitted to the POC/PRC for examining and approving of those documents. Before examining and approving, the POC/PRC/BEC shall tender signature on Declaration Code of Ethics (Form 16).

4. Sending and Receipt of Request for Quotation

The Procurement Officer in charge of Procurement shall send the Request for Quotation and Statement on Ethical Conduct related to Prohibited Practices to suppliers of at least three different places. After having received the request, the supplier shall fill out the Request for Quotation as the Value-Added Tax (VAT) which shall be included and read the Statement on Ethical Conduct related to Prohibited Practices then tender signature on this request and the Statement on Ethical Conduct related to Prohibited Practices; after that, put them in a tightly closed envelope and send that envelope to the Procurement Officer by or on the dateline.

In case the supplier fails to attach the Statement on Ethical Conduct related to Prohibited Practices with the Request for Quotation, respective Request for Quotation is considered as invalid. The supplier who fails to abide by the Statement on Ethical Conduct related to Prohibited Practices will not be authorized to place a Request for Quotation for all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare a list of delivery and receipt of Request for Quotation (Forms 5 and 6) for recording the delivery and getting back of the Request for Quotation from the supplier.

5. Opening of Request for Quotation

At the expiration of the deadline of receipt of the Requests for Quotations from the suppliers, the Procurement Officer shall prepare a meeting and submit those Requests for Quotations to the POC/PRC to be opened in public with participation of suppliers (if they can participate). Opening of the Requests for Quotations can be valid only if there are at least three quotations provided by different suppliers. In case the Requests for Quotations received from the suppliers are less than three, the POC/PRC shall delay the opening of the Requests for Quotations. After that, the Procurement Officer shall prepare same Requests for Quotations, then submit them to the Head of Institution (such as Head of Secretariat) for tendering signature and then send them to some other suppliers and give notice to the suppliers who have already submitted the Request for Quotation. After the delay of opening of the Requests for Quotations for the second time, and though there are still not enough three participating suppliers, the POC/PRC can arrange the opening of the Requests for Quotations.

Members of POC/PRC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of opening the Request for Quotation. In the Meeting on Opening the Request for Quotation, firstly the POC/PRC shall examine good quality of the envelope to ensure the confidentiality of the document inside that envelop and then open envelopes of the Requests for Quotations one by one and read the names of suppliers and the prices stated on the Request for Quotation and record them on whiteboard or flipchart. The POC/PRC shall prepare a Table of Opening the Requests for Quotations by recording the name of suppliers and prices as well as other information (Form 8).

The POC/PRC shall tender initials on pages of original documents of the Requests for Quotations, including the followings:

- Request for Quotation;
- Other various necessary documents.

The Procurement Officer in charge of Procurement shall prepare minutes of Meeting on Opening the Requests for Quotations.

6. Evaluation of the Request for Quotation

The BEC shall organize close door meeting for evaluating the Request for Quotation. All members of the BEC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Request for Quotation. The process of evaluation shall be based on examination of technical specification (responsiveness of technical specification which has been set) and having low or affordable price based on the Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The supplier who has been selected and considered as the 1st rank is the supplier who has submitted the Request for Quotation at a very low and affordable price and is in proper accordance with the technical specifications.

The BEC shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the stated minutes.

7. Preparation of Purchase Order or Contract on Purchase

The Procurement Officer shall prepare a Purchase Order (Form 3) or the Contract on Purchase of Material, Equipment (Goods) and Service (Form 17) and submit it to the Head of Institution (such as Head of Secretariat) for examining and tendering signature. The Procurement Officer shall send stated Purchase Order or Contract on Purchase to supplier for tendering signature and it shall be returned to the Procurement Officer.

8. Delivery and Receipt of Material, Equipment or Service

Delivery of material and equipment (goods) shall be checked immediately before agreeing to receive goods from the supplier. The Inventory Officer and the Procurement Officer shall bear responsibility for checking the delivery of material and equipment (goods) in order to make sure that ordered quantity and technical specifications of goods are accurate and there is no damage to any parts, Technical Officer will examine status of goods. Material and equipment (goods), which where subject of purchase shall consist of sufficient and specific documents with signatures of the Supplier and the Inventory Officer on the Form of Delivery and Receipt (Form 12).

9. Preparation of Payment Document

When the material, equipment (goods) and service have been received sufficiently and properly according to the set quantity and quality, the Procurement Officer shall be responsible for payment documents, to be submitted to the Finance Officer to arrange payment, which include:

- Request for Material, Equipment (Goods) and Service;
- Request for Procurement;
- List of Delivery and Receipt of Requests for Quotations;
- Minutes of Meeting on Opening the Requests for Quotations and Attendance List;
- Table of Opening the Requests for Quotations;
- Table of Analysis of Quotations;
- Minutes of Meeting of the POC/PRC and Attendance List;
- The Declaration on Code of Ethics of the POC/PRC/BEC;

- Purchase Order or Contract;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

10. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.9.1.4. Procurement of Goods and Service Costs more than 25,000 USD to equal 100,000 USD

A. Method

Procurement of Material, Equipment (Goods) and Service which costs more than 25,000 USD to equal USD 100,000, shall use the Method of National Shopping with Announcement for 15 days.

B. Procurement Process

1. Preparation of Request for Material, Equipment (Goods) and Service

When there are needs for material, equipment (goods) and service, the Requesting Officer/Party shall prepare a request for material, equipment (goods) and service to be submitted to Verifying Officer for examination and provision of authorization. The request for material, equipment and service shall specify items of goods, quantity, unit price and total price.

2. Request for Procurement

After have received authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer shall tender signature on the Request for Procurement and then submit it to Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Shopping Documents

After having received an authorization from the Head of Institution (such as Head of Secretariat) on the request for material, equipment (goods) and service and the Request for Procurement, the Procurement Officer shall prepare Shopping Documents (Annex 1) and submit to the POC/PRC for final examination and approval to make announcement. Before examining and approving, the POC/PRC/BEC shall tender signature on the Declaration on Code of Ethics (Form 16).

Preparation of Shopping Documents shall be attached with following documents:

- Invitation to Bid;
- Instruction to Bidder;
- Conditions of Contract for the Supply of Goods;
- Price and Delivery Schedule;
- Technical Specifications and Statement of Compliance;
- Bid Submission Form;
- Statement on Ethical Conduct, related to Prohibited Practices;
- Contract Agreement Form; and
- Bid and Performance Securing Declaration.

4. Notification of Shopping

After the Shopping Documents have already been approved by the POC/PRC, the Procurement Officer shall prepare an announcement of the notification of these Shopping Documents on national press on at least one volume of two different newspapers within 15 days prior to the Meeting on Opening the Shopping Documents. The newspapers selected should be national newspapers, which are popular for a period of at least 2 years.

5. Receipt of Shopping Documents

Between the date of notification and the expiration date of submitting the Shopping Documents, participants in the bid shopping can come to receive the Shopping Documents from the Officer in charge of Procurement at every working hour. In case the participants in bid shopping come to take less than three Shopping Documents from the date of notification until the expiration date of submitting the Shopping Documents, the Procurement Officer shall prepare the re-announcement of submission of the Shopping Documents on page of newspapers for second time within a period of another one week. In the meantime, the Procurement Officer in charge of Procurement shall give notice of delay of expiration date of receipt of Shopping Documents to the participants of bid shopping who have come to receive the document already. The Procurement Officer shall prepare a List of Delivery of Shopping Documents (Form 5), which has been delivered to the participants of bid shopping. The participants of bid shopping who are interested in it shall submit Letter of Request for the Shopping Documents from the Procurement Officer, and then they can receive Shopping Documents.

6. Filling out and Submission of Shopping Documents

I. Filling out Shopping Documents

After having received the Shopping Documents, the participants of bid shopping shall fill out information and tender signature on the Shopping Documents as follows:

- Bid Submission Form;
- Statement on Ethical Conduct related to Prohibited Practices;
- Price and Delivery Schedule;
- Detailed Technical Specification; and
- Bid and Performance Securing Declaration.
- Bidder Information Form.
- Bid Submission Form.
- Statement on Ethical Conduct related to Prohibited Practices,
- List of Price of Goods (Price and Completion Schedule-Goods)
- List of Price of Services (Price and Completion Schedule-Related Services)
- Manufacturing or Dealership Authorization Form
- Bid Securing Declaration; and
- Letter of Security Deposit for Implementation (Bid Security/Bank Guarantee).

The participants of bid shopping shall prepare and fill out the Shopping Documents in compliance with instruction in the Shopping Documents provided by any institution carrying out procurement.

II. Submission of Shopping Documents

The participants of bid shopping shall read and tender signature on the Statement on Ethical Conduct related to Prohibited Practices attached with the Shopping Documents, which has already been filled out. After that, photocopy valid Patent and Certificate of Incorporation and photocopy various documents in order to certify the qualification of being used to implement at least two contracts of similar type of goods and services within the last three years, which each contract costs at least 50% of the price set forth in the Shopping Documents and used to implement contract within the last two years with total price of at least twice more than the price set forth in the Shopping Documents and then put into an envelope with the Shopping Documents and return the Shopping Documents to the Procurement Officer by or on the deadline. In case the supplier fails to completely fill out the Shopping Documents and attach sufficient documents (as listed above), the said Shopping Documents will be considered as invalid. In case the participants in bid shopping fails to abide by the Statement on Ethical Conduct related to Prohibited Practices, they will not be authorized to participate in the bidding of all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare a list of getting Shopping Documents from the participants in bid shopping (Form 6).

7. Opening of Shopping Documents

At the expiration of the deadline of receipt of the Shopping Documents, the POC/PRC shall organize a public meeting for opening the Shopping Documents. During the Meeting on Opening the Shopping Documents, the POC/PRC shall declare the expiration of submitting those Shopping Documents and declare the cease of accepting any other Shopping Document. The Shopping Documents which arrives late will not be accepted. The participants in bid shopping or their representatives can participate in the Meeting on Opening that Shopping Documents. Process of opening the Shopping Documents can be valid only if there are at least three participating Shopping Documents, which are filled out and delivered by different bidders.

In case there are not enough three Shopping Documents received after the announcement and the bid shopping have been delayed, the POC/PRC can open the Shopping Documents. In the Meeting on Opening of the Shopping Documents, firstly the POC/PRC shall examine good quality of the envelope in order to ensure the confidentiality of the document inside that envelope and then open envelopes of the Shopping Documents one by one and read names of participants in bid shopping and the prices stated on the Shopping Documents and record them on a whiteboard or a flipchart.

The POC/PRC shall prepare Table of Opening the Shopping Documents by recording the names of participants in bid shopping total price, grand total price, quantity, discount, Value-added Tax (VAT) and relevant documents attached therewith into the Table of Opening the Shopping Documents (Form 9). The Table of Opening the Shopping Documents shall be signed by the POC/PRC and representatives of participants in the bid shopping who are in attendance in order to certify the acknowledgement of their documents and prices, then it will be photocopied and distributed to all participants.

The POC/PRC shall tender initials on pages of original documents of the Shopping Documents, including the followings:

- Request for Bid Shopping;
- Price and Delivery Schedule;
- Detailed Technical Specifications;
- Bid Shopping Securing Declaration;
- Other various necessary documents.

After that, the POC/PRC shall declare the conclusion of the process of opening of the Shopping Documents should there be no additional question from the participants and declare that the result of evaluation will be notified to all participants in bid shopping after completing the evaluation. The Procurement Officer shall prepare minutes of Meeting on Opening Shopping Documents attached with an attendance list.

8. Evaluation of Shopping Documents

The BEC shall organize close door meeting for evaluating the Request for Quotation. All members of the BEC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Request for Quotation. The process of evaluation shall be based on examination of technical specification (responsiveness of technical specification which has been set) and having low or affordable price based on the Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The supplier who has been selected and considered as the 1st rank is the supplier who has submitted the Request for Quotation at a very low and affordable price and is in proper accordance with the technical specifications.

The BEC shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the said minutes.

A. Preliminary Examination of Bid

Preliminary Examination of Bid is to determine whether the Shopping Documents are valid or invalid. The Invalid Shopping Documents are incomplete Shopping Documents or do not sufficiently respond to the determinations of Shopping Documents, and these Shopping Documents will not be taken into consideration for the next stage. The Valid Shopping Documents are Shopping Documents, which respond to the needs and comply with necessary conditions, including the followings:

- Verification: is the examination of period of validity of the Shopping Documents and Bid Submission Form, and whether they are properly signed by authorized representatives of the suppliers. Should there be a right transfer, a power of attorney shall be attached therewith;
- Legality (Eligible): is the examination of legality of business of the participants in the bid shopping whether there is a legal business authorization. Should the bidders be the Joint Venture, they shall examine the Agreement on Joint Venture with signatures of all parties. Are the participants in the bid shopping listed in a Blacklist (list of prohibition from participating in bidding decided by NCDD, Ministry of Economy and Finance and/or Development Partners). Should company do not possess a legal business Authorization or should it be listed in the said Blacklist, the Shopping Documents will be rejected.
- Bid Securing Declaration: The BEC shall examine whether the supplier has attached a Bid Securing Declaration with the Shopping Documents. Content of the declaration shall comply with the conditions as set forth in the Shopping Documents. Should the participant in the bid shopping fail to attach this declaration or a photocopied one, the Shopping Documents will be rejected.

- Completeness of Shopping Documents: is the examination whether the Shopping Documents have completely been prepared in accordance with requirements of instruction as set forth in the Shopping Documents. The Shopping Documents which are not completely prepared according to the instruction of the Shopping Documents will be rejected.
- Substantially Responsive: is the verification of being responsive to important points of the General and Special Conditions of the Contract; in case there is any discrepancy between the Shopping Documents and General and Special Conditions of the Contract, the Shopping Documents will be rejected.

Should the Shopping Documents fail to comply with any condition as mentioned above, the documents will not be taken into consideration for the next evaluation.

B. Technical Evaluation

This is determination that the Shopping Documents are responsive to the technical specifications as set forth in the Shopping Documents.

The BEC shall:

- Examine and evaluate all valid Shopping Documents regarding the responsiveness in terms of technical specifications to the Shopping Documents;
- Reject the Shopping Documents which are not responsive to the technical specifications as set forth in the Shopping Documents. The Shopping Documents, which are rejected will not be taken into consideration for the next stage.

C. Financial Evaluation

This is examination and evaluation of price lists of the Shopping Documents, which are valid and responsive to the technical specifications. Regarding the Financial Evaluation, the Committee for Evaluating Procurement Documents shall:

- Examine the accuracy of arithmetic carefully in order to ensure the unit number, unit price, total price of each item of materials which is the product of multiplying quantity and unit price. The grand total price is the sum of total price of each item of materials;
- Examine and verify the grand total price in number and the grand total price in words.

D. Correction of Mathematic Error

- If the unit price is in decimal number and point signal is put at wrong place, the total price of each item of materials shall be official price;
- If the total price of each item of materials is different from the unit price multiplied by the unit number, the unit price shall be used as an official price for calculation;
- If the grand total price is different from the sum of total price of each item of materials, the total price of each item of materials will be used as an official price for calculation for grand total price;
- If the grand total price in number is different from the grand total price in words, the grand total price in words or in number which is accurate according to the calculation shall be the grand total price officially used for bid shopping;

- The bidder shall accept the correction of arithmetic of the BEC.

E. Examination of Conspiracy

The BEC shall examine any irregular case of the Shopping Documents whether there is any conspiracy between the bidders, and whether the price set forth by each supplier might have any point showing the conspiracy.

F. Post Qualification Examination

The BEC shall determine whether selected bidder who has submitted the Shopping Document, which is the most responsive with the lowest and the most affordable price is properly qualified for implementing the contract. Focus on ability of the supplier in successfully implementing the contract based on qualifications specified in the Shopping Documents, including level of experience in supplying, accuracy of Power of Attorney for Supplying, level of being responsive to the financial capability which has been set. The bidder who has set the lowest price and is responsive to the conditions of the Shopping Documents will be taken into consideration in the last step of the evaluation. In case of being not responsive, the BEC shall continue to examine the Shopping Document with the next lowest price in order to determine the similarity of bidders in properly implementing the contract.

The BEC shall prepare and send report on evaluation of those Shopping Documents to be submitted to the POC/PRC for examination and final decision. The POC/PRC shall organize a close door meeting for evaluating the Report on Evaluation of the Shopping Documents and making final decision. After completing the evaluation of the Shopping Document, the POC/PRC shall arrange the preparation of Minutes of Meeting on evaluation of Report on Evaluation of the Shopping Documents and have it signed by all members of the POC/PRC who are present in the meeting.

9. Contract Award

The BEC shall agree with the result of the bid shopping based on decision, which has been made by the POC/PRC. The BEC shall not be entitled to change decision made by the POC/PRC. The Procurement Officer shall prepare a Notification of Contract Award (Form 13) to the winner of the bid shopping and submit it to the Head of Institution (such as Head of Secretariat) for examination, decision and tendering signature. After obtaining signature from the Head of Institution (such as Head of Secretariat), the Procurement Officer shall send the said Notification to the winner of the bid shopping and photocopy it to be sent to all losers of the bid shopping and give a period of 7 (working) days in order for the losers to complain against the result of the bid shopping. Should there be no complaint, tendering signature on the contract can be carried out within seven (7) working days after the issue of the Notification of Decision on Contract Award and during the period of validity of the Shopping Document. Should there be any complaint, tendering signature on the contract can be carried out only if the complaint has already been solved and during the period of validity of the Shopping Document.

10. Entering into Contract

Within 7 (working) days after the issue of the Notification of Decision on Contract Award, and should there be no complaint or after all complaints have been solved, the Procurement Officer shall prepare contract document and submit to Head of Institution (such as Head of Secretariat) for signature then send it to supplier for tendering signature.

In general, the contract includes the following main points:

- Date of contract;
- Name and address of buyer;
- Name and address of supplier;

- Brief description of goods or service;
- Total price of the contract in number and in words;
- Annex of contract; and
- Use of contract document.

11. Delivery and Receipt of Material and Equipment (Goods)

Delivery of material and equipment (goods) shall be checked immediately before agreeing to receive goods from the supplier. The Inventory Officer and the Procurement Officer shall bear responsibility for checking the delivery of material and equipment (goods) in order to make sure that ordered quantity and technical specifications of goods are accurate and there is no damage to any parts, Technical Officer will examine status of goods. Material and equipment (goods), which where subject of purchase shall consist of sufficient and specific documents with signatures of the Supplier and the Inventory Officer on the Form of Delivery and Receipt (Form 12).

12. Management and Implementation of the Contract

The Chairperson of the POC/PRC shall arrange the management and monitoring of implementation of the contract in order to ensure that the implementation of the contract is carried out in proper accordance with conditions as stated in the contract. The monitoring of implementation of the contract shall be carried out on a regular basis, especially at important technical stages during the contract implementation. The supplier shall be obliged to comply with conditions stated in the contract.

13. Preparation of Payment Documents

When the material, equipment (goods) and service have been received sufficiently and in proper accordance with the quantity and quality which have been set, the Procurement Officer shall be responsible for payment documents, to be submitted to the Finance Officer to arrange payment, which include:

- Request for Material, Equipment (Goods) and Service;
- Request for Procurement;
- List of Delivery and Receipt of Shopping Document;
- Minutes of Meeting on Opening Shopping Documents and Attendance List;
- Table of Opening Shopping Documents;
- Report on Evaluation of Shopping Documents;
- Minutes of Meeting of the POC/PRC and Attendance List;
- Declaration on Code of Ethics of the POC/PRC;
- Contract;
- Original invoice;
- List of Delivery and Receipt of Material and Equipment (Goods); and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

14. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.9.1.5. Procurment of Goods and Service Costs more than 100,000 USD to equal 300,000 USD

A. Method

Procurement of Material, Equipment (Goods) and Service costs more than 100,000 USD to equal 300,000 USD shall use the Method of National Competitive Bidding (NCB) with Announcement for 30 days.

B. Procurement Process

1. Preparation of Request for Material, Equipment (Goods) and Service

When there are needs for material, equipment (goods) and service, the Requesting Officer/Party shall prepare a request for material, equipment (goods) and service to be submitted to Verifying Officer for examination and provision of authorization. The request for material, equipment (goods) and service shall specify items of goods, quantity, unit price and total price.

2. Request for Procurement

After having received an authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer in charge of Procurement shall tender signature on the Request for Procurement then submit it to the Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Bidding Document

After having received an authorization from the Head of Institution (such as Head of Secretariat) on the request for material, equipment (goods) and service and the Request for Procurement, the Procurement Officer in charge of Procurement shall prepare Bidding Documents (Annex 2) to be submitted to the POC/PRC for final examination and approval and announcement. Before examining and approving, POC/PRC/BEC shall tender signature on Declaration on Code of Ethics (Form 16).

Preparation of Bidding Document shall be attached with the following documents:

- Invitation to Bid;
- Instruction to Bidder;
- Bid Data Sheet;
- General Conditions of Contract;
- Special Conditions of Contract;
- Technical Specifications and Statement of Compliance;
- Schedule of Requirements;
- Bidding Form; and
- Contract Form.

4. Announcement of Notification of Bidding

After the Bidding Document has already been approved by the POC/PRC, the Procurement Officer shall prepare an announcement of the notification of the bidding on page of national press on at least one volume of two different newspapers within 30 days prior to the Meeting on Opening the Bidding Document. The newspapers, which should be selected are national newspapers, which are popular for a period of at least 2 years.

5. Receipt of Bidding Document

Between the date of notification and the expiration date of submitting the Bidding Document, the suppliers can come to receive the Bidding Document from the Procurement Officer in charge of Procurement at every working hour. In case the suppliers come to take less than three Bidding Documents from the date of notification until the expiration date of receiving the Request for Bidding, the Procurement Officer shall prepare re-announcement for the second

time within a period of other 2 weeks. In the meantime, the Procurement Officer shall give notice of delay of expiration date of receipt of Bidding Documents to the suppliers who have come to receive the documents already. The Procurement Officer shall prepare a List of Delivery of Bidding Documents (Form 5), which has been delivered to the bidders. The bidders who are interested in it shall submit a Letter of Request for Bidding Documents from the Procurement Officer and then they can receive the Bidding Documents.

6. Fill out and Submission of Bidding Documents

I. Filling out of Bidding Documents

After having received the Bidding Documents, the bidders shall fill out information and tender signature on the Bidding Documents as follows:

- Power of Attorney for tendering Signature on the Request for Bidding;
- Evident documents certifying that the bidder is entitled to participate in the bidding and is qualified in implementing the contract;
- Evident documents guaranteeing that the goods and services to be provided to the bidder are goods and services which have been authorized and comply with the bidding documents;
- Technical Specifications and Statement of Compliance;
- Schedule of Requirements; and
- Bidding Forms, including:
 - ✓ Bidder Information Form;
 - ✓ Bid Submission Form;
 - ✓ Statement on Ethical Conduct related to Prohibited Practices;
 - ✓ List of Price of Goods (Price and Completion Schedule-Goods);
 - ✓ List of Price of Services (Price and Completion Schedule-Related Services);
 - ✓ Manufacturing or Dealership Authorization Form;
 - ✓ Bid Securing Declaration); and
 - ✓ Letter of Security Deposit for Implementation (Bid Security/Bank Guarantee).

The bidders shall prepare and fill out the Bidding Documents in compliance with instruction in Bidding Documents provided by any of Institutions (i.e. implementing agencies), which carry out procurement.

II. Submission of Bidding Document

The suppliers shall read and tender signatures on the Statement on Ethical Conduct related to Prohibited Practices, then put it into an envelope with the Bidding Documents and then return the Bidding Documents to the Procurement Officer by or on the deadline. In case the suppliers fail to fill out and attach sufficient documents (as listed above) together with the Bidding Documents, the said Bidding Documents will be considered as invalid. In case the supplier fails to abide by the Statement on Ethical Conduct related to Prohibited Practices, they will not be authorized to participate in the bidding of all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare a list of getting back the Bidding Documents from bidders (Form 6).

7. Opening of Bidding Documents

At the expiration of receipt of the Bidding Documents, the POC/PRC shall organize a public meeting for opening the Bidding Documents. During the meeting for opening the Bidding Documents, the POC/PRC shall declare the expiration of submitting those Bidding Documents and declare the cease of accepting other Bidding Documents. The Bidding Documents which arrive late will not be accepted. The bidders or their representatives can participate in the Meeting on Opening the Bidding Documents. Process of opening the Bidding Documents can be valid only if there are at least three participating Bidding Documents, which are filled out and delivered by different bidders.

In case there are not enough three Bidding Documents after the announcement of the delay of receiving the Bidding Documents, POC/PRC can open the Bidding Documents. In the Meeting on Opening of the Bidding Documents, firstly the POC/PRC shall examine good quality of the envelope in order to ensure the confidentiality of the documents inside that envelope and then open the envelopes of the Bidding Documents one by one and read the names of bidders and the price stated on the Bidding Documents and record them on a whiteboard or a flipchart.

The POC/PRC shall prepare a Table of Opening the Bidding Documents by recording the name of bidder, total price, grand total price, quantity, discount, Value-added Tax (VAT) and relevant documents attached therewith into the Table of Opening the Bidding Documents (Form 9). The Table of Opening the Bidding Documents shall be signed by the POC/PRC and representatives of bidders who are in attendance in order to certify the acknowledgement of their documents and prices, then it will be photocopied and distributed to all participants. The POC/PRC shall tender initials on pages of original documents of the Shopping Documents, including the followings:

- Power of Attorney for tendering Signature on the Request for Bidding;
- Evident documents certifying that the bidder is entitled to participate in the bidding and is qualified in implementing the contract;
- Evident documents guaranteeing that the goods and services to be provided to the bidder are goods and services which have been authorized and comply with the bidding documents;
- Bid Securing Declaration;
- Bidder Information Form;
- Bid Submission Form;
- List of Price; and
- Power of Attorney for Supplying.

After that, the POC/PRC shall declare the conclusion of the process of opening of the Bidding Documents should there be no additional question from the participants and declare that the result of evaluation will be notified to all bidders after completing the procurement process. The Procurement Officer shall prepare minutes of Meeting on Opening Shopping Documents attached with an attendance list.

8. Evaluation of Bidding Documents

The **BEC** shall organize close door meeting for evaluating the Request for Quotation. All members of the **BEC** shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Request for Quotation. The process of evaluation shall be based on examination of technical specification (responsiveness of technical specification which has been set) and having low or affordable price based on the Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The supplier who has been selected and considered as the 1st rank is the supplier who has submitted the Request for Quotation at a very low and affordable price and is in proper accordance with the technical specifications.

The **BEC** shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the said minutes.

A. Preliminary Examination of Bid

Preliminary Examination of Bid is to determine whether the Bidding Documents are valid or invalid. The Invalid Bidding Documents are incomplete Bidding Documents or do not sufficiently respond to the determinations of the Bidding Documents, and these Bidding

Documents will not be taken into consideration for the next stage. The Valid Bidding Documents are Bidding Documents, which respond to the needs and comply with necessary conditions, including the followings:

- **Verification:** is the examination of period of validity of the Bidding Documents and Bid Submission Form, and whether they are properly signed by authorized representatives of the suppliers. Should there be a right transfer, a power of attorney shall be attached therewith;
- **Legality (Eligible):** is the examination of legality of business of the bidders whether there is a legal business authorization. Should the bidders be Joint Venture, they shall examine the Agreement on Joint Venture with signatures of all parties. The bidders are not listed in a Blacklist (list of prohibition from participating in bidding decided by NCDD, Ministry of Economy and Finance and/or Development Partners). Should the company do not possess a legal business Authorization or should it be listed in the said Blacklist, the Bidding Documents will be rejected.
- **Bid Securing Declaration:** The BEC shall examine whether the suppliers have attached Bid Securing Declaration with the Bidding Documents. Content of the declaration shall comply with conditions as set forth in the instruction stated in the Bidding Documents. Should the bidders fail to attach this declaration or a photocopied one, the Bidding Documents will be rejected.
- **Completeness of Bid:** is the examination whether the Bidding Documents have completely been prepared in accordance with requirements of instruction as set forth in the Bidding Documents. The Bidding Documents which are not completely prepared according to the instruction of the Bidding Documents will be rejected.
- **Substantially Responsive:** is the verification of being responsive to important points of the General and Special Conditions of the Contract; in case there is any discrepancy between the Bidding Documents and General and Special Conditions of the Contract, the Bidding Documents will be rejected.

Should the Bidding Documents fail to comply with any condition as mentioned above, the documents will not be taken into consideration for the next evaluation.

B. Technical Evaluation

This is the determination that the Bidding Documents are responsive to the technical specifications as set forth in the Bidding Documents.

The **BEC** shall:

- Examine and evaluate all valid Bidding Documents regarding the responsiveness in terms of technical specifications to the Bidding Documents;
- Reject the Bidding Documents which are not responsive to the technical specifications as set forth in the Bidding Documents. The Bidding Documents, which are rejected will not be taken into consideration for the next stage.

C. Financial Evaluation

This is examination and evaluation of price lists of the Bidding Documents, which are valid and responsive to the technical specifications. Regarding the Financial Evaluation.

The **BEC** shall:

- Examine the accuracy of arithmetic carefully in order to ensure the unit number, unit price, total price of each item of materials which is the product of multiplying quantity and unit price. The grand total price is the sum of total price of each item of materials;
- Examine and verify the grand total price in number and the grand total price in words.

D. Correction of Mathematic Error

- If the unit price is in decimal number and point signal is put at wrong place, the total price of each item of materials shall be official price;

- If the total price of each item of materials is different from the unit price multiplied by the unit number, the unit price shall be used as an official price for calculation;
- If the grand total price is different from the sum of total price of each item of materials, the total price of each item of materials will be used as an official price for calculation for grand total price;
- If the grand total price in number is different from the grand total price in words, the grand total price in words or in number which is accurate according to the calculation shall be the grand total price officially used for bid shopping;
- The bidder shall accept the correction of arithmetic of the **BEC**.

E. Examination of Conspiracy

The **BEC** shall examine any irregular case of the Bidding Documents whether there is any conspiracy between the bidders, and whether the price set forth by each supplier might have any point showing the conspiracy.

F. Post Qualification Examination

The Institution carrying out the Procurement shall determine whether the selected bidder who has submitted the Bidding Document which is the most responsive with the lowest and the most affordable price is properly qualified for implementing the contract. Focus on ability of the supplier in successfully implementing the contract based on qualifications specified in the Bidding Documents, including level of experience in supplying, accuracy of Power of Attorney for Supplying, level of being responsive to the financial capability which has been set. The bidder who has set the lowest price and is responsive to the conditions of the Request for Bidding will be taken into consideration in the last step of the evaluation. In case of being not responsive, the Institution carrying out the Procurement shall continue to examine the Bidding Document with the next lowest price in order to determine the similarity of bidders in properly implementing the contract.

The **BEC** shall prepare and send a report on evaluation of those Bidding Documents to be submitted to the POC/PRC for examination and decision. The POC/PRC shall organize a close door meeting for evaluating the Report on Evaluation of the Shopping Documents and making final decision. After completing the evaluation of the Shopping Document, the POC/PRC shall arrange the preparation of Minutes of Meeting on evaluation of Report on Evaluation of the Shopping Documents and have it signed by all members of the POC/PRC who are present in the meeting.

9. Contract Award

The **BEC** shall agree with the result of bidding based on decision from the POC/PRC. The **BEC** shall not be entitled to make change of the decision of the POC/PRC. The Procurement Officer shall prepare a Notification of Contract Award (Form 13) to the winner of the bidding and submit it to the Head of Institution (such as Head of Secretariat) for examination, decision and tendering signature, the Procurement Officer shall send the said Notification to the winner of the bidding and photocopy it to be sent to all losers of the bidding and give a period of 7 (working) days in order for the losers to complain against the result of the bidding. Should there be no complaint, tendering signature on the contract can be carried out within seven (7) working days after the issue of the Notification of Decision on Contract Award and during the period of validity of the Bidding Document. Should there be any complaint, tendering signature on the contract can be carried out only if the complaint has already been solved and during the period of validity of the Bidding Document. The Procurement Officer shall request a Performance Security Deposit from the bidding winner in order to prepare the entering into contract. The supplier shall provide the said Performance Security Deposit to the Procurement Officer not later than 14 days after having received the Notification of Contract Award.

10. Entering into Contract

Within 7 (working) days after the issue of the Notification of Decision on Contract Award, and in case there is no complaint or after all complaints have been solved, the Procurement Officer shall prepare contract document and submit it to Head of Institution (such as Head of Secretariat) for signature then send it to supplier for tendering signature.

In order to enter into the contract, the supplier shall provide the Performance Security Deposit to the Procurement Officer in charge of Procurement.

In general, the Contract includes the following main points:

- Date of contract;
- Name and address of buyer;
- Name and address of supplier;
- Brief description of goods or service;
- Total price of the contract in number and in words;
- Annex of contract; and
- Use of contract document.

11. Delivery and Receipt of Material and Equipment (Goods)

Delivery of material and equipment (goods) shall be checked immediately before agreeing to receive goods from the supplier. The Inventory Officer and the Procurement Officer shall bear responsibility for checking the delivery of material and equipment (goods) in order to make sure that ordered quantity and technical specifications of goods are accurate and there is no damage to any parts, Technical Officer will examine status of goods. Material and equipment (goods), which where subject of purchase shall consist of sufficient and specific documents with signatures of the Supplier and the Inventory Officer on the Form of Delivery and Receipt (Form 12).

12. Management and Implementation of the Contract

The Chairperson of the POC/PRC shall arrange the management and monitoring of implementation of the contract in order to ensure that the implementation of the contract is carried out in proper accordance with conditions as stated in the contract. The monitoring of implementation of the contract shall be carried out on a regular basis, especially at important technical stages during the contract implementation. The supplier shall be obliged to comply with conditions stated in the contract.

13. Preparation of Payment Documents

When the material and equipment have been received in proper accordance with the quantity and quality which have been set, the Procurement Officer shall prepare payment documents to be submitted to the Finance Officer to arrange payment, which include:

- Request for Material, Equipment and Service;
- Request for Procurement;
- List of Delivery and Receipt of Bidding Documents;
- Minutes of Meeting on Opening Bidding Documents and Attendance List;
- Table of Opening Bidding Documents;
- Report on Evaluation of Bidding Documents;
- Minutes of Meeting of the POC/PRC and Attendance List;
- Declaration on Code of Ethics of the POC/PRC;
- Contract;
- Original invoice;
- List of Delivery and Receipt of Material and Equipment; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

14. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.9.1.6. Procurement of Goods and Service Costs more than 300,000 USD

A. Method

Procurement of Material, Equipment (Goods) and Service costs more than 300,000 USD shall use the Method of International Competitive Bidding (ICB) with Announcement for 30 days.

B. Procurement Process

The ICB process is fully described in step by step guides published by the DPs. When ICB is to be used the standard bidding documents of the DPs must also be used.

International Competitive Bidding is advertised both nationally and internationally and is open to all who purchase the bidding document. Standard bidding documents of DP financing the program or project be used for the procurement of goods and works on an International Competitive Bidding basis. The standard services bidding document of DP (Request for Proposals, RFP) be used for all international services procurement, regardless of the method of selection. In such cases, the DP standard bidding documents must be used unless they agreed otherwise.

The standard bidding documents of larger DP can be found in DP's pages (related to procurement) and updated from time to time.

1.9.1.7. Procurement of Goods and Service comply with Limited International Bidding

This method is almost identical to International Competitive Bidding method, the same standard document of the DP is used modified (basically removing the invitation for bids and any provision for **domestic** preference)

Limited International Bidding (LIB) is not advertised. The grounds for using LIB could be that are only a limited number of suppliers, in which case all suppliers capable of performing the resulting contract shall be invited. As the only difference between LIB and ICB is the Invitation for Bids users should refer to the step-by-step guide for ICB published by the relevant DP.

1.9.1.8. Procurement of Goods and Service comply with Direct Contracting

As a procurement method, Direct Contracting is used as little as possible as it does not provide for either transparency or competition. It always requires the no objection of both the DP and the procurement review committee before it is used. A single supplier is contacted for an offer and a contract negotiated based on that offer. Direct Contracting is the only procurement method where negotiations on price are permitted. It may be suitable:

(a) When for standardization equipment is available from only a single proprietary source

(b) In exceptional cases such as in response to a natural disaster

(c) When the goods represent the natural continuation of an ongoing or recently completed contract and it can be demonstrated that lower prices will not be obtained through further bidding.

1.9.2. Table of Summary of Procedures for Procurement of Goods and Service

Procurement Methods	Scale of Money	Procurement Process
Direct Purchase	• Up to USD 100	• Prepare request for material, equipment and service Verified, Certified and

		<ul style="list-style-type: none"> Approved by Officers, • Verify budget package with the Finance Officer; • Carry out direct purchase without quotation; • Prepare payment document.
Verbal Quotation	<ul style="list-style-type: none"> • More than USD 100 to equal USD 300 	<ul style="list-style-type: none"> • Prepare request for material, equipment (goods) and service Verified, Certified and Approved by Officers, • Request for Procurement; • Ask for quotation verbally or on phone call; • Ask for verbal quotations from at least 3 places; • The Head of Institution (such as Head of Secretariat) certifies the selection of supplier; • The Head of Institution (such as Head of Secretariat) make decision on purchase order or contract without going through the POC/PRC; • Prepare payment document.
Written Quotation	<ul style="list-style-type: none"> • More than USD 300 to equal USD 25,000 	<ul style="list-style-type: none"> • Prepare request for material, equipment (goods) and service Verified, Certified and Approved by Officers, • Prepare request for quotation with official letter and send it to at least 3 different places; • The BEC evaluates the request for quotation before submitting it to the POC/PRC for final decision; • The Head of Institution (such as Head of Secretariat) certifies the selection of supplier; • The Procurement Officer in charge of Procurement prepare a purchase order and contract and submit it to the Head of Institution (such as Head of Secretariat) for signature; • Prepare payment document.
Shopping with Announcement for 15 days	<ul style="list-style-type: none"> • More than USD 25,000 to equal USD 100,000 	<ul style="list-style-type: none"> • Prepare request for material, equipment (goods) and service Verified, Certified and Approved by Officers, • Request for Procurement; • Prepare Shopping Documents, submit them to the POC/PRC for approval; • Officially declare the Notification of Bid Shopping in public within 15 days prior to the Meeting on Opening the Shopping Documents; • Receive Shopping Documents; • Open and evaluate the Shopping

		<p>Documents: The BEC evaluates the Shopping Documents before submitting them to the POC/PRC for final decision;</p> <ul style="list-style-type: none"> • The Head of Institution (such as Head of Secretariat) certifies the selection of supplier; • The Procurement Officer in charge of Procurement prepares a Purchase Order and Contract on Purchase and submit it to the Head of Institution (such as Head of Secretariat) for signature; • Prepare payment document.
National Competitive Bidding (Announcement for 30 days)	<ul style="list-style-type: none"> • More than USD 100,000 to equal USD 300,000 	<ul style="list-style-type: none"> • Prepare request for material, equipment (goods) and service Verified, Certified and Approved by Officers • Request for Procurement; • Prepare Bidding Documents to be submitted to the POC/PRC for approval; • Advertise the Notification of Bidding within 30 days prior to the Meeting on Opening the Bidding Documents; • Receive Bidding Documents; • The POC/PRC organizes a Meeting on Opening Envelopes of Bidding Documents in public; • Open and evaluate the Bidding Documents: The BEC evaluates the Shopping Documents before submitting them to the POC/PRC for final decision; • The Head of Institution (such as Head of Secretariat) certifies the selection of supplier; • The Procurement Officer in charge of Procurement prepares a Purchase Order and Contract on Purchase and submit it to the Head of Institution (such as Head of Secretariat) for signature; • Prepare payment document.
International Competitive Bidding	<ul style="list-style-type: none"> • More than USD 300,000 	<ul style="list-style-type: none"> • Advertise both national and international, and open to all interested. • The process is fully described step by step in guides published by the DPs.. • The standard bidding documents of the DPs must also be used. • The standard bidding documents available on DP web/page.
Limited International Bidding.	<ul style="list-style-type: none"> • No Limit 	<ul style="list-style-type: none"> • Not advertise. • The process is fully described step by step in guides published by the DPs. • Difference between LIB and ICB is the Invitation for Bids.

		<ul style="list-style-type: none"> • The standard bidding documents of the DPs must be used (with modify) and available on DP web/page.
Direct Contracting.	<ul style="list-style-type: none"> • No Limit 	<ul style="list-style-type: none"> • Always requires no objection first from DP and procurement review committee. • Direct contracting and negotiations on price are permitted.

1.9.3. Preparation of Technical Specifications of Goods and Service

Setting technical specifications is a part of Bidding Documents that specify the detail of goods and services, which are preferred by the institution carrying out procurement. Setting technical specifications shall be prepared clearly in order to attract wide range of competition. When setting technical specifications with complicate technical skill, the Technical Officer or a Consultant shall bear responsibility for preparing the technical specifications. In case of being incapable of preparing those technical specifications, the institution carrying out procurement shall consider hiring a consulting company or any technical consultant to help draft the said technical specifications, of which that consultant shall give comments on technical specifications until the evaluation.

When preparing the technical specifications, they shall pay attentions to some points as follows:

- A) Completeness of Technical Specifications shall include the following information:
 - Duration of use of each item of goods;
 - Preferred quality of goods;
 - Description of all necessary conditions of goods and services.
- B) Clarity: Technical specifications must be clear and accurate in order for the bidder to respond properly and certainly to the needs, which are preferred by the institution carrying out procurement.
- C) Competition: In preparation of the technical specifications, they shall be careful and do not let it affect the competition. In case of bidding by competition in public, the technical specifications shall be prepared with wide-range competition.
- D) Specification of logo and trade name, should avoid specifying the logo, code name, catalogue or similar classification, which affect the competition. Should there be no other alternative in order to make the Table of Technical Specifications be complete, shall use word (or equally or similarly) instead. When the Table of Technical Specifications has specified the logo or trade name in the bidding documents, shall specify that the buyer will accept goods and services with similar conditions or with quality similar to the preferred goods or services.
- E) The Table of Technical Specifications shall state that all goods or raw materials shall be new and not yet used or are newly released samples.

1.9.4. Delay in Implementing the Contract of Goods and Service

The supplier shall completely finish the delivery of goods or services in compliance with the schedule as set forth in the Delivery Schedule. If it is not completely finished, shall implement the followings:

- The supplier shall give a written notice to the buyer regarding the delay in implementing by including detail of the delay, period of time of the delay and reason of the delay;

- The POC/PRC shall immediately evaluate the condition of the delay, raise comment and ask for decision from the Head of Institutions (such as Head of Secretariat) in order to inspect the possibility of the delay by the supplier whether with or without compensation for damage as stated in the contract;
- Should there be delay of the period of contract implementation, the two parties shall officially make correction of the Letter of Delay;
- Regarding the delay in implementing its obligations as stated in the contract, the supplier shall bear responsibility for compensation for damage, except that delay is caused by force majeure.

1.9.5. Termination the Contract of Goods and Service

In general, neither party is entitled to unilaterally terminate the contract, except there is a breach caused by one party towards the other.

The buyer can terminate the contract based on the following basis:

- If the supplier fails to deliver any or all goods within a period of time specified in the contract;
- If the supplier fails to fulfill other obligations under the contract, such as arrangement and installation of equipment and training, it is required in the contract;
- If the supplier commits any of prohibited practices such as corruption, fraud, forceful act or conspiracy in the contract implementation.

In case the buyer terminates the contract entirely or partially due to any reason as stated above, the buyer can carry out procurement of the goods, which have yet to be delivered, and the supplier shall bear the burden on various additional expenses incurred for those goods towards the buyer. If any part of the contract has been terminated, the supplier shall continue to bear responsibility towards the buyer for other parts of the contract, which are not yet terminated. Any supplier who fails to complete the contract entirely or partially due to the reasons as described above will be listed in Blacklist and will not be authorized for participating in bidding for at least three consecutive years in accordance with the Decision of NCDD. If the supplier is bankrupt, the buyer can terminate the contract at any time by giving a written notice to the supplier. In this case, the termination of the contract shall be carried out without paying compensation to the supplier, and the supplier shall not be entitled to file a complaint against the buyer.

If the buyer decides to terminate the contract, the buyer shall comply with the following rules:

- Give a written notice to the supplier by specifying the amount of goods in the contract to be terminated and date of entry into effect of the termination;
- The buyer shall receive goods, which have already been prepared in order to transport them within 30 days after the supplier has received notice of termination in accordance with the contract and price in the contract.

Regarding the remaining goods, the buyer can choose:

- To have them completely arranged and a part of goods delivered in accordance with condition and price of the contract;
- To reject the remaining goods and make payment to the supplier the amount of money which has mutually been agreed upon for the goods which have already been delivered and for materials and spare parts which have been delivered by the supplier in the past.

If the buyer other than Secretariat needs help to implement above methods, the buyer shall seek additional guide from the Secretariat. The contract shall not be terminated without putting all available choices into consideration. The termination shall be agreed by all parties of the contract. The supplier shall examine the content of the contract with care to clearly understand all conditions of the contract and all penalties in relation to contract termination prior to signing contract.

1.10. Procedures for Implementing Methods for Procurement Civil Work

Civil Work refers to various activities in relation to construction and repair works (large scale), construction of building and infrastructure, and so on.

1.10.1. Methods for Procurement

1.10.1.1 Procurement of Civil Works Costs up to 25,000 USD

A. Method

Procurement of civil works, which costs up to 25,000 USD shall use the Method of Written Quotation which requires quotations from at least three different places within a period of at least seven (7) days.

B. Procurement Process

1. Preparation of Request for Repairing or Construction Work

When there are needs for repairing or construction works, the Requesting Officer/Party shall prepare a request for repairing or construction works to be submitted to the Verifying Officer for examination and provision of authorization. The request for repairing or construction works shall specify places, quantities, drawings, unit prices and total prices (Bill of Quantities) (Form 14).

2. Request for Procurement

After having received an authorization, the Procurement Officer shall prepare Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer in charge of Procurement shall tender signature on the Request for Procurement then submit it to the Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Request for Quotation

After having received an authorization from the Head of Institution (such as Head of Secretariat) on the request for repair and construction works and the Request for Procurement, the Procurement Officer shall prepare Request for Written Quotation (Form 4) specifying the detailed technical information, drawings, quantity, place, date and time of delivery, date of stop receiving the request for quotation and attaching with Statement on Ethical Conduct related to Prohibited Practices (Form 7) to be submitted to the POC/PRC for examining and approving of those documents. Before examining and approving, the POC/PRC/BEC shall tender signature on Declaration on Code of Ethics (Form 16).

4. Sending and Receipt of Request for Quotation

The Procurement Officer shall send the Request for Quotation (Form 4) and Statement on Ethical Conduct related to Prohibited Practices (Form 7) to contractors of at least three different places. After having received the Request for Quotation, the contractor shall fill out the Request for Quotation as well as Value-Added Tax (VAT) which shall be included (if any) and tender signature on this request and the said Statement on Ethical Conduct related to Prohibited Practices, and put them in a tightly closed envelope; after that, send that Request for Quotation to the Procurement Officer by or on the deadline.

In case the contractor fails to attach or fails to tender signature on the Statement on Ethical Conduct related to Prohibited Practices together with the Request for Quotation, the said Request for Quotation is considered as invalid. The contractor who fails to abide by the Statement on Ethical Conduct related to Prohibited Practices will not be authorized to place a Request for Quotation for all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare a list of delivery and receipt of Request for Quotation (Forms 5 and 6) for recording the delivery and getting back of the Request for Quotation from the contractor.

5. Opening of Request for Quotation

At the expiration of the deadline of receipt of the Requests for Quotations from the contractors, the Procurement Officer shall organize a meeting and submit those Requests for Quotations to the POC/PRC to be opened in public with participation of bidders (if they can participate). Opening of the Requests for Quotations can be valid only if there are at least three quotations provided by different bidders. In case the Requests for Quotations received from the contractors are less than three, the POC/PRC shall make decision on delay of the opening of the Requests for Quotations. After that, the Procurement Officer shall prepare same Requests for Quotations, then submit them to the Head of Institution (such as Head of Secretariat) for tendering signature and then send some other contractors and give notice to the contractors who have already submitted the Requests for Quotations. After delay of opening of the Request for Quotation for the second time, and though there are still not enough three participating contractors, the POC/PRC can arrange the opening of the Requests for Quotations.

Members of the POC/PRC shall tender signature on Declaration on Code of Ethics (Form 16) before starting the process of opening Requests for Quotations. In the Meeting on Opening the Requests for Quotations, firstly the POC/PRC shall examine good quality of the envelope in order to ensure the confidentiality of the document inside that envelope then open envelopes of the Requests for Quotations one by one and read the name of contractor and the price stated on the Request for Quotation and shall record them on a whiteboard or a flipchart. The POC/PRC shall prepare a Table of Opening the Request for Quotation by recording the names of contractors and prices as well as other information (Form 8).

The POC/PRC shall tender initials on pages of original documents of the Requests for Quotations, including the followings:

- Requests for Quotations;
- Drawings;
- Other various necessary documents.

The Procurement Officer shall prepare minutes of Meeting on Opening the Requests for Quotations.

6. Evaluation of the Request for Quotation

The BEC organize a close door meeting for evaluating the Requests for Quotations. All members of the BEC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Requests for Quotations. The process of evaluation shall examine

detailed technical information (responsiveness of detailed technical information which has been set) and having low price by preparing a Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The contractor who has been selected and considered as the 1st rank is the contractor who has submitted the Request for Quotation at the lowest and most affordable price and is in proper accordance with detailed technical information, drawings and quantity.

The BEC shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the minutes of meeting. See below explanation of whole procedure.

A. Preliminary Examination of Bid

Preliminary Examination of Bid is to determine whether the Bidding Documents are valid or invalid. The Invalid Bidding Documents are incomplete Bidding Documents or do not sufficiently respond to the determinations of the Bidding Documents, and these Bidding Documents will not be taken into consideration for the next stage. The Valid Bidding Documents are Bidding Documents, which respond to the needs and comply with necessary conditions, including the followings:

- Verification: is the examination of period of validity of the Bidding Documents and Bid Submission Form, and whether they are properly signed by authorized representatives of the suppliers. Should there be a right transfer, a power of attorney shall be attached therewith;
- Legality (Eligible): is the examination of legality of business of the bidders whether there is a legal business authorization. Should the bidders be Joint Venture, they shall examine the Agreement on Joint Venture with signatures of all parties. The bidders are not listed in a Blacklist (list of prohibition from participating in bidding decided by NCDD, Ministry of Economy and Finance and/or Development Partners). Should the company do not possess a legal business Authorization or should it be listed in the said Blacklist, the Bidding Documents will be rejected.
- Bid Securing Declaration: The BEC shall examine whether the suppliers have attached Bid Securing Declaration with the Bidding Documents. Content of the declaration shall comply with conditions as set forth in the instruction stated in the Bidding Documents. Should the bidders fail to attach this declaration or a photocopied one, the Bidding Documents will be rejected.
- Completeness of Bid: is the examination whether the Bidding Documents have completely been prepared in accordance with requirements of instruction as set forth in the Bidding Documents. The Bidding Documents which are not completely prepared according to the instruction of the Bidding Documents will be rejected.
- Substantially Responsive: is the verification of being responsive to important points of the General and Special Conditions of the Contract; in case there is any discrepancy between the Bidding Documents and General and Special Conditions of the Contract, the Bidding Documents will be rejected.

Should the Bidding Documents fail to comply with any condition as mentioned above, the documents will not be taken into consideration for the next evaluation.

B. Technical Evaluation

This is the determination that the Bidding Documents are responsive to the technical specifications as set forth in the Bidding Documents.

The BEC shall:

- Examine and evaluate all valid Bidding Documents regarding the responsiveness in terms of technical specifications to the Bidding Documents;
- Reject the Bidding Documents, which are not responsive to the technical specifications as set forth in the Bidding Documents. The Bidding Documents, which are rejected will not be taken into consideration for the next stage.

C. Financial Evaluation

This is examination and evaluation of price lists of the Bidding Documents, which are valid and responsive to the technical specifications. Regarding the Financial Evaluation.

The BEC shall:

- Examine the accuracy of arithmetic carefully in order to ensure the unit number, unit price, total price of each item of works, which is the product of multiplying quantity and unit price. The grand total price is the sum of total price of each item of materials;
- Examine and verify the grand total price in number and the grand total price in words.

D. Correction of Mathematic Error

- If the unit price is in decimal number and point signal is put at wrong place, the total price of each item of materials shall be official price;
- If the total price of each item of materials is different from the unit price multiplied by the unit number, the unit price shall be used as an official price for calculation;
- If the grand total price is different from the sum of total price of each item of materials, the total price of each item of materials will be used as an official price for calculation for grand total price;
- If the grand total price in number is different from the grand total price in words, the grand total price in words or in number which is accurate according to the calculation shall be the grand total price officially used for bid shopping;
- The bidder shall accept the correction of arithmetic of the BEC.

E. Examination of Conspiracy

The BEC shall examine any irregular case of the Bidding Documents whether there is any conspiracy between the bidders, and whether the price set forth by each supplier might have any point showing the conspiracy.

F. Post Qualification Examination

The Institution carrying out the Procurement shall determine whether the selected bidder who has submitted the Bidding Document which is the most responsive with the lowest and the most affordable price is properly qualified for implementing the contract. Focus on ability of the supplier in successfully implementing the contract based on qualifications specified in the Bidding Documents, including level of experience in supplying, accuracy of Power of Attorney for Supplying, level of being responsive to the financial capability, which has been set. The bidder who has set the lowest price and is responsive to the conditions of the Request for Bidding will be taken into consideration in the last step of the evaluation. In case of being not responsive, the Institution carrying out the Procurement shall continue to examine the Bidding Document with the next lowest price in order to determine the similarity of bidders in properly implementing the contract.

The BEC shall prepare and send a report on evaluation of those Bidding Documents to be submitted to the POC/PRC for examination and final decision. The POC/PRC shall organize a close door meeting for evaluating the Report on Evaluation of the Shopping Documents and

making final decision. After completing the evaluation of the Shopping Document, the POC/PRC shall arrange the preparation of Minutes of Meeting on evaluation of Report on Evaluation of the Shopping Documents and have it signed by all members of the POC/PRC who are present in the meeting.

7. Contract Award

The BEC shall agree with the result of bid shopping based on final decision, which has been made by the POC/PRC. The BEC shall not be entitled to change decision made by the POC/PRC. The Procurement Officer shall prepare a Notification of Contract Award (Form 13) to the winner of the bidding and submit it to the Head of Institution (such as Head of Secretariat) for examination, decision and tendering signature, the Procurement Officer shall send the said Notification to the winner of the bidding and photocopy it to be sent to all losers of the bidding and give a period of 7 (working) days in order for the losers to complain against the result of the bidding. Should there be no complaint, tendering signature on the contract can be carried out within seven (7) working days after the issue of the Notification of Decision on Contract Award and during the period of validity of the Bidding Document. Should there be any complaint, tendering signature on the contract can be carried out only if the complaint has already been solved and during the period of validity of the Bidding Document.

8. Entering into Contract

Within 7 (working) days after the issue of the Notification of Decision on Contract Award, and should there be no complaint or after all complaints have been solved, the Procurement Officer shall prepare contract document and submit to Head of Institution (such as Head of Secretariat) for signature then send it to supplier for tendering signature.

In general, the contract includes the following main points:

- Date of contract;
- Name and address of buyer;
- Name and address of supplier;
- Brief description of goods or service;
- Total price of the contract in number and in words;
- Annex of contract; and
- Use of contract document.

9. Report on Progress

Before making payment in installment as stated in the contract, the contractor shall prepare a report on progress of repairing work or construction to be submitted to the POC/PRC. The POC/PRC shall arrange Verifying Officer for inspecting works of contractor to ensure that they are in proper accordance with the detailed technical information, drawings and work plans as stated in the contract. The Report on Progress shall consist of sufficient and specific information with signatures from the contractor and the Verifying Officer.

10. Management and Implementation of the Contract

The POC/PRC shall arrange the management and monitoring of implementation of the contract in order to ensure that the implementation of the contract is carried out in proper accordance with conditions as stated in contract. The monitoring of implementation of the contract shall be carried out on a regular basis, especially at important technical stages during the contract implementation. The contractor shall be obliged to comply with conditions stated in the contract. The civil works shall be carried out according to timeframe, drawings, quantities, detailed information and places as stated in the conditions of the contract.

11. Preparation of Payment Documents

When the repairing or construction works have been carried out in proper accordance with the contract, Report on Program or Report on Conclusion of Repairing or Construction Works have been attached, with examination and approval from the Verifying Officer, the Officer in charge of Procurement shall prepare payment documents, including:

- Request for Repairing or Construction;
- Request for Procurement;
- List of Delivery and Receipt of Requests for Quotations;
- Minutes of Meeting on Opening the Requests for Quotations and Attendance List;
- Table of Opening the Requests for Quotations;
- Table of Analysis of Quotations;
- Minutes of Meeting of the POC/PRC and Attendance List;
- The Declaration on Code of Ethics of the POC/PRC/BEC;
- Contract;
- Report on Progress;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

12. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.10.1.2 Procurement of Civil Works Costs more than 25,000 USD to equal 100,000 USD

A. Method

Procurement of Civil Works costs more than 25,000 to equal 100,000 USD shall use the Method of Shopping with Announcement for 15 days.

B. Procurement Process

1. Preparation of Request for Repairing or Construction Work

When there are needs for repairing or construction works, the Requesting Officer/Party shall prepare a request for repairing or construction works to be submitted to the Verifying Officer for examination and provision of authorization. The request for repairing or construction works shall specify places, quantities, drawings, unit prices and total prices (Bill of Quantities) (Form 14).

2. Request for Procurement

After have received authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer in charge of Procurement shall tender signature on the Request for Procurement then submit it to Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Shopping Documents

After having received an authorization from the Head of Institution (such as Head of Secretariat) on request for repair and construction works and the Request for Procurement, the Procurement Officer shall prepare Shopping Documents (Annex 3) specifying detailed technical information, drawings, quantity, place, date and time of delivery, date of stop receiving the request for quotation and attaching with Statement on Ethical Conduct related to Prohibited Practices (Form 7) to be submitted to the POC/PRC for examination and approval and

announcement. Before examining and approving, the POC/PRC/BEC shall tender signature on Declaration on Code of Ethics (Form 16).

Preparation of Shopping Documents shall be attached with following documents:

- Invitation to Bid;
- Instruction to Bidder;
- Conditions of Contract for Civil Works;
- Bill of Quantities;
- Drawings and Technical Specifications;
- Statement on Ethical Conduct related to Prohibited Practices;
- Form of Bid;
- Activity Schedule;
- Form of Contract Agreement; and
- Bid and Performance Securing Declaration.

4. Notification of Bid Shopping

After the Shopping Documents have already been approved by the POC/PRC, the Procurement Officer shall prepare an announcement of the notification of these Shopping Documents on national press on at least one volume of two different newspapers within 15 days prior to the Meeting on Opening the Shopping Documents. The newspapers, which should be selected are national newspapers which are popular for a period of at least 2 years.

5. Receipt of Shopping Documents

Between the date of notification and the expiration date of submitting the Shopping Documents, the contractors can come to receive the Shopping Documents from the Procurement Officer at every working hour. In case the contractors come to take less than three Shopping Documents from the date of notification until the expiration date of receipt of Shopping Documents, the Procurement Officer shall prepare the re-announcement of submission of the Shopping Documents on page of newspapers for the second time within a period of another one week. In the meantime, the Procurement Officer shall give notice of delay of expiration date of receipt of Shopping Documents to the contractors who have come to receive the document already. The Procurement Officer shall prepare a List of Delivery of Shopping Documents (Form 5), which has been delivered to bidders. The bidders who are interested in it shall submit a Letter of Request for Shopping Documents from the Procurement Officer then they can receive the Shopping Documents.

6. Fill up and Submission of Shopping Documents

I. Filling out of Shopping Documents

After having received the Shopping Documents, the bidders shall fill out information on the Shopping Documents as follows:

- Request for Participation in Bid Shopping (Form of Bid);
- Bill of Quantities;
- Activity Schedule;
- Bid and Performance Securing Declaration;
- Statement on Ethical Conduct related to Prohibited Practices ;
- The bidders shall tender signature or put stamp of acknowledgment on drawings and detailed technical specifications, and
- Letter of Security Deposit for Implementation (Bid Security/Bank Guarantee).

The bidders shall prepare and fill out the Shopping Documents in compliance with instruction in Shopping Documents provided by any institution carrying out procurement.

II. Submission of Shopping Documents

The contractor shall read and tender signature on the Statement on Ethical Conduct related to Prohibited Practices attached with Shopping Documents. After that, photocopy valid Patent and Certificate of Incorporation and photocopy various documents in order to certify the qualification of used to implement at least two contracts of similar type of goods and services within the last three years, which had total price of at least 75% of the price set forth in the Shopping Documents and used to implement contract within the last two years with total price of at least 1.5 time of the price set forth in the Shopping Documents, and the proposed manager shall have at least 3-year experiences in managing works whose scales and work types are similar to those stated in the Shopping Documents and has held the position of Manager for at least 1 year then put into an envelope with the Shopping Documents and return the Shopping Documents to the Procurement Officer by or on the deadline. In case the contractor fails to fill out the Shopping Documents and attaches sufficient documents (as listed above), the said Shopping Documents will be considered as invalid. Any contractors who fail to abide by the Statement on Ethical Conduct related to Prohibited Practices will not be authorized to participate in the bidding of all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare list of getting back the Shopping Documents from the Contractor (Form 6).

7. Opening of Shopping Documents

At the expiration of deadline of receipt of the Shopping Documents, the POC/PRC shall organize a public meeting for opening the Shopping Documents. During the Meeting on Opening the Shopping Documents, the POC/PRC shall declare the expiration of submitting those Shopping Documents and declare the cease of accepting any other Shopping Document. The Shopping Documents which arrives late will not be accepted. The contractors or their representatives can participate in the Meeting on Opening that Shopping Documents. Process of opening the Shopping Documents can be valid only if there are at least three participating Shopping Documents, which are filled out and delivered by different contractors.

In case there are not enough bidders in form of at least three Shopping Documents, after the announcement of delay of receipt of Shopping Documents, the POC/PRC can open the Shopping Documents. In the Meeting on Opening the Shopping Documents, firstly the POC/PRC shall examine good quality of the envelope in order to ensure the confidentiality of the document inside that envelope and then open envelopes of the Shopping Documents one by one and read names of contractors and the prices stated on the Shopping Documents and record them on a whiteboard or a flipchart.

The POC/PRC shall prepare Table of Opening the Shopping Documents by recording the names of contractors total price, grand total price, quantity, discount, Value-added Tax (VAT) and relevant documents attached therewith into the Table of Opening the Shopping Documents (Form 9). The Table of Opening the Shopping Documents shall be signed by the POC/PRC and representatives of contractors who are in attendance in order to certify the acknowledgement of their documents and prices, then it will be photocopied and distributed to all contractors.

The POC/PRC shall tender initials on pages of original documents of the Shopping Documents, including the followings:

- Request for Bid Shopping;
- Bill of Quantities;
- Activity Schedule;
- Bid and Performance Securing Declaration; and

- Drawings and Technical Specification.

After that, the POC/PRC shall declare conclusion of the process of opening Shopping Documents should there be no additional question from the participants and declare that the result of evaluation will be notified to all contractors after completing the evaluation. The Procurement Officer shall prepare Minutes of Meeting on Opening the Shopping Documents attached with an attendance list.

8. Evaluation of Shopping Documents

The BEC organize a close door meeting for evaluating the Requests for Quotations. All members of the BEC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Requests for Quotations. The process of evaluation shall examine detailed technical information (responsiveness of detailed technical information which has been set) and having low price by preparing a Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The contractor who has been selected and considered as the 1st rank is the contractor who has submitted the Request for Quotation at the lowest and most affordable price and is in proper accordance with detailed technical information, drawings and quantity.

The BEC shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the said minutes. See below explanation of whole procedure.

A. Preliminary Examination of Bid

Preliminary Examination of Bid is to determine whether the Bidding Documents are valid or invalid. The Invalid Bidding Documents are incomplete Bidding Documents or do not sufficiently respond to the determinations of the Bidding Documents, and these Bidding Documents will not be taken into consideration for the next stage. The Valid Bidding Documents are Bidding Documents, which respond to the needs and comply with necessary conditions, including the followings:

- Verification: is the examination of period of validity of the Bidding Documents and Bid Submission Form, and whether they are properly signed by authorized representatives of the suppliers. Should there be a right transfer, a power of attorney shall be attached therewith;

- Legality (Eligible): is the examination of legality of business of the bidders whether there is a legal business authorization. Should the bidders be Joint Venture, they shall examine the Agreement on Joint Venture with signatures of all parties. The bidders are not listed in a Blacklist (list of prohibition from participating in bidding decided by NCDD, Ministry of Economy and Finance and/or Development Partners). Should the company do not possess a legal business Authorization or should it be listed in the said Blacklist, the Bidding Documents will be rejected.

- Bid Securing Declaration: The BEC shall examine whether the suppliers have attached Bid Securing Declaration with the Bidding Documents. Content of the declaration shall comply with conditions as set forth in the instruction stated in the Bidding Documents. Should the bidders fail to attach this declaration or a photocopied one, the Bidding Documents will be rejected.

- Completeness of Bid: is the examination whether the Bidding Documents have completely been prepared in accordance with requirements of instruction as set forth in the Bidding Documents. The Bidding Documents which are not completely prepared according to the instruction of the Bidding Documents will be rejected.

- Substantially Responsive: is the verification of being responsive to important points of the General and Special Conditions of the Contract; in case there is any discrepancy between the Bidding Documents and General and Special Conditions of the Contract, the Bidding Documents will be rejected.

Should the Bidding Documents fail to comply with any condition as mentioned above, the documents will not be taken into consideration for the next evaluation.

B. Technical Evaluation

This is the determination that Bidding Documents are responsive to the technical specifications as set forth in the Bidding Documents.

The BEC shall:

- Examine and evaluate all valid Bidding Documents regarding the responsiveness in terms of technical specifications to the Bidding Documents;

- Reject the Bidding Documents, which are not responsive to the technical specifications as set forth in the Bidding Documents. The Bidding Documents, which are rejected will not be taken into consideration for the next stage.

C. Financial Evaluation

This is examination and evaluation of price lists of the Bidding Documents, which are valid and responsive to the technical specifications. Regarding the Financial Evaluation.

The BEC shall:

- Examine the accuracy of arithmetic carefully in order to ensure the unit number, unit price, total price of each item of works, which is the product of multiplying quantity and unit price. The grand total price is the sum of total price of each item of materials;

- Examine and verify the grand total price in number and the grand total price in words.

D. Correction of Mathematic Error

- If the unit price is in decimal number and point signal is put at wrong place, the total price of each item of materials shall be official price;

- If the total price of each item of materials is different from the unit price multiplied by the unit number, the unit price shall be used as an official price for calculation;

- If the grand total price is different from the sum of total price of each item of materials, the total price of each item of materials will be used as an official price for calculation for grand total price;

- If the grand total price in number is different from the grand total price in words, the grand total price in words or in number which is accurate according to the calculation shall be the grand total price officially used for bid shopping;

- The bidder shall accept the correction of arithmetic of the BEC.

E. Examination of Conspiracy

The BEC shall examine any irregular case of the Bidding Documents whether there is any conspiracy between the bidders, and whether the price set forth by each supplier might have any point showing the conspiracy.

F. Post Qualification Examination

The Institution carrying out the Procurement shall determine whether the selected bidder who has submitted the Bidding Document which is the most responsive with the lowest and the most affordable price is properly qualified for implementing the contract. Focus on ability of the supplier in successfully implementing the contract based on qualifications specified in the Bidding Documents, including level of experience in supplying, accuracy of Power of Attorney for Supplying, level of being responsive to the financial capability, which has been set. The bidder who has set the lowest price and is responsive to the conditions of the Request for Bidding will be taken into consideration in the last step of the evaluation. In case of being not responsive, the Institution carrying out the Procurement shall continue to examine the Bidding Document with the next lowest price in order to determine the similarity of bidders in properly implementing the contract.

The BEC shall prepare and send a report on evaluation of those Bidding Documents to be submitted to the POC/PRC for examination and final decision. The POC/PRC shall organize a close door meeting for evaluating the Report on Evaluation of the Shopping Documents and making final decision. After completing the evaluation of the Shopping Document, the POC/PRC shall arrange the preparation of Minutes of Meeting on evaluation of Report on Evaluation of the Shopping Documents and have it signed by all members of the POC/PRC who are present in the meeting.

9. Contract Award

The BEC shall agree with the result of bid shopping based on final decision, which has been made by the POC/PRC. The BEC shall not be entitled to change decision made by the POC/PRC. The Procurement Officer shall prepare a Notification of Contract Award (Form 13) to the winner of the bidding and submit it to the Head of Institution (such as Head of Secretariat) for examination, decision and tendering signature, the Procurement Officer shall send the said Notification to the winner of the bidding and photocopy it to be sent to all losers of the bidding and give a period of 7 (working) days in order for the losers to complain against the result of the bidding. Should there be no complaint, tendering signature on the contract can be carried out within seven (7) working days after the issue of the Notification of Decision on Contract Award and during the period of validity of the Bidding Document. Should there be any complaint, tendering signature on the contract can be carried out only if the complaint has already been solved and during the period of validity of the Bidding Document.

10. Entering into Contract

Within 7 (working) days after the issue of the Notification of Decision on Contract Award, and should there be no complaint or after all complaints have been solved, the Procurement Officer shall prepare contract document and submit to Head of Institution (such as Head of Secretariat) for signature then send it to supplier for tendering signature.

In general, the contract includes the following main points:

- Date of contract;
- Name and address of buyer;
- Name and address of supplier;
- Brief description of goods or service;
- Total price of the contract in number and in words;
- Annex of contract; and
- Use of contract document.

11. Report on Progress

Before making payment in installment as stated in the contract, the contractor shall prepare a report on progress of repairing work or construction to be submitted to the POC/PRC. The POC/PRC shall arrange Verifying Officer for inspecting works of contractor to ensure that they are in proper accordance with the detailed technical information, drawings and work plans as stated in the contract. The Report on Progress shall consist of sufficient and specific information with signatures from the contractor and the Verifying Officer.

12. Management and Implementation of the Contract

The POC/PRC shall arrange the management and monitoring of implementation of the contract in order to ensure that the implementation of the contract is carried out in proper accordance with conditions as stated in the contract. The monitoring of implementation of the contract shall be carried out on a regular basis, especially at important technical stages during the contract implementation. The contractor shall be obliged to comply with conditions stated in the contract. The civil works shall be carried out according to timeframe, drawings, quantities, detailed information and places as stated in the conditions of the contract.

13. Preparation of Payment Documents

When the repairing or construction works have been carried out in proper accordance with the contract, Report on Program or Report on Conclusion of Repairing or Construction Works have been attached, with examination and approval from the Verifying Officer, the Procurement Officer shall prepare payment documents, including:

- Request for Repairing or Construction;
- Request for Procurement;
- List of Delivery and Receipt of Requests for Quotations;
- Minutes of Meeting on Opening the Requests for Quotations and Attendance List;
- Table of Opening the Requests for Quotations;
- Table of Analysis of Quotations;
- Minutes of Meeting of the POC/PRC and Attendance List;
- The Declaration on Code of Ethics of the POC/PRC/BEC;
- Contract;
- Report on Progress;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

14. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.10.1.3. Procurement of Civil Works costs more than 100,000 USD to equal 1,000,000 USD

A. Method

Procurement of Civil Works, which costs more than 100,000 USD to equal 1,000,000 USD shall use the Method of National Competitive Bidding with Announcement for 30 days.

B. Procurement Process

1. Preparation of Request for Repairing or Construction Work

When there are needs for repairing or construction works, the Requesting Officer/Party shall prepare a request for repairing or construction works to be submitted to the Verifying Officer for examination and provision of authorization. The request for repairing or construction works shall specify places, quantities, drawings, unit prices and total prices (Bill of Quantities) (Form 14).

2. Request for Procurement

After having received an authorization, the Procurement Officer shall prepare a Request for Procurement (Form 2) by consulting with the Finance Officer regarding the column of budget and availability of budget for covering the procurement work. The Procurement Officer shall tender signature on the Request for Procurement then submit it to the Head of Institution (such as Head of Secretariat) for signature.

3. Preparation of Bidding Documents

After having received an authorization from the Head of Institution (such as Head of Secretariat) on the request for repair and construction works and the Request for Procurement, the Procurement Officer shall prepare Bidding Documents (Annex 4) specifying detailed technical information, drawings, quantity, place, date and time of delivery, date of stop receiving the request for quotation and attaching with Statement on Ethical Conduct related to Prohibited Practices (Form 7) to be submitted to the POC/PRC for examination and approval and announcement. Before examining and approving, the POC/PRC/BEC shall tender signature on Declaration on Code of Ethics (Form 16).

Preparation of Shopping Documents shall be attached with following documents:

- Invitation to Bid;
- Instruction to Bidder;
- Conditions of Contract for Civil Works;
- Bill of Quantities;
- Drawings and Technical Specifications;
- Statement on Ethical Conduct related to Prohibited Practices;
- Form of Bid;
- Activity Schedule;
- Form of Contract Agreement; and
- Bid and Performance Securing Declaration.

4. Notification of Bid Shopping

After the Bidding Documents have already been approved by the POC/PRC, the Procurement Officer shall prepare an announcement of the notification of these Shopping Documents on national press on at least one volume of two different newspapers within 30 days prior to the Meeting on Opening the Shopping Documents. The newspapers, which should be selected are national newspapers which are popular for a period of at least 2 years.

5. Receipt of Bidding Documents

Between the date of notification and the expiration date of submitting the Shopping Documents, the contractors can come to receive the Shopping Documents from the Procurement Officer at every working hour. In case the contractors come to take less than three Shopping Documents from the date of notification until the expiration date of receipt of Shopping Documents, the Procurement Officer shall prepare the re-announcement of submission of the Shopping Documents on page of newspapers for the second time within a period of another one week. In the meantime, the Procurement Officer shall give notice of delay of expiration date of receipt of Shopping Documents to the contractors who have come to receive the document already. The Procurement Officer shall prepare a List of Delivery of Bidding Documents (Form 5), which has been delivered to bidders. The bidders who are interested in it shall submit a Letter of Request for Shopping Documents from the Procurement Officer then they can receive the Shopping Documents.

6. Fill up and Submission of Bidding Documents

I. Fill up of Bidding Documents

After having received the Shopping Documents, the bidders shall fill out information on the Shopping Documents as follows:

- Request for Participation in Bid Shopping (Form of Bid);
- Bill of Quantities;
- Activity Schedule;
- Bid and Performance Securing Declaration;
- Statement on Ethical Conduct related to Prohibited Practices;
- The bidders shall tender signature or put stamp of acknowledgment on drawings and detailed technical specifications, and
- Letter of Security Deposit for Implementation (Bid Security/Bank Guarantee).

The bidders shall prepare and fill out the Shopping Documents in compliance with instruction in Shopping Documents provided by any institution carrying out procurement.

II. Submission of Bidding Documents

The contractor shall read and tender signature on the Statement on Ethical Conduct related to Prohibited Practices attached with Shopping Documents. After that, photocopy valid Patent and Certificate of Incorporation and photocopy various documents in order to certify the qualification of used to implement at least two contracts of similar type of goods and services within the last three years, which had total price of at least 75% of the price set forth in the Shopping Documents and used to implement contract within the last two years with total price of at least 1.5 time of the price set forth in the Shopping Documents, and the proposed manager shall have at least 3-year experiences in managing works whose scales and work types are similar to those stated in the Shopping Documents and has held the position of Manager for at least 1 year then put into an envelope with the Shopping Documents and return the Shopping Documents to the Officer in charge of Procurement by or on the deadline. In case the contractor fails to fill out the Shopping Documents and attaches sufficient documents (as listed above), the stated Shopping Documents will be considered as invalid. Any contractors who fail to abide by the Statement on Ethical Conduct related to Prohibited Practices will not be authorized to participate in the bidding of all procurements of NCDD throughout Cambodia for a period of 3 years. The Procurement Officer shall prepare a list of getting back Shopping Documents from the contractor (Form 6).

7. Opening of Bidding Documents

At the expiration of the deadline of receipt of the Shopping Documents, the POC/PRC shall organize a public meeting for opening the Shopping Documents. During the Meeting on Opening the Shopping Documents, the POC/PRC shall declare the expiration of submitting those Shopping Documents and declare the cease of accepting any other Shopping Document. The Shopping Documents, which arrives late will not be accepted. The contractors or their representatives can participate in the Meeting on Opening that Shopping Documents. Process of opening the Shopping Documents can be valid only if there are at least three participating Shopping Documents, which are filled out and delivered by different contractors.

In case there are not enough bidders in form of at least three Shopping Documents, after the announcement of delay of receipt of Shopping Documents, the POC/PRC can open the Shopping Documents. In the Meeting on Opening the Shopping Documents, firstly the POC/PRC shall examine good quality of the envelope in order to ensure the confidentiality of the document inside that envelope and then open envelopes of the Shopping Documents one by one and read names of contractors and the prices stated on the Shopping Documents and record them on a whiteboard or a flipchart.

The POC/PRC shall prepare Table of Opening the Shopping Documents by recording the names of contractors, total price, grand total price, quantity, discount, Value-added Tax (VAT) and relevant documents attached therewith into the Table of Opening the Shopping Documents (Form 9). The Table of Opening the Shopping Documents shall be signed by the POC/PRC and

representatives of contractors who are in attendance in order to certify the acknowledgement of their documents and prices, then it will be photocopied and distributed to all contractors.

The POC/PRC shall tender initials on pages of original documents of the Shopping Documents, including the followings:

- Request for Bid Shopping;
- Bill of Quantities;
- Activity Schedule;
- Bid and Performance Securing Declaration; and
- Drawings and Technical Specification.

After that, the POC/PRC shall declare the conclusion of the process of opening Shopping Documents should there be no additional question from the participants and declare that the result of evaluation will be notified to all contractors after completing the evaluation. The Procurement Officer shall prepare Minutes of Meeting on Opening the Shopping Documents attached with an attendance list.

8. Evaluation of Bidding Documents

The BEC organize a close door meeting for evaluating the Requests for Quotations. All members of the Committee for Evaluating Procurement Documents shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Requests for Quotations. The process of evaluation shall examine detailed technical information (responsiveness of detailed technical information which has been set) and having low price by preparing a Table of Comparison and Analysis of Prices of the Requests for Quotations (Form 11). The contractor who has been selected and considered as the 1st rank is the contractor who has submitted the Request for Quotation at the lowest and most affordable price and is in proper accordance with detailed technical information, drawings and quantity.

The BEC shall tender signature on the Table of Comparison and Analysis of Prices of the Requests for Quotations and send it to the POC/PRC. The POC/PRC shall organize a close door meeting in order to evaluate the Table of Comparison and Analysis of Prices of the Requests for Quotations by examining the procedures and technical specifications. At the end of the meeting, the POC/PRC shall prepare Minutes of Meeting on Evaluation of the Table of Comparison and Analysis of Prices of the Requests for Quotations by providing final decision regarding award, and all members of the POC/PRC who are present in the meeting shall tender signatures on the stated minutes. See below explanation of whole procedure.

A. Preliminary Examination of Bid

Preliminary Examination of Bid is to determine whether the Bidding Documents are valid or invalid. The Invalid Bidding Documents are incomplete Bidding Documents or do not sufficiently respond to the determinations of the Bidding Documents, and these Bidding Documents will not be taken into consideration for the next stage. The Valid Bidding Documents are Bidding Documents, which respond to the needs and comply with necessary conditions, including the followings:

- **Verification:** is the examination of period of validity of the Bidding Documents and Bid Submission Form, and whether they are properly signed by authorized representatives of the suppliers. Should there be a right transfer, a power of attorney shall be attached therewith.
- **Legality (Eligible):** is the examination of legality of business of the bidders whether there is a legal business authorization. Should the bidders be Joint Venture, they shall examine the Agreement on Joint Venture with signatures of all parties. The bidders are not listed in a Blacklist (list of prohibition from participating in bidding decided by NCDD, Ministry of Economy and Finance and/or Development Partners). Should the company do not possess a legal business Authorization or should it be listed in the said Blacklist, the Bidding Documents will be rejected.

- **Bid Securing Declaration:** The BEC shall examine whether the suppliers have attached Bid Securing Declaration with the Bidding Documents. Content of the declaration shall comply with conditions as set forth in the instruction stated in the Bidding Documents. Should the bidders fail to attach this declaration or a photocopied one, the Bidding Documents will be rejected.
- **Completeness of Bid:** is the examination whether the Bidding Documents have completely been prepared in accordance with requirements of instruction as set forth in the Bidding Documents. The Bidding Documents which are not completely prepared according to the instruction of the Bidding Documents will be rejected.
- **Substantially Responsive:** is the verification of being responsive to important points of the General and Special Conditions of the Contract; in case there is any discrepancy between the Bidding Documents and General and Special Conditions of the Contract, the Bidding Documents will be rejected.

Should the Bidding Documents fail to comply with any condition as mentioned above, the documents will not be taken into consideration for the next evaluation.

B. Technical Evaluation

This is the determination that the Bidding Documents are responsive to the technical specifications as set forth in the Bidding Documents.

The **BEC** shall:

- Examine and evaluate all valid Bidding Documents regarding the responsiveness in terms of technical specifications to the Bidding Documents;
- Reject the Bidding Documents, which are not responsive to the technical specifications as set forth in the Bidding Documents. The Bidding Documents, which are rejected will not be taken into consideration for the next stage.

C. Financial Evaluation

This is examination and evaluation of price lists of the Bidding Documents, which are valid and responsive to the technical specifications. Regarding the Financial Evaluation.

The **BEC** shall:

- Examine the accuracy of arithmetic carefully in order to ensure the unit number, unit price, total price of each item of works, which is the product of multiplying quantity and unit price. The grand total price is the sum of total price of each item of materials;
- Examine and verify the grand total price in number and the grand total price in words

D. Correction of Mathematic Error

- If the unit price is in decimal number and point signal is put at wrong place, the total price of each item of materials shall be official price;
- If the total price of each item of materials is different from the unit price multiplied by the unit number, the unit price shall be used as an official price for calculation;
- If the grand total price is different from the sum of total price of each item of materials, the total price of each item of materials will be used as an official price for calculation for grand total price;
- If the grand total price in number is different from the grand total price in words, the grand total price in words or in number which is accurate according to the calculation shall be the grand total price officially used for bid shopping;
- The bidder shall accept the correction of arithmetic of the BEC.

E. Examination of Conspiracy

The BEC shall examine any irregular case of the Bidding Documents whether there is any conspiracy between the bidders, and whether the price set forth by each supplier might have any point showing the conspiracy.

F. Post Qualification Examination

The Institution carrying out the Procurement shall determine whether the selected bidder who has submitted the Bidding Document which is the most responsive with the lowest and the most affordable price is properly qualified for implementing the contract. Focus on ability of the supplier in successfully implementing the contract based on qualifications specified in the Bidding Documents, including level of experience in supplying, accuracy of Power of Attorney for Supplying, level of being responsive to the financial capability, which has been set. The bidder who has set the lowest price and is responsive to the conditions of the Request for Bidding will be taken into consideration in the last step of the evaluation. In case of being not responsive, the Institution carrying out the Procurement shall continue to examine the Bidding Document with the next lowest price in order to determine the similarity of bidders in properly implementing the contract.

The BEC shall prepare and send a report on evaluation of those Bidding Documents to be submitted to the POC/PRC for examination and decision. The POC/PRC shall organize a close door meeting for evaluating the Report on Evaluation of the Shopping Documents and making final decision. After completing the evaluation of the Shopping Document, the POC/PRC shall arrange the preparation of Minutes of Meeting on evaluation of Report on Evaluation of the Shopping Documents and have it signed by all members of the POC/PRC who are present in the meeting.

9. Contract Award

The BEC shall agree with the result of bid shopping based on final decision, which has been made by the POC/PRC. The BEC shall not be entitled to change decision made by the POC/PRC. The Procurement Officer shall prepare a Notification of Contract Award (Form 13) to the winner of the bidding and submit it to the Head of Institution (such as Head of Secretariat) for examination, decision and tendering signature, the Procurement Officer shall send the said Notification to the winner of the bidding and photocopy it to be sent to all losers of the bidding and give a period of 7 (working) days in order for the losers to complain against the result of the bidding. Should there be no complaint, tendering signature on the contract can be carried out within seven (7) working days after the issue of the Notification of Decision on Contract Award and during the period of validity of the Bidding Document. Should there be any complaint, tendering signature on the contract can be carried out only if the complaint has already been solved and during the period of validity of the Bidding Document.

10. Entering into Contract

Within 7 (working) days after the issue of the Notification of Decision on Contract Award, and should there be no complaint or after all complaints have been solved, the Procurement Officer shall prepare contract document and submit to Head of Institution (such as Head of Secretariat) for signature then send it to the supplier for tendering signature.

In general, the contract includes the following main points:

- Date of contract;
- Name and address of buyer;
- Name and address of supplier;
- Brief description of goods or service;
- Total price of the contract in number and in words;
- Annex of contract; and

- Use of contract document.

11. Report on Progress

Before making payment in installment as stated in the contract, the contractor shall prepare a report on progress of repairing work or construction to be submitted to the POC/PRC. The POC/PRC shall arrange Verifying Officer for inspecting works of contractor to ensure that they are in proper accordance with the detailed technical information, drawings and work plans as stated in the contract. The Report on Progress shall consist of sufficient and specific information with signatures from the contractor and the Verifying Officer.

12. Management and Implementation of the Contract

The POC/PRC shall arrange the management and monitoring of implementation of the contract in order to ensure that the implementation of the contract is carried out in proper accordance with conditions as stated in the contract. The monitoring of implementation of the contract shall be carried out on a regular basis, especially at important technical stages during the contract implementation. The contractor shall be obliged to comply with conditions stated in the contract. The civil works shall be carried out according to timeframe, drawings, quantities, detailed information and places as stated in the conditions of the contract.

13. Preparation of Payment Documents

When the repairing or construction works have been carried out in proper accordance with the contract, Report on Program or Report on Conclusion of Repairing or Construction Works have been attached, with examination and approval from the Verifying Officer, the Procurement Officer shall prepare payment documents, including:

- Request for Repairing or Construction;
- Request for Procurement;
- List of Delivery and Receipt of Requests for Quotations;
- Minutes of Meeting on Opening the Requests for Quotations and Attendance List;
- Table of Opening the Requests for Quotations;
- Table of Analysis of Quotations;
- Minutes of Meeting of the POC/PRC and Attendance List;
- The Declaration on Code of Ethics of the POC/PRC/BEC;
- Contract;
- Report on Progress;
- Original invoice; and
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents.

14. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.10.1.4. Procurement of Civil Works costs more than 1,000,000 USD

A. Method

Procurement of Civil Works costs more than 1,000,000 USD shall use the Method of International Competitive Bidding with Announcement for 30 days.

B. Procurement Process

ICB is the preferred method of procurement, as it will provide users a wide range of choices from competing contractors and potential contractors adequate, fair and equal opportunity for the works being procured.

International Competitive Bidding (ICB) is advertised both nationally and internationally and is open to all who purchase the bidding document (civil works contractors registration is not a pre-condition to bidding but may be to contract award).

The ICB process is fully described in a step-by-step guide issued by the respective DP. When ICB method is to be used some DPs may require that their standard bidding documents are also used.

1.10.1.5. Direct Contracting for Procurement of Civil Works

This direct contracting shall always require the DP's prior no objection and should be used as little as possible as it does not provide for either transparency or competition. A single contractor is contacted for an offer and a contract negotiated based on that offer.

Direct Contracting is the only procurement method for works where negotiations on price are permitted. It may be suitable for use when the works to be procured are a natural continuation of a completed or ongoing contract or in exceptional cases such as in response to a natural disaster.

1.10.2. A Summary Table of Procurement of Civil Works

Procurement Methods	Scale of Money	Procurement Process
Written Quotation	<ul style="list-style-type: none"> • Up to USD 25,000 	<ul style="list-style-type: none"> • Prepare request for repair or construction Verified, Certified and Approved by Officers, • Request for Procurement; • Prepare requests for quotations and deliver it to contractors of at least 3 different places; • List of Delivery and Receipt of Requests for Quotation; • The POC/PRC holds a meeting for opening the Requests for Quotations, • Attendance List and Meeting Minutes; • BEC Evaluating Procurement Documents and submits report to POC/PRC for final decision; • Prepare contract (construction plan of the contractor, change, drawings, payment schedule, etc.), • Head of Institution signs contract, • Implement contract, report on progress of each step; • Prepare payment document according to each step.
Shopping with Announcement for 15 days	<ul style="list-style-type: none"> • More than USD 25,000 up to USD 100,000 	<ul style="list-style-type: none"> • Prepare request for repair or construction Verified, Certified and Approved by Officers,

		<ul style="list-style-type: none"> • Request for Procurement; • Prepare Shopping Documents by Officer in charge of Procurement then submit it to the POC/PRC for approval; • Prepare announcement at least 15 days prior to the expiration of receipt of the Shopping Documents; • Prepare Name List of Contractors who have Received and Delivered the Shopping Documents; • Hold a public meeting for opening the Shopping Documents; • Attendance List and Minutes of Meeting, • BEC Evaluating Procurement Documents and submits report to POC/PRC for final decision; • Prepare and enter into contract (including construction plan of the contractor, change, drawings, payment schedule, Performance Security Deposit, etc.); • Head of Institution signs contract, • Implement contract, report on progress of each step; • Prepare payment document according to each step.
National Competitive Bidding (Announcement for 30 days)	<ul style="list-style-type: none"> • More than USD 100,000 up to 1,000,000 	<ul style="list-style-type: none"> • Prepare request for repair or construction Verified, Certified and Approved by Officers, • Request for Procurement; • Prepare Bidding Documents by Officer in charge of Procurement then submit it to the POC/PRC for approval; • Prepare announcement at least 30 days prior to the expiration of receipt of the Bidding Documents; • Prepare Name List of Contractors who have Received and Delivered the Bidding Documents; • Hold a public meeting for opening the Bidding Documents; • Attendance List and Minutes of Meeting, • BEC Evaluating Procurement Documents and submits report to POC/PRC for final decision; • Prepare and enter into contract (including construction plan of the contractor, change, drawings, payment schedule, Performance Security Deposit, etc.); • Head of Institution signs contract, • Implement contract, report on progress

		of each step; • Prepare payment document according to each step..
International Competitive Bidding	• More than USD 1,000,000	• Advertise both national and international and open to all interested. • The process is fully described step by step in guides published by the DPs. • The standard bidding documents of the DPs must also be used. • The standard bidding documents available on DP web/page.
Direct Contracting	• No Limit	• Always requires no objection first from DP and procurement review committee. • Direct contracting and negotiations on price are permitted.

1.10.3. Contract Termination

The buyer shall be entitled to terminate the contract in the following cases:

- The contractor abandons work or fails to comply with instruction of the employer or fail to start work quickly and on time or still violate the contract though a written complaint has been filed, the buyer shall give notice by specifying mistakes according to articles of the contract;
- The contractor fails to seek any solution after the employer has given notice for second time (the first-time notice is given within 14 days, and the second-time notice is given within 21 days);
- The contractor is bankrupt;
- The contractor shall be entitled to terminate the contract in case the employer fails to make payment in accordance with the contract;
- Reason of force majeure.

1.10.4. Payments upon Termination of Contract

- If the contract is terminated due to any mistake or bankruptcy of the contractor, the buyer shall be entitled to receive an amount equivalent to 10% of price of unimplemented works on the date the contract is terminated;
- If the contract is terminated due to any mistake of the buyer, the contractor shall be entitled to receive the expense incurred for work termination and removal together with an amount equivalent to 10% of price of unimplemented works on the date the contract is terminated;
- If the contract is terminated due to force majeure, the contractor shall be entitled to receive payment of the outstanding amount of price for works, which have been delivered and price of material and machinery, which have been transported into the site deducted the amount owed to the buyer, such as the advance payment.

1.10.5. Modification to Contract

Modification to contract might be necessary due to change of implementation. During the implementation of the Contract on Civil Works, it is frequently required to solve some changes and leads to modification to the contract in order to ensure that the civil works will be completed smoothly. Change of civil works might impact and lead to modification to payment schedule.

1.10.6. Preparation of Technical Specifications of Civil Works

Setting technical specifications is a part of Bidding Documents that specify the detail of goods and services, which are preferred by the institution carrying out procurement. Setting technical specifications shall be prepared clearly in order to attract wide range of competition. When setting technical specifications with complicate technical skill, the Technical Consultant or Consultant shall bear responsibility for preparing the technical specifications. In case of being incapable of preparing those technical specifications, the institution carrying out procurement shall consider hiring a Consulting Company or any Technical Consultant to help draft the said technical specifications, of which that consultant shall help give comment on technical specifications until the evaluation.

When preparing technical specifications, they shall pay attentions to some points as follows:

- A) Completeness of Technical Specifications shall include the following information:
 - Description of duration of using each item of construction materials;
 - Preferred quality of construction materials; and
 - Description of all necessary conditions of construction or repair works.
- B) Clarity: Technical specifications must be clear and accurate in order for the bidders to respond properly and certainly to the needs, which are preferred by the institution carrying out procurement.
- C) Competition: In preparation of the technical specifications, they shall be careful and do not let affect the competition. In case of bidding by competition, the technical specifications shall be prepared with wide-range competition.
- D) Specification of logo and trade name, should avoid specifying the logo, code number, catalogue or similar classification, which affect the competition. Should there be no other alternatives in order to make the Table of Technical Specifications complete, shall use word (or equally or similarly) instead. When the Table of Technical Specifications has specified the logo or trade name in the bidding documents, shall specify that the buyer will accept construction materials with similar conditions and with quality similar to the preferred construction.
- E) The Table of Technical Specifications shall state that all goods or raw materials shall be new and not yet used or are newly released samples.

1.10.7. Use of Standard

Standard has been used particularly in the Contract on Civil Works. When using standard, the technical specifications shall clearly state the standard requirement, such as standard of territory, standard of raw materials and standard of implementation of work. In general, meter is a basic unit for measurement. The acceptable standard is standard which has been recognized internationally, such as various standards issued by the International Organization for Standardization (ISO).

1.10.8. Construction Work Plan of the Contractor

The contractor who wins the bidding shall prepare a construction work plan which shows the following information:

- Name of subcontractor and part of responsibility of that subcontractor;
- Commencement date of contract implementation;
- Date that the contractor shall start implementing the civil works of each part;
- Date that the contractor shall complete the civil works of each part;
- Date that the contractor shall complete the entire civil works; and
- Various methods for preventing the impact to environment by the contractor while carrying out the civil works.

1.10.9. Modification to Drawings and Quantities after Bidding before Entering into Contract

The contractor and the POC/PRC can negotiate with one another in order to make a bid change of any part of the construction drawings or work quantities to be carried out. Change of price of the contract shall be based on each rate listed in the Request for Bidding or shall be in proportion to the change of work quantities. The contractor and the POC/PRC can negotiate for no more than 10% of the Price of the Winning Bidding. When there is an agreement on any modification, the POC/PRC shall arrange preparation of final edited drawings, which show the part to be constructed.

1.11. Procedures for Implementing Methods for Procurement of Consulting Services

The consultant can be selected for providing specialized services for management of project of implementing important contracts or providing skillful comments regarding the works of institutional improvement or Capacity Building. The consultant can be a company or an individual. The consulting company will be selected when the institution carrying out procurement is in need of many consulting services which are related to one another at the same time. The recruitment of consulting company is based on Technical Proposal and Financial Proposal of each consulting company. The individual consultant will be selected when the institution does not need a group of consultants. The Procurement of Consulting Services focuses on quality more than price (though frequently price is still an important factor).

1.11.1. Methods for Procurement

1.11.1.1. Quality Based Selection – QBS

A. Method

Method of Quality Based Selection does not limit the amount of money. This method is used for selection of consulting company only by mainly considering on quality during the selection process. This method is used when the institution carrying out procurement is in need of mixed consultants from different categories which are related to one another at the same time and mainly focuses on technical level of those services.

This method is implemented for the following types of works:

- Work with senior of complicate specialized skill or innovation, such as study on country economy, study on multisectoral project, making master plan of the city, reform of financial sector;
- Work with high impact and requires special skills, such as study on major policies of the country and study on management of government institutions;
- Providing consulting on management of study on policy in any sector, of which the service fee depends on quality of analysis.

B. Procurement Process

1. Preparation of Request for Selection of Consultant

When there is a need for consulting service, the Requesting Officer/Party shall prepare a Request for Selection of Consultant to be submitted to the Head of Institution (such as Head of Secretariat) for examination and provision of authorization. The Request for Selection of Consultant shall clearly specify Terms of Reference of consultant and estimated price for works of consulting services.

2. Request for Procurement

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. Announcement of Notification of Selection of Consulting Services

Having received authorizations on the Request for Selection of Consultant and the Request for Procurement from the Head of Institution, Procurement Officer shall prepare an announcement of the Notification of Selection of Consulting Services on page of national press on at least one volume of two different newspapers within a period of at least 15 days. In case of selection of international consultant, it must be advertised on foreign website as well. The newspapers and website which should be selected are newspapers and website which are popular for a period of at least 2 years. In the meantime, the Procurement Officer shall post the Notification of Selection of Consulting Services and Terms of Reference (TOR) on the Website of NCDD in order to provide detailed information to the consultants who are interested in it.

4. Preparation of Expressions of Interest – EOI

Between the time of announcement and the expiration of receiving the application, the consultants who are interested in it might request the Terms of Reference from the Officer in charge of Procurement at every working hour or simply by downloading Terms of Reference from the website.

The consultants prepare the Expressions of Interest by:

- Being in response to the Terms of Reference and specifying the methods for implementation of work;
- Describing information of the company: Type of company, advantages, experiences, specific works of the company, management capacity and technical capacity;
- Showing name of institutions or units whom they used to provide these kinds of services, and
- Other information, if necessary.

5. Submission and Receipt of Expressions of Interest

After the preparation of the Expressions of Interest, the consultant shall send the Expressions of Interest through email or directly submit it to the Procurement Officer by or on the date of expiration of receipt of application. The authorized consultants shall submit the Expressions of Interest attaching with the following documents:

- Certificate of Incorporation;
- Copy of valid patent; and
- In case of joint venture, shall attach Agreement of Joint Venture with signatures of all parties.

The Procurement Officer shall receive the Expressions of Interest for Consulting Services (EOI) from the date of receipt of the Expressions of Interest to the expiration date of receipt of the Expressions of Interest. In case of receiving less than six (6) Expressions of Interest on the expiration date of receipt of the Expressions of Interest, the Procurement Officer shall prepare announcement for the second time on page of newspapers regarding the Submission of the

Expressions of Interest for another one week. The Procurement Officer shall also prepare posting the Submission of the Expressions of Interest on website during this period of time.

6. Letter of Expressions of Interest Assessment

On the expiration date of receipt of Expressions of Interest, the BEC by consulting with POC/PRC shall determine criteria for evaluation of Expressions of Interest of consultants based on Terms of Reference and prepare a table of scoring in accordance with each criterion. The maximum total score for evaluation of all criteria is 100. Final total score of evaluating each consultant is the result of aggregating total scores of evaluations from all members of the Committee for Evaluating Consulting Services divided by the number of evaluators. In general, a qualified consultant will receive final total score of evaluation from 75 scores or over, and he/she will be invited to submit a Technical and Financial Proposals. The valid evaluation result shall have at least three passed Expressions of Interest. In case that there is not enough qualified EOI, the POC/PRC shall arrange preparation of revision of Terms of Reference with support from Technical Officer; after that, they shall arrange a re-announcement. All members of the BEC shall tender signature on the Declaration on Code of Ethics (Form 16) before starting the process of evaluating the Expressions of Interest. Evaluation process is valid only if there are at least six Expressions of Interest submitted by different consultants. In case that there is not enough qualified EOI after the re-announcement of delay of submission of Expressions of Interest, the BEC evaluate the Expressions of Interest.

The Procurement Officer shall copy Expressions of Interest of all consultants and table of score and distribute them to each member of the BEC for evaluation. The Chairperson of the BEC shall set time for collecting the result of evaluation from each member. In general, the evaluation of the Expressions of Interest of consultants does not take more than 1 week. The Evaluation of the Expressions of Interest of Consultants is done independently, meaning that during evaluation, the evaluators cannot discuss with one another regarding the Expressions of Interest of each consultant in order to avoid bias on their personal opinions. After all evaluators have completed evaluation, the Chairperson of the BEC shall collect all tables of score and hold a meeting with all evaluators. In the Meeting on Evaluation, each evaluator shall show his/her evaluation and shall not be entitled to change the score. In case of very high or very low score, the evaluator is required to give proper reason. The Procurement Officer shall prepare a Report on Evaluation of the Expressions of Interest by classifying the rank of each Expressions of Interest based on the said final total score with signature from the BEC then submit it to the POR/PRC to hold a meeting for examination and final decision.

The POR/PRC shall hold a meeting for evaluating the Report on Evaluation of Expressions of Interest. All members of POR/PRC shall tender signatures on Declaration on Code of Ethics (Form 16) before starting evaluating Report on Evaluation of Expressions of Interest. Upon the conclusion of the Meeting on Evaluation of the Report on Evaluation of Expressions of Interest, the POR/PRC shall prepare Minutes of Meeting on Evaluation of Report on Evaluation of Expressions of Interest with signatures of all member of the POR/PRC who are present in the meeting.

7. Preparation of Invitation for Submission of Technical and Financial Prop.

After having received an approval from the POR/PRC on the Report on Evaluation of Expressions of Interest of consultants, the Procurement Officer shall prepare an Invitation for Submission of Technical and Financial Proposals being attached with the Documents of Technical and Financial Proposals (Form 5) and submit them to the POR/PRC for examination and approval of documents. The POR/PRC shall set the time for filling out the proposals. In general, it takes at least three weeks. After which, Procurement Officer shall send Documents of Technical and Financial Proposals to all consultants who have been evaluated as being qualified according to the above conditions.

Preparation of Documents of Technical and Financial Proposals includes following:

- Invitation for Submission of Proposal;

- Instruction for Submission of Proposal;
- Database of Technical Proposal;
- Sample of Form of Contract for Consulting Services;
- Terms of Reference;
- Form of Technical Proposal;
- Form of Financial Proposal; and
- Financial Negotiation.

8. Fill up and Submission of Technical and Financial Proposal

After having received the Documents of Technical and Financial Proposals, the consultants shall fill out the following information in the forms:

A. Technical Proposal

- Submission of Technical Proposal;
- Statement of Work Experience of the Consultants;
- Description of Methods and Work Plan for Implementation of Work;
- Provision of Comments and Suggestions of the Consultants on Terms of Reference; Data of Services, Materials and Equipment;
- Schedule of Skilled Staff Members;
- Biographical Data of Consultant;

B. Financial Proposal

- Form of Submission of Financial Proposal;
- Form of Price summary;
- Form of Detailed Price for Each Activity;
- Detailed Remuneration for Each Activity;
- Reimbursable Expenses for Each Activity;
- Other various expenses;
- Declaration of Code of Conduct.

The consultants shall complete proposal preparation and submit it to Procurement Officer within at least 21 days after receiving the invitation for technical and financial proposal. Within the period, the consultants may make a request for the confirmation on the information provided in proposal via email or written letter. The Procurement Officer shall provide a written notice or email on any changes made in the technical and financial proposals to all consultants. The technical and financial proposals shall be at once submitted to Procurement Officer in two different closed envelopes before or at deadline. Electronic file (soft copy) submission is not accepted.

9. Opening of Technical Proposal

The POR/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies (if the representatives participate). The financial proposal is not allowed to be opened in this meeting. The opening of technical proposal can proceed until at least two proposals are submitted; otherwise, the POR/PRC shall extend another week for proposal submission deadline and inform the consultants about the postponement. However, if the submission could not reach the sufficient numbers despite the postponement, the POR/PRC can open the proposal. The

POR/PRC shall ensure that the financial proposal is kept at a safe place, and there's no opening before the technical proposal is completely assessed.

The POR/PRC shall tender initials on the original copy of technical proposal of the followings:

- Technical proposal letter,
- Description of strategy and work plan,
- Curriculum vitae of the consultant,
- Financial proposal envelope.

The POR/PRC shall submit all technical proposals to BEC for evaluation.

10. Technical proposal assessment

The BEC shall evaluate consultant's technical proposal based on criteria determined by the following scores.

- Concrete experience of the consultant (5-10 scores)
- The proposed work plan and strategy in response with the proposed ToR (20-50 scores)
- Qualification and staff ability for implementation of work (30-60 scores)
- Transfer of knowledge (0-10 scores)
- Local engagement (0-10 scores)

The maximum total scores for each technical proposal assessment are 100. The passing scores deriving from the final total proposal assessment score are 75 or above. The BEC shall build the criteria based score chart for evaluating the technical proposal. The Procurement Officer shall copy all consultants' technical proposal and score chart to distribute to each member of the BEC for evaluation. The Chairperson of the BEC shall determine timeframe to collect the assessment outcome of each member. The evaluation of the BEC generally takes at least 1 week but no more than 2 weeks. The consultants' technical proposal evaluation shall be conducted independently.

The assessors shall not discuss the technical proposal of each consultant during the evaluation so as to avoid bias of personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, assessors shall demonstrate their rationale. Procurement Officer have to prepare technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from the BEC and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate technical proposal assessment report. When the meeting is finished, the POR/PRC takes a meeting minute on report evaluation, technical proposal evaluation, and get it signed by members of the POR/PRC that are present in the meeting. In case all the technical proposal assessment outcome achieves lower than 75, the POR/PRC shall review the assessment for any errors or mistakes to be adjusted. The POR/PRC shall revise the terms of reference supported by the technical officers and re-advertise for new recruitment if and when necessary.

11. The opening of financial proposal

After the technical proposal assessment is fully completed, the Procurement Officer shall send a letter to all consultants who received 75 scores or above on technical proposal and invitation for the participation in opening financial proposal of the technical proposal highest-score achiever. The opening of financial proposal date shall fall on at least 2 days after the notification, which could be sent by letters, facsimile, or email. The POR/PRC conduct a meeting to open financial proposal envelope before company representatives. During the opening of financial proposal, the POR/PRC shall confirm the secure place for keeping consultants' financial proposals in closed envelopes. Then open each financial envelope one after another, read

consultant's name, total cost, gross total cost, value-added tax or withholding tax, to be recorded on a board or flipchart. The POR/PRC shall develop a financial proposal opening chart with the records mentioned above for signature by the POR/PRC and representatives who participate in the confirmation of acknowledgement on financial proposal and cost. The chart shall be copied and distributed to the participants

The POR/PRC shall tender a signature on an original copy of the financial proposal of the following:

- Letter of financial proposal,
- Cost summary chart,
- Detailed cost chart in each activity,
- Activity-detailed remuneration chart,
- Reimbursable cost chart of each activity.

Should the participants have no query, the POR/PRC shall declare the completion of financial proposal and assessment outcome to be notified to consultants after completion of assessment. The POR/PRC shall develop a meeting minute of financial opening attached with the attendance list. The POR/PRC submit the financial proposals to the BEC for evaluation.

12. Financial proposal assessment

The BEC conducts a financial proposal assessment meeting to verify match of figures with the technical proposal (staff working schedule, numbers, and period of working visit, and other remuneration, etc.). Meanwhile, the BEC examines the calculation, verifies, and adjusts necessarily cost. In case of no cost description of any important item, the financial proposal is found inaccurate, incomplete, and subject to rejection. The BEC shall open the financial proposal of the company who has the highest score achiever of the next order. The BEC shall make final assessment report describing scores of technical proposal and financial proposal and get it signed by all members and submit it to the POR/PRC for examination and final decision. The POR/PRC shall conduct a final assessment related to report on evaluation. When the meeting is finished, the POR/PRC makes a meeting minute with final decision and get it signed by all members of the POR/PRC who are present in the meeting.

13. Negotiation on Agreement Hand-Over

After the POR/PRC made final assessment report with final decision, the Procurement Officer shall invite consultant obtaining highest scores of technical and financial proposal which was duly examined for negotiation and agreement hand-over. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal. Its basis shall not lead to any change of terms of reference, plan, and strategy included in the original technical proposal. In the event of negotiation failure, the POR/PRC shall invite the highest-score achiever in technical proposal of the next order who is duly examined and has obtained the highest scores of technical and financial proposal which was duly examined for agreement hand-over negotiation. The POR/PRC may continue this practice until it succeeds. If negotiation requires for reduction or increase of financial proposal cost of the consultant proposal in amount of 10%, the POC/PRC shall ask for approval from the Head of Institution agreement has been made. All aspects in negotiation are recorded in minute of each negotiation and shall gain approval from all parties.

1.11.1.2 Quality and Cost Selection (QCBS) Method

A. Method

Quality and Cost Selection Method does not limit the amount of cost and is subject to implementation upon the progress of recruitment of consultative company, which is mainly considered on the consultant's performance quality based on level of technical aspect to be implemented and weigh against the financial proposal.

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. The announcement of consultative service recruitment

Upon obtaining authorization from Head of Institution on consultant recruitment request and procurement request, Procurement Officer shall make public announcement of consultative service recruitment within at least 15 days in at least 1 issue of 2 different local newspapers.

In the event of international consultant recruitment, the announcement may be made through the other foreign newspapers. The recommending newspaper and website for this advertisement shall be popular among readers with 2-year operation. Alongside, Procurement Officer shall post consultative service recruitment announcement and its terms of reference (TOR) on website to provide details to consultants interested.

4. Preparation of Letter of Expressions of Interest (EOI)

Between the period of announcement and the application submission deadline, interested consultants may make a request for terms of reference from the Procurement Officer at every working hour or download it from website.

The consultants shall develop a letter of Expressions of Interest:

- Respond to the terms of reference and demonstrate strategy for implementation of work,
- Describe company profile: company type, advantage, experience, specific scope of company's work, management ability, technical ability,
- Demonstrate name of institution or entity which used to provide this same service, and
- Other necessary information if any.

5. Submission and receipt of Letter of Expressions of Interest

After finishing letter of Expressions of Interest preparation, the consultant shall submit it via email or in hard copy to the Procurement Officer before or by the submission deadline. The entitled consultant shall submit the letter of Expressions of Interest with attachments as follows:

- Certification of Commercial Registration,
- Copy of valid patent certificate,
- As a joint venture, attach Agreement of Joint Venture signed by all parties.

The Procurement Officer shall receive letter of expressions of interest (EOI) of consultative service commencing the starting date of receiving the letter of expressions of interest until its submission deadline. In the event of receiving fewer than 6 letters of expressions of interest at its submission deadline, Procurement Officer shall advertise a second public announcement on newspaper calling for a letter of expressions of interest for another week. Meanwhile, the Procurement Officer shall also post announcement calling for letter of expressions of interest on website.

6. Letter of Expressions of Interest Assessment

At the submission deadline of letter of expressions of interest, BEC shall determine consultants' letter as per expressions of interest against assessment criteria based on terms of reference and development of score chart corresponding to each criteria. The maximum total score of criteria evaluation is 100. The final total scores to evaluate each consultant is the output of evaluation summed scores of the consultative service assessment commission divided by numbers of assessors.

Generally, consultants with proper qualification and receiving the final total scores of 75 or above will be invited for submission of technical and financial proposal. The usable assessment output shall obtain at least three passing letters of expressions of interest. Without 3 passing letters of expressions of interest, the POR/PRC shall revise and adjust terms of reference with the support of the Technical Officer and re-announce it.

All members of the BEC shall sign on the Declaration of Code of Conduct (Form 16) before commencing the assessment on the letter of interest. The valid assessment progress shall obtain at least 6 letters of expressions of interest submitted by different consultants. Without 6 letters after the announcement of call for letters of expressions of interest and after re-advertisement, the BEC can assess those letters of expressions of interest. The Procurement Officer make copy of all consultants' letter of expressions of interest and score chart and distribute them to each member of the BEC for evaluation. The BEC shall determine timeframe to collect evaluation output from each member. The evaluation of letter of expressions of interest usually takes up to 1 week but no more than 2 weeks.

The evaluation of expression of interests shall be independently conducted by BEC; the assessors shall not discuss the consultants' letters of expressions of interest during the evaluation session so as to avoid bias influenced by personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, the assessors shall demonstrate their rationale. Procurement Officer have to develop technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from BEC members and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate letters of expressions of interest and assessment report. All members of the POR/PRC sign on the Declaration of Code of Conduct (Form 16) before assessing letter of expressions on interest and evaluation report. When the meeting is finished, the POR/PRC prepare a meeting minute with final decision on evaluation report and on expressions of interest assessment, and get it signed by all members of the POR/PRC present.

7. Preparation of an invitation to technical proposal and financial proposal

Upon obtaining approval from the POR/PRC on consultants' letters of expressions of interest evaluation report, the Procurement Officer shall prepare an invitation to technical proposal and financial proposal attached with technical proposal and financial proposal document (Appendix 5) and submit it to the POR/PRC for examination and approval. The POR/PRC shall determine duration of the proposal submission. The proposal submission usually lasts for 3 weeks. The Procurement Officer sends technical proposal and financial proposal documents to the qualified assessed consultants.

The preparation of technical proposal and financial proposal documents includes:

- Proposal invitation,
- Proposal instruction,
- Data chart of technical proposal,
- Agreement sample for consultant,

- Terms of reference,
- Technical proposal form,
- Financial proposal form,
- Financial negotiation.

8. Fill-up and submission of technical and financial proposal

After receiving technical and financial proposal document, consultants shall fill out the forms as follows:

A. Technical proposal

- Technical proposal letter,
- Certification of consultant's work experience,
- Description of strategy for implementation of work and plan,
- Consultant's comment and request on terms of reference, service data, and equipment,
- Schedule for skilled staff,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal form,
- Cost summary form,
- Activity-detailed cost form,
- Detailed remuneration in each activity,
- Reimbursable expense in each activity,
- Miscellaneous expenses,
- Declaration of Code of Conduct.

Consultants shall complete the proposal preparation at least within 21 days after receiving an invitation to technical and financial proposal to submit to the procurement officer. Within the period, the consultant may make a request for the confirmation on the information provided in proposal via email or written letter. The Procurement Officer shall provide a written notice or email on any changes made in technical and financial proposals to all the consultants. The technical and financial proposals shall be at once submitted to the Procurement Officer in two different closed envelopes before or by the deadline. Electronic file (soft copy) submission is not accepted.

9. Opening of Technical Proposal

The POR/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies (if the representatives participate). The financial proposal is not allowed to be opened in this meeting. The opening of technical proposal can proceed until at least two proposals are submitted; otherwise, the POR/PRC shall extend another week for proposal submission deadline and inform the consultants about the postponement. However, if the submission could not reach the sufficient numbers despite the postponement, the POR/PRC can open the proposal. The POR/PRC shall ensure that the financial proposal is kept at a safe place, and there's no opening before the technical proposal is completely assessed.

The POR/PRC shall tender initials on the original copy of technical proposal of the followings:

- Technical proposal letter,
- Description of strategy and work plan,

- Curriculum vitae of the consultant,
- Financial proposal envelope.

The POR/PRC shall submit all technical proposals to BEC for evaluation.

10. Technical proposal assessment

The BEC shall evaluate consultants technical proposal based on criteria determined by the following scores.

- Concrete experience of the consultant (5-10 scores)
- The proposed work plan and strategy in response with the proposed ToR (20-50 scores)
- Qualification and staff ability for implementation of work (30-60 scores)
- Transfer of knowledge (0-10 scores)
- Local engagement (0-10 scores)

The maximum total scores for each technical proposal assessment are 100. The passing scores deriving from the final total proposal assessment score are 75 or above. The BEC shall build the criteria based score chart for evaluating the technical proposal. The Procurement Officer shall copy all consultants' technical proposal and score chart to distribute to each member of the BEC for evaluation. The Chairperson of the BEC shall determine timeframe to collect the assessment outcome of each member. The evaluation of the BEC generally takes at least 1 week but no more than 2 weeks. The consultants' technical proposal evaluation shall be conducted independently.

The assessors shall not discuss the technical proposal of each consultant during the evaluation so as to avoid bias of personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, assessors shall demonstrate their rationale. Procurement Officer have to prepare technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from the BEC and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate technical proposal assessment report. When the meeting is finished, the POR/PRC takes a meeting minute on report evaluation, technical proposal evaluation, and get it signed by members of the POR/PRC that are present in the meeting. In case all the technical proposal assessment outcome achieves lower than 75, the POR/PRC shall review the assessment for any errors or mistakes to be adjusted. The POR/PRC shall revise the terms of reference supported by the technical officers and re-advertise for new recruitment if and when necessary.

11. The opening of financial proposal

After the technical proposal assessment is fully completed, the Procurement Officer shall send a letter to all consultants who received 75 scores or above on technical proposal and invitation for the participation in opening financial proposal of the technical proposal highest-score achiever. The opening of financial proposal date shall fall on at least 2 days after notification, which could be sent by letters, facsimile, or email.

The POR/PRC conduct a meeting to open financial proposal envelope before company representatives. During the opening of financial proposal, the POR/PRC shall confirm the secure place for keeping consultants' financial proposals in closed envelopes. Then open each financial envelope one after another, read consultant's name, total cost, gross total cost, value-added tax or withholding tax, to be recorded on a board or flipchart. The POR/PRC shall develop a financial proposal opening chart with the records mentioned above for signature by the

POR/PRC and representatives who participates in the confirmation of acknowledgement on financial proposal and cost. The chart shall be copied and distributed to the participants.

The POR/PRC shall tender a signature on an original copy of financial proposal of the following:

- Letter of financial proposal,
- Cost summary chart,
- Detailed cost chart in each activity,
- Activity-detailed remuneration chart,
- Reimbursable cost chart of each activity

Should the participants have no query, the POR/PRC shall declare the completion of financial proposal and assessment outcome to be notified to consultants after completion of assessment. The POR/PRC shall develop a meeting minute of financial opening attached with the attendance list. The POR/PRC submit the financial proposals to the BEC for evaluation.

12. Financial proposal assessment

The BEC conducts a financial proposal assessment meeting to verify match of figures with the technical proposal (staff working schedule, numbers, and period of working visit, and other remuneration, etc.). Meanwhile, the BEC examines the calculation, verifies, and adjusts necessarily cost. In case of no cost description of any important item, the financial proposal is found inaccurate, incomplete, and subject to rejection.

Quality and Cost selection method generally defines the score weight 20 on the lowest cost of the financial proposal, while score weight 80 is defined for the technical proposal. In a special case, even 30 scores are defined for the financial proposal's lowest cost for simple consultative service work. Scores of financial proposal and technical proposal is summed as illustrated in the following example:

Example: Given that the technical proposal gets 0.80 and the financial proposal gets 0.20, while the other 4 companies get scores on technical and financial proposal as follows:

Company A: Technical proposal, 83; financial proposal, 700,000 USD

Company B: Technical proposal, 85; financial proposal, 850,000 USD

Company C: Technical proposal, 78; financial proposal, 680,000 USD

Company D: Technical proposal, 91; financial proposal, 1.100,000 USD

Technical proposal's score weight	Financial proposal's score weight	Scores
Company A: 83 scores x0,8 66.4	(680,000x100/700,000) x 0.2 19,4	85,8
Company B: 85 scores x0,8 68.0	(680,000x100/850,000) x 0,2 16,0	84
Company C: 78 scores x0,8 62.4	(680,000x100/680,000)x0.2 20,0	82,4
Company D: 91 scores x0,8 72.8	(680,000x100/1.100,000)x0.2 12,3	85,1

Based on the above score weight, Company A will be invited for agreement negotiation. The BEC shall make final assessment report describing scores of technical proposal and financial proposal and get it signed by all members and submit it to the POR/PRC for examination and final decision. The POR/PRC shall conduct a final assessment related to report on evaluation. When the meeting is finished, the POR/PRC makes a meeting minute with final decision and get it signed by all members of the POR/PRC who are present in the meeting.

13. Negotiation on Agreement Hand-Over

After the POR/PRC made final assessment report with final decision, the Procurement Officer shall invite consultant obtaining highest weight summed scores of technical and financial proposal for negotiation and agreement hand-over. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal. Its basis shall not lead to any change of terms of reference,

plan, and strategy included in the original technical proposal. In the event of negotiation failure, the POR/PRC shall invite the highest-score achiever in technical proposal of the next order who is duly examined and has highest weight summed scores of technical and financial proposal for agreement hand-over negotiation. The POR/PRC may continue this practice until it succeeds.. All aspects in negotiation are recorded in minute of each negotiation and shall gain approval from all parties.

1.11.1.3. Fixed budget selection (FBS) Method

Fixed budget selection method does not limit the amount of cost. The method is used to recruit consultative company for simple work, which defines fixed budget and clear direction.

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. The announcement of consultative service recruitment

Upon obtaining authorization from Head of Institution on consultant recruitment request and procurement request, Procurement Officer shall make public announcement of consultative service recruitment within at least 15 days in at least 1 issue of 2 different local newspapers. In the event of international consultant recruitment, the announcement may be made through the other foreign newspapers. The recommending newspaper and website for this advertisement shall be popular among readers with 2-year operation. Alongside, Procurement Officer shall post consultative service recruitment announcement and its terms of reference (TOR) on website to provide details to consultants interested.

4. Preparation of Letter of Expressions of Interest (EOI)

Between the period of announcement and the application submission deadline, interested consultants may make a request for terms of reference from the Procurement Officer at every working hour or download it from website.

The consultants shall develop a letter of Expressions of Interest:

- Respond to the terms of reference and demonstrate strategy for implementation of work,
- Describe company profile: company type, advantage, experience, specific scope of company's work, management ability, technical ability,
- Demonstrate name of institution or entity which used to provide this same service, and
- Other necessary information if any.

5. Submission and receipt of Letter of Expressions of Interest

After finishing letter of Expressions of Interest preparation, the consultant shall submit it via email or in hard copy to the Procurement Officer before or by the submission deadline. The entitled consultant shall submit the letter of Expressions of Interest with attachments as follows:

- Certification of Commercial Registration,
- Copy of valid patent certificate,

- As a joint venture, attach Agreement of Joint Venture signed by all parties.

The Procurement Officer shall receive letter of expressions of interest (EOI) of consultative service commencing the starting date of receiving the letter of expressions of interest until its submission deadline. In the event of receiving fewer than 6 letters of expressions of interest at its submission deadline, Procurement Officer shall advertise a second public announcement on newspaper calling for a letter of expressions of interest for another week. Meanwhile, the Procurement Officer shall also post announcement calling for letter of expressions of interest on website.

6. Letter of Expressions of Interest Assessment

At the submission deadline of letter of expressions of interest, BEC shall determine consultants' letter as per expressions of interest against assessment criteria based on terms of reference and development of score chart corresponding to each criteria. The maximum total score of criteria evaluation is 100. The final total scores to evaluate each consultant is the output of evaluation summed scores of the consultative service assessment commission divided by numbers of assessors. Generally, consultants with proper qualification and receiving the final total scores of 75 or above will be invited for submission of technical and financial proposal. The usable assessment output shall obtain at least three passing letters of expressions of interest. Without 3 passing letters of expressions of interest, the POR/PRC shall revise and adjust terms of reference with the support of the Technical Officer and re-announce it.

All members of the BEC shall sign on the Declaration of Code of Conduct (Form 16) before commencing the assessment on the letter of interest. The valid assessment progress shall obtain at least 6 letters of expressions of interest submitted by different consultants. Without 6 letters after the announcement of call for letters of expressions of interest and after re-advertisement, the BEC can assess those letters of expressions of interest. The Procurement Officer make copy of all consultants' letter of expressions of interest and score chart and distribute them to each member of the BEC for evaluation. The BEC shall determine timeframe to collect evaluation output from each member.

The evaluation of letter of expressions of interest usually takes up to 1 week but no more than 2 weeks. The evaluation of expression of interests shall be independently conducted by BEC; the assessors shall not discuss the consultants' letters of expressions of interest during the evaluation session so as to avoid bias influenced by personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, the assessors shall demonstrate their rationale. Procurement Officer have to develop technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from BEC members and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate letters of expressions of interest and assessment report. All members of the POR/PRC sign on the Declaration of Code of Conduct (Form 16) before assessing letter of expressions on interest and evaluation report. When the meeting is finished, the POR/PRC prepare a meeting minute with final decision on evaluation report and on expressions of interest assessment, and get it signed by all members of the POR/PRC present.

7. Preparation of an invitation to technical proposal and financial proposal

Upon obtaining approval from the POR/PRC on consultants' letters of expressions of interest evaluation report, the Procurement Officer shall prepare an invitation to technical proposal and financial proposal attached with technical proposal and financial proposal document (Appendix 5) and submit it to the POR/PRC for examination and approval. The POR/PRC shall determine duration of the proposal submission. The proposal submission usually lasts for 3 weeks. The Procurement Officer sends technical proposal and financial proposal documents to the qualified assessed consultants.

The preparation of technical proposal and financial proposal documents includes:

- Proposal invitation,
- Proposal instruction,
- Data chart of technical proposal,
- Agreement sample for consultant,
- Terms of reference,
- Technical proposal form,
- Financial proposal form,
- Financial negotiation.

8. Fill-out and submission of technical and financial proposal

After receiving technical and financial proposal document, consultants shall fill out the forms as follows:

A. Technical proposal

- Technical proposal letter,
- Certification of consultant's work experience,
- Description of strategy for implementation of work and plan,
- Consultant's comment and request on terms of reference, service data, and equipment,
- Schedule for skilled staff,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal form,
- Cost summary form,
- Activity-detailed cost form,
- Detailed remuneration in each activity,
- Reimbursable expense in each activity,
- Miscellaneous expenses,
- Declaration of Code of Conduct.

Consultants shall complete the proposal preparation at least within 21 days after receiving an invitation to technical and financial proposal to submit to the procurement officer. Within the period, the consultant may make a request for the confirmation on the information provided in proposal via email or written letter. The Procurement Officer shall provide a written notice or email on any changes made in technical and financial proposals to all the consultants. The technical and financial proposals shall be at once submitted to the Procurement Officer in two different closed envelopes before or by the deadline. Electronic file (soft copy) submission is not accepted.

9. Opening of Technical Proposal

The POR/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies (if the representatives participate). The financial proposal is not allowed to be opened in this meeting. The opening of technical proposal can proceed until at least two proposals are submitted; otherwise, the POR/PRC shall extend another week for proposal submission deadline and inform the consultants about the postponement. However, if the submission could not reach the

sufficient numbers despite the postponement, the POR/PRC can open the proposal. The POR/PRC shall ensure that the financial proposal is kept at a safe place, and there's no opening before the technical proposal is completely assessed.

The POR/PRC shall tender initials on the original copy of technical proposal of the followings:

- Technical proposal letter,
- Description of strategy and work plan,
- Curriculum vitae of the consultant,
- Financial proposal envelope.

The POR/PRC shall submit all technical proposals to BEC for evaluation.

10. Technical proposal assessment

The BEC shall evaluate consultants technical proposal based on criteria determined by the following scores.

- Concrete experience of the consultant (5-10 scores)
- The proposed work plan and strategy in response with the proposed ToR (20-50 scores)
- Qualification and staff ability for implementation of work (30-60 scores)
- Transfer of knowledge (0-10 scores)
- Local engagement (0-10 scores)

The maximum total scores for each technical proposal assessment are 100. The passing scores deriving from the final total proposal assessment score are 75 or above. The BEC shall build the criteria based score chart for evaluating the technical proposal. The Procurement Officer shall copy all consultants' technical proposal and score chart to distribute to each member of the BEC for evaluation. The Chairperson of the BEC shall determine timeframe to collect the assessment outcome of each member. The evaluation of the BEC generally takes at least 1 week but no more than 2 weeks. The consultants' technical proposal evaluation shall be conducted independently.

The assessors shall not discuss the technical proposal of each consultant during the evaluation so as to avoid bias of personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, assessors shall demonstrate their rationale. Procurement Officer have to prepare technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from the BEC and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate technical proposal assessment report. When the meeting is finished, the POR/PRC takes a meeting minute on report evaluation, technical proposal evaluation, and get it signed by members of the POR/PRC that are present in the meeting. In case all the technical proposal assessment outcome achieves lower than 75, POR/PRC shall review the assessment for any errors or mistakes to be adjusted. The POR/PRC shall revise the terms of reference supported by the technical officers and re-advertise for new recruitment if and when necessary.

11. The opening of financial proposal

After the technical proposal assessment is fully completed, the Procurement Officer shall send a letter to all consultants who received 75 scores or above on technical proposal and invitation for the participation in opening financial proposal of the technical proposal highest-score achiever. The opening of financial proposal date shall fall on at least 2 days after notification, which could be sent by letters, facsimile, or email. The POR/PRC conduct a meeting to open financial proposal envelope before company representatives. During the opening of financial proposal, the POR/PRC shall confirm the secure place for keeping consultants' financial

proposals in closed envelopes. Then open each financial envelope one after another, read consultant's name, total cost, gross total cost, value-added tax or withholding tax, to be recorded on a board or flipchart. The POR/PRC shall develop a financial proposal opening chart with the records mentioned above for signature by the POR/PRC and representatives who participates in the confirmation of acknowledgement on financial proposal and cost. The chart shall be copied and distributed to the participants.

The POR/PRC shall tender a signature on an original copy of financial proposal of the following:

- Letter of financial proposal,
- Cost summary chart,
- Detailed cost chart in each activity,
- Activity-detailed remuneration chart,
- Reimbursable cost chart of each activity.

Should the participants have no query, the POR/PRC shall declare the completion of financial proposal and assessment outcome to be notified to consultants after completion of assessment. The POR/PRC shall develop a meeting minute of financial opening attached with the attendance list. The POR/PRC submit the financial proposals to the BEC for evaluation.

12. Financial proposal assessment

The BEC conducts a financial proposal assessment meeting to verify match of figures with the technical proposal (staff working schedule, numbers, and period of working visit, and other remuneration, etc.). Meanwhile, the BEC examines the calculation, verifies, and adjusts necessarily cost. In case of no cost description of any important item, the financial proposal is found inaccurate, incomplete, subject to rejection. In assessment of financial proposal, the BEC examines:

- Consultants who submit the financial proposal exceeding the fixed budget provided in the technical and financial proposals invitation shall be rejected.
- Consultants who receive highest scores on technical and financial proposal with lowered or equal cost to the fixed budget shall be invited for agreement negotiation.

The BEC shall make final assessment report describing scores of technical proposal and financial proposal and get it signed by all members and submit it to the POR/PRC for examination and final decision. The POR/PRC shall conduct a final assessment related to report on evaluation. When the meeting is finished, the POR/PRC makes a meeting minute with final decision and get it signed by all members of the POR/PRC who are present in the meeting.

13. Negotiation on Agreement Hand-Over

After the POR/PRC made final assessment report with final decision, the Procurement Officer shall invite consultant obtaining highest scores of technical and financial proposal which was duly examined and the proposed cost is lower than or equal to fixed budget for negotiation and agreement hand-over. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal.

Its basis shall not lead to any change of terms of reference, plan, and strategy included in the original technical proposal. In the event of negotiation failure, the POR/PRC shall invite the highest-score achiever in technical proposal of the next order who is duly examined and proposed the cost lower than or equal to fixed budget for agreement hand-over negotiation. The POR/PRC may continue this practice until it succeeds. All aspects in negotiation are recorded in minute of each negotiation and shall gain approval from all parties.

1.11.1.4 Lowest Cost Selection Method

A. Method

Lowest cost selection method does not limit the amount of cost and is subject to implementation upon the progress of recruitment of consultative company, for standard and well-organized work including well-structured audit and non-complicated engineering work.

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. The announcement of consultative service recruitment

Upon obtaining authorization from Head of Institution on consultant recruitment request and procurement request, Procurement Officer shall make public announcement of consultative service recruitment within at least 15 days in at least 1 issue of 2 different local newspapers. In the event of international consultant recruitment, the announcement may be made through the other foreign newspapers. The recommending newspaper and website for this advertisement shall be popular among readers with 2-year operation. Alongside, Procurement Officer shall post consultative service recruitment announcement and its terms of reference (TOR) on website to provide details to consultants interested.

4. Preparation of Letter of Expressions of Interest (EOI)

Between the period of announcement and the application submission deadline, interested consultants may make a request for terms of reference from the Procurement Officer at every working hour or download it from website.

The consultants shall develop a letter of Expressions of Interest:

- Respond to the terms of reference and demonstrate strategy for implementation of work,
- Describe company profile: company type, advantage, experience, specific scope of company's work, management ability, technical ability,
- Demonstrate name of institution or entity which used to provide this same service, and
- Other necessary information if any.

5. Submission and receipt of Letter of Expressions of Interest

After finishing letter of Expressions of Interest preparation, the consultant shall submit it via email or in hard copy to the Procurement Officer before or by the submission deadline. The entitled consultant shall submit the letter of Expressions of Interest with attachments as follows:

- Certification of Commercial Registration,
- Copy of valid patent certificate,
- As a joint venture, attach Agreement of Joint Venture signed by all parties.

The Procurement Officer shall receive letter of expressions of interest (EOI) of consultative service commencing the starting date of receiving the letter of expressions of interest until its submission deadline. In the event of receiving fewer than 6 letters of expressions of interest at its submission deadline, Procurement Officer shall advertise a second public announcement on newspaper calling for a letter of expressions of interest for another week. Meanwhile, the

Procurement Officer shall also post announcement calling for letter of expressions of interest on website.

6. Letter of Expressions of Interest Assessment

At the submission deadline of letter of expressions of interest, BEC shall determine consultants' letter as per expressions of interest against assessment criteria based on terms of reference and development of score chart corresponding to each criteria. The maximum total score of criteria evaluation is 100. The final total scores to evaluate each consultant is the output of evaluation summed scores of the consultative service assessment commission divided by numbers of assessors.

Generally, consultants with proper qualification and receiving the final total scores of 75 or above will be invited for submission of technical and financial proposal. The usable assessment output shall obtain at least three passing letters of expressions of interest. Without 3 passing letters of expressions of interest, the POR/PRC shall revise and adjust terms of reference with the support of the Technical Officer and re-announce it.

All members of the BEC shall sign on the Declaration of Code of Conduct (Form 16) before commencing the assessment on the letter of interest. The valid assessment progress shall obtain at least 6 letters of expressions of interest submitted by different consultants. Without 6 letters after the announcement of call for letters of expressions of interest and after re-advertisement, the BEC can assess those letters of expressions of interest. The Procurement Officer make copy of all consultants' letter of expressions of interest and score chart and distribute them to each member of the BEC for evaluation. The BEC shall determine timeframe to collect evaluation output from each member.

The evaluation of letter of expressions of interest usually takes up to 1 week but no more than 2 weeks. The evaluation of expression of interests shall be independently conducted by BEC; the assessors shall not discuss the consultants' letters of expressions of interest during the evaluation session so as to avoid bias influenced by personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, the assessors shall demonstrate their rationale. Procurement Officer have to develop technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from BEC members and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate letters of expressions of interest and assessment report. All members of the POR/PRC sign on the Declaration of Code of Conduct (Form 16) before assessing letter of expressions on interest and evaluation report. When the meeting is finished, the POR/PRC prepare a meeting minute with final decision on evaluation report and on expressions of interest assessment, and get it signed by all members of the POR/PRC present.

7. Preparation of an invitation to technical proposal and financial proposal

Upon obtaining approval from the POR/PRC on consultants' letters of expressions of interest evaluation report, the Procurement Officer shall prepare an invitation to technical proposal and financial proposal attached with technical proposal and financial proposal document (Appendix 5) and submit it to the POR/PRC for examination and approval. The POR/PRC shall determine duration of the proposal submission. The proposal submission usually lasts for 3 weeks. The Procurement Officer sends technical proposal and financial proposal documents to the qualified assessed consultants.

The preparation of technical proposal and financial proposal documents includes:

- Proposal invitation,
- Proposal instruction,

- Data chart of technical proposal,
- Agreement sample for consultant,
- Terms of reference,
- Technical proposal form,
- Financial proposal form,
- Financial negotiation.

8. Fill-out and submission of technical and financial proposal

After receiving technical and financial proposal document, consultants shall fill out the forms as follows:

A. Technical proposal

- Technical proposal letter,
- Certification of consultant's work experience,
- Description of strategy for implementation of work and plan,
- Consultant's comment and request on terms of reference, service data, and equipment,
- Schedule for skilled staff,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal form,
- Cost summary form,
- Activity-detailed cost form,
- Detailed remuneration in each activity,
- Reimbursable expense in each activity,
- Miscellaneous expenses,
- Declaration of Code of Conduct.

Consultants shall complete the proposal preparation at least within 21 days after receiving an invitation to technical and financial proposal to submit to the procurement officer. Within the period, the consultant may make a request for the confirmation on the information provided in proposal via email or written letter. The Procurement Officer shall provide a written notice or email on any changes made in technical and financial proposals to all the consultants. The technical and financial proposals shall be at once submitted to the Procurement Officer in two different closed envelopes before or by the deadline. Electronic file (soft copy) submission is not accepted.

9. Opening of Technical Proposal

The POR/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies (if the representatives participate). The financial proposal is not allowed to be opened in this meeting. The opening of technical proposal can proceed until at least two proposals are submitted; otherwise, the POR/PRC shall extend another week for proposal submission deadline and inform the consultants about the postponement. However, if the submission could not reach the sufficient numbers despite the postponement, the POR/PRC can open the proposal. The

POR/PRC shall ensure that the financial proposal is kept at a safe place, and there's no opening before the technical proposal is completely assessed.

The POR/PRC shall tender initials on the original copy of technical proposal of the followings:

- Technical proposal letter,
- Description of strategy and work plan,
- Curriculum vitae of the consultant,
- Financial proposal envelope.

The POR/PRC shall submit all technical proposals to BEC for evaluation.

10. Technical proposal assessment

The BEC shall evaluate consultants technical proposal based on criteria determined by the following scores.

- Concrete experience of the consultant (5-10 scores)
- The proposed work plan and strategy in response with the proposed ToR (20-50 scores)
- Qualification and staff ability for implementation of work (30-60 scores)
- Transfer of knowledge (0-10 scores)
- Local engagement (0-10 scores)

The maximum total scores for each technical proposal assessment are 100. The passing scores deriving from the final total proposal assessment score are 75 or above. The BEC shall build the criteria based score chart for evaluating the technical proposal. The Procurement Officer shall copy all consultants' technical proposal and score chart to distribute to each member of the BEC for evaluation. The Chairperson of the BEC shall determine timeframe to collect the assessment outcome of each member. The evaluation of the BEC generally takes at least 1 week but no more than 2 weeks. The consultants' technical proposal evaluation shall be conducted independently.

The assessors shall not discuss the technical proposal of each consultant during the evaluation so as to avoid bias of personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, assessors shall demonstrate their rationale. Procurement Officer have to prepare technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from the BEC and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate technical proposal assessment report. When the meeting is finished, the POR/PRC takes a meeting minute on report evaluation, technical proposal evaluation, and get it signed by members of the POR/PRC that are present in the meeting. In case all the technical proposal assessment outcome achieves lower than 75, POR/PRC shall review the assessment for any errors or mistakes to be adjusted. The POR/PRC shall revise the terms of reference supported by the technical officers and re-advertise for new recruitment if and when necessary.

11. The opening of financial proposal

After the technical proposal assessment is fully completed, the Procurement Officer shall send a letter to all consultants who received 75 scores or above on technical proposal and invitation for the participation in opening financial proposal of the technical proposal highest-score achiever. The opening of financial proposal date shall fall on at least 2 days after notification, which could be sent by letters, facsimile, or email. The POR/PRC conduct a meeting to open financial proposal envelope before company representatives.

During the opening of financial proposal, the POR/PRC shall confirm the secure place for keeping consultants' financial proposals in closed envelopes. Then open each financial envelope

one after another, read consultant's name, total cost, gross total cost, value-added tax or withholding tax, to be recorded on a board or flipchart. The POR/PRC shall develop a financial proposal opening chart with the records mentioned above for signature by the POR/PRC and representatives who participate in the confirmation of acknowledgement on financial proposal and cost. The chart shall be copied and distributed to the participants.

The POR/PRC shall tender a signature on an original copy of financial proposal of the following:

- Letter of financial proposal,
- Cost summary chart,
- Detailed cost chart in each activity,
- Activity-detailed remuneration chart,
- Reimbursable cost chart of each activity.

Should the participants have no query, the POR/PRC shall declare the completion of financial proposal and assessment outcome to be notified to consultants after completion of assessment. The POR/PRC shall develop a meeting minute of financial opening attached with the attendance list. The POR/PRC submit the financial proposals to the BEC for evaluation.

12. Financial proposal assessment

The BEC conducts a financial proposal assessment meeting to verify match of figures with the technical proposal (staff working schedule, numbers, and period of working visit, and other remuneration, etc.). Meanwhile, the BEC examines the calculation, verifies, and adjusts necessarily cost. In case of no cost description of any important item, the financial sectorial proposal or financial proposal is found inaccurate, incomplete, and subject to rejection. In assessment of financial proposal, the BEC examines:

- Consultant who submitted the financial proposal in the lowest cost shall be invited for agreement negotiation.

The BEC shall make final assessment report describing scores of technical proposal and financial proposal and get it signed by all members and submit it to the POR/PRC for examination and final decision. The POR/PRC shall conduct a final assessment related to report on evaluation. When the meeting is finished, the POR/PRC makes a meeting minute with final decision and get it signed by all members of the POR/PRC who are present in the meeting.

13. Negotiation on Agreement Hand-Over

After the POR/PRC made final assessment report with final decision, the Procurement Officer shall invite consultant obtaining highest scores of technical and financial proposal which was duly examined and the proposed lowest price for negotiation and agreement hand-over. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal. Its basis shall not lead to any change of terms of reference, plan, and strategy included in the original technical proposal. In the event of negotiation failure, the POR/PRC shall invite highest-score achiever in technical proposal of the next order who is duly examined and proposed lowest price for agreement hand-over negotiation. The POR/PRC may continue this practice until it succeeds. All aspects in negotiation are recorded in minute of each negotiation and shall gain approval from all parties.

1.11.1.5. Consultants' qualifications selection (CQS) method

A. Method

Consultants' qualifications selection method limits the cost lower than 200,000 USD and is implemented upon the progress of recruitment of consultative company for small and simple work.

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. The announcement of consultative service recruitment

Upon obtaining authorization from Head of Institution on consultant recruitment request and procurement request, Procurement Officer shall make public announcement of consultative service recruitment within at least 15 days in at least 1 issue of 2 different local newspapers. In the event of international consultant recruitment, the announcement may be made through the other foreign newspapers. The recommending newspaper and website for this advertisement shall be popular among readers with 2-year operation. Alongside, Procurement Officer shall post consultative service recruitment announcement and its terms of reference (TOR) on website to provide details to consultants interested.

4. Preparation of Letter of Expressions of Interest (EOI)

Between the period of announcement and the application submission deadline, interested consultants may make a request for terms of reference from the Procurement Officer at every working hour or download it from website.

The consultants shall develop a letter of Expressions of Interest:

- Respond to the terms of reference and demonstrate strategy for implementation of work,
- Describe company profile: company type, advantage, experience, specific scope of company's work, management ability, technical ability,
- Demonstrate name of institution or entity which used to provide this same service, and
- Other necessary information if any.

5. Submission and receipt of Letter of Expressions of Interest

After finishing letter of Expressions of Interest preparation, the consultant shall submit it via email or in hard copy to the Procurement Officer before or by the submission deadline. The entitled consultant shall submit the letter of Expressions of Interest with attachments as follows:

- Certification of Commercial Registration,
- Copy of valid patent certificate,
- As a joint venture, attach Agreement of Joint Venture signed by all parties.

The Procurement Officer shall receive letter of expressions of interest (EOI) of consultative service commencing the starting date of receiving the letter of expressions of interest until its submission deadline. In the event of receiving fewer than 6 letters of expressions of interest at its submission deadline, Procurement Officer shall advertise a second public announcement on newspaper calling for a letter of expressions of interest for another week. Meanwhile, the Procurement Officer shall also post announcement calling for letter of expressions of interest on website.

6. Letter of Expressions of Interest Assessment

At the submission deadline of letter of expressions of interest, BEC shall determine consultants' letter as per expressions of interest against assessment criteria based on terms of reference and development of score chart corresponding to each criteria. The maximum total score of criteria

evaluation is 100. The final total scores to evaluate each consultant is the output of evaluation summed scores of the consultative service assessment commission divided by numbers of assessors. Generally, consultants with proper qualification and receiving the final total scores of 75 or above will be invited for submission of technical and financial proposal. The usable assessment output shall obtain at least three passing letters of expressions of interest. Without 3 passing letters of expressions of interest, the POR/PRC shall revise and adjust terms of reference with the support of the Technical Officer and re-announce it.

All members of the BEC shall sign on the Declaration of Code of Conduct (Form 16) before commencing the assessment on the letter of interest. The valid assessment progress shall obtain at least 6 letters of expressions of interest submitted by different consultants. Without 6 letters after the announcement of call for letters of expressions of interest and after re-advertisement, the BEC can assess those letters of expressions of interest. The Procurement Officer make copy of all consultants' letter of expressions of interest and score chart and distribute them to each member of the BEC for evaluation. The BEC shall determine timeframe to collect evaluation output from each member. The evaluation of letter of expressions of interest usually takes up to 1 week but no more than 2 weeks.

The evaluation of expression of interests shall be independently conducted by BEC; the assessors shall not discuss the consultants' letters of expressions of interest during the evaluation session so as to avoid bias influenced by personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, the assessors shall demonstrate their rationale. Procurement Officer have to develop technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from BEC members and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate letters of expressions of interest and assessment report. All members of the POR/PRC sign on the Declaration of Code of Conduct (Form 16) before assessing letter of expressions on interest and evaluation report. When the meeting is finished, the POR/PRC prepare a meeting minute with final decision on evaluation report and on expressions of interest assessment, and get it signed by all members of the POR/PRC present.

7. Preparation of an invitation to technical proposal and financial proposal

Upon obtaining approval from the POR/PRC on consultants' letters of expressions of interest evaluation report, the Procurement Officer shall prepare an invitation to technical proposal and financial proposal attached with technical proposal and financial proposal document (Appendix 5) and submit it to the POR/PRC for examination and approval. The POR/PRC shall determine duration of the proposal submission. The proposal submission usually lasts for 3 weeks. The Procurement Officer sends technical proposal and financial proposal documents to the qualified assessed consultants.

The preparation of technical proposal and financial proposal documents includes:

- Proposal invitation,
- Proposal instruction,
- Data chart of technical proposal,
- Agreement sample for consultant,
- Terms of reference,
- Technical proposal form,
- Financial proposal form,
- Financial negotiation.

8. Fill-out and submission of technical and financial proposal

After receiving technical and financial proposal document, consultants shall fill out the forms as follows:

A. Technical proposal

- Technical proposal letter,
- Certification of consultant's work experience,
- Description of strategy for implementation of work and plan,
- Consultant's comment and request on terms of reference, service data, and equipment,
- Schedule for skilled staff,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal form,
- Cost summary form,
- Activity-detailed cost form,
- Detailed remuneration in each activity,
- Reimbursable expense in each activity,
- Miscellaneous expenses,
- Declaration of Code of Conduct.

Consultants shall complete the proposal preparation at least within 21 days after receiving an invitation to technical and financial proposal to submit to the procurement officer. Within the period, the consultant may make a request for the confirmation on the information provided in proposal via email or written letter. The Procurement Officer shall provide a written notice or email on any changes made in technical and financial proposals to all the consultants. The technical and financial proposals shall be at once submitted to the Procurement Officer in two different closed envelopes before or by the deadline. Electronic file (soft copy) submission is not accepted.

9. Opening of Technical Proposal

The POR/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies (if the representatives participate). The financial proposal is not allowed to be opened in this meeting. The opening of technical proposal can proceed until at least two proposals are submitted; otherwise, the POR/PRC shall extend another week for proposal submission deadline and inform the consultants about the postponement. However, if the submission could not reach the sufficient numbers despite the postponement, the POR/PRC can open the proposal. The POR/PRC shall ensure that the financial proposal is kept at a safe place, and there's no opening before the technical proposal is completely assessed.

The POR/PRC shall tender initials on the original copy of technical proposal of the followings:

- Technical proposal letter,
- Description of strategy and work plan,
- Curriculum vitae of the consultant,
- Financial proposal envelope.

The POR/PRC shall submit all technical proposals to BEC for evaluation.

10. Technical proposal assessment

The BEC shall evaluate consultants technical proposal based on criteria determined by the following scores.

- Concrete experience of the consultant (5-10 scores)
- The proposed work plan and strategy in response with the proposed ToR (20-50 scores)
- Qualification and staff ability for implementation of work (30-60 scores)

- Transfer of knowledge (0-10 scores)
- Local engagement (0-10 scores)

The maximum total scores for each technical proposal assessment are 100. The passing scores deriving from the final total proposal assessment score are 75 or above. The BEC shall build the criteria based score chart for evaluating the technical proposal. The Procurement Officer shall copy all consultants' technical proposal and score chart to distribute to each member of the BEC for evaluation. The Chairperson of the BEC shall determine timeframe to collect the assessment outcome of each member. The evaluation of the BEC generally takes at least 1 week but no more than 2 weeks. The consultants' technical proposal evaluation shall be conducted independently.

The assessors shall not discuss the technical proposal of each consultant during the evaluation so as to avoid bias of personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, assessors shall demonstrate their rationale. Procurement Officer have to prepare technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from the BEC and submit it to the POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate technical proposal assessment report. When the meeting is finished, the POR/PRC takes a meeting minute on report evaluation, technical proposal evaluation, and get it signed by members of the POR/PRC that are present in the meeting. In case all the technical proposal assessment outcome achieves lower than 75, POR/PRC shall review the assessment for any errors or mistakes to be adjusted. The POR/PRC shall revise the terms of reference supported by the technical officers and re-advertise for new recruitment if and when necessary.

12. Financial proposal assessment

The BEC conducts a financial proposal assessment meeting to verify match of figures with the technical proposal (staff working schedule, numbers, and period of working visit, and other remuneration, etc.). Meanwhile, the BEC examines the calculation, verifies, and adjusts necessarily cost. In case of no cost description of any important item, the financial proposal is found inaccurate, incomplete, subject to rejection. In assessment of financial proposal, the BEC examines:

- Consultant who submitted the financial proposal in the lowest cost shall be invited for agreement negotiation.

The BEC shall make final assessment report describing scores of technical proposal and financial proposal and get it signed by all members and submit it to the POR/PRC for examination and final decision. The POR/PRC shall conduct a final assessment related to report on evaluation. When the meeting is finished, the POR/PRC makes a meeting minute with final decision and get it signed by all members of the POR/PRC who are present in the meeting.

13. Negotiation on Agreement Hand-Over

After the POR/PRC made final assessment report with final decision, the Procurement Officer shall invite consultant obtaining highest scores of technical and financial proposal which was duly examined and the proposed lowest price for negotiation and agreement hand-over. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal. Its basis shall not lead to any change of terms of reference, plan, and strategy included in the original technical proposal. In the event of negotiation failure, the POR/PRC shall invite highest-score achiever in technical proposal of the next order who is duly examined and proposed lowest price for agreement hand-over negotiation. The POR/PRC may continue this practice until it succeeds. All aspects in negotiation are recorded in minute of each negotiation and shall gain approval from all parties.

1.11.1.6. Single-Source Selection (SSS) Method

A. Method

Single-Source Selection method does not limit the amount of cost and is subject to implementation only in a special case. It is suitable for some special cases as follows:

- Continue from the existing work,
- In an emergency case such as intervention in natural disaster which requires quick response,
- Only one consultant who is able and qualified for the work. This method is implemented in both individual consultant and corporate consultant.

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. Preparation of an invitation to technical proposal and financial proposal

Upon obtaining approval from the POC/PRC on consultants' letters of expressions of interest, the Procurement Officer shall prepare an invitation to technical proposal and financial proposal attached with technical proposal and financial proposal document (Appendix 5) and submit it to the POR/PRC for examination and approval. The POR/PRC shall determine the duration of the proposal submission. The proposal submission usually last 1 week. The Procurement Officer sends the technical proposal and financial proposal documents to the qualified assessed consultants. The preparation of technical proposal and financial proposal documents including:

- Proposal invitation,
- Proposal instruction,
- Data chart of bid proposal,
- Agreement sample for consultant,
- Terms of reference,
- Technical proposal form,
- Financial proposal form,
- Financial negotiation.

Individual consultants are not required to submit the technical proposal. They just submit their Curriculum Vitae and financial proposal (the submission of financial proposal is implemented as individual consultant selection).

4. Fill-up and submission of technical and financial proposal

After receiving technical and financial proposal document, consultants shall fill out the forms as follows:

A. Technical proposal

- Technical proposal letter,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal letter,

- Cost summary form,
- Activity-detailed cost form,
- Reimbursable expense in each activity,
- Declaration of Code of Conduct.

Consultants shall complete the proposal preparation at least within 1 week after receiving an invitation to technical and financial proposal to be submitted to Procurement Officer. Within the period, the consultant may make a request for the confirmation on the information provided in proposal via email or written letter. The technical and financial proposals shall be submitted to the Procurement Officer in two different closed envelopes before or by the deadline.

5. Opening of Technical and Financial Proposals

The POC/PRC shall hold a public meeting to open the technical proposal envelope immediately at the deadline of proposal submission before representatives of companies. The POC/PRC shall tender initials on original copy of technical proposal of the followings:

A. Technical proposal

- Technical proposal letter,
- Curriculum Vitae of consultant.

B. Financial proposal

- Financial proposal letter,
- Cost summary form,
- Activity-detailed cost form,
- Reimbursable expense in each activity,
- Declaration of Code of Conduct.

6. Negotiation on Agreement Hand-Over

For Single-Source Selection (SSS) Method and after the opening of consultants' technical and financial proposal, the negotiation on agreement hand-over shall be done based on technical and financial proposal. The negotiation shall focus on terms of reference, strategy, plan, and staff management with regard to the consultant and would be proposed in their technical proposal. Its basis shall not lead to any change of terms of reference, plan, and strategy included in the original technical proposal. If negotiation requires for reduction or increase of financial proposal cost of the consultant proposal in amount of 10%, the POC/PRC shall ask for approval from the Head of Institution before agreement has been made. All aspects in negotiation are recorded in minutes of each negotiation and shall gain approval from all parties.

For Individual consultants, negotiation method is implemented as individual consultant recruitment. The BEC will conduct evaluation and POR/PRC will conduct examination of evaluation and final decision prior to negotiation on agreement hand-over session, this will be done within week after receipt of respective offers. Both BEC and POR/PRC will do all required procedural steps as described in other methods but with time constraints limit bearing in mind special cases which defines this method.

1.11.1.7 Selection of Individual Consultants Method (SIC)

A. Method

Individual Consultants selection method does not limit the amount of cost and is subject to implementation upon only one consultant requirement. It mainly focuses on each consultant's ability assessment including educational background, experience, knowledge (language, culture, administration system, and governmental structure, etc.)

B. Procurement process

1. Preparation of consultant recruitment proposal

When the consultant service demand is called upon, Requesting Officer/Party shall prepare the consultant recruitment proposal and submit it to the Head of Institution for examination and authorization. Consultant's recruitment proposal shall clearly check the terms of reference of the consultant and estimated cost for consultative work.

2. Procurement Request

Upon obtaining authorization, the Procurement Officer shall prepare procurement request (Form 2) by consulting with Finance Officer about available budget related to procurement work. The Procurement Officer shall sign on the procurement request and submit it to the Head of Institution for signature.

3. The announcement of consultative service recruitment

Upon obtaining authorization from Head of Institution on consultant recruitment request and procurement request, Procurement Officer shall make public announcement of consultative service recruitment within at least 15 days in at least 1 issue of 2 different local newspapers. In the event of international consultant recruitment, the announcement may be made through the other foreign newspapers. The recommending newspaper and website for this advertisement shall be popular among readers with 2-year operation. Alongside, Procurement Officer shall post consultative service recruitment announcement and its terms of reference (TOR) on website to provide details to consultants interested.

4. Preparation of Letter of Expressions of Interest (EOI)

Between the period of announcement and the application submission deadline, interested consultants may make a request for terms of reference from the procurement officers at every working hour or download it from website. The consultants shall develop a letter of Expressions of Interest and attach CV stating:

- Educational background,
- Experience,
- Knowledge,
- Language.

After preparation of letter of expressions of interest and CV is finished, consultants shall send them through email or submit in hard copy too directly to the Procurement Officer before or by the submission deadline.

5. Submission and receipt of Letter of Expressions of Interest

The Procurement Officer shall receive letters of expressions of interest commencing the starting date of receiving letter of expressions of interest until its submission deadline. In the event of receiving fewer than 3 letters of expressions of interest at its submission deadline, Procurement Officer shall advertise second public announcement on newspaper calling for a letter of expressions of interest for another week. Meanwhile, the Procurement Officer shall also post announcement calling for letter of expressions of interest on website.

6. Letter of Expressions of Interest Assessment

At the submission deadline of letter of expressions of interest, BEC shall determine consultants' letter as per expressions of interest against assessment criteria based on terms of reference and development of score chart corresponding to each criteria. The maximum total score of criteria evaluation is 100. The final total scores to evaluate each consultant is output of evaluation summed scores of the consultative service assessment commission divided by numbers of assessors. Generally, consultants with proper qualification and receiving final total scores of 75 or above will be invited for submission of technical and financial proposal. According to valid assessment progress, POC/PRC shall obtain at least 3 letters of expressions of interest submitted by different consultants. After announcement of re-advertisement of call for letters of expressions of interest, without obtaining 3 letters, the BEC can assess those letters of

expressions of interest All members of the BEC shall sign on the Declaration of Code of Conduct (Form 16) before commencing the assessment on the letter of interest.

The Procurement Officer make copy of all consultants' letter of expressions of interest and score chart and distribute them to each member of the BEC for evaluation. The BEC shall determine timeframe to collect evaluation output from each member. The evaluation of letter of expressions of interest usually takes up to 1 week but no more than 2 weeks. The evaluation of expression of interests shall be independently conducted by BEC; the assessors shall not discuss the consultants' letters of expressions of interest during the evaluation session so as to avoid bias influenced by personal idea. After the evaluation is all finished, the Chairperson of the BEC collects score charts and conducts a meeting with all assessors. In the assessment meeting, each assessor shall show their evaluation and shall not alter the scores. In case of providing too low or high scores, the assessors shall demonstrate their rationale. Procurement Officer have to develop technical proposal assessment report by classifying rank of each proposal based on the above final total scores with signature of approval from BEC members and submit it to POR/PRC for examination and final decision.

The POR/PRC shall conduct a meeting to evaluate letters of expressions of interest and assessment report. All members of the POR/PRC sign on the Declaration of Code of Conduct (Form 16) before assessing letter of expressions on interest and evaluation report. When the meeting is finished, the POR/PRC prepare a meeting minute with final decision on evaluation report and on expressions of interest assessment, and get it signed by all members of the POR/PRC present.

7. Submission of financial proposal

The POC/PRC shall through Procurement Officer will ask most qualified consultant's financial proposal through email. Responding to the request, the consultant is required to send back with service fee and previously implemented agreement or respective receipts for agreement negotiation foundation.

8. Negotiation on Agreement Hand-Over

The POC/PRC shall invite the consultant who obtains the highest scores on letter of expressions of interest for negotiating agreement hand-over. The cost negotiation shall be based on previous work experience. The negotiation can either be conducted via email. In the event of negotiation failure, the POC/PRC shall invite the highest-score achiever on letter of expressions of interest of the next order to submit the financial proposal for agreement and hand-over negotiation.

The POC/PRC may continue this practice until it succeeds. Independent consultant do not receive confirmation of commitment over any service charge, except for air ticket and mission per diem. If negotiation requires for reduction or increase of financial proposal cost of the consultant proposal in amount of 10%, the POC/PRC shall ask for approval from the Head of Institution before agreement has been made. All aspects in negotiation are recorded in minutes of each negotiation and shall gain approval from all parties.

1.11.2. Table of Summary for Procurement of Consulting Services

Summary Chart: Procurement Procedure for Consulting Service

Procurement method	Cost limit	Procurement process
Quality based selection	<ul style="list-style-type: none"> Unlimit amount 	Preparation of consultative service proposal (principle) <ul style="list-style-type: none"> Procurement request Preparation of work draft and announcement of call for interest are adopted by the procurement control and approving commission.

		<ul style="list-style-type: none"> • Make public recruitment announcement via two different newspapers within at least 15 days before letter of expressions of interest submission deadline. • Receive at least 6 letters of expressions of interest (EOI). In case of insufficiency, postpone for another week. • Assessment of letters of expressions of interest (EOI) shall develop score chart and 2 refined company lists. • Provide standard proposal (technical and financial proposal to passing company within 21 days). • Receipt of proposal documents (technical and financial documents). • Opening and assessing (technical) proposal documents. • The company who receive the highest assessed scores on technical proposal is requested for submitting financial proposal. • Negotiation and agreement hand-over • Agreement execution and payment.
Quality and cost based selection	<ul style="list-style-type: none"> • Unlimit amount 	<p>Its procurement process is implemented as quality based selection method</p> <ul style="list-style-type: none"> • Develop 2 refined company lists • Open and assess financial proposal of the passing companies by defining score weight 20 for the lowest cost financial proposal, and the score weight for technical proposal is 80. In a special case, the lowest financial proposal's score weight is even 30 for simple consultative service work. • Negotiation and agreement hand-over • Agreement execution and payment.
Fixed budget based selection	<ul style="list-style-type: none"> • Unlimit amount 	<p>Its procurement process is implemented as quality based selection method</p> <ul style="list-style-type: none"> • Develop 2 refined company lists • A company who receives the passing scores on technical proposal is allowed to open financial proposal. • A company who receives financial proposal's cost higher than the fixed budget is rejected. • A company that its proposed cost is within the fixed budget and highest scores on technical proposal is invited for agreement handover. • Negotiation and agreement hand-over • Agreement execution and payment.
Lowest Cost Selection	<ul style="list-style-type: none"> • Unlimit Amount 	<p>A company who passes all letters of expressions of interest is invited for submission of technical and financial proposal</p> <ul style="list-style-type: none"> • A company who passes technical proposal is

		<p>allowed for opening financial proposal.</p> <ul style="list-style-type: none"> • A company who receive the lowest cost is invited for agreement negotiation. • Negotiation and agreement hand-over • Agreement execution and payment.
Consultants' qualification based selection	<ul style="list-style-type: none"> • Less than 200,000 USD 	<p>A company whose letter of expressions of interest passes with high scores and is invited for submission of technical and financial proposals</p> <ul style="list-style-type: none"> • Technical and financial proposal are consolidated and opened at once • The passing technical proposal scores is 75 or above • Negotiation and agreement hand-over • Agreement execution and payment.
Single-source selection	<ul style="list-style-type: none"> • Un limit Amount 	<p>This method can be implemented for both individual consultant and company consultant selection</p> <p>It is applied in some special cases including:</p> <ul style="list-style-type: none"> • For continued work from the company's previously implemented work • In an emergency case such as intervention in natural disaster which requires quick response. • Only one consultant who are able and qualified for the work. <p>This method is implemented in both Individual consultant and company consultant.</p> <ul style="list-style-type: none"> • Request to submit technical and financial proposal and negotiate agreement. • Individual consultants is not required to submit technical proposal but CV and financial proposal instead (submission of financial proposal and agreement negotiation are implemented as independent consultant selection method) • Agreement execution and payment.
Selection of Independent Consultants	<ul style="list-style-type: none"> • Unlimit Amount 	<p>Make the public recruitment announcement through two different newspapers or (foreign newspapers for international consultant recruitment) within 15 days before CV submission.</p> <ul style="list-style-type: none"> • Procurement officer develops at least three refined candidate list based on knowledge, skills, and work experience responding to the requirement and submit to the procurement commission for examination and decision. • Procurement officer assesses individual consultant based on knowledge, skill, and ability, and then develop refined candidate list with high score and submit to the commission for examination and decision. • Request for financial proposal

		<ul style="list-style-type: none"> • Negotiate and hand-over agreement • Agreement management
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1.11.3 Entering into the contract

After obtaining mutual agreement about negotiating the contract hand-over within all parties, Procurement Officer shall develop contract document for Head of Institution to examine, sign, and submit through Procurement Officer to the consultant for signature. A contract generally shall consist of the following:

- Date of contract,
- Name and address of procurement entity,
- Name and address of consultant,
- Description of terms of reference,
- Terms of contract,
- Payment method,
- Work management and schedule,
- Implementation standard,
- Confidentiality,
- Material/equipment ownership,
- Insurance,
- Code of Ethics related to Prohibited Practices,
- Conflict resolution.

After handing over the contract to the selected company or individual consultant, the institution which is procuring these services shall notify other companies or individual consultants who did not succeed in bidding process by rationalizing the company's or individual consultant bidding failure, except for company or individual consultant which is selected through Single-Source Selection Method and/or Independent Consultant Selection Method.

1.11.4. Examination and Implementation of Contract

Consultant's contract determines work plan and specific timeframe. The institution which is procuring these services shall therefore develop examination and monitoring plan on consultative service delivery against contract for compliance purposes to ensure that service delivery and work output are effectively completed in timely manner. Institution which is procuring these services shall assign Verifying Officer or entity to:

- Scrutinize activity and implementation against contract compliance,
- Ensure quick and effective implementation of obligations of institution and consultants as set in contract,
- Ensure that all work outcome, namely the report is rapidly checked and responded in written if and when necessary.
- Communicate with consultants to find out root cause of implementation mistake or failure to achieve target.
- Shall send a letter, if and when necessary, to consultants related to issues if the provided explanation is not satisfactory or no improvement has been made in proper timeframe.
- Report to Head of Institution on consultants breach of contract obligations.

The consultant shall develop a report following each step stipulated in the contract and send it to institution for examination and acceptance. Verifying Officer shall examine consultant's report against terms of reference and request Head of Institution approve.

1.11.5. Preparation of Payment Document

When the consultant submits a report corresponding to each step and is approved by Verifying Officer, the Procurement Officer shall develop payment documents following each step set in the contract. The payment documents include:

- Request for consultant recruitment,
- Request for procurement,
- Contract,
- Original receipt,
- Consultant's report,
- Approval in principle on consultant's report,
- Other necessary supporting documents.

The Finance Officer prepares a request for payment by attaching with the above documents

1.11.6. Execution of Payments

The respective payments will be executed in accordance with requirements set in Operation Policies and Procedures (OPP) Manual under Part 2 describing Financial Control Procedure related to Payments.

1.11.7. Termination of Contract

In the event that contract is not put in force at commencement of implementation, and contract is signed by the parties as stated in the contract, either party may pronounce contract null and void by notifying in written notice no later than 28 days to other party. In this case none of the parties shall claim compensation from other party.

The written notice shall be made with no later than 30 days to the consultants on termination of contract, and reasons for institution to terminate contract are set as follows:

- Should the consultant fail to solve the failure to fulfill its obligation as stated in the notification on the termination within 30 days after the notice or additional period as the institution approved in its written notice.
- Should the consultant fail to follow any final decision as the result of referee's decision.
- Should consultant submit the proposal to the institution with statement which could heavily affect right, obligation, or interest of the institution and the institution is aware of the fake statement.
- In institution's judgment, is consultant commit any of prohibited practices to get contract or within contract execution.
- As a result of force majeure, the consultant is not capable to fulfilling the main part of the service for not fewer than 60 days.
- Should the consultant's company or individual consultant become bankrupt or consultant's company dissolved or under legal ruling of other legal entity despite inevitable or voluntary reason.

After the written noticed has been made within not fewer than 30 days, institution may terminate the contract by its discretion.

The consultant may terminate contract after notifying in written notice not fewer than 30 days to the institution after occurrence of any event specified in text below:

- Should the institution fail to make any amount payment to the consultants within 45 days after receiving the consultant's written notice stating that the payment is overdue.
- Should the institution heavily breach its obligation on the contract and fail to solve the breach within 45 days or more
- As a result of force majeure, the consultant is not capable to fulfilling the main part of the service for not fewer than 60 days
- Should the consultant fail to follow any final decision as the result of referee's decision.

Payment method at termination of contract: the institution shall make payment of remuneration to the consultant for the service delivery and correctly fulfilled before the termination date:

- The actual compensation occurred before the termination date.
- Except for the termination of contract, in the case when consultant terminates the contract, the compensation shall be made in any reasonable amount arising from the immediate termination of contract and will include cost of travel of consultants employees and authorized dependents.

To support above stipulated measures, institution always asks for recommendation from the Head of Institution. The contract is not usually terminated without examination or consideration of all possible options available as long as the termination is approved by all parties of the contract.

1.11.8. Development of Terms of Reference (TOR)

The Requesting Officer/Party shall be fully responsible for development of terms of reference related to requested consulting services. Terms of reference shall be developed for individual and/or specialized company. Scope of service described in terms of reference shall match with existing budget. Terms of References shall include:

- Background,
- Objective,
- Work scope,
- Training (if and when necessary),
- Work output/deliverables and analysis,
- Report,
- Data, mandatory service, staff, and means provided by the institution.

Should objective of consulting services is related to transfer of knowledge and/or training, work condition shall be explicitly elaborated and described in details on numbers of staff to be trained, and other related details to enable consultant to properly estimate matching resources against workload. Terms of reference shall describe service as well as expected outcome/deliverables. Terms of reference shall not be too detailed or too flexible. The responsibility of the institution and consultant shall be clearly defined in the terms of reference. The consulting company or individual consultant are entitled to give comments on the terms of reference within their proposals.

CHAPTER 2 : PROCUREMENT IMPLEMENTED BY SECRETARIAT(NCDDS)

2.1. Procurement Evaluation and Oversight Process

A. The Procurement Oversight Committee – POC

- | | |
|---|------------------------|
| - Independent Member - NCDD will Assign | Chairperson - voting |
| - Independent Member - NCDD will Assign | Deputy - voting |
| - Independent Member - NCDD will Assign | Member - voting |
| - Chairman of NCDD will Assign | Member - voting |
| - Chairman of NCDD will Assign | Member - voting |
| - Development Partners will Assign | Observer - non-voting |
| - Procurement Officer | Secretary - non-voting |

Members of POC will be assembled from outside Secretariat structure and functions to enable proper oversight from **NCDD** side (DP requirement) to avoid any conflict of interest and promote proper segregation of duties such as in the case of Head of Secretariat who is permanent member of NCDD – Head of Secretariat may not take part in POC function.

B. Bid Evaluation Committee – BEC (equipment, material and service, and civil works)

- | | |
|---------------------------------------|------------------------|
| - Chief of Procurement Office | Chairperson - voting |
| - Office of related division | Deputy - voting |
| - Finance Office | Member - voting |
| - Administration and Inventory Office | Member - voting |
| - Technical Officer | Member - voting |
| - Procurement Officer | Secretary - non-voting |

Members of BEC will be not be responsible for Verification, Certification and Approval functions specified within OPP Manual under financial control for execution of payments to avoid conflict of interest and promote proper segregation of duties. Members of BEC has to be other individuals from those who Verify, Certify and Approve financial transactions.

C. The Bid Evaluation Committee – BEC (consulting services)

- | | |
|------------------------------------|------------------------|
| - Chief of Procurement Office | Chairperson - voting |
| - any office from related division | Deputy - voting |
| - Finance Office | Member - voting |
| - any office from related division | Member - voting |
| - Technical Officer | Member - voting |
| - Procurement Officer | Secretary - non-voting |

Members of BEC will be not be responsible for Verification, Certification and Approval functions as set within OPP Manual under financial control for execution of payments to avoid conflict of interest and promote proper segregation of duties. Members of BEC has to be other individuals from those who Verify, Certify and Approve financial transactions.

2.2. Procurement Methods and Thresholds

Procurement methods used by Secretariat are described in section 9, 10, and 11 of Part 1 in this Manual. Secretariat procurement thresholds are listed as per specific procurement methods.

2.3. Roles of Stakeholders within Procurement Process

Based on Secretariat structure and functions and bearing in mind financial control procedure, main procurement stakeholders are as follows:

Procurement Process Roles	Function/Position
Requesting Officer/Party	Deputy Dir. at Department, Deputy Chief of Office/Unit to avoid any conflict of interest in the case of BEC function.
Verifying Officer	Director of Department or his/her Deputy to avoid any conflict of interest versus financial control process related to execution of payments set in OPP Manual
Certifying Officer	Director of Admin. And Finance Division
Approving Officer	Deputy Executive Head of Secretariat
Head of Institution	Head of Secretariat
Procurement Officer	Develop procurement document, and follow-up on procurement (Procurement Office)
Finance Officer	Examine budget count and budget capability (Finance Office)
Inventory Officer	Examine inventories (Administration and Inventory Office)

Note: All functions listed in table above included in procurement process and consequent financial transactions related to procurement shall be properly vetted in order to avoid any conflict of interest and promote proper segregation of duties requirements –case by case basis.

CHAPTER 3 A. PROCUREMENT IMPLEMENTED BY MINISTRIES OR INSTITUTIONS

3.a.1. Procurement Evaluation and Oversight Process

A. The Procurement Review Committee – PRC

- | | |
|--|------------------------|
| - Independent Member – NCDD will Assign | Chairperson - voting |
| - Independent Member – NCDD will Assign | Deputy - voting |
| - Independent Member – NCDD will Assign | Member - voting |
| - Min. or Inst. Member of D&D Working Group | Member - voting |
| - Min. or Inst. Member of D&D Working Group | Member - voting |
| - Development Partners will Assign (Voluntarily) | Observer - non-voting |
| - Ministry or Institution Procurement Officer | Secretary - non-voting |

Majority of members in PRC will be assembled from outside Ministry or Institutions structure and functions to enable proper oversight from **Secretariat** side (DP requirement) and to avoid any conflict of interest and promote proper segregation of duties. Members of D&D Working Group will not be responsible for Verification, Certification and Approval functions

when they participate in PRC decisions. Members of D&D WG described in PRC has to be other individuals from those who Verify, Certify and Approve financial transactions.

B. Bid Evaluation Committee – BEC (equipment, material and service, and civil works)

- | | |
|---|------------------------|
| - Min. or Inst. Chief of Procurement Office | Chairperson - voting |
| - Min. or Inst. Deputy Director of Project Management | Deputy - voting |
| - Min. or Inst. Chief of Finance Office | Member - voting |
| - Min. or Inst. Chief of Admin. and Inventory Office | Member - voting |
| - Min. or Inst. Technical Officer | Member - voting |
| - Min. or Inst. Procurement Officer | Secretary - non-voting |

Members of BEC will not be responsible for Verification, Certification and Approval functions specified within Ministry or Institution financial control policy and procedure to avoid conflict of interest and promote proper segregation of duties. Members of BEC described in BEC has to be other individuals from those who Verify, Certify and Approve financial transactions.

3.a.2. Procurement Methods and Thresholds

Procurement methods used by Ministry or Institution are described in section 9, and 10 of Part 1 in this Manual. Ministries or Institutions are entitled to conduct procurement up to 5,000 USD within above specified procurement methods.

3.a.3. Roles of Stakeholders within Procurement Process

Based on Ministry or Institution structure and functions and bearing in mind financial control procedure, main procurement stakeholders are as follows:

Procurement Process Roles	Function/Position
Requesting Officer/Party	Deputy Director of D&D Working Group
Verifying Officer	Director of Department or his/her Deputy to avoid any conflict of interest versus financial control process
Certifying Officer	As define in Financial Execution
Approving Officer	As define in Financial Execution
Head of Institution	Head of Ministry or Institution
Procurement Officer	Develop procurement document, and follow-up on procurement (Procurement Office)
Finance Officer	Examine budget count and budget capability (Finance Office)
Inventory Officer	Examine inventories (Administration and Inventory Office)

Note: All functions listed in table above included in procurement process and consequent financial transactions related to procurement shall be properly vetted in order to avoid any conflict of interest and promote proper segregation of duties requirements- case by case basis.

CHAPTER 3 B. PROCUREMENT IMPLEMENTED BY COUNCIL ASSOCIATION OF SNA

Councilor Association of the Sub-national Administration created Joint Secretariat to support two associations (Provincial/Capital Council Association and Central Council National Alliance). Based on the joint decision, oversight over Joint Secretariat to implement National Program is under direct supervision of the **Secretariat** (NCDDS).

3.b.1. Procurement Evaluation and Oversight Process

A. The Procurement Review Committee – PRC

- Independent Member – NCDDS will Assign	Chairperson – voting
- Independent Member – NCDDS will Assign	Member-voting
- Independent Member – NCDDS will Assign	Member - voting
- Council Association Member	Member - voting
- Council Association Member	Member - voting
- Development Partners will Assign (Voluntarily)	Observer - non-voting
- Council Association Procurement Officer	Secretary - non-voting

Majority of members in PRC will be assembled from outside Joint Secretariat structure and functions to enable proper oversight from **Secretariat** side (DP requirement) and to avoid any conflict of interest and promote proper segregation of duties. Members of Consultants Association will not be responsible for Verification, Certification and Approval functions when they participate in PRC decisions. Members of Consultants Association described in PRC has to be other individuals from those who Verify, Certify and Approve financial transactions.

B. Bid Evaluation Committee – BEC (equipment, material and service, and civil works)

- Council Association Procurement Chief	Chairperson - voting
- Council Association Finance Officer	Deputy - voting
- Council Association Admin. Officer	Member - voting
- Council Association Inventory Officer	Member - voting
- Council Association Technical Officer	Member - voting
- Council Association Procurement Officer	Secretary - non-voting

Members of BEC will not be responsible for Verification, Certification and Approval functions specified within Consultants Association financial control policy and procedure to avoid conflict of interest and promote proper segregation of duties. Members of BEC has to be other individuals from those who Verify, Certify and Approve financial transactions.

3.b.2. Procurement Methods and Thresholds

Procurement methods used by Joint Secretariat are described in section 9, and 10 of Part 1 in this Manual. Joint Secretariat is entitled to conduct procurement up to 5,000 USD within above specified procurement methods.

3.b.3. Roles of Stakeholders within Procurement Process

Based on Joint Secretariat structure and functions and bearing in mind financial control procedure, main procurement stakeholders are as follows:

Procurement Process Roles	Function/Position
Requesting Officer/Party	Deputy Secretary of Joint Secretariat (JS)
Verifying Officer	Assigned by General Secretary of JS
Certifying Officer	As define in Financial Execution
Approving Officer	As define in Financial Execution
Head of Institution	Head of JS - General Secretary
Procurement Officer	Develop procurement document, and follow-up on procurement (Procurement Office)
Finance Officer	Examine budget count and budget capability (Finance Office)
Inventory Officer	Examine inventories

	(Inventory Office)
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Note: All functions listed in table above included in procurement process and consequent financial transactions related to procurement shall be properly vetted in order to avoid any conflict of interest and promote proper segregation of duties requirements.

CHAPTER 4 : PROCUREMENT IMPLEMENTED BY SNAs (Provinces)

4.1. Procurement Evaluation and Oversight Process

A. The Procurement Review Committee – PRC

- Independent Member – NCDDS will Assign	Chairperson – voting
- Independent Member – NCDDS will Assign	Member-voting
- Independent Member – NCDDS will Assign	Member - voting
- Capital-Provincial Council Member	Member - voting
- Capital-Provincial Council Member	Member - voting
- Development Partners will Assign (Voluntarily)	Observer - non-voting
- SNA Procurement Officer	Secretary - non-voting

Majority of members in PRC will be assembled from outside SNAs - Provinces structure and functions to enable proper oversight from **Secretariat** side (DP requirement) and to avoid any conflict of interest and promote proper segregation of duties. Members of Capital-Provincial Council will not be responsible for the Verification, Certification and Approval functions when they participate in PRC decisions. Members of Capital-Provincial Council described in PRC has to be other individuals from those who Verify, Certify and Approve financial transactions.

B. Bid Evaluation Committee – BEC (equipment, material and service, and civil works)

- SNA Chief of Procurement Office	Chairperson - voting
- SNA Deputy Director of Project Management	Deputy - voting
- SNA Chief of Finance Office	Member - voting
- SNA Chief of Admin. and Inventory Office	Member - voting
- SNA Technical Officer	Member - voting
- SNA Procurement Officer	Secretary - non-voting

Members of BEC will not be responsible for Verification, Certification and Approval functions specified within SNAs - Provinces financial control policy and procedure to avoid conflict of interest and promote proper segregation of duties. Members of BEC described in BEC has to be other individuals from those who Verify, Certify and Approve financial transactions.

4.2. Procurement Methods and Thresholds

Procurement methods used by SNAs - Provinces are described in section 9, and 10 of Part 1 in this Manual. SNAs - Provinces are entitled to conduct procurement up to 5,000 USD within above specified procurement methods.

4.3. Roles of Stakeholders within Procurement Process

Based on SNAs - Provinces structure and functions and bearing in mind financial control procedure, main procurement stakeholders are as follows:

Procurement Process Roles	Function/Position
Requesting Officer/Party	Deputy Director of Department
Verifying Officer	Director of Department to avoid any conflict of interest versus financial control process
Certifying Officer	As define in Financial Execution
Approving Officer	As define in Financial Execution
Head of Institution	SNA - Provincial Governor
Procurement Officer	Develop procurement document, and follow-up on procurement (Procurement Office)
Finance Officer	Examine budget count and budget capability (Finance Office)
Inventory Officer	Examine inventories (Property Management Office)

Note: All functions listed in table above included in procurement process and consequent financial transactions related to procurement shall be properly vetted in order to avoid any conflict of interest and promote proper segregation of duties requirements.

CHAPTER 5: COMPLAINTS

To ensure that the National Program is implemented in an effective and transparent manner, NCDD is required to establish a complaint handling mechanism for investigating and responding to the complaints made in relation to procurement processes.

The complaint handling mechanism must ensure that the investigations are dealt with and specified what documentation is required from the complainant and in what format, contact and lodgement details, timelines for conducting the investigation and providing response, range of outcomes available to the concerned institution providing the response

On the procurement, the NCDD institutions that can deal with complaint handling consist of 2 levels:

- NCDD Audit and Ethics Committee (AEC) auditandethics@ncdd.gov.kh.
- NCDD Internal Audit Group (IAG) internalaudit@ncdd.gov.kh

5.1. Complaint

A complaint is any notification regarding an alleged illegal or improper procurement action and/or conduct of procurement officials, consultants, and/or sub-contractors directly or indirectly supporting a program/project or associated with its implementation, which the complainant believes is wrong, either under the law or on the grounds of unacceptable behavior.

There are three distinct types of complaints that are typically found in a Program or Project. Those type are:

- (1) complaints concerning bid protest from aggrieved contractors, suppliers, service providers and consultants.
- (2) performance disputes, which are governed by the General Conditions of Contract (GCC) and Special Conditions of Contract (SCC).
- (3) non procurement related complaints from any parties.

5.2. Rights to Complaint

Bidders (suppliers, contractors, consultants) are entitled to file a written complaint at any phase of procurement process.

The complainant does not need to be personally aggrieved or impacted, and may be acting merely in accordance with a sense of civic duty or private citizen, in bringing an occurrence to the attention of project authorities.

5.3. Lodging Complaint

A complainant claiming retaliation can file a complaint within thirty (30) days of an alleged violation.

The bidder who attempts to file a complaint shall file it to NCDDS Internal Audit Group or NCDD Audit and Ethics Committee by filling-out name and putting signature and by copying (cc) to the NCDD Secretariat or NCDD in the case when Secretariat plays role of implementing agency. The complaint shall contain necessary supporting documents.

Concerning bid protests, from time to time, with and without justification bidders, suppliers, contractors, service providers and consultants may choose to lodge a complaint concerning some aspect of the contract award process. In the event the contract has been awarded and a contractual relationship exists between the parties, there are established dispute mechanisms in the GCC that shall be followed, up to and including judicial review.

A complainant can file a complaint with the NCDDS Internal Audit Group (IAG) and in the case that provided solutions are not satisfying, the complainant may file an appeal to the NCDD Audit and Ethics Committee (AEC).

5.4. Investigating Procedure

Please refer to chapter 16, section 16.3.10 “Investigating Procedure under Fraud Response Plan”

5.5. Complaint Resolution

The Internal Audit Group (IAG) or Audit and Ethics Committee (AEC) shall examine complaint and provide answer within 15 working days commencing of the date of receipt of the complaint. Should the complaint been made during the examination and assessment of the shopping/bidding documents, IAG or AEC shall accept and take it into consideration during assessment of shopping/bidding documents.

The IAG or AEC shall timely respond to complaint received after final decision related to contract award. The responding letter to the complaint shall be copied to NCDD Secretariat or NCDD in the case when Secretariat plays role of implementing agency.

Upon IAG or AEC provided response related to final decision to contract award and in the event when procurement institution (entity) response is not satisfying, bidder is entitled to file within 15 working days an appeal to AEC . The AEC shall respond within 15 working days after receiving complaint. The decision received from the AEC related to the complaint is the final decision. In the case that provided final decision is not satisfying, bidder may file a court appeal within 30 working days after issuance of final decision in which court ruling will be final.

All complaints, whether notified by persons who feel personally aggrieved or acting out of a sense of civic duty, will be acknowledged and acted upon by responsible authorities in accordance with the procedures specified in this section.

Investigation of the complaints must be fair and transparent. Ideally, a designated complaints officer will operate independently of an agency’s purchasing area, so as to reduce the risk of conflicts.

Complaints should be investigated in a timely and effective manner. Where a prolonged investigation is necessary, regular feedback should be provided to the complainant.

NCDDS shall create and keep records of all complaints, including outcomes, reasons for such outcomes, and response times

NCDDS shall use complaints processes to identify general or recurring problems in procurement processes, and undertake corrective action.

5.6. Preventing Complaints

An obvious complaints management strategy is prevention because it saves time and resources. NCDD can prevent complaints by:

- Ensuring that officers dealing with suppliers have a sound knowledge of procurement policies and procedures, and possess high level interpersonal skills (including verbal and written communications skills) and conflict resolution skills.
- Building effective appropriate relationships with suppliers and providing regular feedback on performance.
- Ensuring that clear specifications are developed.
- Ensuring that suppliers are treated in an ethical and impartial manner.
- Ensuring that negotiations with suppliers are well planned and executed.
- Making debriefing sessions available for suppliers who have been unsuccessful in tendering

5.7. Confidentiality

The NCDDS shall ensure the confidentiality of any complainant and shall hold harmless any person reporting a complaint, oftentimes referred to as a “whistle blower”, with provisions to shield complainant(s) or public official(s) from retaliation when they provide information that they reasonably believe to be a violation of Cambodian law or implementing regulations, including the SubDecree under which this Manual has been promulgated.

Part IV : ADMINISTRATION POLICIES AND PROCEDURES

CHAPTER 1: FIXED ASSET

1.1. Fixed Asset Definition

NCDD defines its fixed assets as “Asset item with a useful economic life of more than one year but fully expensed on the date of purchase.” Typical examples are motor vehicles, computer equipment, and furniture for offices. They are non-expendable items grouped into two category costs such as those US\$500 and up and those below US\$500, both with economic useful life of more than one year.

The Administration unit of Sub Programs, the Asset Management of NCDD-S, the Asset Office in the Provincial Finance Division are responsible for recording all procured non-expendable items of NCDD into the NCDD Inventory Database (NID). The inventory tags must be pasted or tied to each inventory item. The inventory list (Form 9) should be maintained on file and soft copies.

Note that the civil work, such as school buildings, roads, well, etc should not be recorded in the inventory list.

For all donor partners’ funded equipment such as vehicles and motorcycles, there must be a Loan Agreement signed between the NCDD and institutional ministries, or NCDD and Sub-National level. The loan agreement must outline the terms and conditions for usage (Form 10, 11, 12 and 13). It is important that equipment is handled properly and follows the provisions in these Loan Agreements.

1.2. Fixed Asset Register

A Fixed Asset Register must be maintained in all offices of NCDD.

The following table lists the minimum information to be maintained for each fixed asset item and attempts to give some guidance on what information should be in each field.

Minimum Information in a Fixed Asset Register

Field	Contents
Asset Register Number	This is a unique reference number allocated on purchase of each new asset. Either one sequence of numbers can be chosen for the entire NCDD or one sequence of numbers can be chosen for each field office. The number should be marked on the asset itself, to facilitate easy physical verification and to promote security.
Category	The different assets should be grouped together in broad categories such as motor vehicles, computer equipment and office furniture. This allows easy analysis of the asset base. It may also be a requirement for insurance purposes in the future. Categories ensure that the proper details are provided to the insurance company.
Description	Enter a brief description of the asset, e.g. Toshiba Laptop Computer.
Color	Enter the color of the asset.
Model Number	If this type of asset has a model number, enter it here, e.g. Satellite A40-S270.
Serial Number	This is the serial number issued by the supplier and will be written or embossed on most electrical and mechanical items.
Registration Number	For motor vehicles and motorcycles enter the registration number. Note that the registration number might change if import taxes have to be paid on a vehicle that was originally purchased duty-free. Retain the details of the changes so that there is a record of how the original purchase relates to the existing asset.
Location	Where the asset is physically situated. This may include additional

Field	Contents
	information such as the person to whom the asset has been assigned.
Date of Purchase	Enter the date the asset was purchased.
Purchase Price	Enter the cost of the asset. If the asset has been purchased on behalf of NCDD by a donor, enter the amount paid by the donor. Also record that the asset was purchased by a donor. Also see "Donor Details" below.
Voucher Number	Enter the internal accounting voucher number for the transaction. This will allow the asset to be traced back to the original transaction in the accounting records.
Donor Details	If an asset is purchased 100% with funds from a particular donor or if it donated in kind, enter the donor's name and the grant agreement or contract number. This will help with donor reporting. It will also provide a reference for checking if any restrictions exist upon the use or disposal of the asset.
Warranty	If the asset comes with a supplier warranty or other form of guarantee enter the details here, e.g., Twelve months back to base full parts and labor.
Current Condition	Enter a brief assessment of the current condition of the asset. An internal scale of allowable entries should be set up for this purpose. For example, this might be "Excellent", "Good", "Poor" or "Not working". This field in the register should be updated each year following the annual fixed asset inventory check.
Current Value	Enter a market value or replacement value for the asset. This field in the register should be updated each year following the annual fixed asset inventory check.
Insurance details	Enter the details of the insurance policy that covers the asset. If the asset is insured for an amount significantly different from the Current Value please explain why. Please note: many insurance policies require an updated version of the Asset Register every year. Without it, in the event of a claim, the underwriter may be entitled to refuse to cover items purchased since the last detailed Asset Register submitted.
Disposal details	If the asset has been disposed of, the details should be entered. This should include details of the disposal, such as the date of disposal, whether it was sold, who purchased it, the sale price, if it was scrapped, etc.

A computerized Fixed Asset Register (NID) is in use. Users were trained and back up users were installed.

It is good practice to maintain a hard copy Fixed Asset Register with copies of all the original invoices relating to asset purchases and to store a duplicate copy of this off-site. In the event of a fire or other disaster at the premises, this makes it far easier to prove the ownership of assets covered by the insurance policy.

1.3. Annual Physical Inventory

The physical inventory or stock-taking of all inventory item should be done twice a year, every June and December. Any changes in the location of the equipment should be updated in the inventory list and any missing item should be reported immediately to Asset Management Office. Once the stock-taking exercise is completed, a signed update list should be sent to Head of Sub Programs and Sub National level for informative purposes. The Sub Programs and Sub

National offices must send the updated inventory list to Asset Management Office in NCDD-S at each first week of July and the third week of December each year.

As a minimum the physical inventory check should include the following:

Serial number

Model number

Asset register number

Physical location

Current condition

The Asset Management Office will carry out physical inventory with the presence of the Internal Auditor for verification purposes.

At year end the physical verification checks will be attended by the external auditors.

NCDD may, in addition to the mandatory six month requirement, choose to perform physical inspection checks at regular stages during the year. This may be regular quarterly checks or it may take the form of random checks.

1.4. Disposal of Fixed Assets

The disposal of equipment depends upon the NCDD and the sources of fund. There are still items remain the property of the donor partners under the custody of NCDD, until formal permanent transfer occurs. Where transfer is approved, a Transfer Agreement is signed by the donor partner representative and the Chairman of the NCDD.

In case the expiration of its anticipated usage life or un-repairable damage, an official request letter is submitted to NCDD by the head of sub program or sub national level for decision making. NCDD will communicate with the equipment owners for any fair actions to be taken.

Sales or transfers of fixed assets during the operation of the NCDD must be done in a transparent manner. Matters that must be taken into account when disposing an asset are as follows:

- NCDD Disposal Guidelines
- Donor requirements. Restrictions may have been placed on the disposal of assets in the grant agreement with the donor.

A list of items proposed for disposal is sent along with the reasons to the Executive Deputy Head of NCDD-S who further certifies and seeks appropriate decisions from the Head of NCDD-s. The list includes an estimated current value of each item and whether the item is intended for sale or to be scrapped.

The EDH-NCDD-S and DAFD will scrutinize the list and finalize the tender. On approval by the Head of NCDD-S, an order for the disposal of assets will be issued by the DFAD. A tender notice with a list of the items to be disposed of will be advertised to the general public asking them to send their tender price separately for each item in a sealed envelope to the person who issued the tender notice on behalf of the NCDD.

The closing date for inspection of items and submission of offers by the buyers will be fixed by NCDD after inspection of items.

Assets should never be offered for sale to staff members only. All staff members should have an equal opportunity to submit a tender for an asset.

The above procedures are not applicable for the disposal of items of minor value. The sales or disposal of minor items will be at the discretion of the Head of NCDD-S as they are not categorized as fixed assets.

Details should be provided to the donor as to how the proceeds will be used. In some cases the proceeds of the sale may have to be refunded to the donor or the donor may opt to allow NCDD

to use sales proceeds for some operations costs. It all depends on the signed agreement with the donor partners.

If the sale of the asset is not subject to donor approval due to ownership was already transferred to NCDD, the income generated by the sale should be credited to the project(s) activities to which the cost of the asset was originally charged. The proceeds can be used to finance some NCDD operations costs. Where applicable, such as for sale of motor vehicles, the legal title of an asset that has been sold must be changed from NCDD to the new owner at the time of sale. The insurance company must be advised in writing if the motor vehicle is still in active insurance policy.

Any deviation from the asset disposal process described above must have the prior written approval by the Head of NCDD Secretariat.

If the NCDD-S decided to donate some fixed assets to other government offices or to partner organizations, the same process above should be followed. If items to donate are not categorized as fixed assets, the Head of NCDD-S secretariat should give approval in writing for formality and audit purposes.

The Fixed Asset Register must be updated with details of all disposals of assets.

1.5. Lost, Stolen or Damaged Asset

There are cases where assets could be damaged, lost or stolen regardless of whether it is intentional or unintentional. Initially the staff responsible for damaged, lost or stolen equipment reports first to his immediate supervisor in writing and eventually informs the head of the agency. Upon knowing full information the head of agency reports to the Executive Deputy Head of NCDD-S copied to the Director of Finance and Admin Division. The report should describe the whole scenario on how it was stolen, got lost or damaged. The Finance and Admin Division will inform the Personnel Administration Office accordingly for personnel record.

1.6. Office Buildings Furniture and Fixtures

- All office buildings, furniture are also fixed assets of NCDDD and are to be used for official business and the users shall be responsible for their proper maintenance and care.
- No modification, removal, or change shall be made to property unless authorized in writing by the concerned Division Director.
- All requests for repair and improvement of buildings furniture and fixtures shall be done by submitting a completed Repair Request Form duly assessed and authorized by the Director of Finance and Admin Division for budget check purposes. Upon obtaining certification of funds availability, the approved form shall go to the Admin Office for immediate action.

1.7. Fixed Assets - DOs and DON'Ts

DOs:

- Register all assets under the name of NCDD upon acquisition.
- Transfer the legal ownership when selling or otherwise disposing (sales or donate) of old assets.
- Fully expense all asset purchases in the year of acquisition.

DON'Ts

- Register assets in the name of NCDD that have been bought by staff.

CHAPTER 2 : TRAVEL

2.1. Request for Travel

All staff should have a mission order (Form 22) from their supervisor before traveling. This applies to all staff traveling out of their duty station either within or outside the province/municipality. These invitation letters from program owners such as NCDD, line department, ministries, or other support documentation should be attached with the mission order.

The mission order should be attached with traveling visa (Form 23). Every traveling visa must confirm the date, signature and stamp of authorized competent institution and institution greets and knows the departure and arrival from place to another.

The traveling Arrangement of staff and official within NCDD structure:

Staff of	Authorize the Mission Order	Sign the Visa of Provincial level staff going to National Level	Sign the Visa of National level staff Going to Provincial Level
NCDD- S (Staff and PoCs)	Executive Deputy Head of NCDD-S	N/A	Provincial Governor or Project Manager
Sub-Program (Staff and PoCs)	Head of Sub Program	N/A	Provincial Governor or Project Manager
Sub National Staff and PoCs (District & Provincial level)	Provincial Governor or Project Manager	EDH-NCDD-S or Head of SP	N/A
Line Department Staff	Head of Line Department	EDH-NCDD-S or Head of SP	N/A

2.2. International Travel

In case there is an international travel for official affair, study tour, training, workshop...etc the travel should be authorized in advance from traveler's supervisor. The projection of travel cost must be attached with received letter of invitation. The arrangement should be made in long term in advance (at least two to three months) in order to obtain the passport, visas, air tickets, etc. Depending upon the particular situation of each organization, some of these sponsoring organizations may assist in arranging travel logistics but the circumstances vary by sponsoring organization. It is better to check with the sponsoring organization to determine who handles the logistical arrangements.

All air travel should be done on the lowest available fares, and should be subject to the usual procurement procedures such as obtaining the required number of quotations.

Tickets with open return dates should be purchased only when the uncertainty of the travel schedule warrant it. Fees for changing dates of travel should also be taken into account when deciding upon the type of ticket to purchase.

The Administration Office of NCDD-S, other sub-programs and sub-national administration should arrange for booking of air ticket upon presentation of the authorized mission order. The staff requested the travel should make the mission order in advance so that the time is adequate for flight reservations.

International travel by the Deputy Heads of NCDD-S should be approved by the Head of NCDD Secretariat while the international travel by the Head of NCDD Secretariat requires approval from the Chairman of NCDD.

2.3. Travel Advances

Every staff may only request the cash advance for traveling if s/he travels outside the province/municipality for official affair for three days or more. The cash advance should not be given for travel within the province/municipality. The reimbursement of travel cost must follow the NCDD Finance and Admin Manual.

2.4. Preparation of Travel Claim

As soon as the travel is completed, for the travel within or outside the province/municipality, the staff should complete the reimbursement request for travel expenses or advance liquidation for travel expenses within the country (Form 24). For the travel outside the province/municipality, supporting documentation such as mission order, travel visa, invoice, air ticket, airport tax... should be attached with reimbursement or liquidation document.

2.5. Daily Subsistence Allowance (DSA), Refreshment, Meals Provision Rate and Transportation Costs

It is vital to the success of the NCDD program that official travel is made to the project communities and other destinations to fully implement the activities mandated in the work-plan. This policy is therefore formulated to support staff/persons travel on duties and set up the standard daily subsistence allowance in addition to the standard transportation costs rate approved by the management.

There are sub-programs and sub units in the sub national level and there are various units at the national level who do official travels. At the national and sub national levels, each Office has a number of people as part-time counterpart from the government who directly execute the NCDD work at the sub-national level. They receive monthly Priority Operating Costs to continuously deliver and execute the activities of NCDD with the support of the national advisors. There are times when they are invited to attend capacity development activities held in other communities or provinces and although PoC is for their regular travel, during special invitations they are also entitled to receive daily subsistence allowances and transportation cost reimbursements supported by an approved Mission Order.

While there are instances when some people do not receive any support or assistance like PoC but they have to do some work for NCDD, they are allowed to have a scheduled travel plan for a month to guaranty budgets and claim for DSA and transport. Guidelines to follow is below:

➤ DSA Planning

While DSA can only be provided for official travel related to activities within the plan, budget planning is necessary to ensure that DSA costs do not exceed the overall budget available. Each Office should prepare a monthly travel plan indicating the staff member, the planned travel and the estimated DSA costs and then review the total monthly Office plan in relation to the indicative budget figure.

A sample budget table is presented below for guidance.

Name	Position	Mission Dates	From	To	Overnight Yes/No	Purpose	Estimated Budget
------	----------	---------------	------	----	------------------	---------	------------------

							Cost
Mr A	Deputy	May 2	Prov	District 1	No	Meeting	7
Mr A	Deputy	May 6	Prov	District 6	Yes	Meeting	16
Mr B	TSO	May 8-12	Prov	D7,8, 9	No	Monitoring	70
Mr B	TSO	May 31	Prov	Bat	Yes	Training	32

The completed planning sheet should be prepared by each Chief of Office and submitted to the Project Manager at sub-national or Head of Sub Program at Sub Program or Director of his Division at NCDD-S for approval and reference.

The planning sheet can be updated at any time and serves as the basis in preparing a monthly Travel Mission for the people and could be on a need basis for the people.

Each Office Chief should keep a control sheet to keep control of the budget as illustrated below for an example:

Name of staff member	Position	Mission Number	This mission Amount	Accumulated approved amount/staff member	Accumulated approved Office amount
Mr A	TSO	1/5/2010 TSU	\$21	\$21	\$21
Mr C	TSO	2/5/2010 TSU	\$14	\$14	\$35
Ms E	TSO	3/5/2010 TSU	\$30	\$30	\$65
Mr C	TSO	4/5/2010 TSU	\$45	\$59	\$124

It is the responsibility of the Project Manager at the sub national, the Head of Sub Program in Sub Program and Director of Finance Admin Division in Phnom Penh who have a checklist (see below) to record each approved mission paper that would help in tracking the following:

- The mission is on the Planning Sheet
- The requested rates are applied correctly according to the DSA rate table of NCDD with reference to Anukret 10.
- The total amount requested by the individual is within the agreed range.
- The total office allocation is with the agreed range.

Unit	This month allocation	Mission requested	Requested Mission amount	Unit's Accumulated approved amount	Balance
TSU	1,200				
		1/5/2010 TSU	\$50	\$50	\$1,150
		2/5/2010 TSU	\$25	\$75	\$1,125
		3/5/2010 TSU	\$20	\$95	\$1,105
		4/5/2010 TSU	\$14	\$109	\$1,091
		5/5/2010 TSU	\$28	\$137	\$963

FU	1,400	Etc. . . .			
CAU	700	Etc.....			
PLAU	3,800	Etc.....			

Note: The responsible persons have to keep their control sheets consistently updated in order to monitor the accumulated total.

➤ **Travel Expense and DSA Claim Procedure**

DSA should be paid upon presentation of the following documents to the Finance Division. Upon reviewed, payment will be processed. Incomplete documentation delays processing of payment to ensure compliance to standard auditing requirements.

No	Documents	Prepared and signed by	Approved/Noted by	Remarks
1	DSA Claim Form	The claimant. Attach items No. 2-4 below.	Project Manager in the province; the Head of Sub Program in the Sub Program and and the Chief of Finance in the national level.	See attached
2	Provisional Receipts	The claimant fill in the form if bus ticket is not available. Write the plate number on the form and ask the driver to sign.	Immediate supervisor	Use this for other means of transportation other than buses who does not issue tickets. (see attached)
3	Photocopy or original approved Travel Mission.	The claimant	See 1.1	If the approved Travel Mission is only one for more than one person. If the original is with one person while other persons have the photocopy. Note in at the bottom of the photocopy “ The original copy is with Mr/Ms....”
4	Individual travel visa is required.	The claimant	Project Manager or Provincial Governor	Original visa is required for each individual but

				sometimes there are more than one person in the Travel Mission and may not leave at the same time.
5	Work-plan and Achievement Report	The claimant and immediate supervisor signed	Immediate Supervisor	(see attached sample from Kandal)

In case some members will cover more than one district or commune in one day, the total distance can be added up and that will determine the rate of the distance. For example visiting 3 communes with a total of 50kms without overnight, one mission request should be prepared and one DSA claim processed.

When the person needs to go to a commune or district to just pick up a complete report from the CS clerk for less than a half day, it is not considered a “ Mission “ therefore not entitled to get a DSA.

People in other Divisions with less work in the field should plan their trips to the field for activities like coaching and on-the job training in filing, accounting, reporting, monitoring and providing back-up support to the district which are all related to capacity building as mandated in their job description.

The Provincial level can provide training sessions for the District in work plan preparation, planning, leadership and management, structures and functions of province and district. Additional tasks such as spot checks of project implementation is an important work to do in the field.

The internal auditors have the same focus in the district such as training on auditing principles, methodologies, spot checks and reporting.

The NCDD personnel who are authorized to travel on mission are entitled to receive daily subsistence allowance (DSA). The DSA rates reflective of NCDD current policy only following the Anukret 10. The DSA rates for travel within the province/municipality do not apply however to those personnel who already receive the PoC from NCDD. In exceptional cases, there is a budget allocation in the AWPB for the DSA of District/Khan non-government staff attending the official training or workshop at provincial/municipality level as planned with the rate listed below.

2.6. The current maximum DSA rates for current NCDD implementation are

Reference is Anukret 10.

Description	Daily DSA Rate (US\$)
Travel outside province	
Travel to other provinces/municipalities (for staff at provincial and national level) staying overnight with accommodation (\$10 for accommodation and \$6 for food and pocket money) Food \$3.5 and pocket money is \$2.50.	US\$ 16.00/US\$30
Travel outside province or crossed-province with a distance of not more than 40km, only food and pocket money for one day is provide, no accommodation.	US\$ 6.00/US\$10
Travel within province	

DSA for overnight stay in provincial town, inclusive of accommodation and food for non-government staff attending planned capacity building activities.	US\$ 6.00
Transportation is provided on an average of \$2.50 for one day return trip.	
DSA for overnight stay in the district, commune/sangkat or village. (inclusive of food and accommodation)	US\$ 5.00

Notice:

- The above DSA rates will be adjusted every year according to the real situation.
- The travel and mission within and outside the province/municipality and the authorized staff could return the same day, s/he is not entitled to get DSA. The travel and mission within province/municipality, where authorized staff could not return in the same day, should be provided a DSA.

2.7. Standard rate for Refreshment per venue.

REFRESHMENT	
Refreshment for trainer and trainee/day for activities held in the village, commune or district (Venue is in the village, commune or district halls) \$0.75 am and \$0.75 pm	US\$ 1.50
Refreshment for trainer and trainee/day for activities held in the provincial town (venue is in the provincial hall) \$1.00 am and \$1.00 pm	US\$ 2.00
Refreshment for trainer and trainee/day for activities held in the provincial town (venue is in the private rented place or hotel) \$1.50 am and \$1.50 pm	US\$ 3.00
Refreshment for trainer and trainee/day for activities held in Phnom Penh (Venue is at NCDD meeting room) \$1.50 am and \$1.50pm	US\$ 3.00
Refreshment for trainer and trainee/day for activities held in Phnom Penh (Venue is at private rented place like hotel) \$2 am and \$2 pm	US\$ 4.00

2.8. Standard rate for Meals (lunch or dinner) per venue.

LUNCH or DINNER	
Lunch or dinner for trainer and trainee/day for activities held in the village, commune or district (Venue is in the village, commune or district halls)	US\$ 2.00
Lunch or dinner for trainer and trainee/day for activities held in the provincial town (venue is in the provincial hall)	US\$ 3.00
Lunch or dinner for trainer and trainee/day for activities held in the provincial town (venue is in the private rented place or hotel) inclusive of meeting room, stationeries and refreshment	US\$ 10.00

Lunch or dinner for trainer and trainee/day for activities held in Phnom Penh (Venue is at NCDD meeting room) lunch is provided in a contracted restaurant	US\$ 6.00
Lunch and dinner for trainer and trainee/day for activities held in Phnom Penh (Venue is at private rented place like hotel) inclusive of meeting room, refreshment and stationeries per person	US\$ 20.00

2.9. Transportation Cost Reimbursement

International and national staff or consultants should be reimbursed upon presentation of original receipts together with a Travel Expense Claim form. Transportation costs will only be reimbursed if they are reasonable and relate to the reason for the travel. In cases of dispute, the Deputy Executive Head of NCDD-S will make the final decision on what constitutes a reasonable expense. Normally the basis is the transportation cost per origin to destination and vice versa, developed in 20XX by the PMSD as the basis of charging transport costs (attached as Annex ____).

When a staff member loses receipts but still wishes to claim for the expenses, the staff member must provide a signed statement confirming the amount claimed, and explaining why the receipts are not available with the acceptance or approval by the Executive Deputy Head of NCDD-S. Furthermore, the statement must include a declaration saying that if the receipts are found at a later date, the receipts will not be used to make further claim. Reimbursement of expenses in such circumstances will be at the discretion of the Executive Deputy Head of NCDD-S.

Anukret 10 is attached as Annex. If the Head of Secretariat wishes to make such a claim, the Head of Secretariat must seek approval from the Deputy Executive Head of NCDD-S who takes care of the day-to-day management of NCDD.

2.10. Travel Funded by Other Organizations

If staff members travel at the request of other organizations, there are times when travel costs are responsibilities of the sponsoring organization.

NCDD will consider paying expenses only when the sponsoring organization states in writing that it is not able to do so. Any payment will be at the discretion of the Deputy Executive Head of NCDD-S. When the Deputy Executive Head of NCDD-S consents that NCDD-S will pay certain expenses, it must be expressed in writing, together with the estimated amounts, prior to the travel.

The same consideration also applies to the Daily Subsistence Allowance or DSA. This will only be paid if the sponsoring organization confirms in writing that it will not pay any kind of daily pocket money, food and accommodation. This must also be expressed in writing prior to the travel. The DSA rate applied is the international rate per Anukret 10 according to positions.

3.1. Vehicle Policy - Cars and Motorbikes

NCDD maintains a fleet of vehicles and motorbikes. In most cases the cost of running the fleet is the second most significant expenditure in the budget. It is also an area that is most open to abuse. It is very important that vehicles and their costs are monitored and controlled in a manner that is transparent and that can be easily audited.

Therefore it is important to set this policy on a range of issues such as:

- o Authorized drivers, driver qualifications and training
- o Log books
- o Purchasing and replacement
- o Disposal
- o Purchases of fuel and lubricants
- o Maintenance and repair
- o Insurance
- o Official use of vehicles
- o Private use of vehicles by staff
- o What to do when accidents happen
- o Carrying of passengers
- o Depreciation – although the accounting system of NCDD does not correspond to calculation of depreciation (modified cash basis) the depreciation could be considered when disposing vehicles

The Vehicle Policy should be linked to the procedures in the NCDD Procurement Policy #16 and Fixed Asset Management Policy #15.

The NCDD vehicles and motorbikes purchased by NCDD are distributed to different ministries, provincial offices and staff intended for official use in the implementation of NCDD activities. The receiver is responsible to ensure that they are being used properly and are well maintained and serviced.

A vehicle and motorcycle loan agreement is signed between the NCDD and the receiver or user which outlines the terms and conditions of usage.

The vehicle and motorcycle should be properly handled and follow these guidelines bellow:

3.2. Vehicle Use Guideines

- Vehicles and motorcycles purchased under the NCDD should only be used for official business;
- Vehicles and motorcycles should be maintained in good working condition to ensure the maximum degree of efficiency and safety;
- The vehicle fuel tank must be filled completely at each re-fuelling so that the fuel consumption rate per kilometer may be verified;
- Vehicles and motorcycles should be driven only by authorized persons holding valid driving license.
- Drivers should not consume alcoholic beverages or other intoxicants before operating a vehicle or motorcycle. Also, they should not drive if they are taking any medication that may impair their ability to drive.

- When not in use, vehicles and motorcycles will be parked at the office compound except for those vehicles (cars and motorbikes) issued to the field staff and Management of NCDD-Secretariat whose calls and time for work are undetermined.
- If available, seat-belts should be worn by the driver and passengers, otherwise the NCDD administration should ensure seat belts are installed in every vehicle.
- Project vehicles shall be administered on a pool basis. The staff or official intend to use the vehicle should complete correctly the request form (Form 15) and submit in advance to administration officer who is in charged for in timely arrangement.
- Project vehicles should not be used for the transport of staff from and to their residence.

3.2.1. Official Use of Vehicles

The Vehicle Policy should cover the following regulations for the official use of NCDD vehicles.

- The Executive Deputy Head of NCDD appoints one person, the Administration Officer – Transportation, to control the vehicles use. This person is then authorised to assign vehicles for every request from the staff according to availability of vehicles.
- Requests for use of a vehicle must be submitted to the Administration Officer-Transportation as much as possible one day before the scheduled travel to the field or provinces or two hours before travel to the city.
- The Admin Officer for Transport should prepare a schedule for vehicle movements for the following day. Daily schedules should be kept on file as well as on the Vehicle Scheduled Trip board so that everybody can see which vehicle is free and assigned.
- In normal circumstances all vehicles should be returned within the stipulated time and be parked at MOI or any secured place as decided by the focal point per Sub-Program, Sub-National offices and Secretariat. In case of delay, the driver must inform the Admin Officer for Transportation in good time.
- After returning from the trip the keys of all vehicles will be locked up in the key cabinet board of the Admin Officer for Transportation.
- Logbooks must be properly filled out at the end of each journey.
- Unless absolutely necessary NCDD vehicles should not be used after dark.
- The number of passengers or material loads must not exceed the allowed capacity of the vehicle. If loads exceeded the vehicle and passengers will not be covered by the insurance policy for the vehicle.
- Without exception, the Vehicle Policy also applies to motorcycles.

3.2.2. Personal Use of Vehicles

The Vehicle Management Policy includes written criteria for personal use of vehicles. This includes when a vehicle is assigned to a specific member of staff, normally, the vehicle can be used for travel to and from the staff member's usual place of work.

NCDD recognizes that the use of such vehicles for personal reasons. Personal use in these cases may be allowed only if the use of vehicle for personal use does not disrupt or jeopardize the smooth implementation of the program. Private use of vehicles should not hamper project implementation.

When private use is permitted that would consume a significant amount of fuel and long distance travel, the staff member should be charged by a kilometer rate. The charge is to be determined by the Admin Officer for Transport and approved by the Director for Admin and Finance Division. A suggested template for calculating the charge is as follows for an example.

SETTING A KILOMETRE RATE			
Details of the Vehicle			
Make of vehicle	Toyota 4 WD Double Cab	Project no.	
Registration no.	SZW 123	Project name	IP3
Year of purchase	2007		
Purchase price	USD 25,000		
Expected km per year	22,000	Driver	Mr. Seng
			USD
1. Fuel:			
Expected km per year	22,000		
Price of fuel per liter (diesel)	1.00		
Number of liter per 100 km	12		2,640
2. Maintenance Costs (services only):			
5% of the purchase cost of the vehicle			1,250
3. Tire Costs:			
4 Tires			650
4. Repair Costs:			
5% of the purchase price – up to 4 years or under 200,000 km			1,250
10% of the purchase price – over 4 years or over 200,000 km			
5. Insurance costs and Registration:			
Comprehensive Insurance			100
Registration and Third Party Insurance			50
6. Depreciation:			
10% of purchase price			4,000
TOTAL RUNNING COST FOR ONE YEAR			9,940
Calculation of charge out rate = \$9,940 / 22,000 km			0.45 cents per km

The private use of NCDD owned vehicles is generally not permitted during vacation periods. In exceptional cases only, when staff members need to use a vehicle during vacation, a written request must first be submitted, stating the reasons why the vehicle is required for that purpose. The Executive Deputy Head of NCDDS approves the request.

3.3. Fuel Coupons

If feasible, drivers should use the petrol coupons to procure fuel for vehicle and generator (Form 16). The table below shows who should issue the fuel coupon in different offices. The fuel coupon issuer should record the coupon in the fuel monitoring and consuming sheet (Form 17) so that they can verify the supplier's invoice and sort out by vehicle, generator, etc before submitting the invoice to the Finance Office for payment to the suppliers.

Who should issue the fuel coupon?

	Issuer of fuel coupon	Approved by	Received by
NCDD-S	Admin Officer- Vehicle Management	Chief of Asset and Admin Office	Driver or Staff
Sub Program	Appointed Admin	Appointed Dep	Driver or Staff

	Staff by the Head of SP	Head of SP or other post by the Head of SP	
Sub National level	Any appointed staff by the Director of Provincial Finance Division	Director of Provincial Finance Division or any designated post	Driver or Staff

The reimbursement of fuel costs can be made for only field staff that is authorized in purchasing fuel at village level at any justifiable circumstances whereby fuel stations are not available when the vehicle needs fuel.

NCDD-S centrally procures through bidding on an annual basis the supplier of fuel for all NCDD vehicles. Payment is done once a month after agreement on the details of statement of account. The selected fuel company is responsible in contacting a fuel station that could provide fuel to NCDD vehicles and motorbikes in remote areas. The sub-national level process payment to the fuel stations in the provinces while the sub program does the same. The NCDD-S process payments to the company for all fuel issued to NCDD-S vehicles.

3.4. Vehicle Log Book

The use of NCDD vehicles should be recorded on the vehicle daily logbook (Form 18) and kept in the vehicle. The driver or authorized person is responsible in recording and maintaining well the logbook.

The logbook should record:

- Vehicle and driver details
- Start mileage or kilometres
- Charge to which donor activities or project activities
- Name of passengers
- Litres or gallons of fuel added and other fuels added
- Daily checks
- Journey to / from
- End mileage or kilometres
- Driver's initials
- Authorising staff
- Comments

Logbooks should be filled out after each journey.

Logbooks should be submitted weekly to the Administration Office and data should be entered into the database (in the future when the database is created).

All drivers must be properly trained to fill out the logbooks correctly.

3.5. Vehicle/Motorcycle History Record

Each vehicle and motorcycle should be recorded its history (Form 19) and well kept. This form includes information on the average fuel consumption, cost of repairs or services. This has to be maintained by the Admin or Asset Management Office in the NCDD-S. The head of sub-programs and sub-national levels should appoint a position in the administration to perform this work and coordinates regularly with the Asset Management Office of the NCDD-S for consolidation purposes and record maintenance.

3.5.1. Fuel Consumption Reports

The Asset Management Office should use the logbooks to prepare and submit monthly reports of mileage and fuel consumption to the Director of Finance and Admin Division for information to the NCDD-S Management as requested. Standard forms should be used to monitor fuel use and to calculate the weekly fuel consumption. The information that should be recorded is as follows:

Vehicle and driver details

Report period (start and end date)

Opening mileage or kilometres

Closing mileage or kilometres

Miles or kilometres travelled

Fuel used (litres or gallons)

Fuel consumption (litres per mile or kilometre)

Monitor's initials

Comments

The above information will provide the average daily fuel consumption during the reporting period. The information should be entered into a spreadsheet each month. The data should be shown for the twelve-month period. It should produce the monthly cost per kilometer for each vehicle, as follows:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vehicle 1	16	15	17	18	2	17	18	17	2	18	23	22
Vehicle 2	15	17	18	2	17	2	18	16	19	27	22	18
Vehicle 3	1	14	6	12	14	16	26	08	2	18	19	18
Vehicle 4	22	23	18	2	17	18	17	2	18	17	15	16

When viewing the above information on a chart it will be clearly seen that the July consumption for vehicle no. 1 has been excessive and will need to be investigated.

3.5.2. Fuel Misuse

A high level of fuel use might indicate mechanical inefficiency but often it is a symptom of fuel theft, siphoning fuel from vehicles and vehicle misuse. Fuel is often seen as ready cash because it can be sold on the private market. It could also indicate that there has been collusion between drivers and fuel suppliers, such as buying less fuel but paying for more.

The following regulations are put into place by NCDD to reduce the risk of misuse of fuel:

- Vehicle monitoring is assigned to Asset Management Office.
- Electronic monthly monitoring reports will be set up on spread sheets so that vehicle costs can be compared.
- Allocated one driver to one vehicle. This means that the driver must take personal responsibility for properly driving and maintaining the vehicle. Brief each driver on his responsibilities.
- Ensure that the vehicle is not driven by anyone else without prior authorisation beforehand. Check that the necessary forms have been properly filled in.
- Conduct background checks on fuel suppliers to avoid dubious sources where fuel could be blended with other liquids.
- Establish written purchase agreements with specific fuel supplier.
- The purchase of fuel is through the use of coupons. One copy goes to the fuel station another copy is retained by the Admin Officer.

- Random checks should be made at the fuel station in order to ensure that the right amount of fuel is getting pumped. Drums could be filled first to ensure that the measuring system is correct.

3.6. Vehicle Maintenance

A vehicle maintenance instruction (Form 20) should be distributed to each driver and any staff who received the vehicle and they should read clearly and understand well the instruction of all points.

They should maintain well the vehicle to fully service and check necessary tools; to ensure that they are equipped such as first aid kit, fire extinguisher, spare tire, set of tool, etc.

NCDD offices and projects should budget a reasonable amount per month for the expenditures of fuel and motorcycle regular maintenance. As for actual implementation, each administration office should manage the disbursement according to the real situation of each province or municipality and sub programs.

Regular maintenance of vehicles should be scheduled by setting the maximum period and or mileage that can elapse between services.

The Admin Officer in charge of vehicle management should prepare a regular report of maintenance and servicing of vehicles and submit it to the Chief of Admin Office for information to the Director of Finance and Admin Division, subsequently for the NCDD Management together with the mileage and fuel consumption report. This report can help to monitor operational performance of the fleet and can help in formulating budgets both for future running costs and future vehicle purchases.

3.7. Accident Report

The drivers must report immediately to their supervisor for every accident (vehicle and motorcycle). The drivers should be aware of the procedures to be followed in the event of an accident:

- Obtain the names and addresses of parties involved and all injured persons;
- Record the name and address of the parties' insurance company if they have one;
- Register the names and addresses of all witnesses and passengers in all vehicles/motorcycles related to the accident;
- Call the police to the scene of the accident and ask for a report;
- Make a written record of the injuries to the personnel and the impact of the damage to all vehicles or motorcycles involved;
- Do a sketch of the road and relative positions of the vehicles or motorcycles involved before and at the time of the accident (if possible);
- If possible, the photographs should be taken of the scene of the accident before the vehicles or motorcycles are moved;
- Record the road conditions as possible as visibility.

The drivers should complete the vehicle or motorcycle accident sheet (Form 21) and give to Asset and Administration Office. The sub-national and sub-program administration office should send a copy of the report to the NCDD-S Asset and Admin Office.

3.8. Vehicle and Motorcycle Insurance

The NCDD vehicles (cars only) have insurance policy for Third Party Liability and Passengers. Except for motorbikes where NCDD has assumed that the implementing agency will be

completely responsible for the vehicle or motorcycle's replacement or repair. Thus there is not insurance coverage provided for motorcycles used by the office and government staff. However, due diligence and care in driving and using their motorbikes have been advised to all users. In case of lost or stolen motorbikes due to proven negligence, the staff will be asked to replace the motorbike with the same residual value.

3.9. Vehicle Security

When not in use, all NCDD vehicles should be parked at the office or at the residence of the staff member to whom the vehicle is assigned, if adequate security is provided. If adequate security is not available at the staff member's residence the vehicle must be parked at the office compound.

Keys to the vehicles must be kept in a secure place in the office such as a locked strong room or safe. The keys must be recorded in the key register. All staff must sign for the keys they hold in their possession and the signed documents should be kept by the Admin Officer for Transport.

3.10. Vehicle Insurance

Adequate insurance cover must be maintained for all vehicles (cars). Insurance coverage for all vehicles of NCDD complies with the legal minimum in Cambodia.

Insurance coverage should be for the following:

Third party property coverage should be obtained. This will insure NCDD in the case of an accident where the other party to the accident seeks compensation from NCDD for damage to their vehicle.

NCDD staff either driving the NCDD vehicle or are passengers in the vehicle.

Non-NCDD passengers travelling in NCDD vehicles.

CHAPTER 4 : FILING

4.1. Filing System

Filing is a very important part of administration and care should be taken to handle documents appropriately. Confidential documents regarding to personnel matters, salary, original legal documents, etc should be locked securely in the file cabinets.

It is important to establish a standard filing system so that documents can be easily located. Occasionally, documents should be cross-referenced (filed in more than one place or subject) so that they are easily found later.

It should be well organized, systematic, efficient and transparent. A filing system is only useful if people can easily find what they need. Filing means keeping documents in a safe place.

All documents that are important should be filed. This includes things like letters, reports, minutes, funding proposals, accounts, invoices, budgets, work plans, service contracts and job descriptions. The filing system should separate all information into logical and easy to find categories. Everyone who needs to use documents should know where to get them.

4.1.1. Equipment used for filing

Filing Cabinet: to keep flat files and suspension or hanging files

Steel Cabinet: to keep big files that need to be locked up

Date Stamp: to date stamp documents that are received on daily basis so that they are filed in chronological order and so we have a record of when we received the document

File Register or book: to record files taken out and files returned

Filing shelves: to file box files

Box file: is a big file that is used to keep big documents that cannot go into a filing cabinet. They are kept in shelves.

4.1.2. Five Methods of filing

There are 5 methods of filing:

- Filing by Subject/Category
- Filing in Alphabetical order
- Filing by Numbers/Numerical order
- Filing by Places/Geographical order
- Filing by Dates/Chronological order

NCDD offices use these methods in organizing things that are alike. A combination of some of the methods can also be used. For example, filing can be done by the subject method but inside each file the documents could be filed according to date order.

4.1.3. Computer Data Files and Back-up

Computer software and data are two of the most important assets owned by NCDD. NCDD rely heavily on computer systems and data in many of their activities. Staff spends a considerable part of their working hours, knowledge and experience on the documents in their computers. In this regard, the hours spent on the preparation of documents is done at a considerable cost to NCDD. Furthermore, documents prepared by NCDD staff on NCDD equipment are the property of NCDD and must therefore be safeguarded. The documents should not be put at risk by not being properly backed up or by not following back up procedures. Similarly, the time that would be spent on reconstructing lost documents would be a waste of NCDD resources.

There are several golden rules about back-ups. The two main rules are:

- Do not overwrite the most recent back up
- Ensure that a recent back up is stored outside the office

4.1.4. Location of Documentation

Where the NCDD Office is located remotely, it is at the discretion of the Director of Finance Admin Division as to whether the supporting documentation should be retained at the provincial location or whether it should be sent to the Provincial Office or at the national level. If documents are to be retained at a remote provincial location, the Director of Finance Division must provide written instructions on how and where the records are to be retained.

If documents are to be sent from the provincial office to the national level NCDD-S or any other place, the documents must first be photocopied and the photocopies kept on file in the originating office.

4.1.5. Retention and Storage of Documents

The period of time that documents must be retained is usually stated in the agreement with the donor partners. The retention period will vary, according to the following:

- NCDD minimum retention period is seven years from the completion of the project. Some donors may require the records to be kept for an entire project for 5 years after they have officially declared the project closed. This means that if the project was for a 5 years period, the records must be retained for 10 years. Check the agreement that was signed with the donor. If the donor's requirements are unclear, ask the donor for clarification in writing. It is better to err on the side of caution and to keep documents for longer than 7 years if there is any uncertainty. In other words, use the standard 7 years as the minimum period that records have to be retained.
- Local legislation - If the local statutory minimum retention period is less than seven years, then the NCDD minimum requirement must be observed.

4.1.6. Storage of documents

Stored documents can become spoiled over time and this will happen more quickly if the storage environment is not appropriate. All stored documents must be kept in a clean and dry area. If possible, the area must also be safe from the threat of fire. The storage area must be easily accessible and the documents must be stored in a systematic manner.

NCDD office documents store important documents in safe rooms inside the NCDD building. Others are located outside NCDD building but ensured that they are safe from any fire and flood.

4.1.7. Storage of electronic data

Non-current electronic data are stored in a safe place. Critical electronic data are copied and stored in a separate place. The storage area is clean, dry and safe from the threat of fire. The data are stored in a systematic manner. It is the plan of NCDD to keep important files in electronic file or soft file.

4.1.8. Emails

Emails must be subjected to the same procedures as other electronic data. All emails that were received and sent by an employee who has either left the organization or has been transferred to another position within the organization should be made available to the employee who is the replacement.

CHAPTER 5 : WEBSITE

5.1. Website

5.1.1. Databases

The databases are as follows:

5.1.2. Documents

This is a database of documentation and reports available for programs and projects operated by the NCDD. These documents have either been received from different NCDD offices. The documents cover areas such as AWPBs, Planning, Monitoring and Evaluation System (PME),

Monthly Reports, etc. These documents, or their contents, may be used by staff and donor partners as references for their reporting. This database is updated once the documents have been reviewed by the appropriate NCDD management and entered into the database.

5.1.3. Finances

A database extracted from the Peachtree financial accounting computer system. It records donor income towards programs and projects and, cash transfers to the project holders. Expenditures are recorded by the respective Sub-Program and Sub-Nationals, consolidated by the NCDD-S into one report. These amounts are then recorded as expenditures. The Financial Database is updated every morning at 08:00.

5.1.4. Images

NCDD has all been equipped with digital cameras. Images are transmitted as email attachments. Other images are scanned into a digital format and are included in the database. All images can be viewed on screen, printed or downloaded for inclusion in reports.

5.1.5. Contacts

A comprehensive list of NCDD addresses and contacts. This database is maintained by NCDD personnel unit in collaboration with the IT Unit who record any new contacts made with an external source in a database. The database contains names, addresses, telephone and fax numbers and email addresses. It is a multiple choice database.

5.1.6. Resolutions

This database records important resolutions, Prakas, sub decrees and guidelines and other items of interest extracted from agendas, proceedings and minutes of NCDD Assemblies.

5.2. Directory

Every year the NCDD Directory or Handbook was updated and a hard copy was handed to every staff of NCDD and also distributed to donor partners and ministries. The directory can now be downloaded from the NCDD web site.

The Directory includes information about NCDD, its program, services, staff and reports. NCDD “Facts and Figures” and an organigram of the different Sub-Programs, Sub-Nationals and the Ministries.

The NCDD publishes information via its NCDD website. Printed copies also are available upon request.

All data included in the Directory is based on information received within the NCDD Secretariat , and according to an annual survey of those listed.

CHAPTER 6: OFFICE SUPPLIES

All staff members must use the office supplies and stationeries of NCDD properly. Taking these things for personal use is strictly prohibited. The Administration Office shall be responsible for overseeing use of office supplies and stationeries.

6.1. Guidelines

- Office supplies are those non-consumable items procured by NCDD funds for official use whose purchase amount fall below the threshold of fixed asset category which is below US\$500.
- Office stationeries are consumable items primarily use for the daily office operations.
- Office stationeries will be purchased on a quarterly basis from a yearly contracted office stationeries shops.
- Contracted office stationeries shop receive purchase orders duly approved by the Executive Deputy Head of NCDD-S and the Director of Finance and Admin Division, settled every end of the month.
- NCDD and the contracted shop agreed to review prices on a quarterly basis.
- Administration Office takes care of the ordering and inventory.
- One week before the end of each quarter, each Division submits their quarterly request for stationeries, summarized by Admin Office and send the approved Purchase Order Form to the Stationery shop.
- Upon delivery, the Asset Management Office inspects the items before distribution.

6.2. Stationeries and Supplies Inventory

NCDD encourages small bulk ordering due to no enough space to stock the items. However if there are items ordered once a month, office and stationery supplies distributed to each division are kept and monitored by each Division.

The office supplies and stationeries should be kept in a safe place such as cupboard or small locker with a key to lock kept by one person.

Regularly, there must be a specific person who responsible for all the supplies. The Administrative Assistant should keep stock control cards (Form 25) that describes the quantity of material purchased and distributed. Any entry or distribution should be recorded. The chief of individual unit should make a random stocktaking to verify the consumable quantities and the accuracy of stock on hand.

This person is also responsible in preparing the quarterly request for submission to the Finance and Admin Division.

6.3. Security of Keys

Duplicate keys of vehicles, rooms, cupboards should be secured in a box or cupboard and should be identified a unit number and registered in a key registration. Only the Administration Office could access to the duplicate key in the box. Loss of key should be reported immediately to the Administration Office so that appropriate action can be taken.

CHAPTER 7 : COMMUNICATIONS

Communications is not all about telephone and internet only. Communications is about the flow of information in NCDD. NCDD is committed to maintain proper flow of communication to and from all levels, offices, ministries and staff. Confidentiality is one of the important conduct in communication policy.

Written and Verbal correspondences are also part of communication policy. Information about NCDD should flow to proper outlets and targets.

7.1. Incoming and Outgoing Mails and Correspondences

All incoming official mail (letters, faxes, telexes, etc) should be registered in a logbook (Form 26) or in a log system in the computer and stamped date when it was actually received. This is the function of the Administration Office at the reception room.

The stamp for incoming mail should show whom the original mail directed to and who has been copied. The following is an example of a stamp for registering incoming official mail:

Date Received:		File:
Distribution:	Information:	Action:
Project Manager		
Director of Fin and Admin Div		
Director of PMSD		
Director of M&E Div		
Copy to be given to:		
Action taken/date:		

All outgoing correspondence should also be given a log number. It is generally practical to keep copies of all outgoing correspondence for future reference. A copy for file should not be forgotten for all written communications sent through the central reception in the Administration Office

Provincial and national offices send letters, reports and any other type of written communication through trusted private transportation company that could reach 24 provinces all over the country and vice-versa to Phnom Penh, NCDD offices. The NCDD Messenger is responsible in this function. The company sends monthly bill to NCDD-S for pouch fees for all documents sent to provinces. The provinces settle their bills directly to the transport company upon sending documents to national level.

7.2. Official Correspondence

1. "Official" correspondence is defined as any correspondence that represents binding decisions commitments, formal requests or official views of the NCDD.
2. Signing authority: The Head of NCDD Secretariat or the Acting Person in his behalf shall sign:
 - a) All correspondence on policy matters, programming issues, fund raising, personnel recruitment;
 - b) All correspondence containing commitments, financial or legal bindings, except planned program commitments as delegated to the Executive Deputy Head of NCDD-S and other posts;
 - c) Official reports (progress, final, evaluation, etc.); and
 - d) Any and all correspondence with the donors, heads of UN agencies, IOs and NGOs, Ambassadors, and heads of donor agencies and heads of Cambodia Government Counterparts.

At the operational level, the respective members of the Management may be authorized by the Head of Secretariat to sign external letters on matters related to their program matters. In this case, a copy of the letter shall be sent to the Head of NCDDS for reference/information.

7.3. Internal Correspondence

1. Internal correspondence can be done in the form of memo, letter or request form, as applicable and shall be channeled through the normal chain of command i.e. through his/her immediate supervisor or Head of Unit.
2. Correspondence across units/provinces shall be passed through the concerned Director of each Division.
3. Correspondence to the Head of Secretariat by a staff member shall be noted by the Executive Deputy Head of NCDD-S.

7.4. Confidential correspondence

1. The sender determines if an internal/external correspondence should be marked with Confidential or Personal Attention. Use a red 'Confidential' mark on the outer envelope. Confidential correspondence must be approved by the Director of each Division or by the Executive Deputy Head.
2. The confidential or personal correspondence shall not be opened by anyone, but the addressee him/herself.

7.5. International Telephone Calls

Only a limited number of fixed line telephones in each office have the facility to make international calls. Access to those phones is protected and controlled by the switchboard in the Administration Office.

Bills for the telephones received monthly are checked and itemized to show the following details for each individual call.

- Number called
- Date and time of call
- Duration of call
- Cost of call

7.6. Mobile Telephones, Facsimiles and Land lines

All mobile telephones purchased by NCDD appear in the Fixed Asset Register of NCDD. The name of the staff member who received the phone is noted clearly and acknowledged receipt on the loan agreement. The NCDD management decides on who should receive telephone unit and which model. If the model becomes obsolete and would not serve better the user, the old unit should be returned to the Asset Management Office and issue a new one subject to approval by the Management. The office telephones and facsimiles are for official purposes, but as a courtesy, NCDD allows its staff to occasionally, use the facilities for brief personal calls locally.

Every overseas outgoing call requires prior approval of the immediate supervisor and the caller shall be responsible for recording the call in the overseas telephone logbook stating the name of caller, the number called, the date and the status of the call (Official or Personal).

Staff making personal overseas calls, using the office phones or the NCDD provided mobile phones shall reimburse the organization for the actual cost of these calls upon the delivery of the monthly phone bills.

To ensure timely communication and security precaution, all staff that are provided mobile phones or mobile radios (if applicable) are expected to have them operational 24 hours a day. The program's mobile phones and mobile radios are for program operations and are issued according to identified needs. They are neither a benefit nor a right.

A directory of staff and their mobile phone numbers shall be given to all staff members. Outside office hours or during holidays, in case of an emergency or urgent matter, staff members can contact the concerned Chief of Office via their mobile phones. Otherwise every effort should be made to respect off duty hours.

7.7. Credit Limits on Mobile Telephone Accounts

Where mobile telephones are operated on a post-paid credit account, a credit limit must be in place to protect the organization against unlimited use if the phone is lost or stolen.

The credit limit should be set at an appropriate level to facilitate the efficient use of the phone. For example, if the average monthly bill is USD 100 then the limit needs be set at a level slightly above this to avoid disconnection. The management set the credit limit for each mobile phone issued on a post paid mode.

7.8. Loss or Theft of Mobile Telephones

A particular risk associated with mobile telephones is loss or theft. The cost of the telephone itself may not be considerable, but the biggest loss can OUTPUT from the use of a stolen telephone.

If a staff member loses an NCDD mobile telephone, or if it has been stolen, it must be reported to the person responsible for issuing and managing mobile telephones in the Administration Office as soon as they become aware of the loss or theft so that they can notify the telephone service provide and suspend the connection. If this is not possible, e.g., if the loss is detected on a weekend, the mobile telephone network provider must be notified immediately. Failure to do so may OUTPUT in the staff member being charged for any calls made on the telephone after the loss.

7.9. Internet Calling Options

In order to minimize the cost of telephone calls, NCDD encourages staff to use the Skype internet service. The service can be downloaded from the Skype web site www.skype.com. With a microphone and speakers, telephone calls can be made over the Internet. If both parties are enrolled with the service, the calls between the two parties are free.

If the caller only is enrolled, the price of the telephone call is still inexpensive. It is usually cheaper than through the local telephone service. By paying a relatively small lump sum to Skype on a pre-paid basis, calls can be made through Skype. Skype will advise when the pre-paid account needs to be topped up. The payment is made online by credit card.

Skype can also be used to send text messages. They can either be online chat messages, or messages similar to emails.

Questionnaire for Checklist of Administration

Date:..... **Name:**..... **Organization:**.....

	Yes	No	No comment
A) Procurement			
1. Are all the quotations and bids followed properly the procurement procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Is decision on selecting supplier made in accordance with best value?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Did staff inspect to ensure that all goods are received with correct quality and quantity before accepting the goods and permitting payment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was the inventory list maintained and updated regularly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B) Vehicle and motorcycle management			
5. Was loan agreement prepared for each vehicle and motorcycle?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Was the fuel monitoring sheet, log book, and history record prepared regularly and check by reviewing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Was fuel purchase reviewed properly? Example:			
• Were all purchases made by authorized person with approved supplier?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Was the fuel purchase documented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Was the fuel consumption of every vehicle regularly checked?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C) Office Management			
8. Was incoming and outgoing mail registered properly in the log book?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Did a formal letter or incoming mail reach the right recipient?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Is it convenient to find in the filing system, when the document needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Are the officer supplier kept in safe place and controlled properly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>