



**EURASIA  
PARTNERSHIP  
FOUNDATION**

**MANUAL OF  
POLICIES AND PROCEDURES**

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**Yerevan, Armenia**

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## **PREFACE**

This manual is to serve as a set of principles and instructions to enable the Board of Trustees and staff of Eurasia Partnership EPF (EPF) to fulfill their duties and responsibilities.

EPF's board and management must periodically review and, when required, make any necessary changes to the policies and procedures herein to ensure that EPF's operational and grant-making programs run smoothly, that EPF remains in compliance with Armenian law and with the rules and regulations of its donors, and that it maintains its hard-earned reputation as a transparent and respected organization.

This manual may lack some regulations related to employment, in which case the issues are regulated by the law of the Republic of Armenia. All regulations presented in this manual also follow the legal requirements of the Republic of Armenia. In the case of discrepancy between this manual and the Republic of Armenia law, the law prevails.

This manual contains frequent references to US government regulations, circulars, requirements, and practices. These provisions must be applied by EPF whenever it acquires funding from or implements programs with US government assistance.

In addition to US government practices and requirements, the policies and procedures in this manual were derived from best practices and existing practices from EPF's founding organization, the Eurasia EPF, and its network of affiliates.

*EPF is responsible vis-à-vis its Board, its donors, and its constituencies. In order for EPF to be able to fulfill this responsibility to the fullest, the manual has been revised to incorporate changes in the practice and funding situation that keep arising since EPF's set up in 2007.*

## **1. INTRODUCTION**

### **1.1. PURPOSE OF MANUAL**

This Manual of Policies and Procedures is the official document for conducting business by EPF and its accounting and administration of operational programs, grants, and subgrants, with US government and non-US government funding sources.

This manual is intended to serve as a guide to EPF staff. Whenever necessary, EPF staff should seek clarification or elaboration of these Policies and Procedures from the EPF's management.

### **1.2. AMENDING THE MANUAL**

The manual will be reviewed every three years and revised as needed. Revisions will be approved by the Board of Trustees on an annual basis with interim approval from the EPF President/CEO. The President/CEO together with the Chief Financial Officer (CFO) is responsible for the administration, revision, interpretation and application of policies on internal control, financial management, assets and liabilities, revenue sources, cost accounting, and purchasing. The President/CEO together with the Human Resource (HR) Manager is responsible for the administration, revision, interpretation and application of personnel policies and procedures. The President/CEO is responsible for the administration, revision, interpretation and application of the program, evaluation, communications and fundraising policies and procedures. Any amendments to these should be communicated to staff by the President/CEO. Staff should share with the President/CEO their suggestions for changes/amendments to the manual as they arise.

## **2. INTERNAL CONTROL POLICIES**

### **2.1. OVERVIEW OF THE INTERNAL CONTROL SYSTEM**

EPF's internal control system is designed to:

- Ensure the reliability of financial reporting;
- Ensure the effectiveness and efficiency of operations; and
- Ensure compliance with applicable laws and regulations.

The system is effected by the below policies and procedures that encompass the following components:

- Conducting risk assessments to identify and analyze relevant risks to achieving organizational objectives;
- Ensuring management directives are carried out;
- Providing information and communications that enable staff to carry out their responsibilities; and
- Monitoring the quality of internal control performance.

### **2.2. GENERAL BUSINESS CONDUCT AND DISCLOSURE**

EPF seeks to maintain the highest standards in all aspects of the conduct of its business. EPF expects its board members, management, and staff to conduct themselves in a transparent manner and with the highest level of integrity. Unethical actions or the appearance of unethical actions are unacceptable under any conditions.

As a public charity that depends upon maintaining public trust, it is accountable to the public, its partners and its beneficiaries and to its donors for good stewardship of funds. Failure to adequately meet these obligations may have legal and financial ramifications, jeopardize the organization's reputation, and threaten future funding. For these reasons, EPF's Board of Trustees (BoT) and management insist on strict adherence to these standards.

Each employee and in-house consultant must apply his/her own sense of personal ethics, which should extend beyond compliance with applicable laws in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's and in-house consultant's responsibility to apply common sense in business decisions where specific rules do not explicitly provide guidance. In determining compliance with this code in specific situations, the employee and in-house consultant should be able to answer 'yes' to all the below questions before taking action:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with EPF policy?
4. Am I confident that my action doesn't appear inappropriate?
5. Am I confident that I would not be embarrassed or compromised if my action became known within EPF or publicly?
6. Am I confident that my action meets my personal code of ethics and behavior?

Each supervisor is responsible for the ethical business behavior of his/her subordinates. All

employees and in-house consultants should sign an ethics statement (see Attachment 10C) indicating their understanding and acceptance of their obligations to perform in an ethical manner and to take action to protect the integrity of the organization.

Implementation of the provisions of this code is one of the standards by which the performance of all levels of employees and in-house consultants will be measured. Failure to comply with the standards contained in this code will result in disciplinary action, as outlined in sections 10.9 and 10.13.1.

### **2.3. COMPLIANCE WITH LAWS AND REGULATIONS**

It is EPF's intent to comply with all the applicable laws and regulations of Armenia.

EPF receives funding from the US government on the condition that the funds will be administered in accordance with the terms and conditions of the following regulations:

OMB Circular A-110  
OMB Circular A-122  
OMB Circular A-133

In addition, EPF, where appropriate, reviews selected activities for environmental impact and, if deemed necessary, conducts additional environmental impact analysis as necessary and appropriate (see section 13.4.4).

EPF receives funding from other donors as well. In its work, EPF complies with all laws and regulations the compliance to which stems from funding provided by these donors.

### **2.4. CONFIDENTIALITY OF INFORMATION**

No employee and in-house consultant may release financial, programmatic, personnel, donor information, or other intellectual property that has not been authorized for release by EPF's management.

### **2.5. POLITICAL CONTRIBUTIONS**

No funds or assets of EPF may be contributed to any political party or organization, or to any individual who holds a public office or is a candidate for public office. EPF policy strictly prohibits the direct or indirect use of any funds or other assets of the organization for political contributions in any other form, whether in cash or in property, services, or use of facilities. EPF cannot be involved with any committee or other organization that raises these funds for political purposes. This policy applies in any country in which EPF works.

### **2.6. GIFTS**

EPF policy prohibits offering, promising, or bestowing money, gifts, loans, rewards, services, use of facilities, entertainment, or other favors to a government official or employee that is intended to influence an official or employee to use his/her influence to effect an action or decision.

No employee or in-house consultant or agent of EPF will offer, give, or promise to offer or

give directly or indirectly any money, gratuities or other items of value to any government employee with current or possible responsibility on an award of the organization. EPF defines gratuities as any gift, favor, entertainment, or other item having monetary value of over USD 50 (or the equivalent in local currency) per event or presentation.

EPF employees and in-house consultants may accept gifts on behalf of EPF if the gift's monetary value is not exceeding USD 50. The gifts should be made transparent, publicly available and rest with the EPF.

*Inexpensive advertising and promotional items with a fair market value less than USD 25 (or the equivalent in local currency) may be accepted or exchanged, and occasional business meals may be accepted or provided if the value is less than USD 25 (or the equivalent in local currency). EPF board members, employees and in-house consultants may accept normal and customary social business amenities that fall within these limits.*

## **2.7. BRIBERY**

No board member, employee, in-house consultant or agent of EPF may accept anything of value from anyone who wishes to do business with EPF (apart from the cases identified in 2.6). If an EPF staff member becomes aware of any instance of bribery, s/he has an obligation to report it immediately, following the whistle-blower procedures outlined in Section 11.8.12 of this manual.

## **2.8. RECORD KEEPING**

To provide an accurate and auditable record of all financial transactions, EPF's books, records and accounts must be maintained in conformity with generally accepted accounting principles and Armenian law. EPF will maintain an auditable record of financial transactions. Specifically:

- No funds or accounts may be established or maintained for purposes that are not fully and accurately described on the books and records of the organization.
- Receipts and disbursements must be fully and accurately described on the books and records of the organization.
- No false entries may be made on the books or records nor any false or misleading reports issued.
- Payments may be made only to the employee, in-house consultant, sub-grantee, vendor, consultant, or a valid assignee and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

If any employee or in-house consultant have reason to believe that the organization's books and records are not in accord with the foregoing requirements, report the matter to the Chairperson of the Finance and Audit Committee of the Board of Trustees and/or to the independent internal auditor.

## **2.9. FRAUD POLICY**

This policy applies to any fraud, or suspected fraud, involving employees, in-house consultants as well as board members, grantees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies and/or any other parties with a

business relationship with EPF.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to EPF.

Management is responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the Chair of the Board of Trustees, who is responsible for coordinating all investigations both internal and external.

The terms defalcation, misappropriation and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act, forgery or alteration of any document or account belonging to the EPF, forgery or alteration of a check, bank draft or any other financial document
- Misappropriation of funds, securities, supplies, or other assets, impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of EPF activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the company
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to EPF other than gifts less than \$25 (or the equivalent in local currency) in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment and or
- Any similar or related inappropriate conduct.

Suspected improprieties concerning an employee's or in-house consultant's moral, ethical, or behavioral conduct should ***immediately*** be reported to the President/CEO, unless the incident involves the President/CEO. If the suspected violation involves the President/CEO, then the employee or in-house consultant should file the report with the Finance and Audit Committee of the Board of Trustees.

If there is any question as to whether an action constitutes fraud, the employee or in-house consultant should contact the President/CEO or the Finance and Audit Committee of the Board of Trustees or the internal auditor for guidance.

The Chair of the Board of Trustees has the primary responsibility to coordinate the investigation of all suspected fraudulent acts as defined in the policy, if the investigation substantiates that fraudulent activities have occurred, the internal auditor will issue report to the Board of Trustees through the finance and audit committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

All information received must be treated confidentially. Any employee or in-house consultant who suspects dishonest or fraudulent activity *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act on his or her own. Moreover, staff that report allegations of fraud are strictly obligated not to discuss the matter with other staff members. Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. These precautions are necessary to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect EPF from potential civil liability.

The Chairperson of the Finance and Audit Committee of the Board of Trustees or designee will have:

- Free and unrestricted access to all EPF records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

Great care will be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

The employee, in-house consultant or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the President/CEO or Chairperson of the Finance and Audit Committee of the Board of Trustees. No information concerning the status of an investigation will be given out.

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the President/CEO or the Chairman of the Board of Trustees, if the incident involves the President/CEO, and, if necessary, by outside counsel, before any such action is taken. The Chairperson of the Internal Audit Committee of the Board of Trustees does not have the authority to terminate an employee or an in-house consultant. The decision to terminate an employee or an in-house consultant is made by senior management or the Board of Trustees in case the incident involves the President/CEO.

## **2.10. BOARD OF TRUSTEES AUTHORITIES**

The Board of Trustees shall have the sole authority to (i) change the organization's name; (ii) approve the annual operating budget and its revisions; (iii) select or terminate the President/CEO, (iv); approve annual salary ranges, (v) approve investment policies, (vi) incur long-term debt, (vii) lease real property involving the overall outlay of more than \$100,000 or the equivalent in local currently for a duration of more than one year, (viii) award subcontracts or subgrants in excess of \$100,000, (ix) open or close banking or investment accounts (or delegate authority to senior staff member to do this), (x) select EPF's auditors, (xi) nominate new trustees.

## **2.11. REVIEW, AUTHORIZATION, AND SIGNATURE AUTHORITIES**

### 2.11.1. Reviews and Authorizations

Reviews and authorizations are primary internal controls intended to prevent or detect errors and misuse of funds. Reviews and authorizations must be timely, documented, and performed by the appropriate individual. Individuals reviewing and authorizing purchases, payments, or other activities are in effect “certifying” that the activity or cost is reasonable and allowable, adequately supported by original source documentation, and properly allocated in accordance with donor requirements.

### 2.11.2. Segregation of Duties

An adequate system of internal controls provides for appropriate segregation of duties. A lack of segregation of duties allows for undetected errors and irregularities. Segregation of duties dictates that no one individual has the ability to initiate, execute, record and reconcile a transaction from beginning to end.

Wherever possible, different individuals will be responsible for the following functions:

- Requesting goods or services
- Ordering the goods or services
- Receiving the goods or services
- Authorizing the payment of the goods or services
- Releasing the payment (signing the check or wire) for the goods or services

Each of the above actions should be adequately documented by an approved/signed purchase order, delivery receipt and invoice.

Where adequate segregation of duties cannot be achieved due to limited staff or resources, compensating controls, such as more thorough reviews and authorizations, will be implemented to prevent fraud resulting from collusion (the cooperation of two or more employees or in-house consultants to commit fraud). Financial duties are segregated in the following manner:

<b>Duty</b>	<b>Primary Responsible Person</b>	<b>In the Absence of the Primary Resp. Person</b>
Policies and Procedures	President/CEO	Deputy Director, CFO
Donor/Funder questions	President/CEO	Deputy Director, CFO
Financial Reports	President/CEO	CFO, Deputy Director
Monthly Financial Statements	President/CEO	CFO, Deputy Director
Project Budget Reviews & Approvals	President/CEO	Deputy Director, CFO
Employee and in-house consultants reimbursements	CFO	Finance Manager
Monthly closing	CFO	Finance Manager
Grant Reconciliations	CFO	Finance/Grants Manager
Wire approvals	President/CEO (A Signatory)	Deputy Director (B Signatory)
Inventory & Depreciation	Office/Procurement Manager	Finance Manager, IT Manager
Stock Gifts & Investments	President/CEO	Deputy Director, CFO
Approval on Investment	BoT Finance Committee	BoT Executive Committee

Accts		
Bank Reconciliations	CFO	Finance Manager
Paying Bills	Office/Procurement Manager	Finance Manager
Approving Invoices for Payment	President/CEO	Deputy Director

## **2.12. ENDORSEMENT REQUIREMENTS FOR EPF CHECKS OR WIRE TRANSFERS**

All checks or electronic funds transfer payments (EFT) require the signatures of a President/CEO – conditional on approval authority – with approval of financial management staff (e.g. CFO or Finance Manager). The practice of pre-signing blank checks or wire transfer forms is *strictly prohibited*.

## **2.13. POLITICAL ACTIVITY**

EPF prohibits any of its funds, regardless of the source, from being used for partisan political purposes of any kind by any person.

Employees and in-house consultants of EPF are precluded, while on duty, from lobbying, preparing political publications or materials, making partisan political speeches or engaging in related activities intended to influence legislation or to promote a political party or candidate. For further information on policies concerning staff involvement in political activities, please consult Section 11.2.5 of this manual.

## **2.14. EQUAL OPPORTUNITY, WORKING CONDITIONS AND ENVIRONMENT**

It is EPF's policy that all employment practices, including recruiting, hiring, transfers, promotions, compensation, benefits and termination practices, will be on the basis of job performance and irrespective of actual or perceived sex, race, colour, ethnic or social origin, social status, genetic features, language, religion, worldview, political or other opinion, association with a national minority, property status, birth, disability, family status, sexual orientation, gender identity, age or other circumstances of a personal or social nature. Participation in organization-administered training, education, tuition reimbursement, social and recreational programs will be offered on the same basis of equal opportunity to all employees and in-house consultants. Safe and healthful working conditions will be provided to employees and in-house consultants at all locations. There will be compliance with all applicable country regulations on matters relating to the protection of the environment.

## **2.15. ACCEPTING DEPOSITS AND MAKING PAYMENTS ON BEHALF OF PARTNERS OR EXTERNAL PARTIES**

Acting as a conduit for funds intended for or belonging to other organizations exposes EPF to additional risk. Unless any such deposits and payments are explicitly covered under EPF's fidelity bond coverage, all officers, employees, in-house consultants, volunteers and agents will be precluded from and be periodically instructed about not accepting deposits or making payments on behalf of external parties. In situations where such programs are provided for and explicitly covered under the agency's fidelity bond coverage, adequate controls will be set in place to ensure that the assets or payments are safeguarded.

## **2.16. SUSPENSE ACCOUNT**

Any cost that cannot be identified as a direct cost to a program or award or an indirect cost at the time originally incurred will be recorded to the suspense account until its disposition has been resolved. Such determination must be made prior to closing the books for the year.

## **2.17. GOVERNMENT ACCESS TO RECORDS**

If contacted by government auditors to request access to EPF's records, the CFO or the staff member receiving the request must immediately inform the President/CEO and the Board Chair, who will determine if the request is valid. If yes, the CFO will provide access and provide supporting records as requested by government auditors to facilitate the completion of such audits or reviews.

## **2.18. SECURITY OF FINANCIAL DATA**

- EPF's electronic data processing and information systems will have sufficient built-in general controls and application controls to preclude unauthorized access to data.
- Access to any computer-based financial data will be granted on a need-to-know basis, and will be restricted by a series of passwords to be revised quarterly.
- To prevent computer viruses from being transmitted through EPF's email or internet system, downloading of unauthorized software or suspect email attachments is prohibited. In addition, all employees and in-house consultants are required to comply with virus alerts and detection instructions issued by IT personnel. See Section 9 of this Manual for further details.
- There will be no unauthorized use of computer hardware, software, email or internet. All communications, documents, files, and software applications generated with EPF equipment are considered the property of EPF. See Section 11.8.7 and 11.8.11 of this Manual for further details. It is the duty of the employees and in-house consultants to report on any copyrightable items which they consider their intellectual property in advance, to make sure that they find an amicable solution with EPF on sharing the copyright. If the copyright issue concerns the partner or a grantee, usually the issue is resolved amicably via a shared copyright (could be Creative Commons). Regulations applied involve the donor's regulations, if available. In the case if a partner or a grantee aims at commercial copyright, the issue should be raised with the donor and resolved based on donor regulations.
- The system's electronic data will be backed up after use, no less frequently than weekly.

## **2.19. SECURITY OF CORPORATE DOCUMENTS**

Originals of the following important corporate documents will be maintained at the site specified below and its presence verified by two individuals on a periodic basis no less than once annually:

<b>Document</b>	<b>Location</b>
Charter	Safe
Articles of Incorporation	Safe
By-laws	Safe
Tax determination letter	Safe

Minutes of the Board of Trustees	Contact Exec. Assistant
Banking agreements	Contract Files
Securities	Safe
Financing documents	Financial Files
Leases	Financial Files
Insurance policies	Contract Files
Contracts and subcontracts	Contract Files
Corporate Seal	Safe

Individuals authorized to access the above documents include: President/CEO, Deputy Director, CFO, Office/Procurement Manager, and Finance Manager.

Access to the above-mentioned documents of other individuals, apart from BoT members, should be based on explicit request and approval by any of the above-mentioned individuals.

## **2.20. USE OF EPF ASSETS**

No employee or in-house consultant of EPF may use any EPF property, equipment, material or supplies for personal use without the prior written approval of the President/CEO or CFO. President/CEO or CFO may assign this duty to another person, e.g. use of laptops may be determined by IT Manager.

## **2.21. USE OF EPF CREDIT CARDS**

Credit cards may only be assigned to staff who travel extensively or whose official duties include significant procurement. The President/CEO together with the CFO will approve all card holders. Credit card holders must observe the following procedures:

- As credit card charges are incurred, cardholder will forward to the accounting department credit card receipts, vendor receipts (this is mandatory, the credit card receipt alone does not constitute sufficient documentation for purchases), and completed Credit Card Transmittal Form, which requires proper coding, signature of cardholder, and signature of card holder's supervisor.
- Under no circumstances will credit cards be used for personal use of cardholder. Failure to comply with this policy will result in revocation of card and possible disciplinary action (see section 11.13).
- By accepting a company credit card, card holders take full responsibility for all charges made to the cards assigned to them. If charges to the card are not properly supported, or deemed unallowable, the charges will be the personal responsibility of the cardholder. Each employee and in-house consultant will sign a Credit Card Agreement Form indicating his/her understanding of an agreement to comply with the EPF credit card policy.
- The accounting department will maintain a log of all EPF credit card users.
- The President/CEO will determine the credit limit of each card issued.
- The outstanding balance of credit purchases must be liquidated by the statement due date.
- Monthly credit card statements will be received by the accounting department as well as by the credit card holder, who will review and approve the statement and submit it to the accounting department with sufficient time for the statement to be settled by the due date.

### **2.21.1. Use of EPF Debit Cards**

The President/CEO in consultation with CFO may approve the issuance of bank debit cards in the name of select EPF personnel. Use of these cards is restricted to on-line payments and travel expenses. Cash withdrawals can only be made with memo signed by President/CEO and CFO or as part of a 'travel authorization' request.

Deposits will be recorded as an advance. The debit card will be considered similar to a regular employee or in-house consultant advance in that the card holder is ultimately responsible for clearing the advance and must return any lost, misused, or unreported expenses. Bank fees (withdrawal, service, conversion, etc.) will be paid by EPF.

Cards will be funded up to \$1,000. Money deposited in excess of \$1,000 will require travel authorization or memo to document transfer of money from bank to card.

### **2.22. CONFLICT OF INTEREST**

It is expected that all EPF officers and staff will attempt at all times to adhere to the highest ethical standards in all matters affecting EPF.

Where any EPF officer, staff member, or any spouse (or other person with whom one cohabits), or lineal descendant or ascendant of same respectively, is an officer, director, or staff member of, or has a financial interest in, any other corporation, partnership, association or other organization (including any vendor of goods or services) with which EPF has entered into, or is considering entering into, any contract, grant or any other transaction, such officer, or staff member shall disclose in writing to President/CEO (in case of a staff member) or to the Finance and Audit Committee (in case of a President/CEO or trustee) all material facts as to the relationship or interest. Individuals with conflicts of interest must refuse themselves from participating in any part of the decisions related to the transaction giving rise to the conflict.

No officer, or staff member shall use, for financial or other advantage, confidential, or proprietary information accessed by virtue of position with EPF. Information does not need to be marked as "proprietary" or "confidential" before this policy applies. Types of information that EPF considers proprietary or confidential include for example, computer programs and databases, and such other information as personnel files, research and development information, strategic plans, technical information, communications of EPF or its agents, financial information, and advice of accountants and legal counsel. Only individuals to whom proprietary and confidential information must be disclosed in the performance of duties have a need to know this information.

**If a staff member fails to abide by these obligations, disciplinary action, pursuant to the procedures set out under Section 11.13 of these Guidelines, up to and including termination will be taken by the EPF, in accordance with the Armenian legislation.**

After being presented with a copy of EPF's policy on conflicts of interests, officers and staff are required to complete annually a Conflicts of Interest Questionnaire, requesting information such as: name, address, any and all board memberships, other institutional affiliations and memberships, and controlling interests, whether for profit or not for profit,

along with any other potential personal conflicts of interest including those of any spouse (or other person with whom one cohabits), or lineal descendant or ascendant of same, respectively. The questionnaire should indicate that if there are any material changes in the information throughout the year, updated information should be provided to EPF. The President/CEO or his or her designee should review the completed questionnaire.

In the case of the President/CEO the completed questionnaire should be reviewed by the Chair, Vice-Chair or Treasurer of the Board of Trustees.

## **2.23. LOANS**

Under no circumstances will EPF make loans to BoT members, staff, consultants or vendors, nor will EPF guarantee loans taken out by any individual or organization.

## **2.24. OTHER INTERNAL CONTROL POLICIES**

EPF has instituted the following additional internal control policies related to its Armenian and other government grants:

- Data posted to the general ledger will be compared on a sample basis with labor and materials distributions (payroll reports) and verified with source records (i.e., time cards, purchase orders, contracts, vendor receipts, etc.) to ensure accuracy of records.
- Personnel charges will be compared with work actually performed on a sample basis to assure propriety of charges.
- Any alteration made to a time sheet by an employee or an in-house consultant or a project supervisor will be justified in writing on the source document.
- Financial and any other applicable statutory reports submitted to the Government will be reconciled to the books of account on a regular basis, not less than quarterly.
- Costs charged to donor awards will be compared with approved and actual costs in the cost proposal (award budget) before submission.
- EPF will employ a CFO and Finance Manager to assure accuracy of financial reports and compliance with internal controls and provisions in donor agreements.
- Compliance with Armenian law is obligatory, Armenian law takes precedence over any other regulations.
- EPF grantees or junior partners should abide by the same laws/regulations and relevant policies. As a rule, EPF applies its Policies and Procedures similarly to its grantees, e.g. conflict of interest policies are applicable to the grantees. In case the grantees' policies are explicitly written and contradict EPF's policies, a determination is made which policies prevail based on the donor requirements and judgment. The final determination is made by EPF.
- If EPF undertakes actions/operations abroad (e.g. in Turkey or any other country), laws and regulations of that country fully apply. EPF's partners/grantees operating abroad should abide by the same laws/regulations, as well as the bullet point above.
- No additional controls than those required by law, these Policies and Procedures and the donor should be applied by EPF in its work.

### **3. FINANCIAL MANAGEMENT POLICIES**

#### **3.1. BASIS OF ACCOUNTING**

EPF will report program outlays and program income on the accrual basis. Accordingly, expenditures are recorded when a liability is incurred (i.e. when an invoice has been received or the amount can be readily estimated), but revenue is not recorded until actually earned by or is available to EPF. To be “available”, the revenue must be both recognizable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

#### **3.2. ELEMENTS OF AN ACCEPTABLE FINANCIAL MANAGEMENT SYSTEM**

EPF will maintain records and make reports in such form and containing such information as required by its funding sources. EPF will maintain such accounts and documents as will serve to permit expeditious determination of the status of funds and the levels of services, including the disposition of all monies received from its funding sources and the nature and amount of all charges claimed against such funds.

EPF will maintain its accounting records and design its chart of accounts in a manner that allows identification of the source and application of funds. The records will contain information pertaining to the grant or sub-grant awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

#### **3.3. CASH MANAGEMENT**

In accordance with sound business practices and the requirements of its donors, EPF will effectively safeguard and manage all assets, including cash. EPF will make available in its operating accounts only cash necessary to meet anticipated day-to-day outlays, plus a reasonable cushion for contingencies.

Any excess cash will be invested in secure, short-term investments (see section 3.4). Gifts of stocks or bonds must be converted to cash for deposit as soon after receipt as possible.

EPF will maintain a schedule of aged receivables, update it on a monthly basis, implement appropriate collection procedures, and document collection status in a log. Every attempt should be made to establish a firm schedule with the donor for payment of the contribution to EPF. This information must be communicated by the program department to the accounting department. The program department is responsible for collecting donor pledges. The program department must obtain written confirmation from the donor that past due commitments (> 120 days) are still valid.

EPF will maintain a financial forecasting system to adequately forecast its inflows.

EPF should always seek the most favorable payment terms available from vendors and banks. EPF's policy is to pay vendor invoices on time in the normal check writing or wire transfer cycle, but not before they are due. Exceptions may be made to take advantage of significant discounts for early payment. Checks other than payroll checks that are outstanding for greater than 30 days must be investigated, payment stopped, and reissued, if necessary.

EPF will limit cash advances to its sub-grantees to reasonable levels to meet immediate project needs (see section 14.7). EPF strives to limit the use of cash-in-hand as much as possible.

### **3.4. INVESTMENT POLICY**

EPF's policy on investment of funds is dependent on the nature and origin of the funding. EPF derives income from various sources including but not limited to:

- Unrestricted income from general contributions
- Temporarily restricted income received from government, EPF, multi-lateral, corporate or other donors to implement specific programs or projects
- Permanently restricted income forming an endowment
- Service fees and miscellaneous sales
- Interest earnings on the above funds.

As described in section 3.3 above, cash required for current operating needs will be kept in EPF's operating accounts. The portion of the advances received from temporarily restricted income derived from donor grant awards that is not required for current operating needs may be invested as outlined below. Unrestricted income derived from general contributions, service fees or miscellaneous sales or interest earnings that are considered unrestricted may be invested using the guidelines below, or may be invested under the guidelines described in EPF's endowment policy, which is included as Attachment 3A.

EPF will hold funds held for immediate operating needs in secure accounts that are readily accessible for payment of current operating expenses. When available, funds should be held in insured accounts. All U.S. government funds should be held in these accounts. The primary objective of these accounts is to ensure continuity of on-going activities.

The investment policies for funds derived from advance payments from donors that are not needed for current operations shall be implemented to help ensure the prudent maintenance of the assets until they are needed for programmatic expenditures or grant making activities. The primary objective of these investments will be to preserve capital and maximize current income.

The selection and use of investment vehicle for these funds shall be based on, at least, the following criteria

- The fund(s) shall have a stable net asset value and shall remain highly liquid.
- The fund(s) shall maintain a high degree of credit quality including, but not limited to, the following standards:
  - The overall portfolio shall carry an average credit quality rating of AA/Aa or better, by Standard & Poors/Moody's rating services.
  - There shall be no investments in securities rated below investment grade.
  - The fund shall only invest in marketable securities
  - Investments in commercial paper shall be rated A1/P1.
  - The yield shall be compared to an appropriate money market index.

*(The above criteria are appropriate if a small level of principle fluctuation is acceptable.*

*Note when investing funding received from donor awards, investing in securities that are subject to principle fluctuation may put EPF at risk should these funds be lost to market decline. In this case, EPF would need to finance the balance of the donor's program with an alternate funding source. It is therefore recommended that donor awards be kept only in insured, secure accounts or funds that guarantee principle preservation. If principle fluctuation can not be tolerated, the below policy is more appropriate).*

#### Alternate Investment Policy for Operating Funds

Operating Funds will be investing in:

- certificates of deposit (CDs) in denominations of up to \$100,000
- U.S. Government backed treasury bills, and c) other securities issued by Federal agencies that are rated as eligible investments for U.S. Government trust funds.
- The mix of financial instruments will be selected in order to maximize earnings and match cash flow needs.

Note: Donor funds may be invested only if the donor allows for such an investment, and if the need of their expenditure is longer than 12 months.

### **3.5. BUDGETS**

EPF will prepare annual operating budgets that will be approved by the Board of Trustees prior to implementation. The operating budget will include projected revenues, expenditures, and capital purchases. The budget will be presented using natural expense classifications (e.g., personnel costs, professional service costs, occupancy costs, supplies, etc.) and be compiled by country, department, or cost center, and will identify programmatic, fund raising, and management and general functions.

The budgeting process is as follows:

- The President/CEO will coordinate the process.
- The CFO will prepare a standard budget template for all department heads/budget managers to complete.
- Budgets should be prepared using realistic estimates of available funding.
- The budget submitted to the board must be balanced (or, may not be deficit financed).

Budgets will be monitored throughout the year, with variances analyzed and explained. If actual conditions vary significantly from budget, CFO will prepare a mid-year budget revision and the President/CEO will submit it to the Board of Trustees for approval at the appropriate meeting.

### **3.6. INSURANCE AND BONDING**

EPF maintains insurance coverage for property damage, directors and officers liability, general liability, and areas of liability. The insurance type and levels of coverage are determined in consultation with EPF's Board of Trustees and obtained through a resolution of the Board.

Insurance coverage will be reviewed annually for adequacy. EPF will adjust coverage when grant provisions required increased levels of coverage, or additional coverage.

EPF will require proof of adequate insurance coverage from all prospective sub-grantees, when appropriate.

### **3.7. RECORD RETENTION AND DISPOSAL**

In matters of document retention and disposal, it is EPF's policy to comply with the Armenian laws or the laws of countries in which EPF operates, and the regulations of its donors.

Typically, all financial and programmatic records, supporting documents, statistical records, and other required or pertinent records of EPF will be retained for three years from the day EPF submits its final expenditure report for the program to which the document pertains. **If Armenian law requires longer periods of record retention, then EPF will follow local record retention requirements.** For grants renewed annually, or involving continued support, the retention period begins on the day that EPF submits its expenditure report for that period.

All employees and in-house consultants should observe the conventions outlined within this policy for retention of their personal files, records, and correspondence, including electronic files.

If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records will be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period, whichever is later.

The following records will be retained for the indicated **minimum** periods:

- For three years after the close of the year or after the tax return for the year is filed, whichever is longer: accounts payable and accounts receivable ledger, payroll register, inventory ledger, bad debt write-off supporting details, cash book, petty cash book, check register and checks, invoices (funding sources and vendors), and insurance safety reports.
- Permanently: Audit reports, chart of accounts, financial statements, general ledger, fixed asset records, journal vouchers, profit and loss statements, tax returns, annual corporate reports, charters, by-laws, minutes, grants and agreements, tax and legal correspondence, incorporation records, insurance claims and policies, accident reports, retirement and pension records.

Note: EPF will strive to restrict the amount of documents needed in printed version, and will gradually move to digitalizing printed matter records before their disposal.

The disposal date of expired records will be the end of the fiscal year in which the retention period ends. When the retention period is not specified, the disposal date will be three years from the end of the fiscal year in which the grant is completed.

All records in support of grants will be retained for three years from the end of the fiscal year in which the records were originally prepared, unless the local tax authority or donor requires a longer period of retention.

All financial records will be maintained in chronological order, organized by fiscal year.

The Procurement/HR/Office Manager will prepare a memorandum of record disposal in connection with the disposal of any records. The memorandum will include a listing of the records or the class of records disposed of.

### **3.8. FINANCIAL REPORTING**

The CFO and the Finance Manager are responsible for generating the following reports:

Annually:

- Financial Statements for Audit
- Budget-to-Actual Report
- Program Area Reports
- Schedule of donor awards, expenses, unspent balance
- Other regulatory required regulatory reporting

Monthly:

- General purpose financials statements
- Consolidated Budget-to-Actual Report, including a variance analysis
- Program Area Budget-to-Actual Report, including a variance analysis
- Schedule of donor awards, expenses, unspent balance
- Cash flow report

The CFO must review all financial information provided to external parties prior to its release.

EPF will prepare other reports and returns as required by law and donor agreements.

*Note: Because of varied sources of funding (donors) and diminishing core/unrestricted funding, further improvement to the detailed cash flow/budget to actual reports is needed. The CFO and Finance Manager are in charge of working on that.*

### **3.9. EXTERNAL AUDIT**

EPF will undergo annual financial statement audits conducted by a qualified independent public accounting firm in accordance with Generally Accepted Accounting Principles. Additionally, EPF will undergo annual audits pursuant to USAID Inspector General Guidelines for Financial Audits Contracted by Foreign Recipients, unless specified otherwise by donor, in all cases if it has used US Government funds. In addition, EPF may undergo other audits if required by particular donors.

The Finance and Audit Committee of EPF Board of Trustees will select independent auditors and review their work. The independent auditors will report directly to the Finance and Audit Committee.

#### **3.9.1. Scope of Audit Report**

The financial statement audit will be performed by an independent audit firm in accordance with generally accepted government auditing standards covering financial and compliance audits. The audit will cover the entire operations of EPF. The audit will determine whether:

- The financial statements and accompanying schedules of EPF present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
- EPF has internal accounting and other control systems to provide reasonable assurance that it is managing financial assistance programs in compliance with applicable laws and regulations.
- EPF has complied with the laws and regulations that may have a material effect on its financial statements and on each major assistance program.
- EPF has met the terms and conditions of its awards. EPF has internal accounting and other control systems to provide reasonable assurance that it is managing financial assistance programs in compliance with applicable laws and regulations.
- EPF has met the terms and conditions of all of its donor-awarded grants.

### **3.9.2. Procuring Audit Services**

EPF will follow the procurement procedures outlined in section 7 to procure audit services.

### **3.9.3. Audit Resolution**

EPF President/CEO and CFO will respond to all comments and findings reported by the external auditors, and follow the Finance and Audit Committee's guidance in implementing the audit recommendations.

## **3.10. INTERNAL AUDIT**

EPF recognizes that the nature of the work it performs and the regions in which it works are inherently high-risk from an internal control perspective. In order to mitigate these risks, EPF will maintain an internal audit function. The internal audit function will compliment, not duplicate, the annual external audit. However, EPF may outsource the internal audit function.

While annual audits by external auditors provide a retrospective analysis of EPF's activities, the internal audit function is proactive in nature. The purpose of the internal audit is to regularly monitor and report on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with institutional policies, government laws and regulations.

The function of the internal audit will be to provide analyses, recommendations, counsel, and information concerning the activities reviewed, in order to improve operational efficiency and forestall potential problems by identifying and addressing them early. The Finance and Audit Committee will determine how to best implement the functions of the internal audit.

## **POLICIES RELATED TO ASSETS, LIABILITIES AND NET ASSETS**

### **3.11. ASSETS**

#### **3.11.1. Bank Accounts**

EPF will use only sound, well-established banks, and, when possible, banking institutions that offer national insurance coverage on deposits. EPF will assess the financial health of its banking institution(s) every two years as well as competitive review of the terms and conditions for maintaining the account vis-à-vis other banking institutions.

To the maximum extent practical, EPF will maintain funds in interest-bearing accounts.

#### **3.11.2. Petty Cash**

EPF can maintain modest petty cash funds or through advance to the Procurement/HR/Office Manager for minor cash disbursements and emergencies. Under no circumstances may employees and in-house consultants borrow, lend or cash checks from the petty cash fund. The fund is maintained on an impress basis. Disbursements from the fund are reimbursed to keep the fund at the established amount, currently \$1,000 or lower, depending on the need of the office.

The Procurement/HR/Office Manager or designated staff serves as custodian of the petty cash fund. Generally, disbursements from petty cash should be limited to \$100 or less. Exceptions may be made with the approval of the CFO. Petty cash is secured in a locked strong box, which is stored in a safe. The custodian shall not disburse petty cash to him/herself, nor will the custodian record petty cash transactions in the accounting system (this must be recorded by the Finance Manager).

Generally, EPF staff should always *attempt* to obtain a receipt for any petty cash disbursements; however, as a rule staff are *required* to obtain a receipt for outlays of USD 50 or more.

Procedures for handling petty cash are as follows:

- The custodian records each disbursement on a pre-numbered Request for Petty Cash Form. Disbursements may be made in advance or upon presentation of a receipt. The form details the payee, amount, purpose, and department requesting the funds. All disbursements must be approved in accordance with the procedures outlined in section 7.8. Both the custodian and the payee/purchaser sign the form upon disbursement of petty cash. If petty cash is used by the custodian, the Finance Manager must sign the form.
- If the purchase has already been made, the custodian will reimburse the purchaser based on an original receipt approved by the purchaser's supervisor. If the funds were given in advance, the custodian will consider the transaction open until the purchaser returns with a receipt and change, if any. If receipts were not obtained or cannot be found, the purchaser must supply the custodian with memo explaining what the funds were expended on and the reason for the lack of a receipt.

- The custodian, together with the Finance Manager, must count the cash and balance the fund at least weekly, completing a Petty Cash Count Form. The President/CEO or CFO must count petty cash and verify the balance in the cash book on the last day of the month. In addition, the custodian must undertake a random cash count once a month that is verified by EPF President/Chief Executive Officer. Any difference between the fund amount of \$1,000 and the sum of the cash and receipts must be noted on the Petty Cash Count Form and investigated. Differences of greater than \$10 should be reported to the Finance Manager. All Requests for Petty Cash Forms must be accounted for during the reconciliation.
- When the cash balance falls below \$125, the custodian performs a cash count and reports total disbursements in a memorandum to Finance Manager, attaching the original Requests for Petty Cash Form and original receipts. This reconciliation is verified, and the cash is recounted by the Finance Manager who prepares a payment voucher and forwards the request for payment to the accounting department. A check (or wire) in the amount of the total receipts presented is prepared.
- The custodian cashes the check at the bank and places the proceeds in the petty cash fund.

EPF may maintain petty cash expenses through advances to staff designated by the President/CEO. These advanced funds should be used for minor expenses, for which use of a wire transfer places an unreasonable burden on EPF and its staff. Any advance to designated staff for petty cash purposes must not exceed \$500 or the equivalent in local currency. Funds are considered personal advances and fall under rules governing employee and in-house consultants advances in Section 8.

### **3.11.3. Accounts Receivable**

EPF may advance funds to its employees and in-house consultants for travel or other expenses or may be owed funds by various sources (for example, a refund due for returned merchandise). These funds will be recorded in an accounts receivable account.

The Finance Manager will maintain an aging schedule of all items charged to this account. The CFO will ensure that receivables that are past due over 30 days are researched. Accounts receivable over 180 days past due will be written off with the approval of the President/CEO (if applicable by Armenian law and regulations), unless the party owing the funds confirms in writing his/her intent to repay the funding. If the receivable involves an advance made to staff, EPF will deduct the amount from the staff member's salary, after informing the staff member in writing.

Any receivable from employees and in-house consultants should be collected within 30 days. Any employee or in-house consultant whose account is past due is ineligible to receive additional advances until the outstanding amount is settled. Employee or in-house consultant who habitually fall behind on repaying funds owed to EPF may be deemed by management ineligible to receive advances.

### **3.11.4. Pledges Receivable**

Donor awards will be recorded as pledges receivable at the time that the commitment is

received in the form of a [pledge](#). Pledges receivable will be aged and monitored. Every attempt should be made to establish a firm schedule with the donor for payment of the contribution to EPF. This information must be communicated by development to accounting for later follow up.

If a donor falls behind on a promise to pay, accounting must inform development so they can contact the donor immediately. Development must obtain written confirmation from the donor that past due commitments (> 120 days) are still valid.

When a donor project is approved in writing, CEO and finance department are notified via email, to prepare for the receipt of funds. When the funds arrive, finance department immediately notifies management, including CEO and the program responsible.

### **3.11.5. Contributions and Pledges, Accounting for**

Contributions received, including unconditional pledges, are to be recognized as revenues in the period received. Contributions in a form other than cash are to be measured at the fair value of the items received.

Contributions are classified as those that increase:

- *Unrestricted net assets* (no donor-imposed restrictions on the use of these assets);
- *Temporarily restricted net assets* (donor specifies how funds may be used, or stipulates time restrictions on their use); or
- *Permanently restricted net assets* (the corpus of the contribution may not be used by EPF and must be segregated and held permanently. The income from permanently restricted assets generally may be used by EPF, unless specified otherwise by the donor).

### **3.11.6. Fixed Assets and Capitalization Policy**

#### *General Policy*

EPF, in respect to donors, defines fixed assets as furniture, fixtures, equipment, improvements, software, hardware, etc., in accordance with Armenian law. The cost of the asset includes freight, insurance, attachments, accessories, and other equipment necessary to make the property useable for the purpose for which it was acquired. EPF expenses any such item that is purchased with restricted funding through a donor award. Any such items purchased with unrestricted funding are capitalized and depreciated over the useful life of the asset. Exceptions to this are specific donor restrictions. With respect to in-country reporting, fixed assets will be defined by local law.

#### *Control Procedures*

Any asset costing \$500 or more with a useful life of over one year must be assigned an inventory number and tracked as an EPF asset on an inventory register unless the Donor specifies a lower threshold. The register is maintained by the Events Assistant or IT Manager, who is independent of the purchasing and record-keeping functions.

The inventory register will contain the following information:

- Description of equipment

- Manufacturer's serial number
- Source of equipment including award number
- Where title vests (EPF, Federal Government, other)
- Acquisition date
- Acquisition cost
- Location and condition of equipment, date inspected
- Unit acquisition cost
- Disposal data (date of disposal, method of disposal, sales price, method of determination of fair market value)

*A random physical inventory will be conducted once a year by staff that are not responsible for custody of the equipment or maintaining the inventory registers.*

Some donors, like USAID, require stickers on every item of the inventory that clarify their source of funding.

Inventory purchased from budgets of donor-funded projects becomes a property of EPF or is returned to the donor based on the agreement between EPF and the donor and according to the procedures of the donor. If inventory is purchased from the indirect overhead part of the budget, this requirement may be waived (depends on agreement with the donor).

### **3.11.7. Title or Lien-Interest to Acquired Property**

A lien interest will vest in equipment or property with a unit acquisition cost of \$5,000 or higher that was acquired as a direct cost with funds granted by donor. Upon termination of the grant, EPF will determine its on-going need for the equipment or property and 1) request permission from the donor to use the equipment or property for another program, 2) reimburse the donor at the fair market value of the equipment or property, 3) return the equipment or property to the donor.

### **3.11.8. Donated Property or Equipment**

Donated assets which, at the time of receipt meet the organization's criteria for capitalization will be capitalized at their fair market or appraised value and depreciated over their useful life. Donated assets will be classified as unrestricted, temporarily restricted, or permanently restricted based on the donor's designation.

### **3.11.9. Accounting for Investments**

Investments will be reported at market value.

## **3.12. LIABILITIES**

### **3.12.1. Accounts Payable**

Valid accounts payable transactions based on documented vendor invoices, receiving reports or other approved documentation will be recorded as accounts payable.

EPF will maintain documents using a voucher system, consisting of the vendor invoice, packing slip, purchase order, requisition, and receiving report. Any EPF-created document,

such as a purchase order, will be pre-numbered and accounted for.

The accounting department will maintain an accounts payable aging report that lists outstanding items by vendor, invoice and period of time outstanding (30 days, 60 days, 90 days, over 90 days). The accounting department will pay invoices at least weekly; therefore invoices should not remain outstanding in excess of 30 days. Older invoices should only remain unpaid when there is a question regarding the adequacy of the service or product received. Invoices over 90 days past due should be investigated and settled as soon as possible. No invoices over 180 days past due should remain outstanding when the books are closed for the year.

### **3.12.2. Accrual of Unpaid Salaries and Wages**

Salaries earned but unpaid at the end of a reporting period can be accrued as a liability.

### **3.12.3. Accrued Vacation/Annual Leave**

Annual leave earned but unused by employees and in-house consultants at the end of the fiscal year will be accrued monthly as a liability. Leave will be valued at the employees' and in-house consultants' hourly rate of pay as of the last day of the reporting period.

Compensated absences for which employees or in-house consultants are not eligible to be compensated at termination are not accrued, but will be recorded as an expense only when taken and paid.

### **3.12.4. Provision for Anticipated Losses on Grants**

To the extent that they are measurable, EPF records losses on grant awards occurring as a result of uncollectibility, exchange rate fluctuations, etc. A provision is accrued for the estimable amount, with the expense recognized on the Statement of Activities.

### **3.12.5. Deferred Revenue**

EPF recognizes advances of funding received for US Federal grants and for contracts, as deferred revenue.

## **3.13. NET ASSETS**

### ***Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets***

Unrestricted net assets are those over which the Board of Trustees has discretionary control. The BoT may designate a portion of the unrestricted net asset balance for particular purposes.

Temporarily restricted net assets are subject to donor-imposed restrictions which will be satisfied by actions of the organization or the passage of time.

Permanently restricted net assets are those resources subject to a donor-imposed restriction that require that they be maintained permanently by EPF. EPF may use the earnings of these assets for unrestricted or temporarily restricted purposes. Endowment funds are an example of this net asset classification.

## **4. REVENUE SOURCES**

### **4.1. COST REIMBURSEMENT GRANTS**

EPF recognizes revenue under cost reimbursement-type grants as costs are incurred (e.g., revenues = expenditures under these types of agreements).

### **4.2. PROGRAM INCOME**

Program income is income derived from activities conducted as part of a donor award. EPF may use program income in three manners, depending on donor regulations:

- The income may be added to the total amount of funding provided by the donor and used to further support the program objectives of the award (additive option).
- The income may be used to finance a portion of a project or program that donor funds do not cover (cost share option).
- The income may be deducted from the total amount of funding for allowable costs provided by a donor (deductive option).

EPF will follow the provisions of the donor's grant agreement; however, it is EPF's policy to attempt to negotiate the additive option with all its donor agreements.

### **4.3. CONTRIBUTIONS**

According to generally accepted accounting principles, a contribution is defined as an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by an entity acting other than as an owner.

EPF recognizes as revenue contributions received, including unconditional promises to give, in the period received at their fair market value. In the case of unconditional promises to give, EPF will recognize these as revenue only when promises are evidenced in the form of verifiable documentation.

Contributions are recognized as revenues or gains in the period received.

#### **4.3.1. Definition of Grants as a Contribution**

It is EPF's policy to consider a grant as a contribution as defined by generally accepted accounting principles. "A contribution is an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary **nonreciprocal transfer** by another entity acting other than as an owner. Other assets include securities, land, buildings, use of facilities or utilities, materials and supplies, intangible assets, services, and **unconditional promises to give** those items in the future."

#### **4.3.2. Donated Facilities or Services (In-kind Contributions)**

EPF recognizes in-kind contributions (contributed facilities or services, volunteer time etc.) as revenue under the following conditions:

- The services create or enhance non-financial assets, or

- Require specialized skills: are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation.

#### **4.4. INTEREST EARNED ON AWARDS**

##### **DONOR ADVANCES**

If EPF does not receive a waiver from the donor to return interest earned on donor funds held on deposit, it will remit interest earned on cash advances to the applicable agency at least on an annual basis.

##### **NON US FEDERAL ADVANCES**

Unless forbidden by the donor agreement, EPF shall classify interest from advances as Unrestricted Assets.

#### **4.5. INVESTMENT INCOME**

Any gains or losses from investments will be reported on the Statement of Activities. Interest should be recognized on a time-proportion basis that takes into account the effective yield of the asset. Dividends should be recognized when the shareholder's right to receive payment is established.

#### **4.6. RENDERING SERVICES**

The recognition of the revenue should be done under Percentage-of-Completion method. Revenue is recognized in the accounting periods in which the services are rendered. For practical purposes revenue is recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognized only to the extent of the expenses recognized that are recoverable.

#### **4.7. ROYALTIES**

Revenue from royalties for the use of patents, licenses or copyrights shall be recorded as income when earned according to any agreements entered into by EPF.

#### **4.8. SEGREGATION OF REVENUES**

EPF will separately identify the source and application of funds provided through various donor agreements in its coding structure.

## **5. COST ACCOUNTING POLICIES**

### **5.1. CONSISTENCY IN COST ACCOUNTING**

*Preparing cost proposals/budgets for grant proposals:*

EPF will use practices in estimating costs for grant proposals that are consistent with those that it employs in its accounting practices for accumulating and reporting costs.

*Recordkeeping and preparing financial reports for grants:*

Accounting practices used by EPF in accumulating and reporting actual costs for a grant for any funding source will be consistent with its practices used in estimating costs in its grant proposals.

*If EPF employs an indirect cost method of recovering management and general costs:*

Costs may be charged to grant agreements on a direct cost or an indirect cost basis, and must be charged in a consistent manner between awards. EPF will use consistent methodology in its classification of direct and indirect costs. No cost that by its nature is treated as an indirect cost to one grant or award will be treated as a direct charge to another award.

### **5.2. UNALLOWABLE COSTS**

EPF segregates and separately classifies costs that are unallowable charges pursuant to a particular funding agreement, e.g. for US Federal awards, unallowable cost include (but are not limited to) alcoholic beverages, bad debts, unreasonable compensation, contingencies, contributions, entertainment costs, fines and penalties, idle facilities, interest expense, general fund-raising costs, losses from other awards, organizational set-up costs, certain taxes (in general, taxes that the organization is legally liable for are allowable), and excess costs incurred for items or services acquired in violation of EPF's policies and procedures.

### **5.3. EPF FISCAL YEAR**

The fiscal year of EPF will be January 1 to December 31. The same accounting period will be used for all adjusting entries, accruals and deferrals as well as accumulating costs in an indirect cost pool and establishing its base (*if EPF adopts an indirect cost rate structure*).

### **5.4. PROGRAM SERVICE COSTS**

Expenses will be classified and reported in a manner that describes the organization's service activities. Each program service will be adequately described and will include all related service costs.

### **5.5. MANAGEMENT AND GENERAL EXPENSES /ADMINISTRATIVE COSTS**

All costs relating to the overall operation of EPF are generally considered administrative. In general, the following list of costs which are considered necessary for the overall administration of the agency will be included in this category: executive direction, legal, budgeting and accounting, bid and proposal development, general office costs such as office rent and maintenance, insurance, office supplies and equipment and other overall support functions.

## **6.7. SUBGRANT AWARDS**

EPF defines subgrants as support to organizations or individuals that is intended to advance the capacity, interests and activities of those individuals or interests. The primary beneficiaries of a subgrant should be the public at large. The subgrantee generally dictates the manner of implementation of the activities. Refer to Section 14.6.5 of this Manual for special provisions concerning the award and monitoring of subgrants.

In comparison contracts refer to the procurement of goods and services, generally for the direct benefit of EPF. EPF dictates the manner of implementation of the activity, exercising considerable control over the process. Refer to the procurement procedures in section 7 for special provisions concerning the award and monitoring of contracts.

## **6.8. SUBGRANT ACCOUNTING**

Grants made by EPF are recorded as an expense when the recipient organization is entitled to the grant, i.e. when the subgrant agreement is ratified by EPF and the recipient. Refer to the Program Handbook for additional information on awarding subgrants.

## **6.9. DEPRECIATION METHOD**

Depreciation of fixed assets is calculated using a straight-line method over the estimated useful lives of the assets. Fixed assets are grouped in the following categories, with the following suggested depreciation periods.

Buildings	50 years
Leasehold Improvements	Not applicable
Computers and similar equipment	3 year
Other Office Equipment	3 years
Software	3 years
Furniture	5 years
Fixtures/structures	20 years

## **6.10. COMPENSATED PERSONAL ABSENCES, ACCOUNTING FOR**

As described in section 4.2.3, the cost of earned but unused vacation will be accrued monthly after vacation has been earned, not taken.

The cost of other compensated absences for illness, personal leave, bereavement leave, etc. will be recoded when taken, not when earned.

## **6.11. BID AND PROPOSAL COSTS**

The costs associated with preparing grant applications and cost proposals and submitting them to potential donors are considered bid and proposal costs and will be classified as management and general costs for the purposes of financial reporting. Costs associated with this activity would include personnel costs, consulting and travel, work processing, printing, packaging, delivery, etc.

## **6.12. MATCH, ACCOUNTING FOR**

EPF's accounting system will accumulate and report matching costs associated with donor grant agreements in accordance with the requirements of each award.

## **6.13. CREDITS**

EPF will treat cash discounts, refunds, rebates, reimbursements, trade-ins and other credits as a cost (expense) reduction to the appropriate donor that funded the original outlay.

## **6.14. LABOR DISTRIBUTION REPORTING**

Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based upon documented payrolls approved by a responsible supervisory official. The distribution of time worked must be supported by labor distribution reports (e.g. timesheets).

Labor distribution reports will be prepared and controlled according to the following minimum standards:

- Employees and in-house consultants are responsible for preparing their own timesheets.
- Employees and in-house consultants will be provided with clear instructions as to the work they will perform and how they will complete their timesheets. The timesheet should be an accurate reflection of the actual work performed.
- Timesheets should be filled out as work is performed, but no less than daily.
- All supervised hours worked should be recorded on the timesheets.
- Timesheets will be signed by employees, in-house consultants and the supervisor only after they are completed.

The CFO will periodically review timesheet compliance. A sample labor timesheet is attached in Attachment 6A.

# **7. PURCHASING POLICIES**

## **7.1. POLICIES AND OBJECTIVES**

EPF acquires goods and services through many sources. Goods and services may be paid for with funds from a variety of donors. Due to the nature of EPF's grants with various donor sources, all costs incurred are subject to audit by public accountants, Finance and Audit Committee of the Board of Trustees, donor representatives.

- It is EPF's policy to follow the requirements of different donors, e.g. the US government's OMB Circular A-110, regarding the procurement of goods and services.
- It is EPF's policy to purchase only those items that are required to fulfill the objectives of grants and contracts, or those items that are genuinely needed by EPF to carry out its mission.
- EPF is committed to promoting full and open competition. This requires that all personnel involved in the procurement process will abide by the policies and procedures outlined herein.

Procurement will be made with complete impartiality based strictly on the merits of a supplier's proposal. The purchasing officer will adhere to the following objectives:

- All purchases will be made in the best interests of EPF and its donors
- Quality supplies and services will be obtained and delivered at the time and place required
- Responsible, reliable suppliers/providers will be sought
- Maximum value for all expenditures will be sought
- A competitive procurement environment compatible with EPF and EPF's donors will be developed
- All vendors will be treated fairly and impartially
- All transactions will be documented as required by EPF's and donors' acquisition regulations
- EPF trustees and staff will conduct themselves in a manner above suspicion of unethical behavior, avoid conflict of interest, or even the appearance of conflict of interest in all EPF-supplier relationships
- Report any questionable or unethical behavior, identical offers, threats to the integrity of the procurement process regardless of the source to the President, internal auditor, or the Chairperson of the Finance and Audit Committee of the Board of Trustees.

## **7.2. ORGANIZATIONAL STRUCTURE**

The Procurement/HR/Office Manager or designate is responsible for procurement under the supervision of the President/CEO or CFO. Procurement activities may be delegated to technical/program specialists when appropriate; however, the principles of segregation of duties described in this section must be maintained.

Procurement authority is delegated to specific individuals. Persons who have **not** been designated this authority **may not**:

- Provide contracting information to contractors.
- Provide contractors or bidders with information about their competitor's bids or proposals.
- Permit or instruct a contractor to change the technical provisions of a contract.
- Modify or alter the scope of work prescribed in an existing contract.
- Make statements regarding a contract, bid, project, proposal which may be construed as a commitment by EPF.
- Sign letters of intent to purchase.
- Sign license agreements.
- Request/accept from a contractor a loaned piece of equipment, software, free sample, uncompensated work.

## **7.3. STANDARDS OF CONDUCT**

All EPF staff involved in procurement will abide by the code of ethics policy described in section 2.2 and the conflict of interest policy described in section 2.24.

## **7.4. OVERALL RESPONSIBILITY**

- The President/CEO has primary responsibility over purchasing functions for EPF. The President/CEO can delegate procurement responsibilities to the Procurement/HR/Office Manager or others, as appropriate.
- The President/CEO and CFO have the authority to negotiate, administer, or terminate subcontracts and make related determinations and findings.
- The President/CEO and CFO ensure that all requirements of law, regulations and all other applicable procedures, including clearance and approvals have been met.
- The President/CEO and CFO are responsible for ensuring performance of all necessary actions for effective contracting and safeguarding the interests of EPF and its donors.

## **7.5. RESPONSIBILITY OF THE PURCHASING OFFICER**

The Procurement/HR/Office Manager will:

- Review each purchase order/request for proposal/ for proper description and technical reference or specifications such as approvals, clearances, etc., and all other necessary data to include quality control
- Select a number of qualified suppliers, sufficient for meeting competition criteria.
- Prepare the solicitation, including a detailed scope of work and required deliverables, selection/award criteria and select the contract type.
- Document all negotiations/discussions and phone calls, conduct price analysis and when necessary, obtain cost analysis.
- Assure that budget is not exceeded.
- Evaluate proposals (as part of evaluation team).
- Establish and maintain a follow-up system of tracking deliveries to assure contractor compliance with deliver terms of contract.
- Review invoices/delivery slips/packing lists for correctness against the provision of the subcontract, secure required approvals, and forward to Accounting form payment.
- Establish and maintain a master vendor list.
- Establish and maintain a procurement history file.
- Inform contractors in writing of remedial actions required concerning delivered products/services not confirming to specific requirements.
- Administer/modify/terminate contracts as required.

An individual independent from the selection process will:

- Distribute/publish the solicitation or RFP
- Receive proposals/quotations and safeguard same until opening date.
- Record all proposals/quotations on log sheet.

## **7.6. RESPONSIBILITIES OF DEPARTMENTS/INDIVIDUALS REQUESTING PROCUREMENT**

Prepare payment request/request for proposal and include proper justification for purchase:

- A clear and adequate specification or statement of work.
- Cost estimate and source of funding.
- Required delivery or performance schedules that are realistic and specific.
- A brief statement of nature and purpose of procurement.

- Provide a detailed and substantive justification for need.
- Quality requirements and inspection methods.
- Packing, transportation and quality requirements.
- Supply status and known sources.
- Additional elements as necessary (justification for sole source procurement, special conditions, etc.
- Rather than requesting a specific brand name, the specifications must list requirements or salient characteristics as well as appropriate nomenclature.
- Prepare detailed in-house cost estimate.
- Provide detailed and substantive justification for all required changes to a contract.
- Forward purchase order to Procurement/HR/Office Manager.

## 7.7. ACCEPTABLE TYPES OF CONTRACTS

Upon receiving a procurement request, Procurement/HR/Office Manager will:

- Review the procurement request for completeness
- Determine the type of contract:
  - Fixed price contract – agreed upon price may not be exceeded. Vendor/consultant assumes risk. Adequate price competition must exist, comparative pricing data must be available, requirements must be clear.
  - Cost reimbursement contract – Vendor/consultant is reimbursed for direct costs incurred. Contract may include a profit at a fixed amount.

## 7.8. PROCUREMENT SIGNATURE, REVIEW, THRESHOLD REQUIREMENTS

The following matrix summarizes EPF's procurement thresholds, requirements, and review processes:

Amount †	Procurement Requirements	Preparation/ Review Procedure	Approval Authority	Comments
<\$100	<ul style="list-style-type: none"> <li>• Petty cash or from advance to Procurement/HR/Office Manager.</li> <li>• Receipt or explanatory memo.</li> </ul>	<ul style="list-style-type: none"> <li>• Requestor prepares documents</li> <li>• Procurement/HR/Office Manager/ petty cash custodian reviews request.</li> </ul>	Procurement/HR/Office Manager/Designate/ Any senior management representative (if first two staff not present).	President/CEO <i>may approve a decrease in the threshold to \$50.</i>
\$101-\$1,000	Select from list of preferred vendors or conduct price analysis.	<ul style="list-style-type: none"> <li>• Requestor prepares documents.</li> <li>• Accounting reviews documents for completeness.</li> </ul>	President/CEO	No formal documents required. Price can be conducted by telephone or email.
	Select from list of preferred vendors or written bidding from 3 vendors.‡	<ul style="list-style-type: none"> <li>• Requestor prepares documents.</li> <li>• Accounting reviews documents</li> </ul>	President/CEO (if President/CEO is requestor, the Board Chair must provide	Procurement records must include: <ul style="list-style-type: none"> <li>• Basis for</li> </ul>

\$1,001-\$10,000		for completeness.	approval.)	contractor selection; • Written justification if sole source used; • Basis for cost or price.
\$10,001-\$25,000	<ul style="list-style-type: none"> <li>• Written bidding from 3 vendors required.</li> <li>• Contract</li> <li>• Donor approvals/waivers, if required.</li> </ul>	<ul style="list-style-type: none"> <li>• Requestor prepares documents.</li> <li>• Accounting, CFO, <b>AND</b> President/CEO reviews for completeness.</li> </ul>	President/CEO approval required together with donor approvals, if required.	Any donor procurement requirements included in the tender and contract. If no tender issued, a justification memo must be issued and filed.
>\$25,000	<p>Written bidding from 3 vendors required.</p> <ul style="list-style-type: none"> <li>• Tender*</li> <li>• Contract</li> <li>• Donor approvals/waivers, if required.</li> <li>• Memo to Board of Trustees on selection.</li> </ul>	<ul style="list-style-type: none"> <li>• Requestor prepares documents.</li> <li>• Accounting, CFO <b>AND</b> President/CEO reviews for completeness.</li> </ul>	Board of Trustees approval required.	Any donor procurement requirements included in the tender and contract. If no tender issued, a justification memo must be issued and filed.

<sup>‡</sup>Written bids can be emailed.

<sup>†</sup>The equivalent amounts in local currency apply.

\*For certain purchases, such as automobiles, real property, leases, a tender may not be possible. In such instances, a justification memo from the President/CEO will be substituted.

### 7.8.1. General Purchasing Procedures

- 1) Once a contract is signed, the purchaser must complete a request for payment form, which includes a brief description of the product or service, the name and address of the vendor, and the program number to which the purchase is to be charged.
- 2) The approved request for payment form, together with the signed contract or invoice, is forwarded to accounting for payment and filed appropriately.
- 3) When the equipment or service is received, the staff member requesting it checks the equipment's condition and/or verifies that the service has been completed. S/he then signs and dates the shipping receipt, packing lists, or invoice and forwards it to accounting.

### 7.8.2. Single versus Multiple Purchases

When making a single or a multiple item purchase, please follow the procedures as dictated by the procurement thresholds, above. To determine an applicable procurement threshold in

multiple item purchases the purchase price is calculated by adding the prices of all individual items purchased. In determining the applicable inventory tracking requirements a price of each individual item in a multiple item purchase is considered separately.

### **7.8.3. Solicitation and Bidding Requirements**

Solicitations for goods and services must provide for all of the following:

- A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
- Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
- A description, whenever practicable, of technical requirement in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitations.

### **7.8.4. Preferred Suppliers/Vendors List**

Suppliers providing the best service for competitive prices may be added to a Preferred Suppliers/Vendors List. To add an organization to this list, staff should follow the following steps: (1) identify possible vendors; (2) conduct a price analysis; (3) consider corporate expertise; (4) ask for references from the organization and contact several references; (5) use the organization’s services at least once and have a positive experience; (6) summarize why the preferred vendor is selected

To maintain a Preferred Suppliers/Vendors List, price comparisons need to be conducted and the list updated once a year. By conducting a yearly review of the vendors/suppliers used on a regular basis, EPF is ensuring that it is obtaining the best possible price and service from vendors. Experts and consultants should not be included on the Preferred Suppliers/Vendors List. Translators should be included in the preferred vendor list. When employing an organization from this list, staff should follow the normal authorization procedures in Section 7.8.

If any single organization or individual receives \$100,000 or more from EPF over the period of one year, the Finance Manager should notify the Procurement/HR/Office Manager, CFO, and the President/CEO.

### **7.8.5. Waiver of Bidding Requirements and Sole Sourcing**

On occasion EPF may need to conclude a contract with a vendor, service provider, or consultant without the use of competition or the Preferred Suppliers/Vendors List. This type of procurement is known as sole sourcing. This is normally required when a desired good or service is not provided by other competitors or the selected vendor, service provider, or consultant offers outstanding quality beyond all competitors or has a unique knowledge or technique. Other reasons for sole sourcing procurement may include one or more of the following justifications:

- Item/service is available from only one source.

- Public exigency or emergency for requirement will not permit delay resulting from competitive solicitation.
- Donor authorizes non-competitive procurement (this must be documented in writing by donor).
- There is a compelling need for continuity.
- Sole sourcing can be justified if the consultant or expert is written into the donor-approved proposal if the consultant agreement is not considered a conflict of interest.
- Interviewers hired to perform work related to the generation of research will be exempt from the bidding requirement if a) the amount paid per person is under \$800; 2) the outputs can be reviewed and approved by EPF (i.e. completed questionnaires).

The rationale for sole source bidding must be documented in writing prior to the procurement and approved by the President/CEO.

Staff involved in the procurement process must supply a justification memo that details, among other things:

- Why other competitors were not considered;
- Explains why the cost is appropriate and reasonable;
- What research was done to determine that the selected vendor, service provider or consultant is the only one qualified source.

EPF limits sole source procurement to a maximum of \$100,000 or the equivalent in local currency.

#### **7.8.6. Terrorism Watchlist**

After selecting the contractors, the program manager must run the names of the consultants and owners of any contracting organizations through the GMS ME or other relevant software (e.g. Bridger Software). The printout of this run must be included in the hard copy program file.

### **7.9. SELECTION OF SUPPLIERS**

Considerations in selecting suppliers:

- Refer to master vendor list
- Assess technical and business reputation of supplier
- Past performance (previous experience & references)
- Input from requesting party
- Recommendations from external sources
- Internet, trade fairs, catalogues, trade journals, sales literature, phone directories
- Professional associations
- Contract with sales representatives
- Inclusion of the supplier in the project proposal approved and funded by a donor

Solicitation of suppliers should be as broad as possible and practical. All suppliers wishing to bid/offer should be provided an opportunity to do so if qualified to meet requirements.

All suppliers should be given the same information including information that may be shared

in response to inquiries about the solicitation. Normal selection will be based on competitive basis.

#### **7.10. SOURCE AND ORIGIN REQUIREMENTS**

When required by donor, EPF will follow eligibility rules for goods and services based on source and nationality as outlined in the agreement.

#### **7.11. PRICE ANALYSIS AND COST ANALYSIS**

Price analysis may be accomplished by obtaining verbal quotations by telephone, conducting web searches, comparing catalogue prices, comparing advertised specials, and inviting written bids. The appropriateness of each method depends upon the estimated cost of the purchase, local circumstances, and EPF procurement thresholds (section 7.8). Each element of cost must be reviewed and evaluated to determine reasonableness, allocability and allowability.

#### **7.12. LEASE VERSUS PURCHASE ANALYSIS**

Where appropriate, particularly for items over \$5,000 an analysis must be made of lease and purchase alternatives to determine which would be the most economical and practical procurement.

#### **7.13. PREFERRED VENDOR'S LIST**

The Procurement/HR/Office Manager is responsible for conducting and documenting price comparisons for items purchased regularly by EPF. Vendors providing the best service for competitive prices will be added to a Preferred Vendors List. Price comparisons will be conducted and the list updated at least once a year. EPF staff members are expected to contact the Procurement/HR/Office Manager with recommendations for vendors to be considered as Preferred Vendors.

#### **7.14. PROPOSAL RECEIPT AND REVIEW**

Proposals should be received and logged in by someone outside of the department that prepared the RFP and someone who is not part of the selection panel, preferably administrative, not the technical staff member.

Review of the proposals should be conducted by a selection panel. The panel should include at least one representative from the department that will use the services, and at least one person from outside the department. External experts can also be included if appropriate. The panel should have no fewer than 3 persons. The composition of the panel should be determined by Program Manager/staff in charge of procurement and approval by President/CEO.

The proposals should be reviewed in accordance with the requirements outlined in the RFP. If ranking factors were given, which recommended, they should be used in this process. If no ranking factors were identified in advance, then proposals should be reviewed for capacity/ability to provide the services in the required time frame and the proposed costs. Proposals should include a detailed budget that clearly outlines all estimated costs and level

of effort with a total estimated cost for providing the services requested.

The panel should prepare a justification for its selection with a detailed list of the reasons why the selected proposal is considered the best option. The consideration should be based on lowest cost/highest quality approach. All panel members should sign the justification for the file. Decision-making is by voting or by consensus. If a panel member disagrees, s/he can include a dissenting paragraph in the justification. The panel decision is usually sufficient for the President/CEO to approve the contract. However, in some cases the President/CEO may overturn the panel decision. To do so, the President/CEO needs to present a compelling reason/risk that may jeopardize the operation of EPF if the proposal is approved or disapproved. The President/CEO should provide a Justification Memo to clearly explain the reasons for overturning the panel decision. This applies to cases where external experts are the majority of the panel. In such a case, it is recommended to identify a new selection panel.

## **7.15. DRAFTING THE CONTRACT**

After selecting a service provider, a detailed contract must be signed and accepted by both the purchaser and the provider. The contract should require the supporting documentation for expenditures according to the budget provided with the bid (supporting documents to be delivered if required by EPF). A contract should be concluded with the service provider that clearly outlines:

- Services to be provided and any deliverables
- Performance period
- Payment terms

### *Budget*

The contract should be accompanied by a budget consistent with the costs outlined in the proposal. If the provider is the most capable provider, but did not submit the lowest cost bid, EPF is encouraged to negotiate lower costs with the vendor. In any case, the higher cost vendor selection should be properly documented by written memo indicating the rationale for selecting the higher cost vendor.

## **7.16. CONTRACT MONITORING**

The Procurement/HR/Office Manager or designated individual (contract manager) should determine whether the deliverables agreed to in the contract are being provided in accordance with the agreed schedule. The contract manager should alert the contractor in any case where the contractor is not meeting the agreed scope of work. The contract manager should document any changes to the scope of work or work schedule with an explanation of why the terms of the agreement were not met and a statement outlining any revisions. Significant changes in the scope of work (i.e. elimination or addition of tasks, substantive change in work load, etc.) and any resulting changes in the costs should be documented in an amendment to the contract that is signed by the authorized signatory.

When services are completed, the contract manager will ensure that all required supporting documentation has been provided by the contractor for payment.

### *Payment terms*

Final payment for contractual services should be made upon determination that the agreed-upon deliverables have been completed by the contractor. The contractor must present a progress-billing or an invoice. For other than fixed-fee contracts, the invoice should clearly show the individuals billing time to the contract, the rate at which they are billing, and the total level of effort (days/hours, etc.), and any direct costs being charged to the contract. Direct costs and travel related costs should be supported by appropriate receipts. EPF may also include an audit requirement in the particularly large contracts instead of the requirement of presenting receipts, and/or may waive the requirement for presenting receipts.

When receipts are unavailable a note must be submitted explaining the reason. Unreasonable expenses with no receipts will not be allowable.

If a contract is concluded based on bidding, best price, etc., the financial control is lower than with grants, and is based on accepting the work. The entire contract is regarded as an income by the recipient and therefore is taxed. Based on this, no need in additional financial documentation is mandatory. Whether or not to require receipts and/or audit is based on a judgment call, nature of the contract, and agreement with contracting party. If a contract is concluded in a case in which EPF would usually issue a grant, then requirements may be stricter, though it is not required by Armenian law.

Contractors may request advance payments on contracts. Only in exceptional circumstances advance payments may exceed 20% of the contract cost. Progress payments may be scheduled out over the course of the contract. Progress payments should be dependent on satisfactory completion of deliverables outlined in the contract.

When contractors require some level of prepayment, advance payments must be kept to the minimum required, and should only be made to vendors and consultants who have demonstrated a history of satisfactory performance. As a general rule, advance payments should not exceed 20% of the total cost of the contract.

## **8. TRAVEL POLICIES**

EPF staff may be required to travel for business purposes. The following guidelines and procedures are intended to minimize the burdens of such travel while meeting EPF's needs and complying with applicable donor regulations.

### **8.1. TRAVEL AUTHORIZATIONS**

International and local travel must be pre-approved by the employee's or in-house consultant's supervisor, or the budget manager of the department in which the employee works using the Travel Authorization Form (see Attachment 8A). As appropriate, travel arrangements should be centralized and managed by a responsible individual in order to secure the most favorable rates and to ensure compliance with EPF's travel policies. International travel for the President/CEO should be approved by the Chair, Vice Chair or other designee of the Board of Trustees.

### **8.2. MODE OF TRANSPORTATION**

### *Air Travel*

Generally, all air travel must be by coach class using the most direct, non-stop route, using the most cost-effective fare available. Non-refundability, cancellation policies, or additional costs associated with potential routing changes may be considered in determining the most cost-effective fare.

Air travel resulting in a layover extending beyond **eight hours** entitles the traveler to a day room or hotel room within EPF's approved hotel and per diem rates.

### *Rail Travel*

Generally, rail travel must be by the most direct, non-stop route. The cost for first class rail travel will be reimbursed when the traveler is traveling alone on EPF business in high-risk regions. Two or more travelers may secure an entire berth if security is perceived to be at risk.

### *Private Driver*

Drivers may be hired if the car transportation is funded by the donor using either a flat rate or a mileage reimbursement per km driven. Every six months in January and July, the Procurement/HR/Office Manager together with CFO will revise the reimbursement rate (net) per kilometer, considering the market price of petrol in each country and other current economic factors. If the rate is changed, the staff should be notified. If there is no donor-funded project budget line for travel, the requestor with Finance department should clarify the need for travel and the source of funding, and the President/CEO should pre-approve every travel plan in advance.

## **8.3. BUSINESS CLASS TRAVEL**

Except as described below, EPF will not reimburse travel in excess of economy fares. Employees and in-house consultants may use their frequent flyer miles to upgrade to business class travel, provided that they secure the lowest economy fare available at the time of purchase.

Exceptions to the above policy may be made for medical reasons, emergencies or non-availability of coach seating. These exceptions must be approved in advance by the President/CEO, or in the case of the President/CEO by the Chair of the Board, the Vice Chair or the designee of the Board of Trustees. The employee and in-house consultants must complete a request for waiver form (see Attachment 8B), which should be filed with the traveler's expense report. In case of medical requirements, the request must be accompanied by a note from the traveler's physician.

## **8.4. RETURN OF UNUSED, PARTIALLY USED AND EXCHANGED TICKETS**

Any unused or partially used tickets must be returned to EPF for credit. Reimbursements for returned or unused tickets will be credited to the expense code and donor originally charged.

## **8.5. FLY AMERICA ACT COMPLIANCE**

When travel is funded by US Government sources, EPF will comply with the regulations described in [the Fly America Act](#), [OMB Circular A-122](#), when procuring air travel and

shipment services. If non-US government donors have similar airline carrier requirements or restrictions, EPF will comply with those regulations.

The [Fly America Act](#) requires that all air travel and shipments be purchased on US flag air carriers when travel expenses are paid from U.S. Government funding. According to the applicable sections of the Fly America Act, U.S. flag air service is considered available even though: A) comparable or a different kind of service can be provided at less cost by a foreign air carrier; or B) foreign air carrier service is preferred by or is more convenient to EPF or the traveler.

For travel between two points outside the U.S., U.S. flag air carrier service will not be considered to be reasonably available if: A) travel by foreign air carrier would eliminate two or more aircraft changes en route; or B) the use of a U.S. flag air carrier would extend the travel time by at least six hours more than a foreign air carrier. Refer to the Fly America Act for details.

*Use of a foreign carrier service may be deemed necessary if a U.S. flag carrier otherwise available cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Also, foreign air carriers may be used if a U.S. air carrier does not serve an origin or interchange point. A foreign air carrier shall be used only to the nearest interchange point on a usually traveled route to connect with a U.S. flag air carrier service.*

If the exceptions above do not apply, expenditures for use of a foreign air carrier will be disallowed unless the [Certification U.S. Carrier Unavailable](#) form is attached to certify it was necessary to use a foreign air carrier service. Air tickets and/or invoices must show the name of the U.S. air carrier as the issuer of the ticket for travel on foreign air carriers when a partnership (code share) agreement exists, (e.g., Lufthansa and United Airlines).

## **8.6. MAXIMUM LODGING AND SUBSISTENCE REIMBURSEMENT**

EPF will accommodate travelers in and/or reimburse expenses for a single room in hotels up to the [U.S. federal government per diem rates](#) for the destination. When reasonable and/or adequate lodging is not available, the traveler must request approval in advance from their supervisor and the staff person responsible for coordinating travel to exceed federal government per diem rates and has to submit documentation to support the request. Travelers sharing a room on EPF business may be accommodated in and reimbursed for a double room.

In case there is no special regulation by the donor, it is EPF's policy to reimburse meals and incidental costs at 80% of the U.S. Federal Government per diem rate for the destination. Incidental costs include personal phone calls, cleaning, taxis or transportation to and from dinner other than a business dinner, drinking water, snacks, entertainment etc.

In the case of relocations and long-term travel assignments (in excess of 30 consecutive days), when accommodation with a kitchen can be provided, meal allowance is limited to 30 days.

## **8.7. REIMBURSEMENT FOR EXCESS TRAVEL EXPENSES**

EPF will reimburse the following costs in excess of the meals and incidental per diem

allowance on a direct cost basis:

- Taxi fare to and from airports, or for official business while on travel
- Business calls, faxes, internet usage
- Commissions on conversion of foreign currency
- Visas
- Airport taxes and exit fees
- Business dinners for official guests (should be approved in advance by supervisor)
- Supplies needed for official duties while on travel
- Other reasonable miscellaneous allowable travel expenses necessary to conduct EPF business
- Rental of a car or car and driver for certain travel situations. If renting a car, the traveler should accept auto renter's insurance. The normal means of transportation shall be the most economical means of travel consistent with reasonable comfort.
- Reasonable costs of airport parking, generally the most economical and safe long-term parking, are reimbursable. EPF cannot be held responsible for damage or theft of an automobile.
- Other reasonable miscellaneous allowable travel expenses necessary to conduct EPF business

Any of such costs, if anticipated, should be let known to the supervisor authorizing the trip in advance.

## **8.8. RECEIPTS FOR TRAVEL EXPENSES**

In order to be reimbursed for excess travel expenses as described in section 8.7, EPF requires that original receipts for expenditures of \$25 or more are attached to the travel expense report.

## **8.9. LODGING WITH FRIEND(S) OR RELATIVE(S)**

EPF will not provide any reimbursement for lodging supplied by a friend or relative.

## **8.10. TRAVEL EXPENSE REIMBURSEMENT FOR EMPLOYEES AND IN-HOUSE CONSULTANTS WITH A DISABILITY OR SPECIAL NEED**

EPF will accommodate the special needs of any employee or in-house consultant with a disability or special needs due to health or physical conditions. This includes greater-than-economy airfare, additional cost of hotel lodgings that will accommodate the traveler's needs, providing suitable local transportation, etc. Employees or in-house consultants with disabilities or special needs will not be forced to travel to locations where medical facilities or services cannot accommodate their needs. The supervisor will approve exceptions to EPF's normal travel policies required to accommodate these employees

## **8.11. OWNERSHIP OF FREQUENT TRAVELER BONUSES**

The frequent flyer miles earned by an employee or an in-house consultant from the airlines, or other points earned from hotels or car rentals on EPF travel are the property of the employee.

## **8.12. EXPENSE ADVANCES AND THEIR LIQUIDATION**

EPF will advance the traveler a sufficient amount of cash for the estimated travel expenses. Reimbursement and advances are made only for business expenses for EPF employees, an in-house consultant and consultants. No reimbursement for personal expenses or expenses of friends or family members will be made by EPF.

Employees and in-house consultants with unsettled travel advances outstanding will not be issued further travel advances until previous advances are settled. For back-to-back trips in which the employee or an in-house consultant is home for less than one week before departing for the next trip, advances may be issued providing the employee or an in-house consultant has no more than one advance outstanding. Employees and in-house consultants should submit expense reports within one week upon return from trip.

Employees and in-house consultants are required to maintain records of business expenses while traveling, including retaining and submitting original receipts for expenses greater than \$25. Travel expenses are submitted to the Accounting Department along with a Travel Expense Report (see Attachment 8A). The employee's or in-house consultant's supervisor or department budget manager must approve the travel expense report. The final travel expense reports must be submitted to the authorizing individual within two weeks of the trip.

If total cost of the trip exceeds the amount advanced to the employee or an in-house consultant, the employee or an in-house consultant will be reimbursed.

## **8.13. USE OF CORPORATE/PERSONAL CREDIT/DEBIT CARDS FOR TRAVEL**

See section 2.21 and 2.21.1.

## **8.14. VEHICLE MILEAGE REIMBURSEMENT**

Use of a privately-owned vehicle while on official EPF business may be reimbursed at the rate determined by the President/CEO (see section 8.2) (alternatively, EPF reserves the right to contract with the service provider for a lump sum). The cost of vehicle transportation should not to exceed the cost of the most direct coach air or rail route between the points traveled, unless determined expedient and approved by the President/ CEO. The employee and the in-house consultant are responsible for any tickets or traffic violations resulting from their use of EPF vehicles.

If EPF hires drivers for the office, it will maintain a vehicle usage log, accounting for all kilometers traveled. The log will include the date, point of origin, point of arrival, distance, and purpose

## **8.15. ALLOCATION OF THE COST OF MULTIPLE PURPOSE TRIPS**

When EPF staff conduct business for multiple programs, the associated travel costs will be charged to each program or project on a pro rata basis.

## **8.16. CONSULTANT TRAVEL**

All consultants traveling on EPF business are subject to EPF's travel policies.

## **8.17. BOARD TRAVEL**

If funding is available, EPF will reimburse Trustees for reasonable expenses associated with travel to a Board of Trustees meeting in an agreed upon manner:

- Actual cost of coach air and rail travel. The air carrier utilized must conform to Fly America rules, when necessary. See Section 8.5.
- Actual expenses for hotels. EPF will accommodate travelers in and/or reimburse expenses for hotels within EPF policy rates.
- Actual cost of taxi fares or other local transportation expenses required to conduct EPF business.
- Actual cost of meals.

In order to be reimbursed, Trustees must submit a signed summary of charges with alcohol charges identified and original receipts attached.

## **8.18. EMPLOYEE AND IN-HOUSE CONSULTANT BUSINESS MEETINGS**

If funding is available from unrestricted sources and/or is budgeted in a current project approved by donor, EPF will reimburse reasonable and necessary costs of meetings to conduct EPF business, conferences etc., when the primary purpose is the dissemination of technical information, negotiations with donors, presentation, workshop etc. This includes costs of meals, transportation, rental of facilities, and other items incidental to such meetings or conferences.

All business meeting costs must be supported by original receipts. In addition, the following information must be provided for each meeting:

- Date, time and location of the meeting.
- Business purpose of the meeting.
- Attendees.
- Project or department to which costs should be charged. Project, department, donor and the budget line to which costs should be charged

## **8.19. IN-COUNTRY TRAVEL**

In recognition that travel within the country is often an all-day event but does not necessarily require an overnight stay the following rules designate in-country travel:

1. There is no per diem allowance if staff member is on travel up to 6-hours.
2. There is no per diem allowance if staff member is on travel within 30km from office.
3. There might be per diem allowance (by the President/CEO's prior approval) if staff if staff member is on travel within 30km from office for 8 or more hours or several days. The case might include events such as hosting seminars, workshops or multiple-day trainings (within 30km) but where the facilities (hotel, conference room, training site) does not provide any meal or coffee breaks.
4. Staff member is entitled to claim reimbursement for a receipt for one meal if s/he is on travel for more than 6-hours but less than 8 hours.
5. Staff member is allowed to claim two meals (either breakfast and lunch or lunch and dinner) if he or she is on travel for more than 8-hours but less than 12-hours Staff

member is allowed to claim full day allowances (breakfast, lunch and dinner) if she/he is on travel 12 or more hours.

6. Daily per diem rate for local travel is determined by President/CEO but this shall not exceed the rate established by EPF for the country.
7. Percentages of meal allowance to be claimed: 25% for breakfast, 35% for lunch and 40% for dinner.
8. All travel related costs such as phone, taxi, internet, transportation tickets, etc. are desired to be evidenced through proper receipts.

## **9. INFORMATION AND COMMUNICATION TECHNOLOGIES**

### **9.1. PURPOSE**

This document states the information technology principles and procedures of EPF. Information technology (IT) facilities as used here include computer systems, data Ethernet, and wireless networks, servers, user workstations, PBX systems and telephones.

### **9.2. PRINCIPLES**

IT facilities are provided to support EPF research, administrative, programming and grant making activities. IT facilities are not provided for recreational or personal use. Staff must comply with EPF's requirements for acceptable use. Specific activities that constitute unacceptable use include but are not limited to:

- Use of IT facilities to access, create, transmit or solicit materials that are obscene, discriminatory in nature, or likely to cause distress to some individuals or cultures, where such material is not a legitimate part of business ;
- Deliberate impersonation of another individual by the use of their login credentials, e-mail address or other means;
- Violation of the privacy of personal information relating to other individuals;
- Unauthorized disclosure of confidential information;
- Uses that deliberately and significantly degrade the performance of IT facilities for other users (including the downloading of mp3, mpg, wav, avi, exe files and not related with business).

### **9.3. PASSWORD AND USER NAME POLICY**

Passwords are the primary defense mechanism for many computer systems. Careful selection of passwords improves security. Individual users are responsible for the robustness and maintenance of their own passwords. Individual users are responsible for the security of any accounts held by them. The following guidelines for use of passwords shall apply.

- Passwords must be used where possible.
- Passwords must be at least 6-8 characters in length.
- A newly-issued password must be changed as soon as possible after issue.
- Users, when logging on, must not permit anyone to see their password being entered.
- Passwords should not be easily associated with a particular user.
- Users must not save passwords electronically within Applications.
- The IT Manager will suggest that all EPF staff changes passwords every 6 months.

EPF's right to acquire passwords of employees and in-house consultants: EPF IT Manager will have the passwords of employees and in-house consultants in a sealed envelope. The envelope can be opened and the employee's and in-house consultant's account accessed WITH PRIOR NOTIFICATION AND APPROVAL of employee if the employee is absent or left EPF whereas their email communication is needed for EPF business. Employee's accounts can be accessed WITHOUT NOTIFICATION by the ethics investigator upon the approval of the President/CEO, or an authorized individual.

## **9.4. INFORMATION SECURITY POLICY**

### **9.4.1. Purpose**

The purpose of the information security policies and procedures of EPF are to insure the following goals:

- To provide high quality IT services;
- To ensure the integrity and validity of data;
- To enable the effective and efficient recovery of data after disruption in IT services; and
- To protect of all EPF's IT assets including data, software, and hardware.

The above services, data, and assets include computer systems, data networks, user workstations, and telephones.

### **9.4.2. IT Manager Responsibilities**

The IT Manager shall provide leadership and direction for EPF's network and systems security. The IT Manager shall develop and implement a network architecture that places an emphasis on security. A single compromised workstation can be used to attack other systems both within and outside EPF.

The IT Manager is responsible for establishing, communicating, and enforcing unit level practices and procedures that promote security. The following areas should be covered:

- Physical security.
- Protection of information, which includes periodic backup and offsite rotation of mission critical systems, applications, and data files.
- Prevention of unauthorized access.
- Detection of security breaches.
- Procedures for reporting security breaches to management or appropriate authority.

The IT Manager will work with other IT managers in EF Network to find and correct problems. A user's access privileges may be temporarily suspended if the IT Manager believes it is necessary or appropriate to maintain the integrity of the computer system or network.

### **9.4.3. Users' Responsibilities**

EPF staff must comply with the following policies:

- Staff must have a valid authorized account to use computer resources, when required and may use only those computer resources that are specifically authorized for their use;
- Staff may only use computer account in accordance with authorized purposes and may not use an unauthorized account for any purpose;
- Staff shall not circumvent system protection facilities.
- Staff may not use computer resources for private purposes, including, but not limited to, the use of computer resources for profit making or illegal purposes;
- Staff must get approval from senior management and inform the IT manager when taking any IT equipment outside the office. A log is available at the reception to sign in and out any traveling equipment. In the case of loss or damage of equipment during travel, the President/CEO and IT Manager determine the level of responsibility of the staff.

## **9.5. HARDWARE POLICY**

The effect of electrical power outages and fluctuations shall be protected against by the installation of uninterrupted power supplies (UPS) and surge protection devices.

Requests for additional hardware not included in the standard basic desktop configuration should be approved by President/CEO or the Chair of the Board of Trustees (if the hardware is requested by the President/CEO).

### **9.5.1. Printers, Scanners, and Copiers**

The IT manager is responsible for maintaining EPF's printers, scanners, and copiers; however, all staff is responsible for proper and safe use for printers and scanners.

## **9.6. SOFTWARE POLICY**

All materials associated with any computer system, including software and printed materials that are not in the public domain, must be treated in accordance with any applicable copyright agreements, restrictions and usage agreements.

The IT manager installs a basic suite of software applications during the initial computer installation.

Requests for additional applications not included in the basic suite of software applications must be approved by the President/CEO.

Any software that has the potential to interact with networking facilities must not be installed or run on any computer connected to EPF's Local or Wide Area Networks without the approval of the President/CEO:

Any other software will be installed on user's machines only after approval by the management.

## **9.7. NETWORK STORAGE**

It is strongly recommended that network drives are utilized to save files and data. The IT manager does not back up personal files saved on the local hard drive of individual computers.

The Network Drive has been created in order to protect EPF data from loss and to increase data availability. The contents of the Network Drive are backed up on a daily basis and can be promptly restored anytime. Every department is urged to keep its important business related data on the Server.

## **9.8. DATA SECURITY POLICY**

An appropriate, regular, back-up schedule shall be implemented by the IT manager to protect all server-based data and software deemed critical.

No EPF staff member may use a computer system or any account, or otherwise attempt to access any file or device to access, modify, or disclose information that he or she is not authorized to use or possess.

**Highly sensitive data must be password protected and encrypted.**

## **9.9. INTERNET SECURITY POLICY**

The Internet should be treated as a potentially hostile environment. For many systems, access to the Internet will be via a Firewall. The local area network should be under protection, under intrusion prevention system and content detection.

All traffic passing through an account may be logged and may be audited. EPF's network system will be monitored and checked. A black list for restricted sites will be updated regularly.

## **9.10. VIRUS PROTECTION POLICY**

Viruses can enter EF network in a variety of ways, including through email, CD or removable data storage device, downloading from the Internet, or instant messaging attachments

It is the responsibility of everyone who uses EPF's computer network to take reasonable measures to protect that network from virus infections. This includes the following list of recommended procedures:

- Staff should never open an e-mail attachment if you do not recognize the sender;
- If a staff member receives a suspicious file or e-mail attachment, do not open it. Notify the IT manager; s/he will explain how to handle the file.

If a file is an infected spreadsheet or document that is of critical importance to EPF, the IT manager will attempt to scan and clean the file. The IT manager, however, s/he makes no guarantees as to whether an infected file can be totally cleaned and will not allow the infected file to be used on EPF computers.

## **9.11. NETWORK CONNECTIONS**

All equipment to be connected to EPF's data and voice network should be approved by IT manager.

## **10. SCREENING FOR TERROSISM**

In the post-September 11 environment, governments are increasingly concerned that charitable organizations may, either intentionally or inadvertently, support terrorist activities through their grant making and technical assistance programs. The penalties for knowingly or unknowingly providing material support to terrorists are severe and include freezing the organization's assets, revocation of the organization's tax-exempt status, fines, civil and criminal penalties. Through the Patriot Act and Executive Order 13224, the U.S. government has taken several significant steps to curtail the financing of terrorists and terrorist activities. As long as EPF receives funding from US government sources, it will continue to comply with any and all requirements related to the Patriot Act and Executive Order 13224. However, even if EPF ceases to receive US government sources of funding, a policy of ensuring that no funds from any source be used to provide support to terrorists or terrorist activities will remain.

### **10.1. SUMMARY INFORMATION ON EXECUTIVE ORDER 13224 AND THE PATRIOT ACT**

#### *Executive Order 13224*

- Issued in response to September 11, 2001, terrorist attacks
- Prohibits transactions with individuals and organizations deemed by the Executive Branch of the U.S. Government to be associated w/terrorism
- Allows U.S. Government to freeze organization's assets while it investigates whether an organization is associated with terrorism
- Applies to all U.S. persons including organizations and individuals regardless of where they are located
- Prohibited transactions include financial support, in-kind contributions, and technical assistance
- Organizations face sanctions even if they are not aware that they are providing support to parties associated with terrorism

#### *The Patriot Act*

- Strengthens U.S. Federal government's ability to combat terrorism
- Imposes significant fines & terms of imprisonment for any entity that provides 'material support' or resources knowing or intending that they are to be used in terrorist acts or by foreign terrorist organizations

### **10.2. MANDATORY PROVISIONS THAT MUST BE INSERTED IN ALL GRANT AGREEMENTS**

To ensure that **no** funds from **any** source be used to provide support to terrorists or terrorist

activities EPF will screen all grantees, significant contractors, consultants and staff members using the selected software (e.g. Bridger Insight software by Choice point).

*Who Should Be Screened:*

- Grantees/contractors
- Sub-grantees/sub-contractors
- Grantee directors and key staff, including finance
- Consultants
- EPF employees
- EPF in-house consultants

*How and When These Individuals/Groups Should Be Screened:*

- EPF will appoint appropriate individuals (e.g. Grant Manager for grants, the Procurement/HR/Office Manager for contracts, consultants, employees and in-house consultants) responsible for conducting this screening.
- Prior to awarding any grant/contract, sub-grant/sub-contract check the organization, its directors, key staff, including finance, using the selected software. This is performed by relevant staff member as noted above.
- Screen all active grants (the organization, its directors, and key staff) using e.g. Bridger Insight software on semi-monthly basis in all field offices.
- Investigate any matches to determine if these are false or true positives by comparing the name and address, registration, any identification numbers, passports other documents of the individual or organization screened against the information that the software provides. Document the rationale for determining false positive matches, for instance, you may determine that a match is false if the addresses are obviously different. If you are unsure whether a match is false, please contact the Grants Manager or Procurement/HR/Office Manager for guidance.
- If it appears that a match is a true positive, report it to the President/CEO immediately. Do not award a grant or contract, or make a payment to an individual or organization that appears to be a true positive.
- Suspend agreements/payments in the case of true positives. Immediately seek guidance from the President/CEO as to how to proceed with the grantee/consultant.
- Prior to making any new employee an offer of employment, the Procurement/HR/Office Manager will screen the prospective employees using the selected software.
- Create a log indicating the date of screening, include a list of grants screened and the results report generated by the software. Prior to awarding a grant, confirm that you have screened the applicant by ticking the appropriate checkbox in the Acceptance Memorandum and Request for Payment. Maintain files that document the whole screening process.
- For employment screenings or for screenings of consultants, print the results generated by the selected software and file in the employment file with the consultant contract.

Additionally, EPF may include any clauses that are required by the donor in grant agreements and contracts. It is the general policy of EPF to make the grant agreements and contracts as similar as possible to its own grant agreements and contracts with the donor.

## **11. PERSONNEL POLICIES AND PROCEDURES**

### **11.1. INTRODUCTION**

#### **11.1.1. Purpose**

This section of EPF Manual provides guidance to employees and in-house consultants of EPF on personnel policies and serves as a reference guidebook on policy through the employee's tenure of employment and in-house consultant's tenure of service contract. Employee's relationships with EPF are governed the Labor Code of Armenia, the Employee's Contract, and any other relevant normative acts in force.

The guidelines herein shall not replace or contradict conditions or terms of employment in the Employee's Contract or the Labor Code of Armenia. In the event of any inconsistencies between these guidelines, the Employee's Contract and the Labor Code of Armenia, the following order shall prevail: The Labor Code of Armenia, the Employee's Contract, then EPF manual.

It is the desire of EPF to establish conditions of employment which:

- Are fair to Employer and all staff in design and application, and encourage individual, collective and cooperative excellence;
- Provide the framework by which staffing of EPF and advancement be performed solely on the basis of qualifications and merit;
- Challenge all employees and in-house consultants to perform at the highest levels as is expected throughout EPF as an international organization uniquely entrusted to serve the public interests of multiple nations;
- Are in compliance with the Armenian legislation, the internal regulations of EPF, and not in contradiction with regulations of major donors.

#### **11.1.2. Employees and in-house consultants**

Employees are hired by EPF on the basis of a labor contract, whereas in-house consultants are natural persons working for EPF on the basis of a service contract. In-house consultants join EPF's project team and the costs arising from these in-house consultants are considered as personnel costs regardless of whether the consultants are self-employed or employed by a third party. For this purpose the following cumulative conditions shall be fulfilled by EPF:

- EPF has a contract to engage the in-house consultant to work for it and (some of) that work involves tasks to be carried out under the Action funded by the grant;
- the in-house consultant works under the instructions/supervision of EPF;
- the in-house consultant works in the premises of EPF as a member of the project team;
- the in-house consultant is included in EPF's organizational chart;
- the output of the work of the in-house consultant belongs to EPF;
- the costs of employing the in-house consultant are reasonable, are in accordance with the normal practices of EPF and are not significantly different from the personnel costs of employees of the same category working under a labor contract for EPF;
- travel and subsistence costs related to in-house consultants' participation in project meetings or other travel relating to the Action are directly paid by EPF;
- the in-house consultant uses EPF's infrastructure;

- the in-house consultant completes and submits timesheet, with an accurate record of the number of hours worked according to program accounting codes on a daily basis.

These conditions describe a de facto situation of subordination, as in a traditional labour contract (regardless of the legal form). Therefore in these cases, where a de facto employee is hired by EPF under a service contract as an in-house consultant, and provided that all the conditions stated above (similar costs, property of results, subordination, etc.) are satisfied, these service contracts are assimilated to staff costs in the Budget and for all useful purposes.

### **11.1.3. Implementation**

The President/CEO is responsible for implementing the policies and procedures set forth in this manual and interpreting the intent of any practices requiring clarification. If any contradictions are detected, employees and in-house consultants should immediately alert the Procurement/HR/Office Manager for review with President/CEO. EPF reserves the right to change, amend or rescind any of the policies indicated in this manual at its sole discretion, provided such changes are in compliance with law. The employee or the in-house consultants has the right to review any such changes and either formally accept them, file an appeal protesting the changes according to procedures, or willfully decline their employment contract (in case of employees) or service contract (in case of in-house consultants).

### **11.1.4. Policy Application**

EPF's personnel policy and procedures apply to those staff under its direct employ. EPF reserves the right to engage expatriate staff seconded from the Eurasia EPF or other relevant entities to provide needed technical expertise. In such instances, expatriate staff is generally subject to the personnel policies and procedures of the organization that have seconded their services to EPF. However, in order to comply with local legal requirements and to promote a sense of equity, EPF will inform expatriate staff which provisions of EPF's personnel policies will apply during their tenure at the organization, subject to approval by the Board of Trustees. re

## **11.2. EMPLOYEE AND IN-HOUSE CONSULTANT RIGHTS AND RESPONSIBILITIES**

### **11.2.1. Equal Employment Opportunity**

EPF recruits, hires, promotes, terminates, and performs all decisions as they relate to the employment of staff irrespective of actual or perceived sex, race, colour, ethnic or social origin, social status, genetic features, language, religion, worldview, political or other opinion, association with a national minority, property status, birth, disability, family status, sexual orientation, gender identity, age or other circumstances of a personal or social nature.

### **11.2.2. Anti-Harassment Policy**

EPF is to be at all times a work environment free from all forms of harassment. Any instances of impropriety are to be documented to the degree possible and submitted to President/CEO. If a complaint is against the President/CEO, it should be submitted to the Chairperson or the Vice-Chairperson of the Board. All complaints will be reviewed immediately to rectify and ensure the safety and comfort of the work place for all employees and in-house consultants.

Specifically, EPF prohibits

1. Unwelcome sexual advances;
2. Requests for sexual favors;
3. Verbal (epithets, derogatory statements, slurs), physical (assault, physical interference with normal work), and visual (posters, cartoons, drawings), harassment; and
4. All other verbal or physical conduct of a sexual or otherwise offensive nature EVEN IF IT CANNOT BE ESTABLISHED WITH CERTAINTY THAT:
  - Submission to such conduct is made either explicitly or implicitly a term or condition of employment;
  - Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; and
  - Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

It is the responsibility of each supervisor to create an atmosphere free of harassment, sexual or otherwise, and immediately to report harassing conduct that may violate this policy. In addition, it is the responsibility of each staff member to respect the rights of co-workers.

### **11.2.3. Complaint Procedure**

If an employee or an in-house consultant experiences any job-related harassment, has a related complaint, or believes he or she has been treated in an unlawful discriminatory manner, that employee or in-house consultant should promptly report the matter to the President/CEO. If the allegation involves President/CEO, employee or in-house consultant should inform the Chairperson or Vice-Chairperson of the Board of Trustees. Staff should report harassment early on, before it becomes severe or pervasive.

EPF expressly prohibits any form of retaliatory action against any staff member for filing a bona fide complaint under this policy or for assisting in a complaint investigation.

On receipt of a complaint, the President/CEO will undertake an investigation, ensuring confidentiality to the maximum extent possible.

If the investigation determine that an individual is guilty of harassing another staff member, disciplinary action, pursuant to the procedures set out under Section 11.12 of this Manual, up to and including discharge, will be taken against the offending staff member in accordance with Armenian legislation.

If after investigating a complaint of harassment or unlawful discrimination, EPF finds that the complaint is not bona fide or that an employee or an in-house consultant has provided false information about the complaint, disciplinary action, pursuant to the procedures set out under Section 11.12 of this Manual, may be taken against the individual who filed the complaint or who gave the false information.

### **11.2.4. Occupational Safety & Smoking Policy**

EPF is committed to providing its employees and in-house consultants with a reasonably safe work environment that complies with the occupational safety laws, including office facilities

that conform with sanitation and hygiene norms as well as labor safety and technical safety. Any concerns with a perceived lack of compliance in this regard should be immediately addressed to the Procurement/HR/Office Manager or the President/CEO.

Smoking is prohibited in EPF at any time, either by employees, in-house consultants or guests, as a matter of health and public safety.

#### **11.2.5. Prohibition Against Campaigning/Lobbying**

EPF is prohibited from engaging in lobbying, political campaigning, or similar political activities in the US with funding from a US governmental source. At the same time, EPF recognizes the individual rights of staff members to petition his/her government on matters of public interest. In order to protect the reputation and interests of EPF as well as the fundamental rights of its staff, EPF has elaborated the following rules on political campaigning and lobbying.

1. EPF employees and in-house consultants are precluded from lobbying, preparing political publications or materials, making partisan political speeches or engaging in related activities intended to promote a political party or candidate while on duty.
2. Individual EPF officers, directors, or staff who engage in outside political activities shall in no way participate in such activities in their official EPF capacities and are responsible for making it known publicly that they are engaging in such political party activity as individual citizens and not on behalf of EPF.
3. Officers, directors, and staff are absolutely prohibited from using EPF facilities, equipment, or staff for any political party activity.
4. EPF, its officers, directors, or its staff may not use donor funds to participate or intervene in any political campaign on behalf of or in opposition to a candidate for public office.

It is the responsibility of each staff member to seek advice of the President/CEO (in case of senior management staff) prior to contacting a political party or a government body if there is even the remotest possibility that such contact might be construed as an attempt by EPF to influence the introduction, modification, or enactment of, or the decision to sign or veto enrolled legislation. **If a staff member fails to abide by these obligations, disciplinary action, pursuant to the procedures set out under Section 12 of these Guidelines, up to and including termination will be taken by EPF, in accordance with Armenian legislation.**

### **11.3. PERSONNEL RECORDS**

#### **11.3.1. Access to Personnel Record**

Staff members' personnel files usually contain information such as orientation material, resume, job description, letters of recommendation, as well as performance and salary records. Personnel files on EPF staff members are maintained and controlled by the Procurement/HR/Office Manager. Files on EPF employees and in-house consultants are confidential and strictly off-limits to unauthorized EPF employees and in-house consultants. Under no circumstances may an EPF employee or an in-house consultant review the file of another employee or an in-house consultant. Such actions are grounds for termination of employment and in case of in-house consultants, the service contract. Files are generally available only to senior management, the staff member's supervisor, and the staff member at

reasonable times during business hours upon written request to the President/CEO.

Note: EPF is constantly fundraising, and many staff are being involved in preparing proposals and corresponding budgets. Thus, it is unavoidable that some staff will learn about actual or planned expenses for other staff positions. The policy here is to restrict the amount of those who know to as few as possible individuals (fundraisers, Management Group, Finance, programmatic senior staff, such as Managers); it is expected from the staff that they will follow the confidentiality rule for information which they received on a need to know basis. However, the point 11.3.1 should not in any circumstances become a basis for delaying work on a budget or delivery of a funding application to a donor based on the donor deadlines.

### **11.3.2. Release of Information**

Usually only the Procurement/HR/Office Manager answers inquiries about staff members from organizations and individuals outside EPF. EPF generally releases only the following information: Confirmation of employment, dates employed, job title, duties, location of assignment, and salary information at the request of verified credit approval applications.

If a performance reference is requested, only the supervisor is able to provide information based on a written request and signed acknowledgement and release from the staff member, in accordance with Armenian legislation.

## **11.4. RECRUITMENT AND APPOINTMENT**

### **11.4.1. Recruitment**

All EPF positions are filled on the basis of professional merit, appropriate skills, and demonstrated outstanding performance in the areas required by the position. Recruitment decisions are made by the President/CEO.

### **11.4.2. Internal Postings**

EPF will usually post all open positions internally. EPF will make every effort to inform current staff of open positions in advance of external soliciting of candidates. Staff who believe they are qualified are encouraged to apply. All internal candidates will be interviewed. The criteria for all applicants will be the same, current employees and in-house consultants will be provided no preference beyond their objective qualifications and suitability for the open position. Experience and superior performance in another EPF position will be given consideration but does not guarantee appointment.

### **11.4.3. External Search**

EPF, in reviewing applicants and prior to offering employment, will make an effort to verify references and employment of the applicant. Any false statements made by an applicant regarding his/her education, degrees received, previous employment positions, responsibilities, dates of employment will be grounds for disqualification from the application process.

Candidates are usually recruited using local, national, or international search and selection methods deemed appropriate to the needs of EPF. However, in its discretion, EPF may

choose to use a different recruitment method or forgo an external search entirely.

For positions that are recruited in either the national or international search, the following interviewing expenses will be allowed in accordance with EPF policy:

- Purchasing ticket on economy class
- Lodging
- Per diem (meals only)

For policies governing the purchase of transportation or rates for lodging and per diem, see EPF's travel policies in Section 8 of this manual.

#### **11.4.4. Appointment**

EPF staff appointments are conveyed by the President/CEO or the officer duly appointed in writing by him/her. All candidates offered employment are to be provided a copy of EPF's Policies and Procedures, a job description, and a contract for their review prior to their acceptance of appointment (signing of Contract). Employment contracts are to be signed on behalf of EPF by the President/CEO.

#### **11.4.5. Contract Period**

EPF's policies fully take into account the employment legislation of Armenia. Employees who have worked for more than one year become contracted for an indefinite period of time. However, EPF does not have core funds spendable for salaries. All EPF staff are funded via donors' projects, which have a start and end date. Therefore, employment contracts might cover a finite period.

#### **11.4.6. Probation Period**

Employment contracts can be signed with a probation period that lasts no more than three months. During this period, paid annual leave is accrued. Both sides can terminate the contract by providing a written notice three days prior to the termination date within the probation period. If the employee or an in-house consultant fails to perform his/her duties in an effective and diligent manner to the satisfaction of EPF during any part of the probation period, EPF shall have the right to terminate the contract, by providing the employee a three-day prior written notice. If no notice is given to the employee, and s/he continues performing his/her duties beyond the expiry the probation period, then the probation shall be considered successful, and the employment contract may be terminated only upon its expiration or in accordance with Section 11.12 of EPF's Policies and Procedures.

#### **11.4.7. Appointment of Spouses and Relatives**

EPF does not, under normal circumstances, allow employment of spouses or close relatives of staff, including grandparents; parents; uncles, aunts, and their spouses; brothers, sisters and their spouses; children (including a legally adopted child) and their spouses; and grandchildren and their spouses.

EPF may hire more distant relatives of staff; however, both the candidate and the related staff member must disclose this relationship during the interview process, and the related staff

member must recuse him/herself from the selection process, if they are party to it. Failure to disclose this information may result in disqualification of the candidate and disciplinary action against the related staff member.

## **11.5. COMPENSATION AND PAY SCHEDULE**

### **11.5.1. Salary Determination/Adjustment**

EPF endeavors to pay salaries competitive with those paid by other organizations comparable to EPF. EPF will, on its own accord, monitor its wage scales relative to the market and make adjustments as appropriate. Questions regarding salary determination and adjustments should be addressed to the President/CEO and approved annually in the budgets proposed to the Board.

Each position at EPF is assigned a salary grade. Each grade has been assigned a corresponding salary range. Periodically, EPF may revise its job descriptions or evaluate individual jobs to ensure that they are paid appropriately and may review job specifications to ensure that they are accurate and up-to-date. All salary ranges are approved by the President/CEO.

Salary adjustments are based on one or a combination of three factors:

*Annual performance reviews* are undertaken in October of each year to assess staff performance and contributions towards achieving the goals of his/her department and EPF. This is called a merit increase. The President/CEO may authorize salary increases commensurate with the results of the performance review and pending the availability of the necessary budgetary funds. The performance review is also important for decisions about promotions, transfers, training assignments, and terminations. Salary adjustments are announced in November after the conclusion of the semi-annual meeting of the Board of Trustees.

*Promotion or out-of-cycle reviews* are conducted in recognition of a staff member's increased responsibilities in his/her current position or a new position. Promotions will be implemented by the approval of the President/CEO. These reviews shall be initiated upon the recommendation of the responsible supervisor. If appropriate, the President/CEO may authorize a salary increase based upon the availability of budgeted funds.

*Market adjustments* are made to make EPF salaries more competitive with those of comparable institutions. The President/CEO, with the approval of the Board of Trustees, may authorize an across-the-board increase for all staff or selectively adjust specific positions determined to be below market determined wages. The President/CEO must submit a justification memo, which must be archived by the CFO and Procurement/HR/Office Manager.

EPF is not required to adjust salaries for any reason, but may do so at its discretion, in accordance with the events and procedures prescribed under Armenian legislation. No salary adjustments are guaranteed. Adjustments to salaries either up or down, across EPF, or selectively therein, are the prerogative of the President/CEO.<sup>1</sup> Salary adjustments must be

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<sup>1</sup> Salary decreases are permitted with the prior consent of the employee(s) and in-house consultants.

approved by the Board of Trustees and executed in accordance with Armenian law, where applicable.

#### **11.5.2. Timesheets**

All staff, regardless of project funding, are required to complete timesheets. Staff must accurately record the number of hours worked according to program accounting codes on a daily basis. Timesheets must be signed and dated by both the staff member and his/her supervisor.

It is the responsibility of staff to submit their timesheets. Late timesheet will cause delay in remuneration. A timesheet electronic system is functioning at EPF. Timesheets should be approved by the finance officer and the supervisor.

#### **11.5.3. Pay Periods**

Monthly salaries are paid to staff members in a single payment by no later than the fifth working day of the next month.

#### **11.5.4. Direct Deposits**

All staff members must have their salaries direct deposited to their bank account. EPF is responsible for conducting salary transfers to employee and in-house consultant bank accounts and any associated fees, but is not responsible for any fee incurred by the employee or in-house consultant to withdraw their money.

Questions regarding the Office's salary administration program or individual salaries should be directed to the staff member's supervisor or the Procurement/HR/Office Manager.

#### **11.5.5. Overtime**

EPF is a vibrant civil society organism, constantly fundraising and implementing challenging projects. It is not an office where the employees' presence is required only during the strict working hours. There may be many situations where employees have to work overtime or where their participation can be construed as overtime, such as travel, participation in events which last longer than the usual office hours, deadlines, etc.

EPF pays overtime to staff as it is required by the Labor Code of Armenia.

According to the Armenian Labor Code normal duration of the working time may not exceed 40 hours a week.

The work performed beyond working hours, on non-working days, holidays and memorial days shall be remunerated in at least double the amount of the hourly (daily) pay rate, or it shall be compensated for by providing the employee with another day off during the following month. EPF encourages non-monetary compensation, such as time-in-lieu (compensation leave). Time-in-lieu should be taken, as a rule, after the approval of the supervisor no less than within a month of the accumulated overtime.

## **11.6. EMPLOYEE AND IN-HOUSE CONSULTANT BENEFITS**

### **11.6.1. Medical Insurance**

Staff members (including in-house consultants) may choose to participate in EPF medical insurance coverage, if the latter is available. If a staff member declines medical insurance coverage, s/he will be required to sign a waiver acknowledging his/her refusal and the understanding that s/he will bear full financial responsibility for any medical costs that may be incurred. Full time staff pay the income tax associated with the 100 percent of the premium paid by EPF on their behalf. This coverage is for employees only. Staff may choose to enroll family members for medical coverage; however, any costs must be borne by the staff member and not EPF. For more information regarding medical insurance, please contact your supervisor and/or Procurement/HR/Office Manager.

### **11.6.2. Income/Social Taxes**

EPF employees are required to pay state income taxes and to make mandatory contributions to the social insurance fund in accordance with Armenian law. EPF makes payments to the state on behalf of employees (in the form of withholdings) and in-house consultants on a monthly basis. For information on the percentage of staff salaries are paid in income and social taxes, please consult with the CEO or Procurement/HR/Office Manager.

### **11.6.3. Professional Memberships and Meetings**

EPF encourages full time staff to pursue and maintain professional affiliations and to attend meetings of professional societies and associations. To assist full time staff who have been employed for at least six months in doing this, EPF:

- Reimburses staff members for annual membership dues of up to \$250 for one professional association or society related to his/her work;
- Will consider providing staff members paid leave and transportation and related reasonable, documented travel expenses to one meeting of the professional association or society each year. Staff must obtain prior approval from his/her supervisor; and
- In some cases, it is essential that EPF be represented at a professional meeting. Staff members authorized to attend such meetings on behalf of EPF will be reimbursed for all reasonable, documented related expenses.

All requests for EPF support for professional memberships and meetings must be approved by the President/CEO, if taken while employed (not at a vacation time), and are subject to the funding available. Reimbursement, if any, cannot exceed USD 250, which can be used either for membership fee, or for covering travel expenses to a meeting, or any other related expense.

Note 1: Participation and attendance in professional events at the expense of EPF, if these events are of crucial importance to EPF's aims, are a different case and, provided there is available funding, can be fully covered by EPF if approved by senior management.

Note 2: Participation and attendance in professional events at the one's own expense are not covered financially by EPF. The staff who plans to attend such events has the following choices: A) to take paid or unpaid leave based on their accrued vacations. In such case, the

staff members do not represent EPF at such an event but are participating as individuals. B) to justify in writing why attendance by them of such an event is in the interest of EPF, and have a clear action plan on behalf of EPF, in such case, the President/CEO may allow them to travel while employed by EPF, though no travel costs will be covered by EPF.

Note 3: Trade Union activities are not considered as professional activities. If EPF employees are acquiring a membership in a Trade Union, the management should be notified and special rules for these activities should be worked out in consensus.

Note 4: Teaching and/or research activities unrelated to EPF.

EPF strives to employ best specialists in their fields. Some of them have academic affiliations. EPF encourages occasional/limited academic teaching and scholarly publishing by its employees and in-house consultants if these do not affect their work performance and quality and, to the contrary, enhance the standing of EPF, if not directly, then indirectly, since the employee is associated with EPF. However, EPF has no obligation to support these activities in financial terms. These activities should take place, as a rule, during non-working hours, or otherwise be negotiated with the employer. They, as well as participation in professional events, should follow the rules of behavior re politics and media as described in 10.2.5 and 10.8.6. It is also important to make sure that they do not present any actual or perceived conflict of interest with EPF, which can be the case, e.g., if the employee is teaching at an institution which is a grantee of EPF. Please consult 10.8.5.

#### **11.6.4. Life Insurance**

Contingent on funding, EPF provides its staff (including in-house consultants), at no cost to staff, life insurance to all full-time staff who are employed by EPF when loss of life occurs. Life insurance payout shall be equal to the equivalent of one year's salary up, but shall not exceed a maximum of USD 50,000 even if the annual salary of the staff member exceeds this figure. Any life insurance pay outs are made to the staff member's heirs.

Since EPF's policy is based on self insurance, payouts are only made for accidental loss of life and only if the staff member loses their life in connection with performing his/her duties at EPF. If a staff member loses his/her life due to natural causes, such as disease or other health-related illness, while on duty, no payout will be made. In case of a catastrophic accident at work involving multiple staff members, payouts shall not exceed the amount funds available to EPF at that time and shall be in proportion to the staff member's salary.

Staff members must fill out a form specifying who the beneficiary of their life insurance payout is to be. Staff members are responsible for updating any changes in the beneficiary form.

EPF reserves the right to change or revoke any policies related to the provision of life insurance at any time.

### **11.7. EMPLOYEE AND IN-HOUSE CONSULTANT LEAVE**

### **11.7.1. Holiday Schedule**

EPF posts the schedule of holidays / days off at the beginning of each year. The number of holidays / days off is defined by Armenia law and is presented by EPF to employees at the beginning of a calendar year for every year. Working days immediately preceding holidays are shortened by one hour.

### **11.7.2. Annual Leave**

The staff are entitled to 20 working days of annual leave in accordance with Labor Code of Armenia. During their first year employment, staff may use their accrued annual leave after working a minimum of three months at the discretion of the President/CEO).

Note: For any case of absence the staff are obliged to designate a replacement for them, who should be briefed fully and able to fill in their stead for the designated period of absence. The staff is encouraged to keep their telephones turned on or periodically check their emails during absence. If they cannot do that, they should hand over any outstanding issues fully to the designated person.

### **11.7.3. Sick Leave**

Employees and in-house consultants should notify his or her supervisor by telephone, mobile phone, or e-mail the night before the day of work when he or she will be absent due to illness, and no later than one hour before the start of the workday. A physician's statement is required for absences of more than three consecutive days.

### **11.7.4. Compassionate Leave**

In the event of a serious illness, injury, or death of a member of the staff's (including in-house consultant) immediate family (spouse, mother, father, grandparents, brother, sister, child, and comparable in-laws), fiancée, or domestic partner, EPF provides up to three days of paid leave for staff. The President/CEO may extend the time of paid leave under extenuating circumstances. Compassionate leave must be approved in advance by the President/CEO.

### **11.7.5. Maternity/Paternity Leave**

Pregnant staff members are entitled to a total of 140 (70 days for pregnancy leave, 70 days for maternity leave) calendar days of maternity leave. In case of child birth involving complications, the staff member will be entitled to 155 (70 calendar days for pregnancy leave, 85 days for maternity leave) paid calendar days of maternity leave. In case of multiple births (twins, etc.), the staff member is entitled to 180 (70 days for pregnancy leave, 110 days for maternity leave) paid calendar days. This corresponds to the Armenian legislation.

Within 30 days after the birth of the child, five days of paid leave is granted at the request of the baby's father. This corresponds to the Armenian legislation.

### **11.7.6. Emergency Office Closure**

In rare circumstances, EPF may be forced to close due to unforeseen circumstances, such as

inclement weather. The decision to close the office is at the discretion of the President/CEO. In such circumstances, staff (including in-house consultants) should indicate emergency leave on their timesheet.

#### **11.7.7. Emergency Personal Leave**

If a staff member (including in-house consultants) is forced to leave work early due to an unexpected personal emergency, s/he should get approval from either his/her supervisor or President/CEO. If neither is available, s/he should ask the Procurement/HR/Office Manager to inform the office of his/her absence. The absence will be charged to annual leave depending on the circumstances.

#### **11.7.8. Military Leave**

All staff members who are required to perform military service are granted leave each year for the required weeks of service. During the leave period, the staff member is paid EPF's base salary for his/her position. A staff member must provide evidence of an ordered tour of duty as soon as possible after receipt.

Employees and in-house consultants must notify their supervisors in advance of military leave.

#### **11.7.9. Compensation Time**

If a staff member is traveling and working over holidays or the weekend, or on a supervisor authorized, work-related trip, the employee or in-house consultant may request her/his supervisor to provide compensation time for time worked, however, the compensation day must fall within 30 days after the time worked or return date of travel. The compensation day cannot be broken into hourly increments, but can be broken into half-day increments.

### **11.8. WORK STANDARDS**

#### **11.8.1. Hours of Operation/Work Schedule**

The standard work week for all EPF staff is 40 hours for full time staff or eight hours per day. The standard hours of operation are Monday through Friday from 9:00 a.m. to 6:00 p.m. President/CEO may approve flexible working hours for a particular staff member and should be based on mutual consent of the employee or in-house consultant and the President/CEO. However arrival time for a full time employee or an in-house consultant may not be later than 10:00 am. Staff members are entitled to one hour for lunch. If a staff member (including in-house consultants) or officer is required to leave the office to attend a meeting outside the office, s/he should inform his/her supervisor as well as colleagues of his/her absence via phone or email.

The staff member (including in-house consultants) may negotiate other time of start of working day with their supervisor, but they typically cannot start later than 10:00 in the morning.

Part-time or reduced working hours may be agreed upon at the signing of an employment contract (in case of employees) and service contract (in case of in-house consultants) or

during its implementation and should be based on mutual consent of the employee or the in-house consultant and the President/CEO.

### **11.8.2. Attendance and Punctuality**

To maintain a productive work environment, EPF expects all staff members (including in-house consultants) to be reliable and punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other staff members and on EPF. In rare instances when a staff member cannot avoid a late arrival or is unable to work as scheduled, they should notify their supervisor immediately.

It is the responsibility of the staff member's immediate supervisor to monitor and maintain a record of the attendance of staff. If a staff member has an attendance problem, i.e., excessive lateness, absence, or a combination of both, the supervisor should discuss the problem with the staff member as soon as possible. Any staff member who fails to correct attendance and/or punctuality problems may be subject to disciplinary action, pursuant to the procedures set out under Section 11.13 of this Manual, up to and including termination of employment or service contract (in case of in-house consultants), in accordance with Armenian legislation. Not reporting to work for an entire workday, without providing notice and justifiable reason shall be grounds for imposing the employee or the in-house consultant to disciplinary measures, including dismissal.

#### *Working from home*

In some circumstances, the staff (including in-house consultants) may ask their supervisor to work from home. This may include a situation where a significant body of work should be done related to document development, or any other appropriate cases. Such cases are exclusion rather than a rule.

### **11.8.3. Appearance and Conduct**

During business hours, all staff members (including in-house consultants) are expected to present a clean and neat appearance. Dress, grooming, and personal cleanliness standards all contribute to the morale of all staff and affect the business image EPF presents to the community at large.

EPF wants staff members to project a professional image while taking advantage of more corporate casual and relaxed fashions. Corporate casual offers a welcome alternative to the typical formal business attire. However, not all casual clothing is appropriate for EPF. Staff should consult their supervisor if there are concerns as to what constitutes appropriate appearance.

In the case of inappropriate appearance supervisors may request their staff members, at the staff members' own expense, to return home and bring their appearance in compliance with EPF expectations.

### **11.8.4. Drug-free Workplace**

As part of a general policy of promoting a healthy and congenial working environment, it is EPF's policy to maintain a drug-free workplace in accordance with the Armenia Labor Code. EPF staff (including in-house consultants) are prohibited from taking drugs, psychotropic substances, and precursors without medical reason and prescription or coming to a workplace

after taking drugs and other substances, even if with a prescription. Violation of this policy may serve as grounds for termination of employment.

By way of helping staff understand the perils of drug abuse, EPF has developed a Drug-Free Awareness Program. EPF uses the program in an ongoing educational effort to prevent or eliminate drug abuse that may affect EPF workplace or staff. As part of this program, every staff member is required to sign a statement that describes: (1) The dangers of drug abuse, taking of psychotropic substances, and precursors in the workplace; (2) EPF's drug-free workplace policy; (3) the availability of treatment and counseling for staff members who voluntarily seek such assistance; and (4) the sanctions EPF imposes for violation of its drug-free workplace policy.

#### *Drug-free Workplace Policy*

It is EPF's policy that no staff member (including in-house consultants) shall manufacture, distribute, dispense, possess, use, or be under the influence of an illegal drug or substance on EPF's premises or in any other location in connection with EPF's business.

As a condition of employment, all staff members must abide by this policy. In addition, all such staff members must notify EPF in writing of any conviction for a violation of a criminal drug statute occurring on EPF's premises or in any other location in connection with EPF business. The notification must occur within five days of the date of conviction.

#### *Sanctions for Violations of Policy*

EPF encourages any staff member (including in-house consultants) with a drug, psychotropic substance, and precursor abuse problem to seek help from senior staff of EPF. A request for help in overcoming an abuse problem will not lead to dismissal. Instead, the staff member will be referred to a drug abuse assistance or rehabilitation program with possible assistance from EPF. If the staff member's job performance has been satisfactory, and the staff member has not been arrested at the time of his/her request for help, then EPF will help the staff member stay at EPF. However, if the staff member does not enroll in an appropriate program, then EPF reserves the right to dismiss the staff member or to place him/her in a suspended status, with or without pay, or to change the staff member's job position or responsibilities, until he or she successfully completes participation in the assistance or rehabilitation program. Successful completion shall be a condition of continued employment. EPF retains sole discretion in the determination of successful completion.

EPF will take appropriate disciplinary action, up to and including termination of employment, against any staff member who is convicted of a drug offense.

### **11.8.5. Ethical Conduct**

EPF and its staff have enormous responsibilities in carrying out programs in Armenia and the larger region. EPF is entrusted with and must disburse in a responsible manner millions of donor funds on an annual basis. One of EPF's greatest assets is its reputation for professional and efficient management of the funds at its disposal, a reputation that derives from the responsible and honorable conduct of its staff members. The level of trust EPF receives from its many sponsors, and by extension, the success of its programs, is dependent upon maintaining the standards of conduct that have built EPF's reputation for honesty and

integrity in its people and in its work. If EPF is to continue its successful work and lead by example in the development of responsible philanthropy in Armenia, all EPF staff must adhere to the strictest standards of ethical conduct in their work.

This policy provides guidance to EPF staff and is aimed at promoting high standards of conduct and preserving EPF's excellent reputation. Each staff member is responsible and accountable for his or her conduct.

### *Ethics Policy*

All EPF staff (including in-house consultants) are expected to adhere to the highest possible ethical standards in the performance of their duties and at all times abide by the law. Any staff member facing an ethical dilemma or possessing knowledge of the inappropriate acts of others must report these matters to a supervisor immediately. Any suspected ethical breach will be given the highest priority of attention by EPF supervisors. All reports of possible misconduct will be treated confidentially, to the extent possible.

Failure of a staff member to adhere to EPF's Employee Ethics Policy will result in disciplinary action, including possible discharge from employment and filing of criminal charges. The following is intended to be a guideline to illustrate the highest standards of ethical behavior expected of every EPF staff member:

*Integrity* – A personal commitment to integrity in all circumstances benefits EPF as well as each individual. Staff must be honest and maintain the highest professional standards at all times. EPF resources should not be used for personal gain. Expense reports, timesheets, and other records must reflect actual expenses or work performed and must never misrepresent or mislead.

*Fraudulent Acts* – At no time and under no circumstances should staff members engage in any of the following acts: falsification of business documents, theft, embezzlement, diversion of funds, bribery, or fraud.

*Conflict of Interest* – No staff member should partake in any activity or association that creates or appears to create a conflict between the staff member's personal interests and EPF's business interests. No staff member, or any member of the staff member's immediate family, may receive financial remuneration or other financing under an EPF grant, loan, or contract (other than the employment contract). No staff member may participate in the analysis or decision making for grants, loans, or contracts under which former or present business associates of the staff member will receive financial advantage. Former staff members may not, for a period of one year after their separation from EPF, solicit or otherwise benefit from a grant or loan made by EPF.

*Confidentiality* – Staff members have an ethical duty not to disclose confidential information obtained during the course of their work at EPF. They have a professional obligation to protect confidential relationships between EPF and its grantees, donors, borrowers, and vendors. Staff members should refer any requests for information about current or former staff members (including reference and credit checks) to the Procurement/HR/Office Manager.

*Gifts and Favors* – Staff may not accept gifts or favors from any customer, supplier,

applicant, grantee, borrower, client, or competitor. It is unlawful to accept anything of value in exchange for a promise to influence an EPF decision in the selection of a grantee, borrower, vendor, or other collaborator. EPF may accept gifts only if presented to the entire organization as a culturally-appropriate memento or token of appreciation and even then only so long as the value does not exceed \$50 USD.

#### **11.8.6. Communication**

To ensure quality and consistency of EPF information dissemination to media and outside sources, the following policy is in effect:

- Any request by the media should be reported to the President/CEO immediately. All media contacts which concern the entire EPF are to be handled by the President/CEO or designated individual.
- Any request from the government agency should be reported to the President/CEO immediately. All contacts with the government agencies are to be handled by the President/CEO or individuals designated by them.
- Opinion pieces written by EPF staff for external publication must be cleared with the President/CEO before publication.

#### ***Media activities***

*With the advent of on-line media, all public offices are acquiring a close-to-permanent media presence and are becoming media themselves. Therefore, there exist special rules for media communication of EPF staff on a daily basis.*

*The media activities undertaken by EPF staff for external publication can be grouped in the following cases:*

- *Ordinary media activity by the staff, such as publication of news and announcements, leading a blog or a Facebook page which reflect EPF business. These have to follow the rules and templates of external communication established by the Communication Officer and President/CEO.*
- *Extraordinary media activity by the staff, such as journalists/media interviewing the staff at an event, which makes it impossible for the staff to receive a prior approval from the President/CEO. These should follow the rules of EPF external communication. The staff will be trained for such cases.*

*Extracurricular media activity by the staff: These follow similar rules as for political activity. They should not be done during the working hours for full-time staff; they should be done in such a manner as for EPF to be clearly dissociated from the personal opinion of the staff member who develops media activity. Disclaimers in such cases are encouraged, apart from most obvious situations and the situations where mentioning the name of EPF even in a disclaimer will in fact give an impression that the staff member expresses an EPF opinion.*

Note 1: Extracurricular media activities of the staff are encouraged, similarly to professional associations, since EPF wants to have a staff which comprises highly marketable people and opinion-makers. However, even in the most unrelated to EPF business cases the staff are encouraged to avoid expressing opinions or using style which may inadvertently affect EPF's standing to the negative. EPFs' Code of Ethical Conduct should be a guide for the staff

independently if they are active in the media for EPF business or for their private reasons. If the staff is in doubts on this rule, they should ask for clarifications from the President/CEO and Communications Manager. In addition to the need to dissociate EPF from political partisanship, there are also at least two additional causes of heightened attention which should be taken into account: dissociation of the office from corrupt officials/offices (or those that are perceived to be corrupt); and dissociation of the office from any expressions of intolerance, xenophobia, and nationalism, particularly concerning relations with such other nations as Turks and Azerbaijanis. The reason for this is that with the advent of new and alternative media the line of having a media presence as an employee or an in-house consultant versus as an individual is often blurred.

Note 2: Any external communication on cross-border programs, while being cleared with the President/CEO, should be also cleared with the partners in EPF Azerbaijan office, if it concerns Azerbaijan, in EPF Georgia office, if it concerns Georgia, and with at least one major partner in Turkey, if it concerns Turkey.

#### **11.8.7. Telephone, Computers, E-mail, and Internet Usage**

Staff are permitted make personal calls from EPF, but these should be limited to a reasonable number and time. Abuse of telephone privileges may result in disciplinary action, up to and including termination of employment.

Use of an internal and external e-mail system and access to the Internet has been provided to staff members for the benefit of the organization. It allows staff to communicate EPF business and to connect to information resources around the world. Every staff member has a responsibility to maintain and enhance EPF's public image and to use the Internet in a productive manner. Staff should assume that any communication may be read by someone other than the intended recipient, either for legitimate business purposes or inadvertently. Computers, computer files, the e-mail system, Internet access, and software furnished to staff members are EPF's property intended for business use. Staff should not use passwords, access files, or retrieve any stored communications not assigned to them without authorization. Violation could be grounds for termination.

EPF strives to maintain a workplace free of harassment and sensitive to the diversity of its staff. Therefore, EPF prohibits the use of computers, the Internet, and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale. For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, gender specific comments or any comments that would offend someone on the basis of their age, sex, sexual orientation, religious or political beliefs, national origin, or disability.

Employees and in-house consultants may not upload, download, or otherwise transmit, without prior authorization, copyrighted materials, patented materials, trade secrets, other confidential, private, or proprietary information or materials, or illegal information. Employees and in-house consultants are prohibited from using EPF systems, in any way, to conduct illegal, fraudulent, or criminal activity. E-mail may not be used to solicit others for commercial ventures, personal religious or political causes, outside organizations, or other non-business matters.

To ensure that these policies are adhered to, EPF reserves the right to review computer files

and e-mails of staff members. Additionally, EPF also reserves the right to retrieve computer files and e-mails of staff members. Retrieval of staff computer files and e-mail will only take place with the specific approval of IT Manager. Staff should notify the IT Manager upon learning of violations of this policy.

#### **11.8.8. Restrictions on Gifts, Gratuities, and Honorarium**

All officers, trustees, and staff members (including in-house consultants) are required to report to the Procurement/HR/Office Manager any gift in excess of \$50, honorary degrees, awards, fees, or honorarium from any corporation, partnership, association, or other organization (including any vendor) with which EPF has entered into, or is considering entering into, any contract, grant, or any other transaction. Normally, gifts over \$50 will be returned or donated to EPF. For instance, the payment of vacation travel costs is a gift. Whenever any doubt arises as to whether the acceptance of an item of property is appropriate, the Procurement/HR/Office Manager should be consulted.

#### **11.8.9. Intellectual Pursuits**

EPF welcomes public speaking by EPF staff (including in-house consultants), unless the time required for such public speaking detracts from ongoing EPF projects and responsibilities. Such public speaking furthers EPF's purposes by calling attention to EPF's programs and activities. Staff must obtain the prior written approval of the President/CEO for any speaking engagement that requires his/her absence from EPF.

Any and all work product resulting from employment with EPF, including but not limited to any copyright-able, trademark-able or patent-able research or other work product, shall remain the property of EPF, unless alternative arrangements are specified in advance in writing by the President/CEO. It is the duty of the employees and in-house consultants to report on any copyrightable items which they consider their intellectual property in advance, to make sure that they find an amicable solution with EPF on sharing the copyright. If the copyright issue concerns the partner or a grantee, usually the issue is resolved amicably via a shared copyright (could be Creative Commons). Regulations applied involve the donor's regulations, if available. In the case if a partner or a grantee aims at commercial copyright, the issue should be raised with the donor and resolved based on donor regulations.

Further, income such as honorarium resulting from above mentioned activities should be disclosed and reported to the President/CEO for determination as to whether such payment should be returned to EPF.

#### **11.8.10. Conflict of Interest**

It is expected that all EPF staff (including in-house consultants) will attempt at all times to adhere to the highest ethical standards in all matters affecting EPF. For details of EPF's conflict of interest policy, please see Section 2.22 of this manual.

#### **11.8.11. Information Confidentiality**

EPF employees and in-house consultants are prohibited from disclosing any information relating to EPF business, technical and technological data, management, finance, or any other sphere of EPF's activities.

Any internally used financial information (such as budgets of EPF and its grantees and applicants) as well as information regarding planned proposal solicitations and proposed activities by EPF and its applicants is considered proprietary information of EPF. All EPF employees and in-house consultants are required to treat such information with respect and not to share it with any external parties without the prior consent of the President/CEO.

Any breach of this obligation shall constitute misconduct and may lead to disciplinary action pursuant to the procedures set out under Section 11.13 of these Guidelines, up to and including termination may be taken by EPF, in accordance with the Armenian legislation. In addition, EPF shall have the right to demand from the employee and the in-house consultant compensation for any direct and/or indirect losses incurred by such disclosure.

#### **11.8.12. Whistleblower Policy**

As stated in the Ethical Conduct section and the Conflict of Interest section, EPF requires its employees and in-house consultants to maintain the highest level of integrity and to protect the reputation of EPF. All staff members are required to report any violation of these policies to their supervisor and/or the Procurement/HR/Office Manager.

An employee or an in-house consultant who has knowledge of a violation of these policies can report them directly or anonymously. The reports can be made in person, via email, mail or phone messages directed to the Procurement/HR/Office Manager and/or to any member of the Finance and Audit Committee of the Board of Trustees. If the violation involves the Procurement/HR/Office Manager, then the employee or an in-house consultant should file the report with the Finance and Audit Committee of the Board of Trustees.

If a report is made anonymously, the employee or an in-house consultant is encouraged to provide as much detail and specific information as possible to facilitate follow up on the report. Confidentiality will be maintained to the greatest possible extent.

Should the investigation determine that an individual is guilty of financial misconduct or unethical behavior, disciplinary action, up to and including discharge and prosecution, will be taken against the offending staff member. Knowledge of misconduct that is not reported in accordance with this policy may also result in disciplinary action.

EPF expressly prohibits any form of retaliatory action against any staff member for filing a bona fide report under this policy or for assisting in an investigation.

### **11.9. STAFF DEVELOPMENT**

#### **11.9.1. Training and Educational Assistance**

EPF recognizes that the skills and knowledge of its staff are critical to the success of the organization. EPF's Training and Educational Assistance Program encourages personal development through a variety of opportunities, so that staff can maintain and improve job-related skills or enhance their ability to compete for reasonably attainable jobs within EPF. All full-time regular staff members are eligible to participate in the program.

"Training" under this program consists of two basic categories:

**Job-specific and job-related training:** This is training in a specific area or skill, which may assist a staff member to either accomplish the requirements of their position or obtain training in a discipline, which will provide career development opportunities. EPF may provide up to \$250 per year for job specific and job related training.

**Advanced education:** Courses for credit offered by approved institutions of learning to satisfy a specific degree or certificate program up to \$1,000 (see more details below).

EPF provides training and educational assistance opportunities to eligible employees and in-house consultants in the exercise of its discretion. EPF is not required to grant employees or in-house consultants assistance of any kind in any particular year.

Type	Eligibility	\$ Limitation	Approval required
Job Specific and Job Related Training	3 months employment	\$250 per person per year.	President/CEO; in case of the President/CEO – Board of Trustees
Advanced Education	2 year employment	When funding permits, \$1,000 per person per year, limited to up to two employees or in-house consultants in any particular year.	President/CEO; in case of the President/CEO – Board of Trustees.

### 11.9.2. Job-Related Training

When funding permits, job specific and job related training opportunities are available after the staff member has been on the job for a minimum of three (3) months. With the permission or at the recommendation of their supervisor, staff members are eligible to receive up to \$250 per year for job specific and/or job related training combined. Final approval authority is given by the President/CEO.

### 11.9.3. Advanced Education Assistance

To be eligible for reimbursement of advanced education, the staff member must have been employed by EPF for a minimum of two years. The degree or certificate program the staff member has enrolled in must be, in EPF's opinion, directly or reasonably related to the staff member's present job or in line with a position EPF believes the staff member can reasonably achieve. Courses must not interfere with the staff member's job responsibilities and should be taken on the staff member's own time. Due to EPF's limited resources, reimbursement of up to \$1,000 for advanced education will be provided only when funding permits.

Reimbursement covers actual costs of tuition only and is limited to a maximum of six credits per semester for approved courses, based on the following schedule:

<u>Grade Received</u>	<u>Amount of Reimbursement</u>
A/5	100%
B/4	75%
C/3	50%

Lower than C/3	0%
P (pass/fail course)	50%

Staff members eligible for reimbursement from any other source (e.g., a government-sponsored program or scholarship) may seek assistance under EPF's educational assistance program, but are reimbursed only for the difference between the amount received from the other funding source and the actual course cost up to the maximum reimbursement allowable under this policy, based on the grade received.

Eligibility will be determined by the President/CEO upon submission of a written request prior to the scheduled commencement of the course(s). The staff member must receive written approval from the Procurement/HR/Office Manager in advance, be actively employed by EPF at the time of course completion, and receive a qualifying grade.

Upon completion of the course, the staff member must submit to the President/CEO an official transcript from the school, indicating the grade received, and a bursar's receipt or other official proof of payment.

#### **11.9.4. Staff Training**

The purpose of staff (including in-house consultants) training is to increase specific technical skills. This differs from professional development and advance education, which are designed to enhance general professional capability. Staff training is usually required by your supervisor to acquire a skill that is necessary to perform a function for the job in the near or medium term. For new employees and/or in-house consultants, staff training is for acquisition of specific skills that cannot be reasonably expected from the job applicants. For example, accounting job applicants are expected to be proficient in spreadsheet and automated accounting systems, but they may not be familiar with GMS HOPE accounting system. Training in GMS HOPE would be considered staff training. Staff training is not to be used for conferences in general.

#### **11.9.5. Merit Training**

EPF believes in providing incentives to enhance staff performance and values international training opportunities. As a result, EPF may reward up to 3 select individuals each fiscal year to participate in a merit training opportunity.

Provided funding is available, the Procurement/HR/Office Manager and CFO can nominate up to three individuals who, based on a record of consistent outstanding performance, are eligible to participate in a special training project. The memo should outline the staff member's achievements and impact to EPF's operations as well as make a recommendation on the training. The proposed training should be 1) an international educational experience and 2) relative to the staff member's position or identified as complementary to the individual's organizational growth. The President/CEO will review the nominations and determine which, if any, staff members have earned this opportunity.

While educational assistance is expected to enhance staff member's performance and professional abilities, EPF does not guarantee that participation in formal education will entitle the staff member to automatic advancement, a different job assignment, or a salary increase.

## **11.10. PERFORMANCE EVALUATION**

### **11.10.1. Performance Review Overview**

EPF strives to provide a work environment that encourages staff to effectively and efficiently use their skills and abilities and promote personal development. This is primarily accomplished through (non-formal) semi-annual performance reviews.

Annual Performance Reviews are conducted toward the end of each calendar year to assess employee and in-house consultant performance based on pre-established work goals, institute salary adjustments, identify work goals for the coming year, and to affect any modifications to the employee's or in-house consultant's job description, if necessary.

Mid-year Performance Reviews are intended to supplement the main Annual Performance Review, ensuring that staff are on track to meet work goals and to make any adjustments to those goals, if necessary.

Procurement/HR/Office Manager is responsible for routing performance evaluation forms to appropriate personnel at the designated review times.

It is imperative that staff and supervisors set aside sufficient time for these reviews to be completed on a timely basis. The results are essential to EPF's planning, budgeting, and salary administration activities.

### **11.10.2. Annual Review Process**

EPF is required to submit annual budgets to the Board of Trustees every year. Therefore, annual reviews must be completed before the semi-annual meeting of the Board of Trustees that takes place in November of each year.

- 1.** Employees, in-house consultants and supervisors receive a reminder along with performance evaluation forms from the Procurement/HR/Office Manager no later than **September 1**.
- 2.** The employee and the in-house consultant will complete the Employee's or In-house consultant's Annual Review Statement and forward it to the supervisor at by no later than **September 25**.
- 3.** Based on the Employee's or In-house consultant's Annual Review Statement and on his/her evaluation of the staff member's performance, the supervisor completes the Employer's Annual Review Statement by no later than **October 21**.
- 4.** The supervisor and the employee or the in-house consultant meet to discuss the employee's or the in-house consultant's overall performance and review the Employer's Annual Review Statement. At this meeting, a discussion of salary adjustments, individual goals for the coming year, and any modifications to the employee's or the in-house consultant's job description should also take place. At the completion of this meeting, the employee signs the Employer's Annual Review Statement.
- 5.** The signed employee or in-house consultant and supervisor Annual Review Statements along with any approved salary adjustment information and modified job description will be forwarded to the Procurement/HR/Office Manager for implementation by no later than **November 1**.

*Note: For the President/CEO the time line may be extended by two weeks to reflect regional travel needs when holding face-to-face discussions with the Chair, Vice Chair or designee of the Board of Trustees.*

The annual review process should be complemented by regular interaction between staff members and their supervisors in order to maintain a close working relationship and allow opportunities for staff and supervisors to compare expectations and achievements.

### **11.10.3. Mid-Year Review Process**

These reviews are informal and no documents are needed apart from e-mails which contain the names of the employee or the in-house consultant and supervisor, time the meeting took place and a general statement on the performance. Reviews are due by April 1.

### **11.11. PERFORMANCE BONUSES**

Provided the availability of funds, at the discretion of the supervisor and subject to approval by the President/CEO, an employee or an in-house consultant may receive a bonus for exceptional performance in addition to a merit increase. Relatively few such bonuses are given each year, and the size of an individual bonus is modest.

A bonus is permissible if the employee's or in-house consultant's entire compensation package is reasonable and in furtherance of EPF's purpose. Whether compensation is reasonable and in furtherance of an exempt purpose is a question of fact to be decided in light of all the circumstances up to and including the date of payment. In determining whether compensation is reasonable, all forms of compensation must be considered, including base compensation, incentive compensation, and any other economic benefits conferred by the organization onto the employee or the in-house consultant.

EPF may award a bonus to an employee or the in-house consultant if the employee's or the in-house consultant's total compensation package:

1. Is established by the Board of Trustees;
2. Is reasonable in terms of the employee's or in-house consultant's specialty and geographic locale;
3. The result of arms' length bargaining;
4. Includes a ceiling or reasonable maximum;
5. Does not have the potential to reduce the charitable services or benefits EPF would otherwise provide;
6. Takes into account measures of the employee's or in-house consultant's performance;
7. Keeps EPF within budget without charging more for services;
8. Does not transform the principal activity of EPF;
9. Is not merely a device to distribute all or a portion of EPF's profits to persons who are in control of EPF;
10. Serves a real and discernible business purpose of EPF;
11. Does not result in abuse or unwarranted benefits;
12. Rewards the employee or the in-house consultant based on services the employee or the in-house consultant actually performs.

EPF may award a bonus to an employee an in-house consultant or as long as employee's or in-house consultant's total compensation packages are reasonable and in furtherance of EPF purpose, as determined by the 12-factor test discussed above. If faced with a decision of whether EPF can distribute an annual or semi-annual bonus, the most important factors for in-house counsel to consider are: the employees' or in-house consultant's contributions, how EPF's purpose would be furthered by the bonuses, whether the bonuses result from arms-length determinations, and the reasonableness of the employees' in-house consultants' overall compensation packages given their responsibilities and locale.

## **11.12. GRIEVANCE AND APPEALS**

EPF's grievance and appeals procedure is provided for the internal resolution of grievances. The procedure is intended to be informal to promote the free exchange of ideas in a relaxed atmosphere; however, grievances and appeals should generally follow the following steps: (exceptions to these suggested steps include harassment, whistle blowing, and employment issues)

1. Grievances should first be discussed with the staff member's immediate supervisor.
2. If the staff member is not satisfied with the outcome of this discussion, s/he should promptly refer the matter, in writing, to the President/CEO, with a copy to his/her supervisor and to the HR/ Procurement /Office Manager.
3. The President/CEO will acknowledge receipt of the grievance in writing to the staff member, request and review a written report from the supervisor, and, if appropriate, schedule a meeting with the staff member and supervisor, usually within ten days. At the meeting, the President/CEO must give both parties the opportunity to present their understanding of the problem or grievance at hand.
4. The President/CEO either (1) sends a written decision to both parties, with copies to the HR/Procurement/ Office Manager; or (2) in the case of the President/CEO refers the grievance to EPF internal auditor for his/her review and decision. If the staff member is not satisfied with the President/CEO's decision, s/he may appeal to the internal auditor or the Chair of the Board of Trustees within ten days.
5. The Board Chair, after reviewing the situation, either (1) notifies the parties in writing of his/her decision or (2) schedules a meeting of the senior management team to review the situation, after which the President/CEO renders a decision and notifies all parties. In the case of the President/CEO the Executive Committee of the Board of Trustees will be called upon to review and decide. If the staff member is still not satisfied with the decision, he/she may appeal to the Chair of the Board, who may refer the matter to any committee of the Board or to the full Board, within ten days of receipt of President/CSO's decision. The Board's, or any Board committee's, decision is final.

In the case where a grievance involves termination, a staff member does not remain on the payroll while the grievance procedure is being conducted.

## **11.13. DISCIPLINARY ACTION/TERMINATION**

### **11.13.1. Resignation**

EPF requires that employees and in-house consultants who resign their position provide the President/CEO and the Procurement/HR/Office Manager one-month prior notice. The employee and in-house consultants will be paid their salary through the last date of

employment and will be compensated for any accrued annual vacation time as of the date of termination.

*After receiving the resignation notification, the President/CEO should consult with the leaving employee or in-house consultant and others to make a decision on the handover procedure. The employee or in-house consultant, while still employed by EPF, is required to allocate time for a proper detailed handover of any issues/responsibilities/assets that he or she had a responsibility for. The employee's or in-house consultant's email account is terminated only after the decision by the President/CEO, after all information which may be necessary for the institutional memory is taken from that account.*

#### **11.13.2. Dismissals**

The President/CEO may terminate the contract with an employee in the following cases:

1. EPF is liquidated;
  2. The number of employees is being reduced due to a budgetary shortfall;
  3. The program/project is completed;
  4. An employee is found unsuitable to the requirements of his/her position;
  5. An employee commits gross misconduct (see below);
  6. The employee does not regularly perform the functions outlined in his/her position description;
  7. In case, when the confidence towards the employee is lost.
- Other causes stipulated by the legislation of Armenia.

Gross misconduct may be defined as but is not limited to:

- a) Absence from work for an entire working day without reasonable explanation;
- b) Presence at work while being inebriated by alcohol or controlled substances;
- c) Significant material damages to EPF as a result of employee action (inaction);
- d) Employee or in-house consultant action (inaction) in violation of labor safety resulting in harmful effect to the health or death of colleagues;
- e) Deliberate disclosure of confidential information (failure to fulfill confidentiality responsibilities);
- f) Repeated misconduct within six months after the disciplinary action (notice);
- g) Conducts administrative delinquencies and violations of criminal nature during working hours in EPF.

#### **11.13.3. Disciplinary Fines/Sanctions**

The following disciplinary fines/sanctions may be imposed for violations of work discipline:

- 1) reprimand;
- 2) severe reprimand;
- 3) termination of employment contracts on the grounds set forth in Article 11.13.2.

Note: Within one year from the date a disciplinary sanction was imposed, if a new disciplinary sanction has not been imposed on the employee, the previous one expires.

## **12. MISSION AND MANDATE**

### **12.1. MISSION STATEMENT**

To empower people to effect change for social justice and economic prosperity through hands-on programs helping them to improve their communities and their own lives.

### **12.2. MANDATE AREAS AND PROGRAM APPROACHES**

#### **PROGRAM APPROACHES**

EPF's Program Approaches are very much determined by the priorities of the donors with whom EPF works. In the last several years, EPF has addressed its mandate areas via focusing on NGO capacity-building; policy advocacy and research; cross-border (dialogue) programming; youth and community work; media and freedom of expression work; anti-corruption, transparency and freedom of information work; facilitation of approximation to European standards; and promotion of human rights and tolerance, including religious tolerance.

#### **GRANT MAKING**

Note: this section refers predominantly to Open Door and different types of competitive grant making. Open Door or competitive grant making takes place when EPF fundraises from a donor for a project/program, which includes an Open Door or competitive grant-making component.

EPF may utilize its grant making capacity as a lever to establish a partnership relation with an entity. This takes place when a partner to EPF is identified in advance, either at the stage of concept note/project proposal, or recommended by the donor itself. In such cases, grant-making becomes a tool for a partnership arrangement to implement an identifiable piece of joint work (a project, program etc.) with partners specified in advance. For these cases, grant-making procedures are simpler, and usually follow the guidelines recommended by the donor. Most of the time, EPF's contract with the donor becomes replicated for EPF's contract with the sub-grantee. Based on the nature of the program/project and/or partnership/consortium arrangement, as well as donor requirements, EPF and the designated sub grantee may negotiate procedures which are stricter than those required by the donor; however, these procedures cannot be more lenient than those required by the donor. Any such cases of non-competitive grant making because of prior partnership or consortium arrangement are notified to the Board of Trustees in advance. The legal basis for their procedure becomes the contracts between EPF and its donor, on the one hand, and between EPF and sub-grantee, on the other hand.

#### **MANDATE AREAS**

- **Civil Society Development and Citizen Monitoring**

EPF seeks to build a vibrant civil society and increase citizen action in monitoring the activities of government, as well as businesses and the donor community. In doing this, EPF undertakes every action needed to promote high standards of work of NGOs, the media, and other civil society entities, and to organize successful policy advocacy actions.

- **Corporate and Community Philanthropy**

EPF seeks to encourage community volunteerism and activism in Armenia. Activities in this field include increasing the understanding and practice of local corporate philanthropy and developing the skills and vision for youth to become advocates for and implementers of social change.

- **Research and Policy Capacity Building**

EPF will continue its efforts to improve the quality of social science research in Armenia through the trainings in research methods, fellowships and advocacy. The voice of social science researchers in the policy formation process is critical to building effective programs that provide solutions to existing problems. Recognizing that research and sound policy are built on EPF of reliable and unbiased information, EPF will also continue to support the annual Data Initiative, a yearly household survey of social attitudes and perceptions in the South Caucasus. EPF's primary mechanism for building research and policy capacity is the Caucasus Research Resource Centers.

- **Improving the Business Environment**

EPF seeks to improve the business environment in Armenia by promoting transparency and international standards and best practices in the private sector. Encouraging public-private partnerships through the participation of small and medium sized companies in policy dialogue with the government will also be a priority. EPF will also promote institutional development of business and vocational education programs.

- **Cross-Border Cooperation**

EPF is one of the leading program implementers in cross border activities within the wider South Caucasus region. Regional programming aims to contribute to security and stability by building links among individuals and civil society groups in different countries who face similar problems and are working toward common goals. An essential component of Track Two Diplomacy efforts, cross border work focuses on the third sector and businesses to establish the essential social cohesion that builds confidence and prevents violent conflict.

- **Open Door Grant making**

EPF recognizes that smart people with good ideas can have significant social impact, especially working at the grassroots level. Social entrepreneurs bring fresh solutions and ideas to existing challenges and are the driving forces behind many of the most successful interventions. EPF's Open Door Grant Mechanism is a tool to support innovative and sometimes risky pilot projects and to test new ideas on a small scale. When projects supported through the Open Door Grant Program demonstrate success, EPF can help to replicate them at a larger scale or in different geographies.

- **Cross-Cutting Gender Policy**

EPF is committed to the principle of gender equality and promotes the use of gender mainstreaming to promote gender equality in the design, implementation and evaluation

of all internal and grant –funded programs and projects. **Eurasia Partnership EPF fully supports equal rights** and equality of responsibilities and opportunities for women and men and girls and boys. EPF commits to:

1. Promote gender equality in all grants and programs
2. Address to the extent possible systemic and structural practices that create barriers to gender equality
3. Support the empowerment of women and men and boys and girls..
4. Ensure that all populations are actively engaged in promoting gender equality
5. Analyze, implement and evaluate program goals and objectives to mitigate risks to women, men, boys and girls to actively address discrimination in all policies, strategies and funded projects.
6. Collaborate with partners, civil society organizations, funders and government to advocate for effective and sustainable ways to promote gender equality.
7. Monitor and evaluate all programs and projects to ensure measurable gender equality outcomes.

### **13. PRE-AWARD GRANT PROCEDURES**

#### **13.1. ETHICS STATEMENT FOR GRANT MAKING**

EPF awards grants based on merit. EPF employees and in-house consultants are required to provide equal information and guidance to potential applicants based on EPF's policies and program priorities. EPF employees, in-house consultants, consultants and board members are not permitted to accept gifts (cash or in-kind favors) to provide a favorable grant review process. Applicants offering gifts or favors to EPF employees, in-house consultants, consultants or board members in exchange for favorable grant reviews shall be barred from current and future consideration of EPF awards.

In addition, EPF is subject to limitations in awarding grants to family members (whether by whole or half-blood). Spouses; great grandparents; grandparents; parents; uncles, aunts, and their spouses; brothers, sisters and their spouses; children (including a legally adopted child) and their spouses; grandchildren and their spouses; and great grandchildren and their spouses of EPF employees, in-house consultants, consultants or board members or entities controlled, directly or indirectly, by EPF employees, in-house consultants, consultants, board members, or their aforementioned family members are ineligible for any EPF funding. Determination of grant requests involving distant family members not listed above is based on merit, with the related EPF employee, in-house consultant, consultant or board member disclosing the relationship and being recused from the process.

Any violations of this policy should be reported by staff to CFO, internal auditor, or Executive Committee of the Board for investigation and disciplinary action, as appropriate. The CFO reports to President/CEO on matters of Ethics Policy, unless the matter concerns a violation of this policy by President/CEO. In such instances, the CFO reports directly to the Board of Trustees. If a breach in Ethics Policy involves the CFO, then staff should inform President/CEO, who will report to the Board of Trustees.

#### **13.2. LIMITS ON FUNDING LITIGATIONS**

EPF cannot pay for legal action, including class-action law suits or defense costs for grantees.

Legal costs may be allowable in certain circumstances when the litigation constitutes the programmatic function of the grant (e.g. in the case of a grant to a legal clinic that is attempting to develop case precedent to defend the rights of citizens to move freely across borders for trade or commerce). Any program or grant staff wishing to award such a grant must first seek written approval from President/CEO.

### **13.3. GRANTS TO RELIGIOUS AND/OR BELIEF ORGANIZATIONS**

Under no circumstances should EPF make a grant to a religious and/or belief organization for religious work in areas where EPF operates. EPF will not support activities with a significant religious/proselytizing purpose or content. All grants to sectarian organizations should be reviewed by President/CEO and the Executive Committee of the Board. Additional guidelines EPF may use in analyzing grants to religious and/or belief organizations include:

- Whether the program or activity has open enrollment and selection processes; and
- Whether the project materials are objective and fair, and presented in an unbiased fashion.

### **13.4. GOVERNMENT OBLIGATIONS**

There are a number of government regulations that restrict the activities of EPF. In addition to restrictions that may originate from government agencies with which EPF is registered, there are also restrictions originating from those governments that contribute core funding to EPF. The following are basic restrictions based on EPF's current registration status. These policies and procedures should be added to as additional registrations are obtained and additional core donors contribute.

#### **13.4.1. Tax Exempt status**

EPF is a public charity that enjoys a tax-exempt status. EPF satisfies the basic requirements by namely:

##### **13.4.1.1. Charitable Purpose**

The organization is organized exclusively for, and will be operated exclusively for charitable purposes. The term "charitable" here is broader than the common usage (such as helping the poor and disadvantaged).

Activities which meet a charitable purpose can be intended to benefit only a relatively small group of people, but the group must be larger than just the employees of the recipient organization (or their relatives or business partners).

##### **13.4.1.2. Private Benefit and Private Inurement**

No part of the recipient organization's net earnings will inure to the benefit of private shareholders or individuals. The provision comprises the doctrine of private benefit and the doctrine of private inurement. The private benefit doctrine is related to the concept of private inurement, but it is broader in application.

*Private Benefit.* Private benefit occurs in a transaction or exchange between a tax-exempt

organization (such as EPF) and another party, in which the private interests of the other party are furthered, rather than the public's interests. Any private benefit from an activity must be incidental in qualitative and quantitative senses to the overall public benefit of the activity. The private benefit doctrine is paramount in EPF's decision making with respect to awarding grants to for-profit organizations.

*Private Inurement.* Inurement occurs when a transaction or exchange occurs whereby an individual with a personal interest in the exempt organization's (such as EPF) activities acquires economic gain through the use of funds or assets of the exempt organization. There is nothing wrong with individuals transacting with the exempt organization, as long as reasonable compensation at fair market values is exchanged.

A three-part test for determining whether a compensation arrangement results in prohibited inurement:

- Is the compensation arrangement consistent with exempt purposes? The compensation must be to further the organization's charitable purposes, rather than the private interest of the individual being compensated.
- Is the compensation arrangement the result of arm's length bargaining? As to executives and other controlling members, the organization must enforce policies and procedures designed to prevent conflict of interest and ensure independent approval.
- Does the compensation arrangement result in reasonable compensation? Whether compensation is reasonable is a question of fact. The payments must be intended as compensation, rather than a distribution of profits. The compensation should relate to the requirements of the job, the amount of time and effort expended on the job, and the individual's qualifications.

As a guideline for what constitutes "excessive compensation," staff may consult e.g. official USAID mission and local embassy pay scales. These define a maximum rate of payment for different types of USG-related employment in different geographic areas.

#### **13.4.2. Limitations on Lobbying and Political Activities**

No substantial part of the activities of EPF should include carrying on propaganda or otherwise attempting to influence legislation, and EPF does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Legislation can be influenced as a part of advocacy activities, which are legitimate within EPF's mandate.

#### **13.4.3. Grantee Procurement Standards**

The following requirements should be applied to all Open Door and competitively selected grantees. In addition to the below requirements, equipment procurements by EPF grantees also require prior written EPF approval.

The grantee may use its own written procurement policies and procedures for purchasing supplies, equipment, and services with grant funds provided that each procurement transaction is conducted in a manner to provide, to the maximum extent practical, open and free competition. In addition, the grantee's procurement policy and procedures must include the

following minimum requirements:

- The grantee must establish procedures to avoid purchasing unnecessary or duplicative items.
- Requests for price quotations or bids (solicitations) issued by the grantee must clearly describe all requirements that the vendor must fulfill for his bid to be considered by the grantee.
- The grantee must conduct some form of price or cost analysis in connection with every procurement transaction. Price analysis includes the comparison of price quotations submitted, market prices, etc. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.
- The type of purchase order or contract issued may be determined by the grantee but must be appropriate for the procurement.
- The grantee shall contract only with responsible vendors who have the ability to perform successfully under the terms and conditions of the contract.
- Procurement records and files for purchases in excess of \$500 shall include the following:
  - Basis for contractor selection,
  - Justification for lack of competition when competitive bids or offers are not obtained, and
  - Basis for award cost or price.
- If funds are from a US government source, the grantee should abide by US government procurement rules, where applicable. A similar clause is applicable to any donor requirements, such as EU.

### Ineligible Goods and Services<sup>2</sup>

Under no circumstances may the grantee purchase any of the following with grant funds:

- Military equipment,
- Surveillance equipment,
- Commodities and services for support of police or other law enforcement activities,
- Abortion equipment and services,
- Luxury goods and gambling equipment, or
- Weather modification equipment.

### Ineligible Suppliers

EPF should strive to maintain a list of vendors, consultants or suppliers who have demonstrated unacceptable performance or unethical behavior. This list should be centrally maintained and accessible to staff procuring services and authorizing payments. No grants or contracts may be awarded to organizations on these lists.

### Restricted Goods<sup>3</sup>

The grantee may not procure any of the following goods and services without the prior written authorization from President/CEO:

- Agricultural commodities
- Motor vehicles
- Pharmaceuticals

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<sup>2</sup> This list is subject to change according to requirements in the core donor agreements.

<sup>3</sup> This list is subject to change according to requirements in the core donor agreements.

- Pesticides
- Rubber compounding chemicals and plasticizers
- Used equipment
- U.S. government owned excess property
- Fertilizer
- Equipment costing more than \$5,000

Source, Origin, and Nationality

Refer to core donor award agreements for specific restrictions.

#### **13.4.4. Environmental Review Guidelines**

EPF is committed to ensuring that significant adverse environmental impacts do not result from its activities, the activities it funds, or that, where such impacts are unavoidable, they are mitigated to an acceptable level. Significant detrimental effect on the environment is defined as:

1. Any activity that has a significant negative effect on the following:
  - The global environment or areas outside the jurisdiction of any nation (e.g., the oceans);
  - The environment of any nation; or
  - Other aspects of the natural and physical environment, at the discretion of the donor governments.
2. Or, any activity that does not comply with applicable environmental regulations of any affected nation, or other relevant authorities.

During the proposal review process, program and grants management staff will evaluate proposals to determine whether activities could result in significant harm to the environment. If such potential exists, and the applicant is otherwise eligible for EPF support, program and grants staff should refer to the relevant donor agreement(s) for guidance on how to proceed.

If, in the opinion of the President/CEO, the proposed activities could pose significant harm to the environment, one of the following will take place:

- The proposed activities will be modified to eliminate the environmental concerns;
- The proposal will be declined; or
- A memo evaluating the activities and the environmental concerns will be sent to the donor(s).

EPF will retain all memos and communications related to environmental review as part of its integral grant documents and they will be filed in the appropriate proposal/grant file.

All EPF grant agreements and fellowships must contain the following clause: “The grantee certifies that to the best of its knowledge, the grant activities will not produce significant harm to the environment.”

#### **13.4.5. Financial Management Standards**

*Maintenance of Grant Funds* – Grantees are encouraged to open a separate bank account for EPF funds. If they do not open a separate bank account, they need to be able to demonstrate clear procedures for segregation of EPF grant expenses and for determining EPF cash-on-

hand. Specifically, the grantee shall keep such records as necessary to disclose fully:

- The amount and the disposition of the grant funds;
- The total cost of the project;
- The amount and nature of the portion of the costs of the project supplied by other sources of funds or through program income; and
- Support documentation and such records that will facilitate an effective audit.

The grantee's financial management system must ensure effective control over and accountability for all funds, property, and other assets. The grantee shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes. The grantee shall use written procedures to determine the reasonableness, allocability, and allowability of costs in accordance with the grant terms and conditions and the applicable cost principles.

*Insured Bank Accounts* – Grantees must deposit and maintain grant funds in an insured bank account whenever possible. If unavailable, the grantee should indicate what sort of international credit worthiness rating, such as Moody's, the bank has.

*Record Retention* – The grantee shall maintain documentation to support all expenditures charged to the grant, including financial records, supporting documents, statistical records, and all other records pertinent to the grant. Expenditures not adequately supported by proper documentation may be disallowed. Such records must be maintained for at least three (3) years or according to local legal requirements (whichever is longer) following submission of the final expenditure report, unless a litigation, claim, or audit is started before the expiration of the three-year period, in which case the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved and final action taken. Records for equipment purchased with grant funds shall be maintained for three (3) years following final disposition.

Records of all currency exchange must be kept documenting the date of exchange, amount of currency exchanged, the exchange rate, and the amount of the other currency received. The grantee is responsible for documenting and reporting the expenditure of all grant funds, whether expended in local or other currency.

#### **13.4.6. Program Income**

Program income is the gross income earned by the grantee from the grant-supported activity. The grantee must include in its accounting records program income related to projects financed in whole or in part with EPF grant funds. These earnings may include, but are not limited to, income from service fees, sale of commodities (including publications), usage or rental fees, and royalties on patents and copyrights.

Program income received by the grantee should be retained by the grantee, and added to funds provided by EPF to further project objectives. The grantee's records must fully disclose the total cost of the activity for which the grant was provided, including the portion of the costs funded by other sources or program income. Income from royalties received as a result of copyrights or patents produced under the grant may be retained by the grantee.

#### **13.5. GRANT TYPES**

This section describes the different mechanism through which grants are awarded. Among

grant types, the process for receiving or soliciting a proposal varies to some degree; these variances are described in the sections below. Otherwise, EPF staff should follow the procedures for reviewing a proposal and awarding and monitoring a grant, as described in section 13.

For all grant types, President/CEO has authority to approve grants up to USD 100,000. This authority is reviewed on an annual basis by President/CEO and the Board of Trustees. Grants over \$100,000 require the approval of the Board of Trustees or the executive committee or the approval of a designee of the Board of Trustees. Regardless of the size of the grant initiative, complete documentation is required for all of the above grant types. Grant documentation requirements, in addition to the requirements described in section 13, are discussed in detail in the sections below.

### **13.5.1. Open-Door Grants**

Some of EPF's grants can come through the "open door," meaning that the grant applicant submitted an unsolicited funding proposal to EPF. The term "unsolicited" does not preclude EPF staff from interacting with prospective grant applicants. On the contrary, it is essential for program staff to regularly promote EPF programs to organizations and individuals in areas that could become important development initiatives.

Approval of a grant for an amount that falls below the President/CEO's authorized limit requires the signature of the President/CEO, Grants Manager and the Program Manager. For grants exceeding President/CEO's authorized limit, the responsible Program Manager should submit the Acceptance Memorandum and Grant Agreement (see sections 14.5.1 and 14.5.2) to the Board of Trustees or the executive committee or the designee of the Board of Trustees. EPF staff should not announce grant awards until the grant agreement has been signed by both parties. Multiple grants made to the same organization, its subsidiaries, affiliates, organizations having a controlling interest, or same principles at different organizations where the total of open grants awarded exceed President/CEO's approval threshold must be sent to Board or its designee for approval.

Procedures for receiving, reviewing, awarding, monitoring, and documenting open-door grant proposals are described in section 13 ([Grants Management](#)).

### **13.5.2. Competitions**

Prior to awarding any grants, competitions require the development of a program justification paper or a program acceptance memo and the public issuance of a Request for Proposals (RFP) for projects in a particular thematic and geographic area. Proposals submitted in response to an RFP are reviewed simultaneously by EPF staff, together with the assistance of an advisory committee (see section 13.5.5). Competitions may involve co-funding from other sources, as well as provision of non-grant assistance such as training and networking opportunities for grantees.

Program staff should select grantees from the pool of applications received as a result of the RFP using the selection criteria described in the RFP. Once the grantees are selected, program staff should follow the general guidelines for reviewing and approving grant proposals (see section 14 (Grant Management)).

## Competition Required Documentation

### 1. Competition Justification

All competitions need to include a program acceptance memorandum (which can be the proposal approved by the donor) or competition justification paper. Competition justification should address the following topics:

- *Focus* – A competition justification paper should include a logic model that describes how it corresponds to the Program’s goals. It should discuss the objectives of the competition and to what extent the competition responds to local needs. To the extent possible, it should identify possible activities, outputs and outcomes of the competition.
- *Background research* – Staff must conduct adequate research prior to launching a competition. This research should cover the following points:
  - Description of the problem to be addressed and explanation of why it was picked as a priority over other needs (this description may require a formal needs assessment that includes a gender analysis).
  - Discussion of what organizations are already doing work in this field.
  - Consideration of the efforts of other foreign and domestic programs in this field, and EPF’s comparative advantage in addressing the problem.
  - Examination of prior experience (within EPF and of others), best practices, and lessons learned.
  - Analysis of the feasibility of the proposed approach, including consideration of possible risks and constraints including whether the proposed project may have any unintended negative impact on men or women
  - To the extent possible, a review or collection of data relating to competition-specific and gender-specific indicators. In some cases, EPF might want to consider hiring an external consultant to perform a needs assessment and identify such indicators.
- *Rationale* – The justification paper should explain why a competition, as opposed to other grant mechanisms, is the best way to achieve the desired results.
- *Design* – A competition should be based on a clear and realistic strategy for addressing the targeted problem. The program justification should explain the types of organizations that would participate and the types of activities that would be funded. A plan for using experts, trainers, and other outside resources should be included if necessary, as well as what follow-up activities, if any, are envisioned.
- *Evaluation Plan* – A justification should include an evaluation plan explaining how and when a competition will be evaluated, the purpose of the evaluation, the methods to be used, and what questions will be examined during the evaluation. Where appropriate, competitions should include concrete plans to examine longer-term outcomes.
- *Leveraging* – Program justification should include a discussion of co-funding prospects for the project.

### 2. Request for Proposals (RFP) Guidelines

Issuing Requests for Proposals (RFPs) is a system used to obtain invited proposals from prospective grantees before awarding grants to any specific organization. This document must be concise, yet provide enough initial information to help the grant seeker in determining whether its programmatic plans are in accord with the program publicized by EPF. Guidelines provided below describe the minimum requirements for each of the sections that are typically included in the RFP. Additional sections and information may be included as needed, provided consistency with the key sections is maintained.

- *Organizational Overview* – Provides a short overview of EPF’s history and activities. This section shall include basic brief information about EPF and its goals.
- *Goal* – In this section, staff shall describe in concise and clear language the overarching goal of the publicized initiative.
- *Supported Activities* – In this section, staff shall provide a general description of activities that may fall within the goal of the competition. This section shall provide sufficient information that will allow EPF to screen unqualified proposals at the submission stage. Staff should note that excessive detailed elaboration of the program activities might limit resourcefulness of the potential applicants in developing project ideas. If necessary, the geographic scope of the competition may be specified in this section.
- *Qualified Applicants* – This section shall provide a general overview of the types of entities that are invited to participate in the competition. It may be rather specific in the case where participation in the competition program requires a special skill or a specialized organizational capacity. Organizations and individuals barred from participation must be identified in this section. Staff should avoid using ambiguous language. Indicate that organizations who have instituted gender mainstreaming as an organizational strategy are encouraged to apply.
- *Proposal Selection Criteria* – In this section, staff shall describe the criteria based on which EPF’s decisions regarding individual proposal qualifications will be made. These shall be clear, concise and realistic to provide concrete grounds for EPF in support of its proposal screening results. All prospective grantees shall indicate that a gender analysis of the proposed problem has been completed and how they propose to conduct a gender mainstreaming strategy to ensure the promotion of gender equality in the proposed program.
- *Use of Grant Funds* – This section shall contain information about applicable cost principles and required level of financial and grant management. General concepts of allowability, reasonableness, and allocability of grant costs, as well as EPF’s financial management requirements, shall be briefly described. It is not recommended to provide much detail about these principles and restrictions in the RFP. Instead, a compilation of applicable EPF policies and any donor government regulations, including budget and proposal writing guidelines, shall be made available to applicants upon request. It is also recommended that in this section staff specify the types of costs, allowable under standard provisions, which will not be funded within the scope of the competition.
- *Decision-Making Process and Competition Schedule* – Staff shall describe the decision-making process, detailing its stages and competition schedule. Information about the

dates and sites of additional general orientation seminars shall also be provided in this section.

- *Proposal* – In this section, staff shall provide a general description of what a proposal is, including the list of required integral elements of the proposal including adherence to EPF's gender mainstreaming guidelines. Also, requirements in reference to maximum grant period, cost-share or matching requirements, maximum project amount, and any other similar conditions shall be specified, if applicable. If necessary, the form and content of each of the required documents may be explained in this section. Applicants must be made aware of the requirement to submit a Grants Management Questionnaire (GMQ) with the proposal. Here, applicants must be informed that the GMQ and other supplementary materials, including budget and proposal writing guidelines as well as project cost and financial management requirements, may be obtained at EPF office at any time during business hours or at the specially organized orientation seminars.
- *Address, Contact Information and Delivery of Proposals* – This section must specify the address at which proposals shall be received and contact information of cognizant EPF officers. This section shall also specify submission deadlines and delivery requirements (e.g. by mail or courier). Applicants must be made aware that proposals, including their integral elements, shall be retained by EPF for record. It is recommended that references to EPF's property rights in respect of submitted proposals be avoided.

#### Competition Approval Process

Competitions (and other proactive initiatives such as groups of invited proposals) resulting in more than one grant or in groups of grants that exceed EPF President/CEO's approved limit are subject to the requirements of this policy and require EPF Board's approval or the Board's designee's approval. The program staff must submit an RFP for approval. EPF President/CEO will respond with comments or approval within five working days.

President/CEO must approve the RFP in writing after required changes have been made. Once the competition is approved, the approval sheet will be given to the responsible program staff member, and the competition description, competition title, and competition code will be submitted to the Grants Manager.

#### Competition Grant Reporting

In preparing lists of grants for the board, donors, and the general public, it is required to separate competition grants from open door grants. Competition initiative grants are grouped together, with the title of the program at the top followed by a brief description of the program. The individual grants follow underneath. Note that the publication statements (see section 13.5.6) for individual grants need not repeat information contained in the title or competition description. All grants awarded as a result of a competition should be identified as such in the grants management database.

### **13.5.3. Invited Proposals**

An invited proposal is solicited by EPF through a closed tender to meet specific programmatic goals with a defined need. In general, a closed tender is used when research of a program area determines that a limited number of organizations are leaders in the field. EPF makes a tactical decision to invite a particular organization to apply for funding and no public announcement is required. If properly applied through the right organization, the invited proposal can advance a program area through one decisive concentration of funding more

rapidly than scattered grant making to numerous organizations over extended periods. In such a case, there is generally a multiplier effect by training trainers, establishing programs, catalyzing an industry, or stimulating new services.

Prior to awarding any grants, invited proposals require the development of a program justification paper for an RFP for projects in a particular thematic and geographic area. Program staff should select grantees from the applications received as a result of the invited proposal, using the selection criteria described in the RFP. Once the grantees are selected, program staff should follow the general guidelines for reviewing and approving grant proposals (see section 13).

*Important Note: EPF discourages the practice of soliciting a grant proposal from an organization to manage substantive or administrative aspects of competitions on behalf of EPF. This type of activity should be handled under a contract, not a grant. More importantly, it is not appropriate for EPF to out-source its most fundamental grant-making responsibilities (see section 14.1 for more information).*

#### Invited Proposal Required Documentation

An invited proposal may result in one or more grants. Like competitions, invited proposals require program justification and the issuance of an RFP. For invited proposals, the program justification paper must include a section describing the selection of invitees. Guidelines for developing program justification and issuing the RFP are provided below.

- *Program Justification:* Program justification for an invited proposal should contain the same elements required in competition program justification (see section 13.5.2). However, program justification for invited proposals must also contain a section justifying the selection of invitees. This section should demonstrate that appropriate research including outreach to organizations that have the required experience and capacity was conducted to identify qualified candidates. Organizations invited to apply may be completely unknown to EPF, known directly through previous grants, or indirectly by reputation. The selection justification should demonstrate that EPF made every possible effort to identify all candidates qualified for the grant program. The selection justification should document the source of information verifying the candidate organizations' competence to carry out the project at a high degree of professionalism. In cases where there is only one qualified organization for specific types of assistance, EPF must document in the files and Acceptance Memorandum why the invitation must be handled on a sole-source basis.
- *Request for Proposal (RFP):* For general details on the content of an RFP, please see section 15.4.2. The current subsection contains only the description of the RFP content intrinsic to invited proposals. The Supported Activities section of the RFP in a limited (invited) competition must be more elaborate than that of a typical competition to describe the end product in more detail and specify the performance timeframe.

In addition to the information included for a typical competition, the RFP in a limited (invited) competition shall:

- State that the invitation will not necessarily lead to an award;
- Contain project specific selection criteria;
- Contain project specific approval process details; and
- Contain a request of an audit or SWOT analysis, if needed.

To satisfy EPF competitive grant making principle, participation will be limited to a select number of organizations. Any decision to invite fewer than three proposals shall be additionally justified in a memorandum attached to the limited (invited) competition file.

#### *Invited Proposal Approval Process*

If the invited proposal is expected to result in one or more grants that—in total—exceed EPF President/CEO’s approved expenditure limit, the Board’s approval must be obtained. The approval procedures for invited proposals are the same as for competitions (see section 13.5.3.).

#### *Invited Proposal Reporting*

For the purposes of reporting to the board, such as for the annual budget and operating priorities, or for reporting to donors, invited proposals are to be identified as such. EPF should maintain an internal inventory by fiscal year of planned and completed grants that result from invited proposals. Invited proposals are expected to remain a small percentage of the competitive grant portfolio. All awards resulting from an invited proposal should be coded as an “invited proposal” in the grants management database.

### **13.5.4. Partnership Grants**

A partnership grant involves support for a project implemented by an organization in partnership with another organization located in the South Caucasus. This grant type represents an important tool for program staff, because in many cases it is the only way to provide a local organization with critical knowledge, expertise, training, and experience.

EPF may use an RFP to help a local grant applicant identify an appropriate partner, or it may receive partnership proposals through the open door, and the grant may be made to the local organization, the foreign organization, or both. Since there are many possible configurations, program staff should consult with President/CEO with any questions regarding potential partnership grants.

Depending on the selection process for a partnership project, program staff should follow guidelines for open-door grants, invited proposals, or competitions including adherence to gender mainstreaming guidelines. With partnerships, program staff must perform programmatic due diligence on both partners, including a review of separate grants management questionnaires.

#### *Partnership Required Documentation*

Required documentation for partnership grants depends on the selection process chosen by program staff (open door, competition or invited proposal). The required documentation should identify the initiative as a partnership grant.

#### *Partnership Approval Process*

The approval process for partnership grants should follow the approval requirements of the grant selection type (open door, competition or invited proposal).

#### *Partnership Grant Reporting*

For the purposes of reporting to the board, such as for the annual budget and operating priorities, or for reporting to donors, all partnership grants should be identified in the grants

management database as a “partnership grant.”

### **13.5.5. Institutional Development Grants**

Institutional development (ID) grants are intended to help non-profit organizations in strategic fields to develop into mature organizations, thus improving their performance, enhancing their program impact, and assisting EPF to achieve its program goals in a given area. ID grants to one or more outstanding organizations may serve as an exit strategy for EPF from a particular programmatic field of interest. In many cases, ID initiatives will take the form of proactive grant making. In some cases, EPF may hold public competitions that produce ID candidates. In other cases, an institution may submit an open-door proposal that leads to an ID grant. Depending on the form the ID initiative takes, program staff should follow the guidelines for that grant type, in addition to the guidelines in this section.

#### *ID Grant Required Documentation*

Required documentation for ID grants depends on the selection process chosen by program staff (open door, competition or invited proposal). The required documentation should identify the initiative as an ID grant and incorporate the ID grant elements described below.

#### *ID Grant Approval Process*

The approval process for ID grants also depends on the selection process (open door, competition or invited proposal). ID grant initiatives should be described in the annual strategic plans.

#### *ID Grant Reporting*

For the purposes of reporting to the board, such as for the annual budget and operating priorities, or for reporting to donors, all ID grants should be identified in the grants management database as an “institutional development grant.”

#### *ID Grant Guidelines*

Institutions selected as candidates for ID grants are:

- Usually repeat grantees with positive implementation experience, but they could also be exceptional cases in which well-known organizations without previous EPF funding experience are considered;
- Demand-driven and locally supported;
- Proven record of attention to and willingness to improve upon gender mainstreaming as an organizational strategy
- Emerging as local, regional, or national leaders in a key area of EPF strategy. They should show promise of defining future agendas in their fields by identifying issues, building consensus, and resolving problems in a democratic manner;
- In need of funding for institutional development (as opposed to project funding) to be able to improve performance, and thus impact;
- Organizations that have additional means, other than EPF funds, to finance their activities, such as long-term donor support, membership fees, program income, etc; and
- Organizations that have been in operation and active in their field of interest for several years.

#### *Goals of ID Grants*

In the course of the grant period, the institutions would aim to acquire some if not most of the characteristics of a mature organization in terms of:

- Good governance (board development, mission, constituency and leadership);
- Strategic planning and evaluation (sector expertise, community ownership, impact assessment);
- Organizational management (policies and procedures);
- Funding and financial management (resource base, budgeting, accounting, controls);
- Human resource management (staff development, compensation policy); and
- Public relations and collaboration (constituency development, public relations, government and NGO cooperation).

ID grants give institutions the support needed to become more professional, effective, and financially secure. Each grant must be uniquely tailored to meet the needs of each institution.

#### What ID Grants Fund

- Operating costs on a declining basis. The rate of decline should not be so steep that the organization has to divert its attention from the main task of self-improvement.
- Technical assistance or training in support of any of the key functional areas noted above (board development, etc.).
- Limited project activities that reinforce the institutional improvement process.

Generally, the costs supported under institutional development grants are similar to costs included in project grants, such as salaries and benefits, travel, consultant compensation, communication costs, supplies and minor equipment. The same guidelines requiring costs to be allowable, reasonable and allocable apply.

EPF staff must determine how much of the organization's operating expenses are reasonable to cover. This is based in part on what the organization attempts to accomplish during the grant period and the availability of other sources of funds. However, because of the potential of double counting, there are three significant differences required for budgets for institutional development grants:

- Greater awareness of other funds received by the organization, including the purpose, receipt and use of these funds;
- Greater awareness of the appropriateness of expenditures since many costs are not associated with a specific project, rather are geared toward general institutional development; and
- Greater awareness of grantee in-kind contributions, which are required to demonstrate the grantee's commitment to organizational change.

#### Grant Preparation Process

These key steps should guide the preparation of an ID grant.

1. *Acceptance Memorandum.* As with any directed grant, if EPF approaches an organization, there is a risk that EPF could be perceived as favoring "insider" grantees or "picking winners." It is therefore important to justify each of the characteristics that support the funding decision in the Acceptance Memorandum (see section 13.5.1).
2. *Institutional Diagnostic.* Organizations should prepare an institutional self-assessment together with EPF, or commission an independent assessment by a consultant. Either a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), the EPF capacity mapping tools, or EPF's Grants Management Questionnaire may be used to frame the

implementation plan and institutional benchmarks. If the organization has not undergone any independent assessment, then EPF should proceed with a two-step grant approach:

- First, EPF would fund, through a small grant or contract, an assessment of the organization.
  - Next, EPF should fund, through a larger grant, the agreed upon activities based on the institutional diagnostic developed using the results of the assessment.
3. *Logic Model.* Grantee organizations and EPF staff agree on a logic model to address the weaknesses identified in the diagnostic.
  4. *Implementation Plan.* Grantee organizations and EPF staff agree on an implementation plan with benchmarks to show progress in meeting the agreed objectives. The benchmarks should be realistic and achievable. For example:

Objective: To improve fundraising capacity. Six-month benchmarks may include:

- Staff receives training and studies practices of successful organizations.
  - Two-year development plan based on findings is prepared.
  - First phase of development plan is implemented.
  - A committee to encourage volunteers is formed.
  - Outreach materials are prepared.
  - At least 10 potential donors are cultivated and proposals are submitted to the most promising candidates.
5. *Grant Monitoring.* Generally, the same considerations for monitoring techniques (see section 14.6.2) apply to ID grants as apply to project grants.
  6. *Budget.* In developing the budget, staff should consider which costs to fund and at what level. The same restrictions apply to funding costs under institutional development grants as under project grants. However, in identifying the appropriate level of funding for operational costs, it is important to consider: 1) the activities the organization is attempting to accomplish during the grant period; 2) what activities are essential to the institution's development; 3) the organization's other sources of funds to be applied towards its costs; and 4) the financial sustainability of the organization, since we do not want to create a dependency on EPF funds or invest in organizations that are likely to cease activities in the near future. Please see section 13.4 for more detailed information regarding specific budget items.
  7. *Analytical and Financial Reporting.* The reporting periods should correspond with the agreed benchmarks. In addition to the financial report form and the source documentation, grantees should provide updated cash flow projections with their reports.
  8. *Disbursements:* The disbursement schedule should correspond with the implementation plan and the grantee's cash flow needs. Payments are based on the cash flow projections and report period cycles. For longer report periods that require large payments, staff may schedule one to two installment payments during the period. Additionally, staff should consider the possibility of incorporating a cost reimbursable approach where it is reasonable (see section 14.7).

9. *Site Visits*: Institutional development grants require more in-depth monitoring and, as a result, a minimum of two site visits is required.
10. *Grant Agreement*. Grantee organizations and EPF staff agree on the following elements to be included in Attachment 3 of the grant agreement (see section 14.5.2):
- *Outputs* – outputs are the results of the benchmarks (e.g. staff trained in fund-raising; outreach materials published and disseminated; volunteer committee active in development).
  - *Outcomes* – outcomes are the potential results from outputs in the year following the closing of the grant (e.g. organization increases funds raised by 15%). Whenever possible, the outcomes should be quantified (e.g. reach a fund-raising target of \$20,000; establish board with 12 directors), but only in negotiation with the partner organization.
  - *Indicators* – indicators are based on the expected outcomes, (e.g. funds raised, new members attracted, increased cost recovery, number of clients served).

As stated in the grant agreement, in addition to any financial irregularities, should the grantee fail to follow through on its activities, become unable to carry out the purposes of the grant or cease to be an appropriate means of accomplishing the purposes of the grant, then EPF should suspend the grant. At this point, EPF will require corrective action be taken on the part of the grantee prior to continuing with funding.

Suspension or termination of ID grants can create a huge burden on the grantee since much of EPF funding may support their operational costs. Therefore, it is imperative to maintain close and continuous contact with the organization during the grant. In addition to grantee reporting, phone calls and site visits are useful in detecting early indications of potential problems.

### **13.5.6. Grants to Individuals**

While in certain circumstances grants to individuals can be useful tools, these types of grants pose increased risk to EPF because individuals typically lack the financial internal controls that organizations typically have, and the available remedies against individuals mismanaging grants are typically weaker than remedies against organizations. For these reasons, grants to individuals will be made only in limited circumstances. Examples of grants that may be made to individuals include research fellowships and personal service contracts that benefit the public at large.

When awarding grants to individuals, staff must be mindful that compensation under the award does not result in private inurement to the individual (see section 13.5.6.). If an individual grant includes compensation for services, the compensation must be reasonable.

Grants should not be awarded to individuals acting on behalf of an organization. EPF has established this policy because it has little recourse over funds advanced directly to an individual, and also because these types of arrangements typically conflict with local legislation.

Providing equipment to individuals is problematic because the life of the equipment will often exceed the life of the project and the additional equipment life could be interpreted as private inurement. In such cases, options might include lending the equipment to the individual, having the individual lease the equipment, or having the equipment donated to a

charitable organization at the end of the project.

As defined by EPF's conflict of interest rules, grants should not be made to individuals related to EPF staff, officers, board members or donors of funds.

#### *Grants to Individuals Required Documentation*

Required documentation for grants to individuals depends on the selection process chosen by program staff (open door, competition or invited proposal). The required documentation should identify the initiative as a grant to an individual, and it should describe why this grant cannot be made to an organization.

#### *Grants to Individuals Approval Process*

The approval process for grants to individuals also depends on the selection process (open door, competition or invited proposal). Initiatives involving multiple grants to individuals should be described in EPF's annual strategic plans.

All grants to individuals should be identified as such in the grants management database.

### **13.5.7. Grants to Unregistered Groups**

#### **Unregistered Groups**

EPF has had an ongoing policy of requiring organizations to legally register in order to be eligible for any EPF funding. EPF can also make limited grants to individuals for personal projects but not for the benefit of a group, for example, Fellowships.

However, situations have arisen when individuals joining together for a common cause are unable to form a legal entity. Most notably this happens within Youth Banks, where students form a temporary unregistered group to implement student led grass root projects. EPF is proposing to amend its policies and in limited situations fund unregistered groups under the guidelines described below.

#### ***Example of Youth Bank***

*Youth Banks represent a special type of grant making activity. Youth Bank grants are managed by a Youth Committee recruited and trained by The Youth Committees are not expected to become permanently registered organizations. It is the belief that requiring Youth Committees to legally register would likely result in the focus of EPF staff moving towards legal compliance and administrative support rather than civic involvement, the objective of the project. It is also believed that in many instances a Youth Bank would be unable to register in the short timeframe of project implementation.*

#### ***Policy***

The EPF President/CEO may approve grants up to \$3000 to individuals representing unregistered groups without program advisory committee review under the following circumstances.

- a. Written justification approved by the President/CEO that the unregistered group should receive funding, and
- b. Members of an unregistered organization sign an 'Act of Agreement' among themselves appointing one member the Finance Manager and another member the Committee Leader, and
- c. In Armenia, the Finance Manager will not be required to register as a private entrepreneur. The Armenian office will pay tax on behalf of the Finance Manager.
- d. If necessary, the Finance Manager applies to register the grant with local authorities.
- e. Financial Reports to EPF must be signed by both the Financial Manager and the committee leader.

Grant activity will act in accordance with the policies and procedures of EPF as related to grants to individuals, except when related to Youth Bank. Youth Bank will follow Youth Banks own procedures of recruitment, selection and training.

Under certain circumstances justified by the President/CEO, EPF may assign a limited Power of Attorney to a member of the group who will become an authorized agent of EPF. This person will be able to procure goods and services on EPF's behalf. The President/CEO of EPF must authorize the Power of Attorney.

- f. Members of an unregistered organization will sign an 'Act of Agreement' amongst themselves appointing one member the Financial Manager and another member the Committee Leader.
- g. EPF will sign a Power of Attorney (POA) with the approved the Financial Manager.
- h. Financial Managers will act in accordance with policies and procedures approved by EPF.
- i. The POA grants the Financial Manager the authority to receive up to \$3000 in advance from EPF and to incur expenses up to \$500.
- j. The Finance Manager shall: Prepare a list of expected items signed by both the Finance Manager and the Group Leader.
- k. The EPF Program Manager will approve all advances.
- l. Expense reports will be signed by both the Committee Finance Manager and the Group leader and be approved by the EPF Program Manager.

## **Financial Reporting**

Financial reporting will be the same regardless whether the means of funding is a grant or power of attorney.

EPF finance staff will begin to record awards to the committee (not individual projects) as a 'grant' in the accounting system. The account code for 'Fellowships' will be amended to read 'Individuals'.

EPF Program Staff will enter grants into GMS ME requiring only documents that are pertinent to the project. The following information must be entered fully into GMS ME:

- All information in Organization Tab
- All information in Proposal Tab
- All information in the Financial Tab

- Close Out and outcomes will include information on group activities.

### **13.5.8. Fellowships**

Fellowships constitute a special type of grant-making activity. Fellowships are generally smaller in size and made to private individuals – often in form of a stipend – and, as a result the documentation and selection processes differ from EPF’s normal grant-making activities.

#### **13.5.8.1. Selection Procedures**

The process for selecting fellows will be through a competitive process identified by the president and memorialized annually through a memorandum.

#### **13.5.8.2. Fellowship Documentation Process**

Standard Foundation documentation procedures for grants, such as completing a Grant Management Questionnaire, GMS ME data entry, site visits, and financial reporting policies are not necessarily relevant to managing a fellowship. The Fellowship agreement is similar to the standard grant agreement but has a few key differences:

- The form is not generated through GMS ME nor is GMS ME used to manage fellowships;
- Attachment 1 (similar to the grant Acceptance Memorandum) includes the schedule of payment and be referred to as the ‘Statement of Work’ (SOW);
- References to other attachments that are part of the standard grant agreement are not included.

#### **Recordkeeping**

Fellowship files will be maintained and contain the following items:

- Proposal
- Correspondence
- Copies of Contract
- Copy of Scope of Work
- Attachment 1, the Statement of Work (see example)
- Copies of work/output
- Financial Summary Form
- Close out memo

#### **13.5.8.3. Financial Management Procedures**

A payment schedule will be part of the SOW. In general; each fellow will receive two payments, one shortly after signing the agreement (30% to 70%) of the total award, and the final payment near the conclusion of the manuscript. The second payment is tied to certain performance measures such as ‘trainings attended’.

### **13.5.9. Program-Related Investments**

A program-related investment (PRI) is a mechanism to provide support to a program which is consistent with EPF’s charitable goals and under which the recipient organization agrees to return a portion or all of the capital, and possibly interest, to EPF within an established time

frame. PRI's are best suited for projects that are likely to generate future revenue streams or for-profit organizations when private inurement may be an issue. PRIs will usually take the form of a recoverable grant (similar to regular grants, but with a requirement of full or partial repayment if certain revenue targets are met by the recipient).

### *PRI Requirements*

The primary incentive for EPF to make a PRI must be the pursuit of a charitable purpose, not the production of income or the appreciation of property for EPF. In addition, the following conditions must be met:

- The purposes and goals of the project to be supported are consistent with the charitable purposes of EPF (i.e., the project must fit EPF's mandate);
- The project to be financed will produce a stream of excess revenue adequate to repay a portion or all of the funds provided without hindering the long-term viability of the recipient organization; and
- Commercial financing is not available for the project on appropriate terms.

Unlike loans, recoverable grants are generally awarded without interest and without collateral or other security.

### *Advantages and Disadvantages of PRIs*

Program-related investments allow EPF to recycle funds to enhance its ability to further its charitable purposes. In addition, because of their complex nature and the discipline required to meet repayment terms, PRIs can strengthen the financial management skills of recipient organizations. Also, PRIs may be most beneficial when they help to leverage other potential funding sources.

On the negative side, PRIs are more complex and time-consuming than regular grant awards. In some cases, additional legal fees may be incurred in making a PRI. EPF staff must pay close attention to the financial feasibility of a potential PRI and take extra care in structuring and monitoring a PRI. From the recipient's perspective, since PRI funds are provided on a temporary basis, an organization will have to find other sources of revenue to support its activities beyond the period of the grant.

### *Process for Awarding Recoverable Grants*

A proposal being considered as a recoverable grant must not only undergo the same rigorous programmatic and financial review offered any other proposed grant but also have its recoverable status carefully considered. The review of a recoverable grant will include a careful analysis of projected sources of revenues and a project feasibility analysis. Before any Acceptance Memoranda for a recoverable grant is approved, a copy should be sent to the EPF President/CEO and the Chief Financial Officer for comment.

Recoverable grants normally have the following characteristics:

- The project is consistent with one or more of EPF's charitable purposes;
- The project will generate a considerable amount of revenues;
- The implementing organization has the managerial capacity to undertake the proposed project;
- Commercial sources of financing for the project are unavailable;
- The grant agreement includes a provision which outlines the conditions under which a portion of the grant is repaid;

- Recoverable amount shall not exceed the actual amount in local currency transferred to the grantee under the recoverable grant (for taxation and licensing purposes, EPF is not authorized to receive recoverable payments in excess of the actual amount in local currency transferred to the grantee as such excess amount may be construed as interest);
- No interest is charged on outstanding balances;
- No collateral or other securitization of amounts due EPF are taken by EPF; and
- The transaction is recorded on EPF's books as a grant, not a loan.

### Proposal Review

As mentioned earlier, any proposal being considered as a recoverable grant must undergo the same rigorous programmatic and financial review offered any other proposed grant. In addition, the review of the recoverable grant proposal will include:

- A careful analysis of projected sources of revenues in addition to the normal review of projected expenditures; and
- Project feasibility analysis to evaluate the reasonableness of the revenue projections provided. Such analysis may involve obtaining the opinion of an expert in the field, a review of the historical experience of the applicant organization or a similar project, and an assessment of the likely market demand for the product or service being proposed. Modest expectations are best in determining the reasonable recoverable amount.

### Grant Award and Grant Agreement

Structuring a grant as a recoverable grant will require modifications to EPF's standard grant agreement documents (see section 14.5.2 and Attachment 12A). These differences include:

- The financial reporting form requires information on project revenues as well as expenses.
- The reporting requirements and payments schedule include the provisions for grantee repayment of grant funds. Prior EPF experience indicates that the reporting requirements and payments schedule should be structured to show the dates and approximate amounts (best reflected through a percentage of the entire grant) of grant repayments.
- In attachment 3 to the grant agreement, repayment of funds is listed as an expected grant product, and timely repayment according to the terms of the agreement is listed as a criterion for evaluation.

EPF's accounting staff does not need to identify the award of recoverable grants differently from that of normal grants. The Grants Managers will be responsible for identifying recoverable grant awards and including the amount to be recovered in the grants management database.

### Monitoring

Monitoring a recoverable grant is similar to monitoring a grant with the additional aspect that EPF must monitor revenues and seek repayments where appropriate. The monitoring of revenues is done through the financial report which is sent to EPF by the grantee. In certain cases, EPF may seek additional financial documentation from the grantee or require the grantee to undergo an audit.

Recoverable grant payments should be recorded in the grant file by adding a simple table to the Financial Summary Sheet (see section 14.5.2). A copy of the wire transfer or proof of payment should be placed in the grant file as well. Information on recoverable grant repayments will also be recorded in the grants management database.

### Closeout

A recoverable grant may be closed:

- When the recoverable amount has been repaid to EPF; or
- When no further revenue is expected from grant activity.

If the grantee is unable to repay EPF the amount stipulated, EPF will not take legal action to recover those funds. What is more, if EPF is provided with sufficient evidence to indicate the grant-generated revenues have stopped, EPF may decide to close the grant before the total amount of repayments stipulated in the grant agreement is returned. A key aspect here is to determine whether the grant continues in its capacity to generate program revenues. When such revenues stop, the risk to EPF that the program income will be used for purposes other than charitable will stop likewise.

### PRI Required Documentation

Required documentation for program-related investments depends on the selection process chosen by program staff (open door, competition or invited proposal). The required documentation should identify the initiative as a program-related investment, and it should follow the guidelines described above.

### PRI Approval Process

The approval process for program-related investments depends on the selection process chosen by program staff (open door, competition or invited proposal). Major program-related investments should be described in EPF's annual strategic plans.

### PRI Reporting

All program-related investments should be identified as such in the grants management database.

## **13.5.10. Matching Grants**

As part of the proposal review process (see section 14.2.2), EPF requires applicants to identify an amount of support they propose to contribute to their projects. In part, EPF staff use this information to evaluate the applicants' commitment to their projects. When EPF uses information on a grantee's contribution to the project for pre-award evaluation purposes only and will not monitor the grantee's contribution as part of the award monitoring process, EPF does not consider the grantee commitment matching funds and should refer to them as 'supplemental resources provided by applicant'. In these cases, EPF uses an honor system and does not require any documentation to verify the actual amount of resources that the grantee has provided in support of its project.

EPF may choose to award a matching grant, which requires a grantee to provide a certain level of funding toward EPF supported project. ***A matching grant has a more stringent requirement and EPF is obligated to verify the level of resources provided by the grantee.*** Since EPF's matching grant is contingent upon the grantee documenting its match, if the grantee fails to raise the match, EPF is not obliged to payout the grant commitment.

There are two types of matching grants. Both require documentation of the match prior to EPF releasing grant payments. However, if the matching grant was awarded under a U.S. government donor agreement that requires a cost share contribution from EPF, then EPF must

also ensure that the matching funds are expended in compliance with U.S. government regulations (regardless of their origin). Below is a table explaining the different types of matching grants.

<b>Description</b>	<b>Traditional Award</b>	<b>Matching Grant (not awarded using U.S. government cost-share funds)</b>	<b>Matching Grant (awarded using U.S. government cost- share funds)</b>
Grantee Contribution	Not required, but favorable when reviewing a proposal.	Required and the specific terms are defined in the grant agreement.	Required and the specific terms are defined in the grant agreement.
Documentation of Grantee Contribution	None required.	Required before EPF pays out is grant.	Required before EPF pays out is grant.
Documentation of Grantee Expenditures Supported by the Grantee's Contribution	None.	None.	Required, and must be in compliance with U.S. government requirements regardless of the source of grantee funds.

#### *Matching Grants Additional Documentation Required*

Prior to releasing funds under a matching grant, the grantee must provide documentation of a match. Examples of appropriate documentation include, but are not limited to: copy of an award letter from another donor, copy of a check or wire transfer from another donor, etc.

In addition to matching grants awarded under EPF U.S. government cost share agreements, grantee financial reports should include expenditures for both EPF supported costs and the costs supported by the grantee's contribution.

#### *Matching Grants Grant Agreement Preparation*

Grant agreements for matching grants must include the following language:

*EPF funds are contingent upon the Grantee securing funds from other sources in the amount of [fill in amount] (or EPF funds are contingent upon the Grantee securing funds from other sources in a 1:1 proportion to EPF grant funds provided in this agreement). Prior to the Grantee expending any funds under this grant and prior to EPF issuing any payments under this grant, the Grantee shall provide EPF with documentation supporting its ability to meet this matching grant requirement, as detailed in Attachment 1 of this grant agreement, "Payment Schedule and Reporting Requirements".*

In addition, payments scheduled in attachment 1 of the grant agreement, the Payment Schedule and Reporting Requirements (see section 13.5.2), should note that they are contingent upon receipt and approval of documentation of matching funds.

#### *Matching Grants Reporting*

All matching grants should be identified as such in the grants management database and the amount should be indicated as well.

### **13.5.11. Cross-Border Grants**

Cross-border grants imply support for a multi-country project implemented by a partnership of organizations from the two or three countries of the South Caucasus and/or a wider region. This grant type represents an important tool for program staff, because it is the only way to provide well established and sophisticated local organizations from the counties of the South Caucasus with an opportunity to exchange best practices (critical knowledge, expertise, training, and experience) with their counterparts in other ‘partnering’ countries. This type of grants also promotes confidence building in the region currently divided along political and military lines. Most importantly, any cross-border initiative selected for funding should have a strong regional rationale.

Ideally, cross-border grants would be awarded to one organization from each country involved. For countries where Eurasia Network has no representation (e.g. Turkey), the partner can be represented by a group of experts or consultants whose expenses will be included in the grant budget of a grantee-partner(s). In exceptional cases, one side of the partnership can be represented by a group of experts or consultants in a country that does have EPF representation.

EPF IP program staff may solicit cross-border project applications through grant competitions, invited proposals, or may receive unsolicited cross-border proposals through the open door. Depending on the selection process, EPF program staff should follow general guidelines for competitions, invited proposals, or open-door grants. Prior to initiating any of the above selection mechanisms, EPF IP program staff should engage in consultations with their respective EPF national program staff to make them aware of and secure their support to a particular upcoming cross-border initiative. Final approval to support a cross-border initiative in each of the involved countries (e.g. grant award, initiation of operational program) should rest with the respective EPF President/CEO. In case of a lack of consensus among EPF President/CEOs regarding a particular cross-border initiative, the Chair or designee of the Board of Trustees steps in as an arbitrator.

Prior to making a cross-border grant award, EPF program staff must perform programmatic due diligence on all the future partners involved (even those who will have non-grantee status).

#### **Cross-Border Grants Additional Documentation Required**

Required documentation for cross-border grants depends on the selection process chosen by program staff (open door, competition or invited proposal). The required documentation should identify the initiative as a cross-border grant. In particular, each partner (including those who will have non-grantee status) must provide a formal letter of intent expressing their agreement to engage in collaboration with partners mentioned in the joint project proposal.

#### **Cross-Border Grants Approval Process**

The approval process for cross-border grants should follow the general approval requirements of the grant selection type (open door, competition or invited proposal). In addition, EPF IP program staff should make sure that their respective national program staff, and ultimately their President/CEO is comfortable with supporting a particular cross-border initiative.

### Cross-Border Grants Grant Agreement Preparation

The first page of the grant agreement for cross-border grants must feature contact details of all the partner grantee organizations involved in the implementation of a joint project.

In addition, cross-border grant award letters should contain language indicating that the grant will be implemented within the framework of a joint cross-border project, as well as should indicate the names of all the partner organizations involved.

### Cross-Border Grant Reporting

For the purposes of reporting to the board, such as for the annual budget and operating priorities, or for reporting to donors, all cross-border grants should be identified in the grants management database as a “cross-border grant.”

## **13.5.12 Grants to EF and EPF/CRRC Network Partners**

These organizations are exempt from pre-award due diligence as long as they continue to execute high standards through internal controls of P&P and as long as external audits are exchanged.

Given the institutional connections and common history of the EF Network members and EPF/CRRC Network members, grantmaking to organizations within these networks are not subject to the same level of scrutiny either in advance of making a grant or during the reporting period. Rather, due diligence will be performed through exchange of external audits and policies and procedures during the proposal development stage. Reporting requirements will be stipulated by the donor agreement and agreed between EF and or EPF/CRRC Network members collaborating on program implementation to ensure that reporting is done in a timely and accurate manner.

## **13.5.13 Consortium Partnership Grants**

EPF might be a part of a multi-member Consortium/Partnership, and EPF might be the recipient of the donor funds that should be re-distributed among the other members of the Consortium/Partnership through grant awards or service contracts. In case the programmatic role and the financial implications of each member of the Consortium/Partnership has been clearly defined in the Consortium's/Partnership's proposal and approved by the donor, then a) grant awards should be waived from the approval by the EPF Advisory Committee, while other grant management procedures might be simplified upon approval of the President; b) service contracts should be done with the pre-approved justification of the sole source.

The EPF's grants management policy and procedures should be applied to all grantees and partners. However, individual donors may have other preferred practices and requirements and that donor requirement might be deemed to supersede EPF requirements. In this case, all shall respect individual donor requirements.

## **14. GRANT MANAGEMENT**

This section applies to grants made to organizations outside of the EF and EPF/CRRC Networks.

The following procedures are recognized as best practices by EPF, however it is also understood that individual donors may have other preferred practices and requirements and that donor requirements might be deemed superior. Should that occur a memorandum will be written for the files by the President/CEO.

### **14.1. PROGRAM AND GRANTS MANAGEMENT RESPONSIBILITIES**

Program and grants management staff share responsibility for awarding and managing grants. The following table summarizes the roles and responsibilities of program and grants management staff. Note that in nearly every area close cooperation and interaction are required:

	<b>Program Manager</b>	<b>Grants Manager</b>
Pre-award Phase	Reviews proposals and recommends candidates for consideration. Conducts programmatic due diligence.	Examines capacity of funding candidates to manage grants. Conducts financial and legal due diligence on organization.
	Analyzes programmatic activity and related budget, and recommends size, scope, and conditions of grant award.	Examines recommended proposals for compliance with all applicable rules and regulations and reviews all budget line items for allowability and applicability of costs.
	Drafts Acceptance Memo and Attachment 3. Contributes to Attachment 1.	Adds grants management review to Acceptance Memo (including recommendations of special provisions or additional requirements to be added to the award) and prepares Award Letter, Grant Agreement, Attachment 1, and Attachments 2A and 2B.
	Conducts seminar to discuss programmatic expectations of grant and monitoring/evaluation plan.	Conducts seminar to review legal and financial implications of the grant.
Post-award Phase	Reviews narrative and financial reports with emphasis on programmatic performance. Communicates results to grantee as appropriate.	Reviews narrative and financial reports with emphasis on financial management and compliance with rules and applicable regulations.
		Issues requests for payment.
	Conducts programmatic site visits. Identifies strategies and mechanisms to improve reporting on outcomes.	Conducts grant management site visits.

	Reviews requests for grant amendments for programmatic appropriateness. Drafts Amendment Memo.	Reviews grant amendment requests for compliance with applicable rules and regulations. Contributes to Amendment Memo and prepares amendment agreement materials.
	Reviews grant revision requests, including extensions, budget revisions, changes in grant strategies and substantive changes in grant activities for programmatic appropriateness.	Reviews grant revision requests, including extensions, budget revisions, changes in grant strategies and substantive changes in grant activities for financial appropriateness.
	Commissions external program evaluation as needed.	Commissions external audits as needed.
	Contributes materials to grant file (notes from meetings, phone conversations, etc.).	Contributes materials (notes from meetings, phone conversations, etc.) and maintains grant file.
	Completes programmatic section of close-out memo and writes the outcome statement.	Completes Close-out Worksheet, grant management section of Close-out Memo, Grant Action Form and closes grant file. Drafts Close-out letter for the Director to sign.

## 14.2. INQUIRY AND PROPOSAL REVIEW

EPF normally accepts inquiries and proposals from locally registered organizations. However, in prescribed circumstances, it also will consider inquiries and proposals from organizations with registered branches in-country or from other countries, including from neighboring countries that are proposing some type of cross-border cooperation within EPF's mandate. Usually such cases can take place if EPF's approved proposal to the donor has justified this approach.

### 14.2.1. INQUIRY REVIEW

EPF encourages interested open-door grant applicants to submit an inquiry – a brief description of their proposed project – before submitting a proposal. Regardless of the size and detail of a submission, projects should initially be considered as inquiries until relevant program staff determines that they stand a reasonable chance of funding. This provides program staff with an opportunity to pre-screen inquiries and save both the applicant's and staff's time in developing and reviewing out-of-mandate proposals. The inquiry might have the following elements in it:

- Description of project idea,
- Description of the applicant organization, partners and potential co-funders,
- Outline of implementation plan,
- Strategy for continuing the project after EPF funding ceases,
- Estimated budget, and/or
- Expected Outcomes.

If the inquiry passes the first and most important screen for fit within the mandate and funding ceilings, and if there are no apparent concerns regarding the applicant organization or

the nature of the request, then the applicant should be asked to submit a full proposal. In oral and written communication with a prospective grantee, the Program Manager must reiterate the disclaimer that an invitation to submit a full proposal is not a guarantee that the proposal will be funded, and that the decision does not entirely depend upon the Program Manager.

Generally, the *inquiry review process* proceeds as follows:

Step	Responsible	Description
1.	Program Assistant/Administrative Assistant	Receives inquiry or unsolicited proposal and stamps it with the date received. Routes the inquiry to the appropriate Program Manager. Logs inquiry into the grants management database and sends acknowledgement notification to applicant (by mail, e-mail or phone).
2.	Program Manager	Reviews inquiry and records notes for the file. If necessary, Program Manager requests additional information from the applicant, colleagues or third-party experts.
3.	Program Manager, President/CEO	If the inquiry does not warrant a full proposal, the Program Manager drafts a brief inquiry regret memo and letter. The President/CEO signs the letter. The Program Manager or assistant sends the letter and updates the grants management database. End of inquiry review process.
4.	Program Manager/Assistant	If the inquiry warrants a full proposal, the Program Manager requests a full proposal and basic grants management documents. The Program Manager/Assistant updates the grants management database and holds the file until a full proposal and grants management documents are received. When a full proposal is received, program staff begins the proposal review process.

### 14.2.2. PROPOSAL REVIEW

When a proposal comes in, it is a good idea to perform a preliminary review immediately. An out-of-mandate proposal should not be reviewed further. For in-mandate proposals, it is often useful to categorize a proposal according to the quality of the proposal and the strength of the idea as follows:

<p><i>Box I:</i> <i>Good Concept / Good Design</i></p> <p>These proposals should be put on a fast-track for funding assuming no grants management concerns.</p>	<p><i>Box II:</i> <i>Good Concept / Bad Design</i></p> <p>There is a good idea from an organization that seems capable of doing the work. The Program Manager focuses on helping the applicant improve the implementation plan with the goal of making the proposal into a fundable “Box I” proposal.</p>
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<p style="text-align: center;"><i>Box III: Bad Concept / Good Design</i></p> <p>These are sometimes difficult to catch initially because the proposal is well written, but under the polished proposal lays a flawed concept. In most cases, the proposal should be regretted quickly.</p>	<p style="text-align: center;"><i>Box IV: Bad Concept / Bad Design</i></p> <p>These proposals are poorly conceived and poorly written. They can be regretted right away.</p>
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Another way of categorizing proposals is according to the type of funding being requested:

- *Capital costs* – Requests for durable goods and services such as renovation, construction, and major pieces of equipment. EPF normally does not fund this type of proposal, and in most cases such proposals can be regretted immediately.
- *Operating costs* – Funding for an organization’s recurring costs, including salaries, office space, utilities, and other recurring costs that are not specific to a single project. There is a role for such grants when an organization is identified as an institutional development (ID) grant candidate. Project proposals can include some support for operating costs, but the bulk of the funding request should be in the form of project-specific costs (see below).
- *Project costs* – Funding used to carry out activities, such as conference costs, event translation, or printing that are specific to the project being proposed.

EPF staff should be comfortable analyzing proposals requesting funding for project costs. The emphasis is on making sure that:

- The project is appropriately defined;
- The implementation plan is sound;
- The organization is capable of carrying out the activity; and
- The budget adequately resources the project.

Generally, the ***grant proposal review process*** proceeds as follows:

Step	Responsible	Description
1.	Program Manager, Grants Manager, and other staff as needed.	Review the proposal and record notes for the file using the review guidance memorandum, outlining scope of programmatic and grants management due diligence appropriate to the proposal. If more information is needed, the Program Manager and Grants Manager consolidate questions and send them to the grant applicant, colleagues, and/or third party reviewers.
2.	Program Manager, President/CEO	If the proposal does not warrant funding, the Program Manager drafts a brief proposal regret memo and regret letter. President/CEO signs the regret memo and letter. The Program Manager/Assistant sends the letter and updates the grants management database.
3.	Program Manager, Grants Manager	If the proposal does warrant funding, the Program Manager, Grants Manager and the grant applicant jointly develop a logic model, including project outcomes and performance measures, as well as budget, payment, reporting, and evaluation plans. Primary outputs,

		outcomes and performance indicators should be described in Attachment 3. The applicant should be given a chance to review these plans before they are finalized. The Program Manager and Grants Manager jointly draft an Acceptance Memo.
4.	Program Manager	Verifies that programmatic information has been completely and accurately entered into the grants management database. The Program Manager is held accountable for 100% accuracy of the program data in the database.
5.	Program Manager, Grants Manager	The Program Manager and Grants Manager sign the acceptance memo and submit to EPF President/CEO.

No more than three months should pass from the receipt of a complete proposal to regret or the sending of an award letter.

In order to maintain EPF's reputation and public trust, open communications with the public and with grant seekers about the policies and procedures is essential:

- EPF provides acknowledgment of the receipt of any funding application.
- Grant seekers whose programs and proposals fall outside the interests of EPF should be told of this immediately.
- Eligible applicants should be informed at an early stage of all grant making information requirements.
- Grant seekers whose proposals are under consideration should be kept regularly informed of the steps and timing that will be taken in reaching a final decision.

### **14.3. PRE-AWARD DUE DILIGENCE**

#### **14.3.1. Conflict of Interest**

EPF strives to operate with the highest of ethical standards and transparency. Real or perceived conflicts of interest jeopardize EPF's reputation and ability to implement its mission. Conflicts of interest may result in excessive or fallacious payments, and thus result in unallowable costs or more serious actions against EPF and its staff.

As defined by EPF's conflict of interest rules (see section 10.9.8), there are several steps that should be taken by staff once a conflict of interest has been identified:

- Disclose the details of the conflict to the staff member's supervisor
- If the relationship will influence the decision-making process, involved individuals should recuse themselves
- Document the disclosure and the rationale for the action taken

There are several specific types of potential conflicts of interest that EPF staff should be mindful of, including:

- Personal relationships with grant applicants or vendors
- Grant applications from organizations staffed with former EPF employees and in-house consultants
- Grants to EPF office service providers (landlords, exclusive travel agency, etc.)
- Grantees using service providers in which they have a financial interest
- Grantees on expert or advisory committees

Note that in addition to conflicts of interest that may exist between EPF staff, board members and vendors, conflicts of interest may also exist among grantees and their contractors, vendors and employees. Program and grants management staff should be sensitive to inappropriate relationships that might exist during the exercise of their due diligence in evaluating and monitoring grant applicants and recipients.

In cases where a EPF employee and an in-house consultant recuses himself/herself from participating in grant decisions, another individual must assume the relevant responsibilities for the entire grant process. If a Program Manager recuses himself/herself, then another Program Manager needs to assume responsibility for the grant, and the same holds true for a Grants Manager. If EPF President/CEO recuses himself/herself, then the Board of Trustees should assume responsibility.

When a staff person is aware of a conflict of interest that has not been disclosed, the staff person should immediately notify his or her supervisor, as well as the President/CEO, about the conflict of interest.

Please note that in some cases there may not be a conflict of interest, however, the situation may be perceived as prone to conflict of interest. A perceived conflict of interest is sometimes no less dangerous to EPF's image than a present conflict of interest. EPF shall undertake everything to reduce the risk of perceived conflict of interest.

#### **14.3.2. Multiple Awards to a Single Entity**

Ideally, EPF should close one grant before awarding a second grant to the same organization. Yet, several reasonable instances could arise that justify awarding an additional grant to the same entity. For example:

- Awards to universities where one department is implementing a project and a separate department proposes to do an entirely different, unrelated project with a different project manager and a different project accountant; or
- An award is near completion and both financial and narrative reports have been submitted, but the grant cannot be closed because of certain audit or site visit requirements; yet the project requires another award to enter into a second phase because delay would jeopardize the results of the first grant award.

EPF may make multiple grant awards to the same organization only if a justification memo is written and placed in the grant file and notification of the award justification memo is submitted to EPF President/CEO. The justification memo should describe additional monitoring procedures that will be implemented to ensure that there is no duplication of costs or activities between the grants.

This limitation also applies to principles (project director and accountant) working simultaneously for two different grantee organizations.

#### **14.3.3. Programmatic Due Diligence**

Due diligence is about making the best possible decisions based on a reasonable level of review of information available at the time. Intentionally or unintentionally, applicants may write proposals that make their projects sound better than they really are. In worst cases, an

applicant may provide completely misleading information. To make a responsible funding decision, the Program Manager must try to gain as complete a picture as possible of the reality that is often obscured by a project proposal. The Program Manager has a responsibility to present both positive and negative points to the decision makers. The rationale for funding should include a discussion of the relative weight of the positive and negative features of the project. **As a rule, the Program Manager must conduct a site visit to an applicant prior to making a grant unless they have an established relationship with EPF or there are extenuating circumstances.** In the latter case, the Program Manager should explain these circumstances in a short memorandum to the file.

Program Managers should pay particular attention to:

- Organizational capacity – can this organization achieve its goals programmatically?
- Director’s capacity – can the project director meet the demands of the proposal?
- Does the proposal address EPF’s goals?
- What has already been done in the area of the proposal of a similar nature? Is this proposal aware of these other projects?
- Are the programmatic goals achievable?

Other due diligence steps can include:

- Seeking opinions and insights from others with a knowledge of a particular field or location.
- Scanning literature (including on the web) relevant to a project.
- Checking with other funders that have worked with the applicant organization in the past.
- Asking for documentary evidence such as support letters, financial statements, official records, etc.

Due diligence must be kept within limits. While it is often useful to speak with outside experts about a project, Program Managers must avoid inappropriately divulging confidential information contained in a proposal. Program staff should not ask for more information than is needed and keep requests within reason. The purpose of the review process is not to make a project perfect, but to mitigate risks where possible and strive for the best.

#### **14.3.4. Grants Management Due Diligence**

EPF considers a grant to be successful if it has achieved the desired programmatic outcomes and if it has been implemented in compliance with the terms of the grant agreement. A risk is an internal or external factor that could hinder the success of a project. Programmatic risks are factors that could hinder the achievement of desired project outcomes. Financial risks are factors that could hinder effective financial management of grant funds and compliance with the terms of the grant agreement.

As part of the proposal review process, in addition to evaluating the project under consideration, it is equally important to evaluate the organization to determine if there is anything evident that may affect its ability to perform the grant activities. EPF is able to award grants to organizations as long as they are legally registered under the laws of the given country and they are able to demonstrate sound management practices.<sup>4</sup> EPF reviews

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<sup>4</sup> If the EPF deems it appropriate to establish a relationship with a non-registered organization, it should as a rule provide funding through a EPF-run program and use procurement mechanisms through the EPF.

prospective grantee organizations to ascertain their managerial competence and fiscal soundness in order to protect EPF's interests and investment.

### Financial and Legal Documents Review

As a rule, an organization must be legally registered to be considered as a potential recipient of EPF grant funds. Organizations that require a special status are expected to obtain such status prior to applying to EPF for funding.

In addition to the legal registration requirement for organizations, EPF also performs a financial management review that focuses on an evaluation of financial and legal documents and an assessment of the potential risks. An analysis of the financial risks of a proposal would include a review of inherent risks, control risks, and the organization's prior experience with EPF funds. The purpose of performing this type of financial review is to identify potential issues that may affect the organization's ability to successfully complete its project activities and to recommend specific actions for EPF to take to decrease these risks. Much of the information used to assess the potential risk is available from the completed Grants Management Questionnaire (see section 14.3.4). The focus of the legal and financial documents review should evaluate the following:

- Does the legal entity have a functioning governance structure, management system, financial system, program, and staff?
- Is there any evidence of mismanagement or fraud and abuse in the organization's recent history? If yes, please explain the circumstances.
- Can the organization be expected to use EPF's funds for charitable purposes and in accordance with the terms and conditions of the grant agreement?
- In case of a for-profit organization, can it be expected that no benefits from the grant will inure to private individuals?
- Can the organization be expected to cover tax costs, from which exemptions are afforded by government, should it fail to obtain such exemptions?
- Can the organization be expected to exert adequate control to safeguard EPF's funds to ensure their use for EPF supported activity?
- Does the organization have outstanding debts that could put grant funds at risk?

The extent of EPF's review is determined in part by the type of organization. The following table illustrates some of the documentation or actions that are useful in making a determination of an applicant's ability to manage grant funds. The documents requested vary depending on the status of the institutions in question and where it is registered.

Document Type	Nonprofits	Universities/Gov't Budgetary Entities	Government Entities	For-profits	Individuals	Country of Registration
Documents Indicating Tax/legal Status*	Yes†	Yes†	Yes†	Yes†	Yes†	Local
	Yes	Yes	Yes	Yes	N/A	Int'l Rep Office
Recent Audit Report	Yes	Yes	Yes	Yes	N/A	Local
	Yes	Yes	Yes	Yes	N/A	Int'l Rep Office
Completed	Yes	Yes	Yes	Yes	Yes	Local

<b>Grants Management Questionnaire</b>	Yes	Yes	Yes	Yes	Yes	<b>Int'l Rep Office</b>
<b>Description of Accounting Systems and Controls</b>	See below	See below	See below	See below	N/A	<b>Local</b>
	See below	See below	See below	See below	NA	<b>Int'l Rep Office</b>
<b>Recent Financial Statements</b>	Yes	Yes	No	Yes	N/A	<b>Local</b>
	Yes	Yes	No	Yes	N/A	<b>Int'l Rep Office</b>
<b>Bylaws, Articles of Incorporation,</b>	Yes	Yes	Yes	Yes	N/A	<b>Local</b>
	Optional, at Reviewer's Discretion	No	N/A	Optional, at Reviewer's Discretion	N/A	<b>Int'l Rep Office</b>
<b>List of Board of Trustees</b>	Yes	Yes	Yes	Yes	N/A	<b>Local</b>
	Yes	Yes	N/A	Yes	N/A	<b>Int'l Rep Office</b>
<b>List of Owners of Corporation</b>	N/A	N/A	N/A	Yes	N/A	<b>Local</b>
	N/A	N/A	N/A	Yes	N/A	<b>Int'l Rep Office</b>
<b>EPF Commissioned Audit</b>	Maybe	N/A	No	Maybe	N/A	<b>Local</b>
	Maybe	No	No	Maybe	N/A	<b>Int'l Rep Office</b>

\*Documents should include registration certificate, balances and financial statements, and tax status documentation.

†Local entities must have these documents notarized.

- *Legal and tax registration documents* – All organizations are required to submit copies of appropriate documentation that verifies that the organization is legally registered in the country and that its tax reporting is current.
- *Audit reports* – These reports are independent auditor's opinions on the organization's financial statements and controls. Certain local organizations are required by law to have their financial statements and compliance with local accounting and legal requirements audited. Governmental entities and organizations that receive governmental budgetary support undergo audits by a special government audit agency.
- *Grants Management Questionnaire* – EPF's documentation of the organization's accounting policies and procedures and previous grants management experience, is useful in determining the organization's ability to adequately manage EPF funds (see Attachment 13A).
- *Description of and assurances regarding accounting system and controls* – In cases where recent audit reports are unavailable, the applicant should submit a copy of the organizational accounting policy manual or a letter to EPF that describes its ability to adequately manage EPF funds. If the organizational accounting policy manual is not available or omits to cover some accounting and internal control issues, a presumption

shall be made that the organization adheres to the accounting practices that may be found in Armenian legislation. If a letter is submitted, it should include topics such as the organization's experience managing other donor grants, assurances that the organization is able to account for grant funds separately for each donor and keep adequate time records, a discussion of which staff will be involved in the management of grant funds, and statement on payment mechanism to be used in transactions with organizations-partners, including those in EPF.

- *Recent financial statements* – Audited financial statements that show revenue and expense information for the organization. Information on recent years and projections over the life of the grant are appropriate. If submitted by a local organization, then the statement should be audited by an independent auditor and/or endorsed by a local tax inspectorate that show revenue and expense information for the organization.
- *Bylaws, articles of incorporation, incorporation Orders and Regulations (for Governmental and/or Budgetary Organizations), mission statements, lists of boards of directors, organizational chart, descriptions of products and services, etc.* – These documents may be useful in evaluating the management quality and purpose of new or unknown entities.
- *List of owners of corporations* – Establishing the ownership of for-profit entities is useful. In addition, it is important for EPF to ensure that any incidental profits are reinvested into the project. Prohibitive private inurement must be avoided. The list of founders and/or the list of members of NGOs may be useful to detect cases of conflict of interest.
- *EPF commissioned audits* – In cases where EPF is not able to obtain independent information on an organization's accounting systems and controls, an audit may be deemed appropriate. Such an audit might be conducted by EPF staff or by an independent entity.

#### Site Visits

- In addition to review of the above documents, **the grant manager should, as a rule, conduct a site visit if the applicant:** does not have sound financial controls and reporting systems; or
- is identified as high-risk during the proposal review process; or
- if applying for a grant is over \$100,000.

The grant manager may conduct a pre-award site visit whenever appropriate, but should conduct a site visit as required under section 14.6.2.5. if a grant is awarded.

During the site visit, the grant manager should check internal controls, including the use of a safe for key documents and petty cash, use of automated accounting system, compliance with local tax code, the state of internal accounting procedures, and ensuring that employment contracts exist and transparent system for paying salaries is in place. **The grant manager must complete EPF's site visit forum.**

#### Entities

- *Nonprofit organizations* – Because such organizations may not follow generally accepted accounting principles (GAAP) or International Finance Reporting Standards (IFRS), these require the utmost scrutiny. EPF must ensure that these organizations are

legitimate entities and will use grant funds for charitable and educational purposes and in accordance with the terms and conditions of the grant.

- *Governmental organizations* – **EPF provides grants to government entities only in exceptional circumstances.** EPF must ensure that these organizations are legitimate entities and will use grant funds for charitable and educational purposes and in accordance with the terms and conditions of the grant. In addition, as some governmental organizations do not have a separate legal identity or are limited in their capacity to perform certain activity, their ability to carry out a grant project must be carefully analyzed.
- *Budgetary organizations (organizations whose funding is allocated through the state budget)* – As with nonprofit organizations, these entities require the utmost scrutiny. EPF must ensure that these organizations are legitimate entities and will use grant funds for charitable and educational purposes and in accordance with the terms and conditions of the grant. In addition, since some budgetary organizations are limited in their capacity to perform certain activity—as, for example, is the case when budgetary organizations cannot exercise full control over their bank accounts and donated funds—their ability to carry out a grant project must be carefully analyzed.
- *For-profit organizations* – These organizations also may not follow generally accepted accounting principles (GAAP) or International Finance Reporting Standards (IFRS), therefore utmost scrutiny is required. EPF must ensure that these organizations are legitimate entities and will use grant funds for charitable and educational purposes and in accordance with the terms and conditions of the grant. EPF must ensure that the activity contemplated—research, training, provision of advice, education—produces a significant public good and principals of the grantee organization are compensated at reasonable levels. If the grant is expected to generate future profits or royalties for the organization, grant funding may be reduced or other instruments, such as recoverable grants or loans, may be considered.
- *Individuals* – EPF may consider awarding grants to individuals as an exception rather than a rule. EPF must ensure that individuals will use grant funds for charitable and educational purposes and in accordance with the terms and conditions of the grant. EPF does not award grants to individuals acting on behalf of an organization.

#### 14.3.5. Types and Analyses of Risk

1. *Inherent Risk* – The likelihood that external factors could preclude the organization from successfully completing its project. Evaluations of inherent risk focus on the nature of the project, the stability of the organization and external conditions that could affect the organization's ability to complete its grant responsibilities. Components include, as applicable to individual proposals:
  - Commenting on the size of the grant award and its proportion to the organization's overall budget;
  - Commenting on the stability of the political climate of the region in which grant funds will be maintained;
  - Commenting on the stability of the financial (banking) climate of the region in which grant funds will be maintained;
  - Discussion of potential external political or other interference on the project activities.

- Commenting on the stability of the organization and to what extent inner turmoil jeopardize the project;
  - Commenting on the reputation of the organization and/or key project personnel and to what extent organization's ability to successfully complete the grant may be in jeopardy; and
  - Discussion of other external conditions that could impact the organization's ability to successfully complete the grant, such as communication problems (unreliable telephone/internet service), lack of computers, insufficient office space, etc.
2. *Control Risk* – The likelihood that the organization's system of internal controls would not detect errors or noncompliance. The determination of control risk focuses on the organization's system of internal controls based upon its responses to the grants management questionnaire (see Attachment 13A). Components include:
- Discussion of the source of the organization's funding base, which would indicate their experience in managing government funds, or other types of funds;
  - Discussion of the organization's transaction approval process, including the organization's procedures for securing appropriate approvals by a responsible organization official;
  - Discussion of the organization's segregation of duties and if they demonstrate adequate procedures to ensure proper segregation of approval, custody of assets, and recording of transactions. [Payments: separate personnel are responsible for preparing, authorizing, and recording payments; Received funds: the individual receiving money does not have the authority to sign checks or disburse funds and reconcile bank accounts; Individuals are not able to authorize a transaction by which he/she may benefit (for example, salary payments)];
  - Discussion of the organization's accounting system and procedures and if they reflect the organization's ability to record, summarize and report transactions and maintain accountability for assets and liabilities;
  - Commenting on the organization's ability to monitor one or more subrecipients, if applicable;
  - Discussion on any previous audit findings that are of concern to EPF;
  - Discussion of any evidence of mismanagement or fraud and abuse in the organization's recent history; and
  - Commenting on the grantee's compliance with applicable tax inspection reporting and regulations.
3. *Prior EPF Experience* – The quality of the organization's previous performance with EPF funds. This section evaluates the organization's previous performance as a grantee. Components include, as applicable to individual proposals:
- Commenting on the grantee's previous analytical reports, including the timeliness of receiving the reports and if they contained appropriate information;
  - Commenting on the grantee's previous expenditure reports, including the timeliness of receiving the reports, if they were in the approved format and if they contained appropriate source documentation;
  - Commenting on previous grant actions, including if the grantees complied with EPF's policies regarding extensions, budget revisions, programmatic revisions and changes in project personnel; and
  - Discussion of any significant concerns that were disclosed during previous site visits.

## 14.4. GRANT BUDGETS

EPF supports primarily the costs associated with undertaking a particular project, such as the salaries and fringe benefits of project staff, project-related travel, consultants, communication costs and supplies. In addition, some allowance for indirect costs may also be included. Operational costs may be included in institutional development grant budgets. EPF may also provide support for minor equipment (e.g., personal computers, typewriters, copiers, fax machines), provided that the equipment is not readily available at the grantee institution and is required to carry out the project.

EPF generally does not support:

- Construction or renovation of facilities;
- Endowments; or
- Existing deficits.

The Grants Manager is responsible for taking the lead in negotiating the budget directly with the prospective grantee, in accordance with the policies and procedures described below, to ensure that costs are reasonable given the scope of work proposed. In some cases, U.S. government or other standard rates are referred to as a guide in determining the reasonability of certain budget figures (e.g. travel per diems, daily consulting rates, etc.).

Once an acceptable budget is agreed upon, this budget is prepared in the format of a Financial Report Form, attachment 2A to the grant agreement (see section 14.5.2), and included in the grant agreement to be executed between EPF and the grantee.

Allowability of costs incurred with funding received from donors is determined in accordance with the corresponding donor agreements. All grant costs need to be allowable, reasonable and allocable.

### Format for Grant Budgets

The grantee's budget should be presented in a format that corresponds with the grantee's chart of accounts to facilitate the reporting of expenditures to EPF. Expenses should be broken down according to the organization incurring the expenses. For example, budget line items should be separated between the primary grantee's expenses and the subgrantee(s)' expenses.

#### **14.4.1. Direct Costs**

Direct costs are those expenses in the grantee's budget directly attributable to the project being supported. Below is a list of costs generally classified as direct costs. This list is by no means all-inclusive. In the budget, detail should be provided on each direct cost as indicated below.

### Salaries and Wages

This includes all payments for services performed by employees and in-house consultants of the organization. Timesheets must be maintained for each employee and in-house consultant whose salary is charged to the grant. Timesheets shall account for the total activity for which employees and in-house consultants are compensated and which is required in fulfillment of their obligations to the organization including activities funded by the organization itself and other donors. Applicants should list all positions separately, providing names (if known), titles,

monthly salary, percent effort or actual time for the project, and the portion of salary to be charged to the project:

All salary and personal compensation costs that are charged to the grant must be documented in the following manner:

- Costs must be based on documented payrolls approved by a responsible official of the organization.
- Timesheets must reflect an after-the-fact determination of the actual activity of each employee and in-house consultant. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to the grant.
- Timesheets must account for the total hours worked each day for which employees and in-house consultants, are compensated by the organization. Each activity or project that the employee and in-house consultant worked on, funded by all funding sources, should be reflected on the timesheet.
- The reports must be signed by the individual employee, or a an in-house consultant, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee or the in-house consultant.
- The reports must be prepared at least monthly and must coincide with one or more pay periods.
- Salaries and wages of employees and in-house consultants used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from grant funds.

The base monthly salary should be consistent between grants. Employees, in-house consultants and consultants should not be compensated for more than 100% working time. Resumes should be included for all personnel listed in the budget.

Salary amounts declared in proposed budgets must be consistent with the remuneration provided for performance of non-grant organizational duties. When it is the opinion of the grants and program staff that this policy may negatively affect the implementation of grants, the determination of salaries shall be based on the research of salaries (remuneration) of comparable specialists on the labor market.

EPF does not pay the standard salaries of government officials nor will it provide extra compensation for them to perform their jobs. EPF can pay them an honorarium for speaking or performing functions that do not conflict with or overlap with their official work responsibilities. Government officials working outside their immediate area of responsibility through a non-governmental organization can receive a salary. "Government official" here means a member of the executive branch, parliament, or judiciary—not an employee of a budgetary organization such as the academy of sciences or a university. This does not mean that EPF cannot make grants to governmental organizations—it just means that we cannot pay them a salary to do their regular work.

#### Contractual Services

Items such as temporary personnel services, translation services, rented or leased equipment, audit and legal fees, program evaluations, and accounting services (if performed by an outside contractor) are examples of contractual services. Officers and employees of the organization may not be paid for contractual services. All payments for services performed by officers and employees should be made under the budget category "salaries."

Support for contractual services would typically consist of a written contract that includes a detailed scope of work and budget (bidded and approved by EPF if over \$500), a delivery-acceptance act, and an itemized invoice or receipt that indicates which services have been performed and the basis for payment (rate per hour, day, page, etc.). If the contractor requests reimbursement for other direct costs such as travel expenses or facilities rental, these costs should be itemized and supporting documents should be provided. EPF requires prior written approval by a EPF Program Manager or Grants Manager for subcontracts of \$500 or more awarded in CIS region and of \$5,000 or more to US or European based organizations.

#### Consultant Fees and Expenses

Support for payments to consultants is allowable, but officers and employees of the organization may not be paid for consulting services. All payments for services performed by employees should be made under the budget category "salaries." The daily fee for consultants may not exceed \$350 without prior approval from EPF.

Support for payments to consultants should include a written agreement, a delivery-acceptance act, and an invoice or receipt indicating that contracted services were performed. Additional support for significant items billed by the consultant, such as travel costs or production costs should also be provided in order to verify allowability and reasonableness. The applicant should indicate the purpose of the work and the proposed consultant(s) (if known), including cost calculations (e.g., 3 consultants X 2 days X \$100/day).

#### Honorarium

Support for reasonable honoraria compensation is allowable.

#### Benefits, Allowances, and Taxes

Employee and in-house consultant fringe benefits (vacation, sick leave, insurance, pension costs, etc.) are allowable provided the benefits are paid in accordance with the grantee's established written policies. The portion of fringe benefits paid with EPF grant funds should be in proportion to the amount of time or effort actually devoted to EPF activities. The applicant should provide the percentage of benefits being charged against the grant.

#### Travel and Per Diem

Reasonable travel costs, including transportation, accommodation, food, and related items are allowable, but the travel must be directly related to program activities. Travel must generally be in economy class except when health or approved by EPF President/CEO. All air transportation in grants funded with the U.S. government funds must be on U.S. flag carriers (U.S. owned airlines) when such service is available. Lower cost is not an acceptable reason for using a non-U.S. carrier. In all cases where a non-U.S. carrier flights is used, the grantee should prepare supporting documentation explaining the use of a non-U.S. air carrier (for more information on this policy, see section 8.5).

Transportation and incidental travel expenses must be supported by the original ticket stub or receipt and the boarding pass, which confirms that the traveler did fly on the billed flight in the class of service invoiced. Lodging must be supported by a hotel receipt. Receipts are not required for meals while traveling if the traveler is being reimbursed on a per diem basis in lieu of actual expenses.

The applicant should indicate the traveler(s), the purpose of the trip(s), destination(s), and approximate date(s). The details of the calculations should be provided in a format similar to

the following: 5 trips X 3 people X \$650/trip.

### Space and Utilities

Reasonable expenses for rent or lease of facilities for grant-related activities and other related expenses such as minor maintenance, repairs and alterations are allowable. Supporting documentation for rent payments would typically consist of a lease agreement and a payment document, while supporting documentation for utilities would consist of an invoice and a payment document. In cases where a portion of the grantee's rent or utilities costs are charged to the project, the grantee must detail the allocation basis in the supporting documentation.

### Supplies and Equipment

Nonexpendable equipment or furniture is defined as an item that costs \$5,000 or more per unit and has a useful life of more than one year. Purchase of nonexpendable equipment and furniture requires prior EPF approval.<sup>5</sup> The purchase of used equipment with U.S. government funds is not permitted without prior written approval from the U.S. government agreement officer. The cost of shipping equipment or supplies is allowable and should usually be accounted for in conjunction with the purchase of such items. All air freight shipments paid with grant funds must be on U.S. flag carriers when such service is available. Supporting documentation for supplies and equipment would consist of an invoice and/or a receipt and inventory or warranty cards. The applicant should provide detailed specifications on the type and price of the equipment. (See section 14.6.2.3 for additional information.)

### Communications and Postage

Costs incurred for telephone services, local and long distance calls and facsimile charges, telex, telegrams, internet, and similar costs related to implementation of the project objectives are allowable. Also allowable are postage and courier expenses. Supporting documentation for communication and postage expenses would consist of an invoice and/or receipt.

### Other Direct Costs

This category includes a number of different costs, such as:

- *Printing and Publishing* – If grant funds are used to underwrite the cost of printing or publishing materials offered for sale, the grantee must account for sales revenue and/or royalties. All revenues are treated as program income and must be reinvested into the grant project. A description of the publication(s), number of copies to be printed, and the dissemination plan should be included. Note that printing and publishing costs should be project-specific. Printing and publishing costs associated with general organizational promotion or the dissemination of general information about the organization are not allowable as direct costs. Exceptions may be possible in the case of ID grants. EPF President/CEO will offer guidance on this issue.
- *Meetings and Conferences* – Indicate the purpose of the meeting(s), approximate date(s), location, and number of attendees. All costs should be itemized (e.g., room rental, food, audiovisual equipment, transportation). Expenses should be documented with (1) receipts, (2) an explanation of the purpose and location of the function, and (3) a list of the names and affiliations of participating individuals.
- *Reference Materials* – Reference materials, including subscriptions.
- *Bank Service Charges* – Bank service charges are allowable when required for grant related activities.

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<sup>5</sup> If such equipment is included in a proposal submitted to and approved by a donor, then it is assumed that the EPF has received approval for the purchase of such equipment.

- *Health Insurance* – When EPF funds support the travel of citizens outside their home country, temporary health insurance should be provided for their stay.
- *Subcontracts Services* – Budgets under subcontracts must include the same level of detail as the rest of the budget. (See section 14.6.5 for additional information.)

#### **14.4.2. Indirect Costs**

Indirect costs are general overhead costs of an organization that are not directly related to a particular grant project. For example, on a training project, EPF might provide support for the salaries of training personnel, rental of a conference hall where the training will take place and perhaps for the travel expenses of participants.

Indirect costs are calculated as a proportion of the total of direct costs charged to the grant project, which help cover the organization's general overhead, which is, after all, necessary to the realization of the project. Indirect costs are the mechanism by which EPFs help organizations to meet these costs.

All indirect costs have the following qualifications:

- Indirect costs are not allowed on equipment purchases of \$1,000 or more;
- Double counting is not allowed on subcontracts: if indirect costs are charged by the grantee, additional indirect costs may not be charged by the subgrantee or subcontractor;
- Organizations receiving general support (a rare exception) from EPF are not eligible for indirect costs on other, specific project grants awarded simultaneously.

EPF will normally consider indirect costs in the ranges described below:

##### *U.S. Nonprofits and Non-U.S. Organizations*

EPF generally allows the following indirect cost rates:

- For organizations that have an indirect cost rate approved by a cognizant U.S. federal agency, EPF will accept this rate.
- For organizations that do not have an indirect cost rate approved by a cognizant U.S. federal agency, but are able to provide audited actual indirect costs, EPF will consider this rate.
- For organizations that do not have an indirect cost rate approved by a cognizant U.S. federal agency, nor have audited actual indirect costs, EPF will normally consider an indirect cost allowance of up to 15 percent of direct grant costs. If an organization feels that this indirect cost rate is too low to cover the organization's cost for implementing the project, it would be required to provide additional documentation and justification for its proposed rate, which would demonstrate its reasonableness.

##### *U.S. For-Profits, U.S. Universities, and the U.S. Government*

EPF will normally consider an indirect cost allowance up to 15 percent of direct grant costs. If an organization feels that this indirect cost rate is too low to cover the organization's cost for implementing the project, it would be required to provide additional justification for its proposed rate, which would need to pass a strict reasonableness test.

##### *Local Organizations*

EPF generally allows the following indirect cost rates:

- For organizations that have an indirect cost rate approved by a cognizant U.S. federal agency, EPF will accept this rate.
- For organizations that do not have an indirect cost rate approved by a cognizant U.S. federal agency, but are able to provide audited actual indirect costs, EPF will consider this rate.
- For organizations that do not have an indirect cost rate approved by a cognizant U.S. federal agency, or audited actual indirect costs, costs are allocated on a direct basis only.
- For individuals, indirect cost rates generally do not apply. Costs are allocated on a direct basis only.

#### **14.4.3. Unallowable Costs**

- Grant budgets shall not include line items for any expenditures not permitted under EPF's agreement with its donors such as:
  - Activities outside the approved purpose and project objectives or budget for the grant
  - Costs incurred before or after the official grant period
  - Advances or loans of grant funds to any other entity prior to the execution of a satisfactory written subagreement or subcontract
  - Activities prohibited under the grant
  - Contributions and donations to individuals or organizations
  - tobacco
  - Bad debts, related collection and legal costs associated with the recovery of the debt
  - Purchase of real property (land and land improvements such as buildings and structures) without prior written Foundation approval
  - Depreciation or use allowance on equipment or facilities purchased with grant funds
  - Retainer fees, unless supported by documentation of actual services rendered
  - Contributions to a contingency reserve or similar fund, except under the limited circumstances described in the aforementioned U.S. government cost regulations
- The estimated cost of services or goods donated by others for grant related activities may not be charged to the grant; all costs must be for expenditures actually incurred
- Any excess of costs over income on other awards or activities is unallowable as a cost on this grant:
  - Passenger airfare or cost of transportation of property on a non-U.S. flag air carrier, unless it meets the exception criteria stated in above in Grant Provision 3, and the appropriate certification is attached to each payment document
  - Airfare in excess of the cost of less-than-first-class travel, unless approved in writing in advance by EPF
  - Per-diem or consulting fees in excess of the applicable maximum daily rates.
  - Restricted or ineligible goods or services

#### **14.5. RECOMMENDING A PROPOSAL FOR FUNDING**

The final stage of proposal review is a critical time for both EPF and the applicant. EPFs lose considerable leverage over the project and grantee once the proposal is funded. While EPF should not re-write proposals for its applicants, grant making is a collaboration between EPF and grantee. Program Managers should view the final stage of proposal review as a chance to help get the grantee off to a good start and provide the tools necessary to make mid-grant corrections and improvements, if necessary.

An important element of this stage is the development of an exit strategy for EPF. If the latter is the case, EPF's criteria for determining whether additional funding will be considered should be described as clearly as possible. These criteria should be directly related to outcomes and not to grantee performance per se. The grantee should understand that even if it fulfills all of the obligations under the grant, EPF still may not continue to fund them. It should be noted that with every renewed commitment, EPF loses the flexibility to make grants to new organizations.

EPF requires that a Program Manager write a funding recommendation (Acceptance Memorandum) that is then reviewed and signed by the President/CEO and, if the grant exceeds the authorized limit, it is reviewed and signed by the Board or the Designee of the Board to the limit assigned to that designee (see section 13.3 for approval requirements). Funding recommendations for grants at or above \$100,000 require approval of the Board of Trustees. In practice, staff should still informally consult with their colleagues and the board for funding recommendations that come near but do not exceed these thresholds.

#### **14.5.1. Acceptance Memoranda**

Acceptance memoranda should be brief (approximately eight pages) and provide thorough arguments for why EPF should invest in the proposed project. Memoranda should come as close as possible to the proposal, so it is advisable to ask the applicant to write the proposal in such a way that many issues in the AM will be taken from it directly. Good recommendations tend to have the following characteristics:

- Keep the audience in mind. It is often useful to include background information about an organization and or field, but information can be omitted if it is certain that other EPF staff and board members already know the background.
- Clear and concise discussion of the purpose of the grant, the grantee, the context in terms of the field as a whole, EPF's own past grant-making history, and, if appropriate, the Program Manager's own cluster or initiative strategy, the expected outcomes in terms of benefits for the communities served by the project, and finally, but not least importantly, the risks for EPF and for the grantee and project.

By signing an Acceptance Memo a Program Manager, Grant Manager and EPF President/CEO are accepting responsibility for the due diligence work that is done for the grant award. This document should be signed only by EPF employees.

If upon completing an Acceptance Memorandum, if a Program Manager or Grants Manager does not feel comfortable recommending it for funding, then the individual should not sign, but rather document his/her concerns and forward both documents to EPF President/CEO for his/her review. If EPF President/CEO chooses to continue with funding the proposal, then EPF President/CEO can do so. In addition, EPF President/CEO should notify the Board and at some point in the future, this file will be reviewed. If EPF President/CEO chooses not to proceed, but rather regret the proposal, then the normal regret procedures apply.

If a Program Manager or Grants Manager does not feel comfortable signing an Acceptance Memo, but the grant is funded regardless, the Program Manager and Grants Manager must fulfill their standard monitoring activities as they do with their other grants. The only time a staff member would not participate in the traditional grant activities is in cases where an

individual has recused himself/herself due to a conflict of interest.

*Note: Attachment 3 (see section 14.5.1.) is prepared at the same time as the acceptance memorandum and serves as the basis for grant monitoring, reporting, and evaluation.*

## **14.5.2. Grant Agreement**

The grant agreement should be generated from a template and reviewed in detail for changes to be made that are specific to the grant. A sample grant agreement can be found in Attachment 13C.

In cases when a grant is given to an EF or EPF/CRRC network partner, a simplified agreement will be developed outlining the payment schedule and reporting requirements and timeline to ensure that the primary grant recipient is able to provide timely and accurate information to the donor while limiting the oversight burden on the primary grant recipient.

The following are required attachments to the grant agreement and outline the specifics of the award. Note that the grantee is not allowed to adjust any of these documents in any way. If an adjustment is needed, it must be done by a EPF employee.

### *Attachment 1: Payment Schedule and Reporting Requirements*

Attachment 1 (see Attachment 13D) outlines key dates during the life of the grant including due dates for submission of specific documents (such as the grant agreement, subaward agreements, narrative and financial reports); payments; audits site visits. This attachment can be updated during the grant to reflect an amendment or extension of the grant. In this case, a new Attachment 1 must be developed, printed for the file, and sent to the grantee.

### *Attachment 2A: Financial Report Form*

Attachment 2A (see Attachment 13E) is the form that the grantee must use to report on expenditures under the grant. It is a summary of the detailed budget, with columns indicating reporting periods. A column for variance at the far right indicates funds unexpended (or overexpended) to date.

### *Attachment 2B: Detailed Budget*

Attachment 2B (see Attachment 13F) is the agreed-upon budget between EPF and the grantee. It includes separate columns for EPF contributions and grantee contributions. Grantee contributions should only be listed if they are considered matching funds that will be reported by the grantee and monitored by EPF staff. Note that to be counted as a leveraged contribution, the grantee contribution to a project cannot include equipment or other materials that they already own.

### *Attachment 3: Grant Outputs, Potential Outcomes and Evaluation*

Attachment 3 (see Attachment 13G) forms the basis of the program work under the grant. It is created using the logic model developed by EPF and grantee staff during the proposal review process. It should be referred to when reviewing narrative reports.

### *Attachment 4: Summary of Legal Requirements Regarding the Management of EPF Grants Financed With U.S. Government Funds*

Attachment 4 (see Attachment 13H) outlines the allowability of EPF grant costs as detailed in OMB circular A-122.

### 14.5.3. Post-Award Meeting

The first step in developing a good relationship with the grantee is to have a post-award conference call with the grantee, or hold a grant management or programmatic seminar. This is an opportunity for staff to go through the grant award letter, reporting requirements, expectations about the level of EPF's involvement in monitoring and evaluating the project's progress, the grantee's needs for technical assistance, a schedule for evaluation (if not already included in the grant award letter), and other issues. The post-award meeting also sets a personal tone for what is ultimately a relationship between people—the Program Manager and grantee staff—as well as institutions. It is important that that relationship be as open and productive as possible.

### 14.5.4. Guidelines for Publication Statements

Publication statements are the primary source of information about EPF and its grants for funders, grantees, and the development community. The following guidelines are intended to ensure appropriate and consistent grant lists.

- **Context.** A publication statement is always printed together with the grant amount, the geographic impact area, and the name of the grantee organization. When EPF publishes grant lists, it always groups grants by program category. Grants awarded under competitions are always grouped together under the title and brief description of the competition. Do not repeat any of this information in the publication statement.
- **Length.** Publication statements are usually two-three sentences long. Staff should avoid extremely short descriptions that do not provide readers with enough information to understand the project. At the same time, since grant lists often contain dozens or even hundreds of grants, it is important the descriptions not be too long. As a general rule, descriptions should be roughly 250-600 characters in length, depending on the size and complexity of the project.
- **Standard Format.** EPF follows the format accepted among grant-making EPFs. The first part of the publication statement is an elliptical construction in which the first part of the sentence—"EPF awarded a grant..."—is omitted. The publication statement begins with a sentence fragment that logically and grammatically completes the omitted part of the sentence. Phrases such as "to support...", "for the development of...", "to provide...", "in support of..." and other similar constructions are appropriate at the beginning of a publication statement. The opening generally states the goal of the project and is followed by one or more complete sentences elaborating on the project and its beneficiaries.
- **Focus on Outcomes.** A good publication statement identifies a significant but realistic outcome. All outcomes should include reference to positive gender results. The summary of activities funded under a grant should logically lead to the stated outcome. However, the expected outcomes of a project should not be overstated. It is unreasonable to state that any single grant will build civil society in any country. Making claims such as this undermines EPF's credibility.
- **Activities.** Only list activities that reinforce the intended outcome. Do not give long lists of the project activities without any sense of the broader goal of the effort.
- **Grammar/Spelling/Punctuation.** Publication statements should be reviewed carefully. Mistakes are unacceptable. The Associate Director is responsible for ensuring quality control.

Once a publication statement has been written, it must be sent to EPF President/CEO or Associate Director for review. Suggestions for revision will be returned within two days, and the final version of the publication statement should be properly entered into the grants management database.

#### **14.5.5. Advisory Committees**

EPF's Board of Trustees has the role of governing EPF; however, EPF also employs Advisory Committees to provide sound advice on EPF grants and programs. The Advisory Committees should include both a gender equitable balance and gender specific knowledge and expertise.

##### Committee Functions

- Generally advise on all grant proposals or grant amendments of \$3,000 and above through a review of grant acceptance memoranda;
- Contribute regional and technical expertise to decisions on individual grants and to the strategic and operational planning process at the local level.
- Provide additional element of transparency to awards and programming decision..

##### Composition, Compensation, Term Limits

- Each Advisory Committee should consist of 5-7 members, constituted by local and/or international representatives. In the case of EPF's Cross-border Programs, the Advisory Committee will consist of six members, two from each of the three EPFs in the South Caucasus.
- EPF President/CEO identify members from among leading researchers, stakeholders (e.g., donors, government officials, etc.) and members development community with expertise in fields related to EPF's work;
- Compensation is at the discretion of EPF President/CEO. In most cases, members should only receive compensation for travel expenses;
- Membership is staggered to ensure continuity plus regular rotation. Members typically serve a renewable two-year term, although rotation is encouraged after more than one term.

Note: for competitions usually separate Competition Boards are established, which may or may not include Advisory Committee members.

##### Review Process

- Meetings are planned according to the need. Acceptance memoranda, not full proposals, are submitted to each committee member at least one week before meeting. In some cases, full proposals may be submitted.
- The Committee should vote based on the voting system established for the purposes of the current round of grant-making and/or competition. If no voting system is established, a simple majority vote is needed to approve a proposal for funding. The Committee may approve a project conditionally, recommending changes.
- Meeting minutes must be recorded and entered as part of each grant file that was reviewed.
- Pre-award modifications or substantive changes in a project's objectives and/or budget (20 percent increase or decrease) after initial Committee approval must undergo an additional review by the Committee.

- EPF President/CEO regularly distributes lists of approved grants and outcome statements to advisory committee members to keep them informed of the results of their proceedings.
- Votes are non-binding, but EPF President/CEO should generally follow determinations reached by a clear majority of the committee. Decisions on grant awards that run contrary to the recommendation of an advisory committee must be explained and documented by senior management in the grant file. In the case of conditional approvals, an explanation detailing how the committee's concerns were addressed must be included in the grant file.

#### *Conflict of Interest and Confidentiality*

- Committee members shall sign and abide by EPF's conflict of interest policy. Members will be expected to recuse themselves from discussion of any grants in which they may have a conflict of interest, as defined in the policy.
- Proceedings (discussions) of the advisory committee are confidential to protect members from undue pressure by applicants. The names of advisory committee members should be made public, and members should agree to this condition prior to their appointment.
- Rejected applicants may be directed to the Committee members with the approval of the latter for additional commentary.
- Individuals whose organization or who are themselves the current recipient of EPF grants usually cannot serve as Advisory Committee members. In the cases if that is appropriate, a special memorandum should explain the reasons. The reasons may be:
  - The Committee member has a non-competitive (partnership) grant from EPF.
  - The area of Advisor's grant is totally different from the area within which the grant competition takes place.
  - The Advisor's expertise is unique and there is nobody else who can substitute (sole source justification).
- Individuals whose organization or who are themselves the current recipient of EPF grants cannot serve as Advisory Committee members. Should an Advisory Committee member wish to submit a proposal for a grant to EPF, that committee member should wait six months after resigning from the advisory committee. Grantee employees are eligible to serve on the advisory committee six months after their grant is closed.
- Individuals who approve grants as an Advisory Committee member may not receive any compensation from the grants that they approve. If there is a possibility that an Advisory Committee member will be asked to provide expert or other services under the grant then that individual should recuse him/herself from the advisory committee review. Any payments made to the Advisory Committee member who participated in the review under the grant will be disallowed.

## **14.6. GRANT AWARD AND MONITORING**

### **14.6.1. Grantee Seminar Guidelines**

Grantee seminars are a valuable tool for EPF to ensure effective project implementation. Grantee seminars provide grantees with the information necessary to successfully manage grant funds and administer a grant program. Both Program Managers and Grants Managers conduct joint seminars that incorporate an integrated approach to provide overall programmatic, financial and evaluative guidance for grantees.

Grantee seminars should be conducted before the first grant disbursement. Since, as a rule, grantees sign the grant agreements at grantee seminars, it is recommended that copies of

proposed grant agreements and their attachments be sent to grantees at least a week prior to the grantee seminar. Attendance of both the project director and the project accountant are required—attendance is confirmed by signing an attendance spreadsheet. Failure to attend a grantee seminar by the project director or the project accountant may result in the suspension of an award.

It is recommended that the following information be included in the discussion at the grantee seminars:

- Donor requirements. For example, if the grant is awarded with USAID funding, all U.S. government regulations should be discussed. EPF staff may use attachment 4 of the grant agreement (see section 14.5.2) as general guidance for this discussion. In addition, general EPF requirements applicable to all grants should be reviewed, such as the audit policy.
- Actions requiring prior written EPF approval and instructions on the process of obtaining such prior approval. Consequences of failure to obtain prior EPF approval, if required.
- Grant revisions processes, including extensions, budget revisions, amendments, significant changes in grant strategies and/or grant activities.
- Review of EPF gender mainstreaming requirements
- In addition to A-122, where applicable, detailed guidelines regarding budget items, including salary payments, equipment, travel requirements, etc.
- Scheduling grant payments in attachment 1 of the grant agreement according to the cash flow projection submitted by the grantee at the pre-award stage or during the grant. Cash balance and its effect on payment schedule. Grant payments made to the organizational account and vendor payments.
- Detailed guidelines for effective management of grant funds, including separating grant funds from other organizational funds, keeping record of grants funds received and expenditures incurred, etc.
- Detailed description of EPF procurement policy. The materials should contain references to standard problems that may arise in conjunction with EPF procurement policy as well as suggested standard ways to resolve these problems.
- Status of equipment, its allowable use and maintaining up-to-date records of equipment purchased with grant funds, and EPF depreciation policy.
- Detailed guidelines for preparing and submitting analytical and expenditure reports, and support documentation. In addition, the materials must contain detailed guidance for filling out expenditure reports and for filing, organizing and submitting the required support documentation. Consequences of failure to submit timely financial and narrative reports in accordance with Attachment 1 and the grant agreement. Suggested forms of expenditure reports, examples on how to fill out expenditure reports. Suggested forms of submitting the required support documentation (numbering support documentation items, marking corresponding numbers next to each expense record in expenditure reports, etc.)
- Detailed guidelines for reporting on program income and its reinvestment in the project.
- EPF requirements regarding support documentation to be retained with references to relevant Armenian legislation and EPF policies and procedures. Providing access of EPF employees and independent auditors to grant-related documents.
- Grounds for grant suspension, special provisions relating to grant suspension, and unallowability of costs incurred during suspension.

- Detailed description of grounds for reversing the grant and unallowability of costs incurred after reversion.
- Detailed description of closeout procedures and the list of information that must be submitted prior to the commencement of the closeout procedures.

## **14.6.2. Grant Monitoring Mechanisms**

The following grant monitoring process ensures that EPF acquires adequate information about its grant-making activities. The process involves both the program and grants management staff and consists of the following components: analytical reports, financial reports, source documentation, audit reports and site visits. These activities combine to provide EPF with the best possible feedback regarding the overall financial and programmatic success of its grants. The following applies to all organizations, regardless of domicile, unless otherwise noted.

### **14.6.2.1. Analytical Reports**

Regular review of grantee's analytical reports can provide useful information. In accordance with specifications set forth in grant agreements and attachment 1 to the agreement, Payment Schedule and Reporting Requirements, EPF grantees are required to submit periodic analytical reports. Analytical reports should document grant outputs and outcomes up to the date of the report. Furthermore, if materials have been prepared under the grant, the grantee should submit copies of them as part of the analytical report.

Program and grants management personnel are responsible for reviewing both analytical and financial reports. Both reports should be reviewed together to ensure that the financial information corresponds with the programmatic activity for the specified period. A Report Review Form (see Attachment 13I) has been developed to document both program and grants management comments on the financial and analytical reports.

#### *Program Review*

The programmatic review of analytical reports consists of:

- Assessing whether the activities are consistent with those outlined by the grantee in his/her grant proposal,
- Assessing whether the project is making satisfactory progress towards its objectives as outlined in attachment 3 of the grant agreement (Grant Outputs, Potential Outcomes and Evaluation), and
- Reviewing for consistency in reported expenditures compared with the activities described in the accompanying analytical report.
- Ensuring that all data is disaggregated by gender and any other disaggregation that is relevant to the grant.

If the analytical report is acceptable, the Program Manager completes the Report Review Form. In cases where the reports are not acceptable and/or the project is materially off course, the Program Manager should work with the Grants Manager to request additional information from the grantee. In severe cases, grant payments should be suspended until the grantee implements appropriate interventions.

#### *Grants Management Review*

The grants management review of analytical reports consists of:

- Acknowledging timeliness of report as the schedule dictates on attachment 1 of the grant agreement, the Payment Schedule and Reporting Requirements;
- Checking for consistency between reported expenditures and the activities described in the accompanying analytical report; and
- Looking for extension, budget revisions, and/or programmatic modification requests.

If the analytical report is acceptable, the Grants Manager completes the Report Review Form. After the Grants Manager and the Program Manager have signed their approval of the analytical report on the Report Review Form, the Grants Manager will notify the grantee that his/her analytical report has been accepted by sending a report acknowledgment letter. When possible, it is preferable to send one letter acknowledging both the narrative and financial reports.

#### **14.6.2.2. Financial Reports**

EPF grantees are required to submit periodic financial reports in the format provided by EPF as attachment 2A to the grant agreement, and in accordance with the schedule detailed in attachment 1. Financial reports must include the following:

- Both the Project Director and Project Accountant must sign the financial report form;
- The organization's stamp should be affixed to the report;
- Reports should not contain any manual corrections, hand-written revisions or white-out corrections; and
- A detailed expenditure report.

#### Program Review

Programmatic review of financial reports consists of:

- Acknowledging timeliness of report as the schedule dictates in Attachment 1, the "Payment Schedule and Reporting Requirements;" and
- Reviewing for consistency in reported expenditures compared with the activities described in the accompanying analytical report.

If the financial report is acceptable, the Program Manager completes the Report Review Form.

#### Grants Management Review

Financial reports are reviewed by the Grants Manager to assess whether:

- There is any significant under- or over-spending in any of the budget lines. Significant spending deviations are frequently a sign that work is not proceeding on schedule or that the strategy for achieving the project's goals may have been altered. For example, under-spending on staff salaries may signal that project staff has not yet been hired or there has been a turnover in staff. Over-spending should be examined immediately to ensure the grantee is able to complete the project with available funds and that no other irregularities exist.
- There is any evidence of gross mismanagement of grant funds. If there is evidence of mismanagement of grant funds, the Grants Manager will investigate following the procedures detailed in section 14.8.2.
- Financial expenditures do not track with planned and/or reported program activities. In cases where the financial report suggests that the project is not being implemented as planned or there is evidence of mismanagement of grant funds, the Grants Manager will notify the Program Manager. If the project is off course, grant payments may be suspended until the grantee implements appropriate interventions.

- The reports include all the information required by EPF.
- The project director and project accountant have signed the reports.
- The report contains the amount of interest accrued during the reporting period and explanations on how this interest was reinvested into project-related activities or refunded to EPF should the interest earnings exceed \$250 cumulatively.
- The report contains the amount of program income earned during the reporting period and explanations on how the income was reinvested into project-related activities.
- Previously reported expenditures are consistent with the current report. Any adjustments or revisions to the previously reported expenditures must be annotated.
- The grantee is following EPF policies with regard to line item transfers and the establishment of new line items.
- To determine the grantee's cash needs. If a grantee has a large cash balance, the next payment should be reduced or delayed. However, each grant should be examined individually since every project's cash flow needs are different.

If the financial report is acceptable, the Grants Manager completes the Report Review Form. In cases where the reports are not acceptable, the Grants Manager should request additional information from the grantee. In severe cases, grant payments should be suspended until the grantee implements appropriate interventions.

If the Grants Manager and the Program Manager determine that the report is acceptable, the Grants Manager will notify the grantee of the accepted report by sending a report acknowledgment letter. If both the narrative and financial reports are submitted simultaneously, the Grants Manager should notify the grantee of the accepted reports by sending one acknowledgment letter.

For grants of \$3,000 or more, the project director and the project accountant are encouraged to travel to EPF office with the first financial and analytical report; if this is not possible a conference call should be arranged. Funds for this travel shall be included in the grant budget. Both the Grants Manager and the Program Manager shall meet with the grantee principals to review the status of project activities and review grant expenditures. For the first report, grantees shall provide source documentation for expenditures of \$ 50 or more. (See section 14.6.2.3. for more information.) **Although grantees need to provide source documentation for expenditures of \$ 50 or more, they are required to obtain receipts for all expenditures, regardless of amount, and keep these in-house for local auditing purposes.**

Grants management review of source documentation in the first report consists of:

- Determination of allowability and applicability of costs supported by source documentation,
- Determination of grantee's compliance to regulations on procurement and acquisition of goods and services,
- Verification of the amount of interest/program income earned and reflected in the grantee's bank statements during a reporting period against the amount reported in a Financial Report Form, and
- Review of timesheets and verification of time spent by the grantee's employees on a grant-related activity during a reporting period.

Based on the grantee performance during the first reporting period and other significant factors such as risk level, staff should make a determination regarding the requirement for the

grantee to continue to submit support documentation with future reports. (See section 14.6.2.3. for more information.)

#### **14.6.2.3. Source Documentation**

Grantees are required to submit source documentation for expenditures of \$ 50 or more with their first financial report. If the first financial report, as submitted in person by project principals in accordance with the policy described above, is acceptable, the requirement for the grantee to submit source documentation with subsequent reports should be eliminated. If staff feel the need to retain a source documentation requirement because of an identified risk or because of poor first reporting, the source document requirement may be continued at the discretion of EPF President/CEO in consultation with the Grants Manager and Program Manager. **Although grantees need to provide source documentation for expenditures of \$50 or more, they are required to obtain receipts for all expenditures, regardless of amount, and keep these in-house for local auditing purposes.**

Grantees are required to maintain all grant-related source documentation and have it available for review by EPF staff at any time. Grantees shall follow relevant Armenian legislation in determining the procedures for maintaining source documentation. Source documentation shall be easily accessible and adequately organized. Staff is authorized to request any piece of source documentation from the grantee during subsequent reports, should questions regarding a particular expense in the expenditure report arise.

The above policy applies to EPF-funded grantees in the South Caucasus. Generally, the requirement to submit copies of source documentation with financial reports is not applied to grantees outside the South Caucasus region. As with all grantees, all original grant documentation should be retained by the grantee and should be made available to EPF staff, or its duly authorized representatives, at any time it is requested.

To ensure economical and practical procurement and encourage open and free competition, the grantee is required to notify EPF before purchasing of equipment having a useful life of more than one year and an acquisition cost of \$500 or more per item, or sole source purchases of \$500 or more. Acquisition cost of equipment means the net invoice price of the equipment, including any attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. The cost of installation, transportation, taxes, duty or protective in-transit insurance shall be included or excluded from the unit acquisition cost in accordance with local accounting practices.

The grantee shall provide documentation reflecting at least three bids and a justification for the preferred vendor to EPF with the request for approval. The grantee shall keep on file all documentation supporting the purchase (contract or invoice, payment packing slip, customs declaration (if any) or warranty cards (if any)). The grantee shall review and maintain copies of documentation on their sub agreement partner's procurement.

#### **14.6.2.4. Audit Reports**

EPF awards some grants using various government funds. For all grantees, EPF is required to manage and monitor each grant for compliance with the terms of the agreement, and in accordance with donor's regulations and Armenian laws. Independent audits are an effective tool for meeting this requirement. EPF requires the receipt of A-133 audit reports for all applicable grantees; any findings must be resolved in a timely manner. In addition, EPF has

developed its own audit policy to supplement the A-133 audit requirement.

#### U.S. funded Organizations

- U.S. non-profit organizations expending \$500,000 or more in U.S. government funds during its fiscal year are required to undergo an audit in accordance with OMB Circular A-133.
- Organizations that do not meet this threshold should submit their audited financial statements or an annual audit, if the organization undergoes this as part of their normal process. EPF may also choose to supplement this with a site visit if it so desires.
- If an organization is identified as high-risk during the proposal review, a pre-award audit requirement may be incorporated into a grant agreement.
- Whenever there are substantive indications of financial irregularities by an organization, an independent audit of the grant activities should be conducted.
- At any time EPF may build in an audit component if it deems it appropriate.

#### Non US Organizations

In addition to obtaining copies of an organization's audited financial statements or annual audit, the following are applicable:

- Any grant of or greater than \$50,000 should be audited. The audit costs should be included in the grant costs as a rule. However, if the audit costs are not included, an audit can be done either by EPF itself, or EPF may request the organization to ask for an audit statement excerpt from its certified annual audit.
- An independent audit can be included as an allowable grant cost in the grant budget. The format is similar to the one described in the audit section of this handbook, incorporating a financial statement, report on the internal controls, and a report on compliance. Depending on the size of the grant, the scope of the review may vary between a test sample and all documents being examined. Audit reports generally need to be performed in compliance with international and local accounting standards.
- For an organization that has received multiple grants where each individual grant is less than \$50,000, an audit or pre-award site visit is strongly encouraged.
- If an organization is identified as high-risk during the proposal review process but does not meet the above audit requirement, a pre-award site visit or an audit is strongly encouraged.
- Whenever there are substantive indications of financial irregularities by an organization, an independent audit of the grant activities should be conducted.
- At any time EPF may incorporate an audit component if it deems it appropriate.

#### Contents of Audit Report

To the extent possible, the award should include funds for the audit. Generally, audits take place after grant activity has been completed. However, the audit policy is flexible to allow for an audit to be conducted whenever it is deemed most appropriate, such as immediately upon suspicion of irregular activity.

The audit focuses primarily on the use of and accounting for grant funds. The organization's financial records that do not relate directly to the grant are generally outside the scope of the audit except as they relate to the auditor's assessment of the grantee's financial controls.

The specific objectives of the audit are to:

- Review grant expenditures and related documentation charged to EPF to determine if they are reasonable in nature, allowable under the terms of the award, accompanied by

appropriate documentation and if the expenditures reflected on the financial reports correspond to the grantee's accounting records.

- Test the overall adequacy of the organization's accounting for control of receipts and expenditures. Accounting records should be able to separately identify receipt and expenditure transactions for EPF funds.
- Determine if bank accounts are reconciled regularly and what is done with the interest earned on EPF funds.
- Determine whether the organization has an internal control structure to provide reasonable assurance that it is managing its EPF award in compliance with applicable laws, regulations, and agreement terms. These controls include budgeting and financial planning, the separation of financial duties such as authorizing purchases and making payments, maintaining inventories, performing reconciliations, protection of computer systems, and the hiring of personnel qualified to undertake grant responsibilities.
- Review the grant agreement between the grantee and EPF to ascertain whether the grantee has complied with the grant agreement. This should include a review of the appropriateness of activities undertaken, whether reports were submitted to EPF, whether procurement actions were conducted according to the terms of the agreement, the grantee's adherence to the grant budget, appropriate authorization of air travel, and other relevant clauses. The review will also test whether grant activities were conducted in compliance with applicable laws and regulations.

The independent audit report shall include at a minimum three parts:

- A Financial Statement that presents the grantee's revenues, expenses, and the cash balance of funds provided by EPF. Questioned costs should be presented in the statement in two separate categories:
  - Questioned costs that are explicitly ineligible because they are not program related, unreasonable, or prohibited by the agreement or applicable laws and regulations; and
  - Unsupported costs that are not supported with adequate documentation or did not have required prior approval or authorization.
- A report on the internal control structure and assessment of control risk along with any "reportable conditions" identified, including those that constitute a material weakness in the control system.
- A report on compliance, including an opinion as to whether the grant was administered in compliance with the grant agreement and applicable laws and regulations, any material instances of noncompliance found, and an identification of the total amounts questioned as a result of the noncompliance.

Audit reports need to be reviewed and approved by the Grants Manager and the director.

#### **14.6.2.5. Site Visits**

Tentative dates for site visits should be scheduled at the beginning of the grant and included in Attachment 1 of the grant agreement. Grants Managers should ensure that travel for site visits anticipated in the coming fiscal year is incorporated into EPF's annual operating plan and budget.

- All grants of \$10,000 or greater require at least one site visit performed by EPF staff. If EPF staff are unable to perform a site visit due to time or logistical constraints, then an independent evaluator or financial consultant can be used to perform the site visit.

Characteristics of site visits include:

- An independent audit can be included as an allowable grant cost in the grant budget. The format is similar to the one described in the audit section of this handbook, incorporating a financial statement, report on the internal controls, and a report on compliance. Depending on the site of the grant, the scope of the review may vary between a test sample and all documents being examined. Audit reports generally need to be performed in compliance with international and local accounting standards.
- A site visit utilizes EPF's site visit form and worksheet (see Attachments 13J and 13K). A sample review of documentation is performed based on the grantee's reporting. In addition, the scope of site visits incorporates a programmatic and evaluation perspective, as well as a financial one. Costs for site visits are treated as EPF non-grant program expense.

If an audit is not planned for the grantee, staff is required to perform at least one site visit, utilizing at a minimum EPF's Site Visit Form and Worksheet (see Attachments 13J and 13K). Some grants, depending on the risk assessment, size of the award, experience of the grantee, etc. may require more site visits. However, if the grantee was required to continue to submit source documentation throughout the entire grant, then a site visit is not required.

In determining the timing of the site visits during the grant, consideration should be given to the following:

- Schedule of project activities to coordinate with planned conferences, training, travel, etc. to either attend these sessions during the site visit period or to schedule around these major events so as to not interfere and distract the grantee from its activities;
- The size of the grant award;
- The risk level of the grant; with higher risk organizations, it may be useful to conduct an earlier site visit;
- The location of the grantee; when grants are clustered in one area, it will be useful and cost-effective to schedule multiple site visits during one planned trip.

This approach integrates programmatic, financial and evaluative functions to be reviewed. To the extent possible, it is recommended that site visits be performed jointly by Program Managers and Grants Managers, and where applicable, EPF President/CEO. However, acknowledging time, logistical, and financial constraints, it may not be reasonable to perform joint visits and it may only be realistic for one individual to perform the site visit. Or, rather than EPF staff perform the site visit, it may be more appropriate to have an independent evaluator or consultant perform the site visit.

### Guidelines

EPF staff performs site visits to:

- Verify that grants are progressing programmatically;
- Confirm compliance with appropriate internal controls, accounting procedures, management practices; and
- Evaluate the effectiveness and impact of EPF grants.

During the preliminary preparation phase for the site visit, EPF staff should:

- Thoroughly review the Grants Management Questionnaire, the Acceptance Memo, Logic Model, Attachment 3 and all analytical and financial reports that have been submitted. Determine if stakeholders were identified and if indicators were established.

- Read any evaluation reports (baseline data collection, interim reports, cluster evaluations, etc.) that might be available pertaining to this grantee, this project or this field of interest.
- Create a list of the programmatic and financial issues that may necessitate heightened attention during the site visit.
- Make use of information in the grant file to expedite the site visit. In most cases, EPF has at its disposal information about the program, internal controls, financial management and governance procedures of the grantee organization to plan the site visit adequately.
- Determine whether the program complements, duplicates, overlaps, or conflicts with other related programs or projects, funded by EPF or other donors.

During the site visit, EPF staff should:

- Follow up on the known previous findings and recommendations from previous audits, site visits, and routine monitoring.
- Based on the list prepared in preliminary preparation, begin by speaking to the grantee about the project in general, the issues listed, and then move on to the questions on the site visit form.
- Select grant expenditures to review using the grantee grant expenditure reports submitted to date. For this purpose, a standardized form of expenditure reports is required of all grantees. Make a copy of each Expenditure Report, mark the transactions reviewed, and indicate the reference number of each reviewed transaction used in Expenditure Report and the number of Expenditure Report in Site Visit Worksheet using column “Reference Number”. For example, expenditure marked with reference number “2” in the second expenditure report should be indicated as 2/2. Fill in analytical information for each expenditure reviewed in Site Visit Worksheet. Copies of expenditure reports and Site Visit Worksheet are an integral part of the site visit documentation and should be attached to the site visit form.
- Be prepared to conduct a more thorough review if discrepancies are discovered during the visit.
- Try to determine if anything has changed in the organization or in the program that needs to be more carefully analyzed.
- Verify the existence of equipment purchased with the grant funds.

After the site visit, EPF staff should:

- Write up notes for the grant file and save them in the grants management database.
- Address all major findings and provide recommendations as appropriate to the grantee in a follow-up letter.
- Consider all mechanisms available and appropriate for publicizing this project—to donors, EPF colleagues, the media, etc.

In addition to formal, scheduled site visits, Program Managers are also encouraged to maintain at least quarterly contact with grantees and to attend major events such as trainings, roundtables, etc. to ensure quality and report on impacts.

#### **14.6.2.6. Equipment Monitoring**

To ensure that the equipment purchased with grant funds is used for the charitable purposes stipulated in the award, or other similar approved charitable purposes, EPF monitors the use

of grant funded equipment. In certain cases, such as in large equipment purchases, EPF may require an additional period to monitor the use of equipment. It is advisable that all equipment purchased under grant have stickers of the donor.

While all grant requirements remain in full force and effect throughout the end of the monitoring period, grantees are required to cease incurring grant expenditures by the end of the stipulated financing period. Attachment 1 should clearly state the financing period in which the grantees may incur costs. Attachment 1 should also state the equipment-monitoring period, if applicable. This period provides EPF with additional time to oversee the grantee's use of grant funded equipment. During the period, grantees will be required to submit biannual reports on use and location of the grant funded equipment.

For grants awarded to EPF-funded organizations with individual items of equipment costing \$5,000 or more, or with a total equipment procurement value above \$15,000, a one-year monitoring period shall be incorporated into the grant agreement. On an individual case basis, equipment-monitoring periods may be stipulated at EPF's discretion. Upon receipt of all final reports, including reports on use and location of the equipment purchased with grant funds, EPF will initiate grant closeout procedures.

### **14.6.3. Grant Revisions**

A grant revision is any revision that does not require a modification in the language of the main body of the grant agreement or an increase in the grant amount. Generally grant revisions are triggered by a written request to EPF from the grantee. In other instances, EPF may initiate revisions to help ensure project success.

#### *Budget Revision*

A budget revision is a modification of the grant budget, without revising the total amount budgeted. This includes changes in the amounts budgeted among existing line items or deleting/adding current line items without increasing or decreasing the total amount budgeted.

#### *Revision in Schedule of Payments*

Revisions in Attachment 1 "Payment Schedule and Reporting Requirements" are necessary every time a payment amount or date deviates from the scheduled in Attachment 1 by 10% or one month, respectively.

#### *Extension*

Extension is a change in the time frame of the grant period to allow additional time to complete the grant product.

#### *Change in Grant Strategy*

This incorporates changes in strategy for achieving the project goals or changes in the overall objectives of the project and the product(s) that would result. Such changes generally call for substantive changes in interim products and the time frame for completing those products.

### Required Approvals for Grant Revisions

<b>Type of Revision</b>	<b>Required Approvals</b>			<b>Required Updates</b>		
	<i>Program Manager</i>	<i>Grants Manager</i>	President/CEO	<i>Payment and Reporting Schedule</i>	<i>Financial Report Form</i>	<i>Financial Summary Sheet</i>
Revision in due dates for narrative reports	YES	YES	NO	YES	NO	NO
Revision in dates of grant payments	YES	YES	NO	YES	NO	NO
Revision in grant payment amounts	YES	YES	NO	YES	NO	NO
Extension of grant period	YES	YES	NO	YES	YES	YES
Transfers among line items	YES	YES	NO	NO	YES	NO
Establishment of a new budget line item	YES	YES	NO	NO	YES	NO
Change in grant strategy	YES	YES	NO	POSSIBLY	POSSIBLY	NO
Substantive changes in the overall objectives of the project and the products that would result	YES	YES	YES	YES	YES	NO

#### **14.6.4. Grant Amendments**

A grant amendment is a revision that requires a modification in the language of the main body of the grant agreement and an increase in the grant amount. Generally grant amendments are triggered by a cost or activity that should have been included in the original grant agreement but was either overlooked or unanticipated.

#### Processing a Grant Amendment

To amend an existing grant, the Program Manager should complete an Amendment

Memorandum that follows the format of the Acceptance Memorandum but focuses on the additional activities and risks associated with those activities. It also details the justification for the amendment. After the Program Manager, Grants Manager and EPF President/CEO have signed the Amendment Memorandum, it needs to be reviewed by the Advisory Committee if the amendment exceeds \$3,000. An exception to this is if the amendment includes only an audit or a grant evaluation. In this case, EPF President's/CEO's approval is necessary.

#### **14.6.5. Subgrant Agreements**

A subgrant is a legally enforceable agreement between the grantee and another institution or an individual not employed by the grantee to conduct substantive programmatic work under the grant. The subgrant appears as a line item in the grantee's budget. A written agreement is executed by the grantee and the subgrantee. The grantee is responsible for negotiating and administering the agreement, including making payments to the subgrantee and monitoring performance. EPF anticipates that subgrants will be made in very limited circumstances. While EPF staff should not manage subgrantees, site visits or review of subgrantee documents is appropriate during the course of monitoring.

Examples of subgrants may include:

- A grant made by a community EPF to a community-based organization for a specific project
- A fellowship grant to an individual to draft policy recommendations

The following activities should not be constructed as subgrants but instead should be treated as contracts for procurement of services:

- A marketing survey conducted by a market research firm
- A public opinion survey conducted by a survey research firm
- A literature review conducted by a university researcher
- A workshop or conference planned and managed by a conference coordinator

#### **Approval Process**

EPF's grant agreement prohibits a grantee from transferring funds to another individual or party in the form of a subaward without the prior written approval of EPF. Note: if the project is approved in advance with the sub grant, only a notification is needed to proceed. It is assumed that all the preparatory work re sub granting—determination of procedures etc. -- is accomplished before awarding the main grant. The grantee's proposal should make clear the involvement of any subgrantees or contractors. If noted in the proposal, EPF should schedule a review of the draft subaward documents prior to the grantee executing the final agreement. While an approval from EPF for a priorly determined activity is not needed, it is advisable to acquire a notification that all documents have been received by EPF before proceeding with sub award. The sub award date cannot be the same or earlier than notification to EPF about the imminent sub award. It is assumed that the sub award will follow the requirements of the award itself, and current guidelines will be utilized for it.

Upon receiving the draft sub grant, the Grants Manager sends a copy to the Program Manager for review. Upon approval by both the Program Manager and the Grants Manager, the Grants Manager notifies the grantee in writing that the sub grant has been approved and requests a copy of the final sub grant upon execution. The Grants Manager files the draft sub grant and a copy of the approval letter in the grant file. When the final, fully executed sub grant is

submitted, the Grants Manager files it in the grant file. In cases where the grantee anticipates making numerous sub grants, program staff must consult with EPF President/CEO to develop an appropriate due diligence and monitoring plan.

The requirement for the sub grant to comply with EPF's policies lies with the main grantee. At any time EPF may exercise its right to request files and documents of the sub grant; conduct a site visit to the sub grantee; or appoint an audit of the main grantee which will include the sub grant(s). In order to properly manage sub grants, the grantee will need to have segregation of duties between programmatic and financial responsibility; advisory committee (unless the sub grant is a partner grant); GMQ, Acceptance Memos, and other documentation required to award a grant; hold a competition (if the sub grant is not a partnership grant); and undertake all other actions described in this manual pertaining to fair, transparent, secure and effective disbursement of grants.

#### Program Manager's Review

The program manager reviews subgrants to ensure that:

- The work plan and products are clearly defined and consistent with the work plan and overall goals of the project,
- The subgrantor is qualified to perform the work, and
- The price is reasonable.

#### Grants Management Review

The grants manager reviews subgrants to ensure that:

- The subgrant is subject to the terms and conditions of EPF's grant. Either the grant agreement can be referenced and appended to the subgrant, or applicable provisions of the agreement may be reproduced in the subgrant. This is important to ensure that donor requirements are fulfilled and EPF has recourse for terminating the subgrant in the event financial assistance from the donor governments was not forthcoming.
- The parties to the subgrant are correct and legitimate. For example, on the grantee's side, the party should be the grantee institution, not the project director. The subgrantor should be a legal entity if an organization.
- The subgrant includes relevant standard provisions, such as a clear specification of the work to be performed and the resulting products; the price; reporting responsibilities; how payments will be made; designation of responsible parties; publication rights; and a termination clause.
- The budget complies with Foundation policy and the terms of the budget included in the grant agreement.

#### Subgrantee Monitoring

The grantee is responsible for ensuring that the sub grantee maintains compliance with the provisions of the sub grant agreement (which should include all relevant EPF requirements). During the grants management review of the grantee, one aspect that should be considered is the ability of the grantee to monitor a subaward.

The sub grantee would report to the grantee, and then the grantee would report to EF on its own activities and the activities of the sub grantee. EPF's financial report should be divided into two sections: one for the grantee's expenditures and the other for the sub grantee's expenditures. After the sub grantee reports to the grantee, the grantee would report to EPF on both expenditures. In addition, since the grantee is responsible for ensuring the sub grantee's compliance, EPF is not responsible for reviewing the sub grantee's documentation. However,

EPF can spot check if the grantee is adequately overseeing the sub grantee.

If the grantee is going to select the sub grantee after the grant has been awarded, then the grantee should be able to demonstrate that the organization selected for the sub award is qualified. It is not necessary that the grantee obtain three bids, as would be done with a contract or vendor, however the grantee should be able to substantiate its decision.

In addition, the grantee is responsible for determining whether the sub grantee organization has an adequate system of internal controls including:

- The ability to comply with the terms of the sub agreement
- The ability to comply with applicable laws and regulations
- An accounting system capable of properly recording and summarizing grant expenditures by budget category
- Adequate security over grant funds and goods or services purchased with grant funds

The sub grant must contain a provision that stipulates that EPF or its designee, such as an audit firm, may at any time review the financial records and support documentation of the sub grantee for any transactions associated with this sub grant.

#### **14.7. GRANT DISBURSEMENT**

**Note: these rules pertain to both partnership (non-competitive) grants (unless otherwise stated in the donor requirements) as well as competitive and Open Door grants. However, they may be modified, within the reasonable limits, in exceptional circumstances.**

##### **14.7.1. Payment Due Diligence**

Grantees are encouraged to open a separate bank account for EPF funds. If they do not open a separate account, they need to be able to demonstrate clear procedures for segregation of EPF grant expenses and for determining EPF cash-on-hand. Written notification from the grantee or certification from the bank attesting to the grantee's bank details is required.

Grantees are required to submit cash flow projections as part of the proposal review process and with each financial report. Payment schedules shall reflect the cash flow information submitted.

Grantees are also required to pay staff salaries through bank transfers. EPF staff should verify that grantees make the correct salary transfers to their staff members who are directly working on the project, and that those amounts match timesheet records.

Payment amounts are based on cash flow projections and report period cycles. For longer report periods that require large payments, staff shall determine the amount and frequency of each payment. Staff may choose to schedule two or more installment payments rather than to make one large payment. Installment payments for a particular period will be approved with the approval of the financial report and revised cash flow projection. In case of multiple installments of one payment, staff will not be required to request and review additional reports before paying an installment.

##### **14.7.2. Advanced Payment Method**

This is the principal method of payment for EPF grantees. Advances of grant funds are transferred to the grantee and upon satisfactory reporting on the use of the funds, the grantee receives an advance for the next period's activities.

In considering this option for a grantee, EPF must analyze the following points:

1. The grantee's ability to cover grant costs with other sources of funds until EPF can later reimburse the organization.
2. The time elapsed between the receipt of funds and the expenditure of funds by the grantee is minimized. This process is best determined by evaluating the grantee's cash flow projection to ensure that excess advances are not being transferred to the grantee prematurely.
3. The grantee must be able to maintain financial management systems that meet the standards for fund control and accountability, including:
  - Accurate, current and complete disclosure of financial information relating to EPF-funded activity.
  - Records that adequately identify the source and application of EPF funds.
  - Effective control over and accountability for all funds, property and assets to ensure their proper use.
  - Comparisons of actual expenditures to budget amounts.
  - Written procedures that minimize the time elapsing between the receipt of funds and the expenditure of funds.
  - Written procedures for determining the reasonableness, allocability and allowability of EPF costs in accordance with donor government regulations.
  - Accounting records supported by source documentation.
4. If the above can be satisfactorily met, determine if advances are the grantee's preferred method of payment.

#### First Grant Payment

Prior to advancing funds to an organization, all pre-award due diligence must have been met, and EPF must have a signed grant agreement in its files. In determining the amount of funds for the first payment, EPF staff should evaluate the cash flow projection provided by the grantee during the proposal review process. Generally, advances of grant funds are limited to the minimum amount needed to carry out the project activities during a 90-day period.

The first grant payment may not come before a grantee seminar, at which the grantee's attendance is confirmed. In exceptional cases, staff may schedule the first payment before the grantee seminar, having previously ensured that the advanced funds are not placed under risk due to lack of pre-funding grants management orientation.

#### Subsequent Grant Payments

Prior to making additional advances, EPF must ensure the following:

- EPF staff have received and approved analytical and financial reports for the previous period. (This is not applicable in situations where more than one installment payment has been scheduled in one reporting period.)
- EPF staff have received and approved an audit report (if applicable).
- EPF staff have made a site visit to the grantee (if applicable)
- The grantee cash balance indicates that the grantee needs additional funds.

The amount of subsequent payments depends on the amount scheduled in Attachment 1

(Payment Schedule and Reporting Requirements) and on the size of the grantee cash balance.

#### Final Grant Payment

If possible, given the nature of the grantee organization and their other funds on hand, it is advisable to withhold a small amount of grant funds, pending the receipt and approval of all grant requirements. This can be useful as leverage should a problem arise with the grantee's inability or unwillingness to meet grant requirements.

### **14.7.3. Cost Reimbursable Method**

Under a cost reimbursable payment method, the grantee expends its own funds and is subsequently reimbursed by EPF upon receipt and approval of satisfactory reports. In these instances, the payment is dictated by the amount of expenditures incurred during the reporting period.

A cost reimbursable method should be employed if the following exists:

- It is the grantee's preferred method of payment;
- The grantee does not maintain financial management systems that meet the standards for fund control and accountability, has a poor record of financial or grant management; or
- The grantee possesses a sufficient amount of its own funds to employ this method.

### **14.7.4. Sample Payment Schedules**

Depending on the reporting periods and how they coincide with the payments, some grantees may work solely with advances, some with reimbursements and others with a mixture. For example, the following are three different methods for making payments on a \$20,000 grant:

#### Grantee X – Advance Payment

1/15/07	4/30/07	5/15/07
Advance of \$15,000	Grantee reports \$14,800	Advance of \$5,000

#### Grantee Y – Cost Reimbursement

4/30/07	5/15/07
Grantee reports \$19,436	Reimbursement of \$19,436

#### Grantee Z – Mixture of Both Advance Payment and Cost Reimbursement

1/15/07	4/30/07	5/15/07
Advance of \$10,000	Grantee reports \$16,578	Payment of \$10,000 (\$6,578 in reimbursement and \$3,422 in advance)

### **14.7.5. Procedures for Grant Payments**

Pending the grantee meeting EPF's payment due diligence standards, EPF staff prepare appropriate grant payment requests. Grant payments are made to the organization's bank account only. The only exceptions are vendor payments in which EPF is making a payment to a vendor on behalf of the grantee. Below is an outline regarding the documentation required and the process to be applied for grant disbursements.

### First Grant Payment

#### Grants Manager:

1. Prepares and signs Request for Payment form (see Attachment 13N).
2. Prepares the Financial Summary Sheet, which includes the grantee name, address, bank account information, grant amount, program area, department code, grant period, as well as individual lists of grant payments. The Grants Manager should complete the columns for payment amount, cumulative paid and unpaid balance prior to forwarding the payment to the CFO. Changes to information on the FSS must be supported by the following:
  - Revised Attachment 1 – Payment Schedule and Reporting Requirements,
  - Letter from the grantee indicating a change in their address and/or bank information,
  - Letter to the grantee indicating an extension of their end date.
3. Submits the above to the CFO.

#### EPF President/CEO:

1. If the President/CEO is not an authorized wire signer, then his/her signature is required on the Request for Payment form.

#### Accountant:

1. The CFO reviews the Request for Payment form for the following:
  - Any changes in the grantee's bank information,
  - Deviations from the purpose of the payment (e.g. grant payment vs. equipment payment), and
  - Variations in dollar amount from the original amount in the payment schedule.
2. Upon completion of his/her review, the CFO initials the Request for Payment to certify his/her review (assuming that there were no unresolved questions or discrepancies).
3. The CFO prepares the wire/check payment and submits it, along with the support documentation to the wire/check signer for review and signature.

#### Authorized Wire/Check Signer:

1. Prior to signing the payment, the wire/check signer should review the Request for Payment against the above support documentation for reasonableness and accuracy.
2. Irregular payment periods, payments made to third parties, payments made outside of grant period, bank account differences, change of address, white out or other evidence of changes, may require further investigation on behalf of the check signer before payments are signed.

#### Accountant:

1. Once the payment has been completed, the CFO sends a wire transfer confirmation directly to the grantee, indicating the date and amount of the payment. If confirmation is made by phone, the CFO should include a note in the accounting file (copy in grant file) indicating to whom s/he spoke at the grantee organization with a date and signature.
2. The CFO records the payment in the accounting system, completes the payment in the grants management database and completes the columns in the FSS for CFO initials, check/wire number, and date paid.

### Interim Grant Payments

#### Grants Manager:

1. Prepares Request for Payment form.
2. Prepares the Financial Summary Sheet, which includes the grantee name, address, bank account information, grant amount, program area, department code, grant period, as well

as individual lists of grant payments. The Grants Manager should complete the columns for payment amount, cumulative paid, and unpaid balance prior to forwarding the payment to the CFO. Changes to information on the FSS must be supported by the following:

- Revised Attachment 1 – Payment Schedule and Reporting Requirements,
  - Letter from the grantee indicating a change in their address or bank information,
  - Letter to the grantee indicating an extension of their end date, and a
  - Copy of Grant Amendment.
3. Prepares Report Review form signed by program and grants management staff approving both the financial and narrative reports, except for multiple installment payments approved in a particular reporting period - these require neither the analytical nor the financial report from the previous period to be released;
  4. Makes copy of grants management acknowledgment letter to the grantee indicating report approval and pending payment or installment payments.
  5. Submits the above to the CFO.

EPF President/CEO:

1. If EPF President/CEO is not the wire signer, then his/her signature is required on the Request for Payment form.
2. If EPF President/CEO is a wire signer, then his/her signature is optional on the Request for Payment form.

Accountant:

1. The CFO reviews the Request for Payment for the following:
  - Any changes in the grantee's bank information,
  - Deviations from the purpose of the payment (e.g. grant payment vs. equipment payment), and
  - Variations in dollar amount from the original amount in the payment schedule.
2. Upon completion of his/her review, the CFO initials the Request for Payment to certify his/her review (assuming that there were no unresolved questions or discrepancies).
3. The CFO prints a transaction summary for the grant from the financial system.
4. The CFO prepares the wire/check payment and submits it, along with the support documentation to the authorized wire/check signer for review and signature.

Authorized Wire/Check Signer:

1. Prior to signing the payment, the wire/check signer should review the Request for Payment against the above support documentation for reasonableness and accuracy.
2. Irregular payment periods, payments made to third parties, payments made outside of grant period, bank account differences, change of address, white out or other evidence of changes, may require further investigation on behalf of the check signer before payments are signed.

Accountant:

1. Once the payment has been completed, the CFO sends a wire transfer confirmation directly to the grantee, indicating the date and amount of the payment. If confirmation is made by phone, the CFO should include a note in the accounting file (copy in grant file) indicating to whom s/he spoke at the grantee organization with a date and signature.
2. The Accountant records payment in the accounting system, completes the payment in the grants management database and completes the columns in the FSS for CFO initials, check/wire number, and date paid.

### Vendor Payments

Vendor payments shall be utilized as an exceptional means of making grant payments. While there are often sound programmatic or administrative and financial reasons that EPF procure items on behalf of the grantee, vendor payments can be problematic. Often, when purchasing the item from abroad, long delays can ensue before the items are delivered. Also, assuming legal ownership of the items can be difficult when the grantee does not directly make payment, hence equipment may be at risk of seizure or penalty taxes. Finally, overseas vendor payments often involve various intermediaries, which leaves a very poor and often suspect 'audit trail'. EPF staff should actively encourage the grantees to make vendor payments themselves. Vendor payments are made only at the behest of the grantee as related in a written request to EPF.

#### Grantee:

1. Submits the appropriate documentation justifying the payment.
2. Requests EPF to make the payment on its behalf.

#### Grants Manager:

1. Prepares and signs Request for Payment form.
2. Prepares the Financial Summary Sheet, which includes the grantee name, address, bank account information, grant amount, program area, department code, grant period, as well as individual lists of grant payments. The Grants Manager should complete the columns for payment amount, cumulative paid, and unpaid balance prior to forwarding the payment to the CFO. Changes to information on the FSS must be supported by the following:
  2. Revised Attachment 1 - Payment Schedule and Reporting Requirements,
  3. A Letter from the grantee indicating a change in their address or bank information, and
  4. A Letter to the grantee indicating an extension of their end date.
3. Makes copy of the grants management acknowledgment letter to the grantee indicating the vendor selection approval and pending payment.
4. Compiles the vendor selection information, including 3 bids, justification, signed contract and invoice with vendor bank account information. (Contracts should be directly between grantee and vendor. There should be no third party payees.)
5. Submits the above to the CFO.

#### EPF President/CEO:

1. If EPF President/CEO is not the authorized wire signer, then his/her signature is required on the Request for Payment form.
2. If EPF President/CEO is a wire signer, then his/her signature is optional on the Request for Payment form.

#### Accountant:

1. The CFO reviews the Request for Payment for the following:
  - Deviations from the purpose of the payment (e.g. grant payment vs. equipment payment);
  - Variations in dollar amount from the original amount in the payment schedule; and
  - Support documentation is reasonable and consistent with the Request for Payment.
2. Upon completion of his/her review, the CFO initials the Request for Payment to certify his/her review (assuming that there were no unresolved questions or discrepancies).

3. The CFO prints a transaction summary for the grant from the financial system.
4. The CFO prepares the wire/check payment and submits it, along with the support documentation to the wire/check signer for review and signature.

Authorized Wire/Check Signer:

1. Prior to signing the payment, the wire/check signer should review the Request for Payment against the above support documentation for reasonableness and accuracy.
2. Irregular payment periods, payments made to third parties, payments made outside of grant period, bank account differences, change of address, white out or other evidence of changes, may require further investigation on behalf of the check signer before payments are signed.

Accountant:

1. Once the payment has been completed, the CFO sends a wire transfer confirmation directly to the grantee, indicating the date and amount of the payment. If confirmation is made by phone, the CFO should include a note in the accounting file (copy in grant file) indicating to whom s/he spoke at the grantee organization with a date and signature.
2. Accountant records payment in the accounting system, completes the payment in the grants management database and completes the columns in the FSS for CFO initials, check/wire number, and date paid.

## **14.8. CLOSING OUT GRANTS**

### **14.8.1. Closeout Procedures**

Staff should endeavor to closeout grants in a timely manner, preferably within three months of having received the final reports and/or audit report. An inactive grant is defined as any grant that remains open after this three-month period. As a general rule, staff should strive to limit the percentage of inactive grants in the portfolio as much as possible, preferably not exceeding 20 percent.

#### *Grants Management Closeout Procedures*

Prior to initiating closeout procedures, grants managers should ensure that all applicable reports—analytical, financial, and audit—have been received and approved, all grant funds have been fully accounted for (refunds of unexpended grant funds have been received, if applicable), and all other grant requirements have been met. If the final financial report indicates an over expenditure, yet no request for a budget amendment is received, this over expenditure should not be inputted in the grants management database, but simply ignored. Unexpended funds that do not exceed \$100 may be retained by the grantee for expenditure related to the program activity.

If the grant requires a cancellation, a letter must be sent to the grantee indicating the specific amount of the grant that was cancelled and why. In addition, a Grant Action Form (see Attachment 13O) must be submitted to the CFO, with the letter to the grantee (signed by the director of programs) attached.

Once the grant requirements have been fulfilled, the Grants Manager should proceed with completing the Closeout Checklist (see Attachment 13P) and writing the grants management closeout statement (see below).

#### *Grants Management Closeout Statement*

The grants management closeout statement should provide a brief description of the grantee's financial performance and compliance with the terms of the grant. It should explain any significant problems and steps taken to address them. It should also discuss any significant changes to the grant and the grantee's organizational growth under the grant. This statement is internal to EPF.

#### Program Closeout Procedures

Prior to writing the closeout memo, program staff should contact the grantee and, if appropriate, beneficiaries in order to learn of any progress made since the final grant report. This information is typically very useful in assessing the ongoing impact of the grant, and it should be discussed in the outcome statement. Program staff should also ensure that the indicators provided on the final report are accurate and verifiable.

#### Program Closeout Statement

The program closeout statement should be used to assess the project's results, in terms of project design and execution. This paragraph should explain any significant outcomes, unintended consequences, lessons learned and, if appropriate, recommendations for future steps. It should also discuss any problems encountered and how they were addressed, as well as any outstanding success. If appropriate, it should discuss the grantee's organizational growth under the grant. This statement is internal to EPF.

#### Outcome Statement

The outcome statement should describe the goals, activities and outcomes of the grant for public record and for reporting to EPF Board of Trustees. This statement is typically drafted by program staff, but it is the personal responsibility of the director of programs. It should describe the problem and local context, the intervention strategy, and quantifiable results of the grant activity, including any developments that are expected to continue after project closing. If appropriate, it should provide any policy-level recommendations or lessons learned from this grant.

The outcome statement must be written in complete sentences without acronyms, abbreviations, etc. It can be longer than a publication statement, approximately 7-10 sentences in length. Outcome statements must be objective, avoiding subjective comments and opinions. They must be approved by EPF President/CEO before distribution to the public. Outcome statements should convey the following information:

1. Context/background - Describe the problem and explain its regional context.
2. Intervention strategy - Describe the activities undertaken by the grantee to address the problem.
3. Results - Describe the result of the intervention. What change occurred? Supply quantifiable details as appropriate within the paragraph.
4. Lessons learned/recommendations - Describe any lessons learned, follow-up grants planned or recommended, or provide any policy-level recommendations.
5. All results, best practices and lessons learned regarding gender benefits or problems adhering to gender mainstreaming requirements should be discussed.

#### Grant Outputs – Identification and Verification of Indicators

EPF uses the following quantifiable indicators to measure the outcomes of its grants:<sup>6</sup>

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<sup>6</sup> These indicators can be used as guidelines, but EPF staff must develop indicators based on the program priorities and the local environment.

1. Number of identifiable participant trainees and their gender  
*Definition:* Number of identifiable persons trained during the life of the grant as a result of participant training activities funded by EPF grant when training was an objective and specific activity of the grant. This number is to be disaggregated by gender. *These individuals may not be counted again as direct beneficiaries.*  
*Reporting format:* Reported as number of persons trained: males/females/total  
*Verification methods:* Class roster; class sign-in sheet; exams; completion certificates; other method of recording attendance  
*Example:* Fourteen men and seventeen women participated in a two-day training seminar conducted with EPF grant funding. Report the number of participant trainees and their gender: 14 males/17 females/31 total trainees
2. Number of identifiable direct beneficiaries and their gender  
*Definition:* Number of *identifiable* persons or organizations who benefited materially or financially during the life of the grant from activities funded by EPF grant. This number is to be disaggregated by gender.  
*Reporting format:* Reported as number of direct individual beneficiaries: males/females/total, or number of direct organizational beneficiaries  
*Verification methods:* Records of equipment users; sign-in log of advisees; sign-in sheet of conference attendees; other records of recording beneficiaries  
*Example #1:* Thirty men and thirteen women received legal advice through activities funded by EPF grant during the life of the grant. Report the number of male and female direct beneficiaries of legal advice: 30 males/13 females/43 total direct beneficiaries  
*Example #2:* Seven men and seven women attended a conference paid for by a EPF grantee as part of the grant activities. Report the number of men and women direct beneficiaries of conference attendance: 7 males/7 females/14 direct beneficiaries of conference attendance
3. Resources leveraged  
*Definition:* Resources, either financial or in-kind (with an estimated currency equivalent), contributed to grant activities during the life of EPF grant. This number is to be disaggregated by the source of funds: grantee/participants/government, or other.  
*Reporting format:* Currency value of in-kind contribution or cash/source (grantee, beneficiary, government, other)  
*Verification methods:* Receipts; memoranda of understanding; grant documents; other records of cash or in-kind contributions or resources that supported EPF grant activities.  
*Example:* EPF made a grant for \$50,000 to a local-level grantee for legal assistance. The total project budget was \$150,000 of which the grantee contributed \$50,000 in-kind, clients provided the equivalent of \$20,000 in cash payments and the local government provided the equivalent of \$30,000 in currency. Report resources leveraged: \$50,000 from grantee, \$20,000 from beneficiaries and \$30,000 from local government.
4. New collaborations/partnerships/cooperation  
*Definition:* Number of new collaborations, partnerships or forms of cooperation entered into by the grantee during the life of the grant as a consequence of grant-funded activities. This number is to be disaggregated by level (local, national, international).  
*Reporting format:* Number of new collaborations, partnerships or forms of cooperation  
*Verification method:* Memorandum of understanding; evidence of jointly-conducted activities; records of joint meetings; other records of partnership  
*Example:* The grantee, a local union of entrepreneurs, joined with several other local

unions of entrepreneurs to form a coalition as part of the grant-funded activities, to meet monthly to pursue activities of joint interest. Report new collaborations: One new partnership.

5. Publications Distributed

*Definition:* Number of media products (titles, not copies) produced and distributed as a result of grant activities, disaggregated by the type of product and level of distribution (local, national, international). Media products may be distributed in the form of books, journals, reports (including audio or video reports in the news covering local events), textbooks, CDs, videos, movies, internet publications, web sites, etc.

*Reporting format:* Number of items distributed/form/level of distribution (local, national, international)

*Verification method:* Order for printing of books; record of mailing journals; subscription list; user survey; other record of distributed

*Example:* A grantee published with EPF grant funds 50 copies of the proceedings of a conference and distributed all of them to libraries throughout the country. Report publication distributed: 1 report/print/national level.

6. Grantee innovations adopted/replications of grantee innovations

*Definition:* The number of new adoptions of an innovation *developed by a grantee* with EPF grant funds disaggregated by the type of organization adopting the innovation (government, NGO or private) and level (local national, international).

*Reporting format:* Number of times an innovation is adopted/level of adoption (local, national, international)

*Verification method:* Media/print material describing the adopted innovation such as newspaper article; name of adopting organization and contact person; other form of verification of adoption of innovation.

*Example:* A grantee developed an innovative mechanism for the participation of civil society in the development and adoption of policy decisions with grant funds. An organization in a neighboring community subsequently adopted the mechanism. Report innovations adopted: one innovation adopted at the local level and one replicated at the international level.

7. Jobs created

*Definition:* The number of new permanent (*beyond the life of the grant*) jobs created as a result of grant activities during the life of the grant. These may include new positions in the grantee organization, other organizations, businesses and local government. *Employees in these positions may not be counted again as direct beneficiaries.*

*Reporting format:* Number of jobs created/persons employed by new businesses

*Verification method:* Description of job and name of employee/entrepreneur

*Example:* A grantee used grant funds to provide job skills training for five unemployed youth, four of whom were able to find paid employment as a result of this training. Report jobs created: 4 jobs created.

### 14.8.2. Problem Grants

Immediate intervention is required if a grantee is suspected of mismanaging grant funds. Mismanagement of grant funds is defined as:

1. Use of grant funds for a purpose other than what has been approved in the grant agreement;

- 2 Deficient accounting for grant funds; and
3. Fraud and/or abuse.

EPF might become aware of mismanagement of grant funds through a number of different means, such as audit reports, site visits or statements from grantee staff. Any staff member suspecting a grantee of inappropriately using grant funds should advise the Grants Manager immediately. If after initial review, the Grants Manager determines such a claim may be justified, all grant payments should be suspended and the grantee should be notified in writing that no additional grant expenditures may be made until the matter has been thoroughly investigated and resolved.

The Program Manager and Grants Manager are responsible for investigating the matter, using whatever assistance may be necessary, including internal audit assistance or an independent audit. The Program Manager and Grants Manager make every effort to resolve the matter quickly and get the project back on track.

Grant payments may be resumed only when the matter has been satisfactorily resolved. If the situation cannot be satisfactorily resolved, then the grant should be terminated and all questioned costs should be returned to EPF.

#### **14.8.3. Closing Out Grants with Unresolved Costs**

##### *Types of Unresolved Grant Costs*

There are numerous types of unresolved grant costs that can occur. For example:

1. **Unsupported Expenses:** This may be a situation in which the grantee fails to provide a financial report. If the grantee fails to report its cash balance or return the unreported funds to EPF, these costs are classified as unresolved.
2. **Unallowable Expenses:** This may be a situation in which EPF has reviewed unacceptable source documentation or an audit report that noted unallowable expenses (costs do not comply with A-122, were not in the approved budget, etc.). When these costs are not removed from the financial report and refunded to EPF, these costs are classified as unresolved.
3. **Unrecoverable Expenses:** This may be a situation in which the grantee has over \$100 in unexpended grant funds. When the grantee does not return the funds to EPF, they are classified as unresolved.
4. **Non-Grantee Direct Questioned Expenses:** These may be instances in which the grantee procured equipment from a vendor (using reasonable business practices), but the vendor did not supply the product agreed to. The costs of the product would be classified as Non-Grantee Direct Questioned Expenses.
5. **Grantee's cash on hand under \$100** shall not be considered questioned costs for the purposes of this section. As the cost of recovery of funds in this amount is significantly larger than the amount recovered, it is presumed that these funds shall be used by the grantee for grant related purposes without EPF's interference.

##### *Procedures to Closeout Grants with Unresolved Costs*

The CFO is responsible for approving the closeout of grants with unresolved costs. The detailed closeout procedures for these grants are as follows:

1. A **Closeout Memo for a Grant with Unresolved Costs** is prepared by the Program Manager and Grants Manager, detailing the issues involved with the grant, and entered

into the grants management database. This memo should be forwarded to EPF President/CEO, who will review the memo and forward it to the CFO for review to ensure appropriateness and completeness.

2. Upon approval from the CFO, the memo is entered in the grants management database and a hard copy of this memorandum should be placed in the grant file.
3. The Grants Manager prepares a close-out memorandum for the grant. The memo should indicate that the organization and its principals, project director and project Country Finance Manager, are not eligible for future EPF grants.
4. The Grants Manager sends a **Closeout Letter for a Grant with Unresolved Costs** to the grantee, and enters the letter in the grants management database. In this letter, additional language should indicate that the questioned costs have been excluded from the final report and stating that the organization and its principals will not be eligible for future EPF grant funds due to unsatisfactory performance on the grant in question. The Grants Manager must also indicate this in the Financial Analysis Closeout Statement. An outcome statement should be prepared if there is any information on performance or indicators. If there was no activity under the grant, the outcome statement should state “No progress was made toward the goals under this grant.” The outcome statement should be marked as “publication sensitive” in the grants management database. If the grantee no longer exists or cannot be located, the Closeout Memorandum should be entered into the grants management database and placed in the grant file, but no letter need be sent.
5. The Grants Manager records in the grants management database that the grantee is ineligible for future funding.
6. The Grants Manager changes the status in the grants management database to “closed grant”.
7. As previously indicated, EPF should maintain a list of grantees, vendors, consultants or suppliers who have demonstrated unacceptable performance or unethical behavior. No grants or contracts may be awarded to organizations on these lists.

#### Review and Acceptance of Certain Unresolved Costs

Given the environment EPF works in, even with the best due diligence and monitoring, there will be occasions that unresolved costs may occur. The following procedures should be followed in reviewing EPF internal acceptance of unresolved costs as expense to the project.

- For unresolved costs of no more than 10% of the total grant amount (but not exceeding the equivalent of \$3,000)
  - Staff should document all proper internal due diligence and monitoring procedures have been followed;
  - If complete documentation is lacking, but there is other proof that activities took place and program objectives are met, acceptance of such costs can be recommended by the staff with justification;
  - If grantee’s unresolved costs are results of a third party failure due to no fault of the grantee, acceptance of such costs can be recommended by the staff with justification;
  - Recommendation for acceptance should be reviewed and approved by the CFO and President/CEO.
- For unresolved costs of 11-15% of the total grant amount (not to exceed the equivalent of \$4,500)
  - Same procedures for amount under 10% should be followed
  - Recommendation for acceptance should be approved by the Audit & Finance Committee

- The Finance & Audit Committee should also determine notification to the donor as well as whether and how much of the unresolved costs should be covered by donor funds and if the costs should be covered by EPF's unrestricted funds.
- Unresolved costs over 15% of the total grant amount
- Donors should be notified and an amount above 15% should be covered by unrestricted funds unless a different arrangement is agreed upon with the donor.

In the event of proven grantee fraud, donors should always be notified.

#### **14.8.4. Repossessing Equipment from a Grantee**

EPF has the obligation to repossess equipment from a grantee in the event that the grantee either materially fails to comply with the terms and conditions of the grant agreement or if the grantee organization has dissolved. The latter results in the immediate repossession of equipment. However in cases of the former, EPF must first prove non-compliance that the grantee is unwilling or unable to rectify the situation.

EPF is required to repossess each item of equipment with a depreciated value of \$5,000 or more at the time EPF proves non-compliance that may result in repossession.

Material non-compliance with the grant agreement may include, but is not limited to:

1. Grant funds being used for purposes other than those specified in the grant agreement
2. Programmatic non-performance
3. Failure to submit acceptable financial reports and documentation
4. Failure to submit acceptable programmatic reports
5. Improper use and storage of equipment purchased with grant funds

It is always preferable to have the grantee return the equipment to EPF, rather than EPF traveling to the grantee to get the equipment. While a situation may present itself that EPF should repossess equipment, in no case should EPF place any employee or in-house consultant, in a dangerous situation. If it is determined that an employee or an in-house consultant, may be at risk when repossessing equipment, then EPF should not proceed with repossession procedures.

In addition, Armenian law may recognize the rights of an organization to retain the equipment over the rights of EPF to repossess equipment, if an organization chooses to pursue a legal course, EPF may not be able to get the equipment. In these cases, EPF should pursue the option of having the organization return the depreciated value of the equipment.

#### *Process for Repossessing Equipment from a Grantee*

Grants Manager:

1. Request the Return of Equipment: The Grants Manager prepares a request for return of equipment letter, which is signed by the director of programs. This letter documents the equipment to be returned.
2. Act of Transfer: When repossessing equipment from the grantee, Armenian law may require the completion of an act of transfer of an asset. Copies of this document should be retained by both the grantee and EPF. The following information is included in the act: equipment name and model number, original purchase price, date of original purchase,

date of repossession, and serial number or other identifying number.

3. Calculate the Depreciated Value: EPF uses the following schedule to determine the depreciated value of equipment, with the original purchase price being “x”:

<u>Days the equipment was possessed by grantee</u>	<u>Depreciated Value</u>
up to 365	2/3 of x
366-730	1/3 of x
731 and up	0

The depreciated value of the equipment will always be 0, 1/3 or 2/3 of the original purchase price. That is to say that the depreciated value of the item will be the same in the event the grantee possessed the equipment for 365 days or just one day.

4. Equipment Return Form: Upon the receipt of returned equipment, the Grants Manager will provide the Country Finance Manager with a completed Equipment Return form (see Attachment 13Q). This form includes the grant number and a list of equipment with a short description, date of repossession, date of delivery to the grantee, original purchase price, and depreciated value.
5. Financial Summary Sheet: The Financial Summary Sheet should include a refund of the depreciated value of the equipment and a cancellation of the depreciated value of the equipment.
6. Grants Management Database: A Refund Payment should be scheduled and made pending for the depreciated value of the equipment. In addition, the Grant History field should be completed with the award/amendment of equipment at the depreciated value.
7. Note that for equipment with a repossessed value of \$0, no entry need be made in the financial summary sheet, the grants management database or in the accounting system, however, the equipment return form must be completed and kept in the grant file to document the repossession.

Accountant:

1. Accounting System: The equipment transfer is completed as a refund/payment in the accounting system, with the appropriate grant credited for the return of the equipment, and the ‘Repossessed Inventory/ Equipment’ account credited.
2. Financial Summary Sheet: The Financial Summary Sheet is updated.
3. Grants Management Database: The Country Finance Manager completes the pending Refund Payment.

Grants Manager:

Once the Equipment Return process has been completed, a confirmation should be sent to the grantee.

#### Awarding Repossessed Equipment

Program & Grants Management:

1. Identify Appropriate Recipient: Program staff and the Grants Manager should consider

any current or new grantees as candidates for receiving the repossessed equipment. This should be a part of the normal grant process and applicable Acceptance Memorandums and other documents should be completed.

2. Note that in cases where staff cannot identify appropriate grantees to receive the equipment, and assuming that the cost of the equipment is nominal, EPF may donate the equipment to an appropriate local charity. In this case, the grant manager must draft a memo justifying the contribution. The memo should be signed by the President/CEO and retained as documentation for the transfer together with the Act of Transfer documentation.

Grants Manager:

1. Prepare an Award or Amendment Agreement: Once a grantee has been identified, the equipment transfer will take the form of a grant payment under a grant agreement or grant amendment of “in-kind” equipment (based on the depreciated value of the equipment as determined by the Grants Manager). Note that repossessed equipment held by EPF is not depreciated while in EPF custody. The equipment should be transferred at the depreciated value at the time of repossession. Depreciation resumes when the equipment is reissued to a new grantee.
2. Act of Transfer: After the grant agreement/amendment is signed, the Grants Manager will transfer the equipment to the grantee. A letter, signed by both EPF and grantee, should accompany the equipment that provides a description of the equipment, model number, serial number, depreciated value, and the date of transfer. In most countries, local law requires both parties to complete an “Act of Transfer of an Asset.”
3. Financial Summary Sheet: This should be completed with the award/amendment of equipment at the depreciated value.
4. Grants Management Database: The Grant History field should be completed with the award/amendment of equipment at the depreciated value.

Accountant:

The accounting system is updated with the award/amendment of equipment

Grants Manager:

1. Financial Summary Sheet & Equipment Reassignment Form: Along with the Financial Summary Sheet, the Grants Manager completes an Equipment Reassignment Form (see Attachment 13R). These are forwarded to the CFO along with a copy of the Act of Transfer signed by EPF and the grantee.
2. Grants Management Database: A Payment should be scheduled and made pending for the depreciated value of the equipment.
3. Confirmation: Once the equipment has been transferred, a confirmation letter should be sent to the grantee.

Accountant:

1. Accounting System: The equipment transfer is completed as a payment in the accounting system.
2. Financial Summary Sheet: The Financial Summary Sheet is updated.
3. Grants Management Database: The CFO completes the pending Payment.

## **14.9. GRANT FILES**

There are a number of reasons, why maintaining clear and detailed file documentation is

extremely important:

- Audits: EPF is often audited internally and by external auditors. Auditors are interested in making sure that our grant records are complete and accurate. Missing records are a strong clue that appropriate procedures are not being followed.
- Evaluations: EPF may be subject to periodic program evaluations conducted by its donor governments. These evaluations may examine not only active grant files, but proposal and regret files as well. Thorough documentation of the actions taken and the decisions made for successful grants and regretted proposals is essential. Well documented files demonstrate sound decision making.
- Self-protection: Sooner or later every Program Manager will face a complaint letter from a disgruntled grant seeker. These letters are often addressed to EPF President/CEO or board chair. The best line of defense for EPF staff is a thoroughly documented file. Documentary evidence of fair and thorough review along with written justification for decisions made is the best basis for defense. Note that this evidence should include notes from meetings, site visits, and telephone conversations.

A grants management database can be a very effective tool for managing files and the relationships represented by the files. The database will allow any Program Manager to access quickly the various proposal and grant files associated with a particular organization. A grants management database also gives quick access to the history of events with a particular file and even copies of correspondence and memos. But, a database is only as good as the data entry. Failure to keep entries up to date or sloppiness in data entry greatly reduces the usefulness of the grants management database and is unacceptable.

Responsibility for the accuracy of the data entry pre-award falls on the Program Manager/assistant, who should be copied on all e-mail and correspondence. Responsibility for post-award accuracy falls to the grants management staff. Also note that the Program Manager's responsibilities for maintaining file documentation do not end when the grant is awarded. Program Managers should continue to keep written documentation in the file about conversations with grantees, meetings, site visits, evaluations, discussions about possible follow-up funding, etc. The same applies for staff in other departments. Development and outreach staff, for example, should record for the grant file their interaction with grantees on success story preparation or fundraising initiatives.

Grant files are a reflection of EPF's ability to maintain appropriate grant information. All grant actions and correspondence should be documented in writing (either by letter, e-mail, or fax), and placed in the appropriate section of the grant file. This documentation is essential in maintaining the current status of the files, which is important for EPF, external evaluators and auditors. Each grant should have its own six division file folder. Below is a list of what should be included in each section.

### Active Grant File

#### Section 1 - Award

1. Acceptance Memorandum
2. EPF President/CEO, or Executive Committee approval (if applicable)
3. Award Letter
4. Signed and dated copy of the original Grant Agreement
5. Amendment Memorandum (if applicable)

6. Grant Amendment (if applicable)
7. Amendment Letter
8. Revised Payment Schedule and Reporting Requirements (if applicable)
9. Closeout Memo
10. Closeout Letter
11. Financial Summary Sheet

#### Section 2 - Legal Documents

1. Charter
2. Registration
3. By-laws
4. Tax exempt status (if applicable)
5. Grants Management Questionnaire

#### Section 3 – Budget

1. Original approved budget
2. Revised budgets. The most current version of the budget should be placed on top.
3. Budget revision correspondence, including:
  - Budget revision request from the grantee,
  - Budget revision approval sheet signed by the Program Manager and Grants Manager, and
  - Letter from the Grants Manager to the grantee either approving the request with a copy of the new budget or declining the request.

#### Section 4 - Post Award Financial

1. Completed financial reports
2. Support documentation.
3. Acknowledgment letters from the Grants Manager to the grantee for each financial report, indicating cumulative expenditures, cumulative payments, and the cash balance/deficit
4. Letters from the Grants Manager to the grantee indicating the date and the amount of the next payment. This information may be included in the financial report acknowledgment letter
5. Correspondence from the grantee relating to financial matters
6. Copies of the wire transfers or checks that EPF makes either to the grantee or directly to vendors, on behalf of grantees
7. Information on the three bids and the explanation for the grantee's choice
8. Acknowledgment letters from the Grants Manager to the grantee accepting/declining the draft subcontract/subagreement
9. Copies of the final signed subcontracts/subagreements
10. Audit reports

#### Section 5 - Pre Award Programmatic

1. Original grantee proposal
2. Any updates or revisions to the proposal
3. Proposal notes
4. Review memos

#### Section 6 - Post Award Programmatic

1. Correspondence from the grantees relating to program matters

2. Narrative reports with the accompanying review form signed by the Program Manager
3. Acknowledgment letter from the Grants Manager to the grantee for each narrative report.
4. This may be included in the financial report acknowledgment letter (Section 4).
5. Requests from the grantee for a change in period of the grant
6. A letter from the Grants Manager to the grantee either approving or rejecting the request.
7. The revised Payment Schedule and Reporting Requirements form is filed in Section 1.
8. Evaluations

#### Closed Grant File

The Grants Manager is responsible for ensuring that the grant file is complete and properly organized prior to closing out the file. The file should contain all the primary documents described above, while the following kinds of materials may be discarded:

- Drafts of subcontracts, papers, and reports for which there are also copies of the final or published version
- Duplicates of correspondence and reports already in the file
- Publications and reports used as background in developing or carrying out the project that have no relevance to the final grant product (e.g., annual reports, journal articles, brochures)
- Correspondence that does not contribute to either the programmatic or financial historical record (e.g., insignificant letters and internal memoranda)

### **14.9.1. Record Retention Requirements**

Retention of grant and procurement related documentation is subject to the following:

- Donor Imposed Requirements
- Armenian Legislation Requirements

#### Donor Imposed Requirements

Retention requirements are determined in accordance with the respective donor agreements.

#### Local Country Retention Requirements

Normally, information about the required record retention periods may be found in local accounting legislation. EPF is required to follow the local record retention requirements in addition to those imposed by EPF's donors.

### **14.9.2. Record Retention Policy**

#### Regretted Inquiry and Proposal Files

Given that space is limited, it is recommended that regretted inquiry and proposal files be purged after a three-year period.

#### Closed Grant Files

In accordance with the retention requirements defined above, full paper copies of all grant files will be retained up to 10 years after the closeout of the subgrant or a shorter period as permitted by the donor. Upon expiration of the 10-year retention period, the above documentation may be destroyed (so long as it is not inconsistent with local country legislation).

## **15. PROGRAM IMPLEMENTATION**

In order to achieve its programmatic aims and to contribute to the accomplishment of its mandate, EPF implements operational programs directly in areas where it possesses a preponderance of technical experience or when it determines that it is more expedient to implement activities directly.

Programs and projects that EPF decides to implement are determined by the following factors: EPF's available in-house and/or prior expertise (institutional history); available funding/donor; EPF's strategy; or new developments and opportunities.

Program implementation is the key to EPF's activities. In this regard, grant-making should be regarded as a tool to implement programs, one among many. Program implementation requires from EPF staff (primarily Program Managers) to have the following set of skills and competences in place:

- a) Program strategy development (which includes developing and writing funding concept notes, funding proposals, log frames, budgets etc; and fundraising).
- b) Competence in program implementation (which includes strategic planning, tactical planning, action plan development; undertaking actions necessary for successful program implementation, including acquisitions, hiring and grant making according to procedures defined in these P&P; reporting, including financial reporting, to the donor as well as to EPF's governance bodies and the Board; developing follow up; and other activities needed for successful program implementation).

Often programs and projects are implemented in partnership. If partners are identified and determined in advance, before the proposal development, and if a donor funds a partnership program, the requirements for fair recruitment do not apply. In these cases, EPF may issue a grant to a partner or a service contract, depending on the need, the case, and the capacity, and use these two levers of financial interaction with the partner as mechanisms for successful program implementation.

EPF may be a primary or secondary partner in a program. In every case, its actions in the program implementation are decided based on its role.

Successfully fundraised programs usually start from a launch event, which may be more or less public. They involve program implementation process, final reporting, closure of the program, and strategizing on its follow up.

Program activities may include event organization, trainings, mentorships (a technical specialist offering guidance on institutional capacity building), networking, negotiations, reaching agreements, distribution of tasks, policy advocacy actions and events, on-line activism, work with the media, research, media products development, consulting services, study tours, network-building activities, consortium-building activities, participation in one, or leading one, expert panel review, grant-making, and any other activities which constitute program implementation.

Every element of program implementation requires specific skills and competences and has implementation guidance. For instance, see a reference to an expanded event organization checklist of EPF (ask Office/Procurement Manager).

## 15.1. GRANTS VERSUS CONTRACTS

When planning for non-grant program activities, the program staff must take into consideration the substantial differences between grants and contracts. The following table outlines the substantive differences noted above between the two types of instruments:

Some Fundamental Differences Between Grants and Contracts		
Issue	Grants	Contracts
General Nature	Assistance	Acquisition
Purpose	Support or Stimulate a Public Purpose	Purchase for Direct Benefit or Use
Relationship	Grantee or Partner	Vendor
EPF's Role	Donor	Purchaser
Implementer's Role	Recipient that Implements a Program	Contractor that Provides Goods or Services
Offer	Proposal	Bid
Activity	Program	Work or Services
Competition	Encouraged by Policy	Required
Basis of Payment	Actual Costs, normally paid in advance	Usually Fixed Price or Rate, or Costs Plus Profit or Fee, normally paid after incurrence

Grants are characterized by the creation of an assistance relationship between a donor and an organization/individual (recipient), in which the donor transfers funds or other items of value to accomplish a public purpose of support. The benefit flow is significant in that there is a broad benefit beyond just the donor being the sole beneficiary from the activity.

Grants should be used, when the following criteria apply:

- The principal purpose of the relationship between the donor (EPF) and the implementer is to transfer a thing of value to the recipient to carry out a public purpose;
- Substantial involvement by the donor is not anticipated in the conduct of the activity; and
- The recipient has substantial freedom to pursue its stated program.

Contracts, as opposed to grants, establish a procurement relationship in which the purchaser buys something for its direct benefit or use (i.e. the purchaser is the sole beneficiary of the activity.)

Contracts should be used when the principal purpose of the instrument is the acquisition, by purchase, lease, or barter of property or services for the direct benefit or use of the purchaser. Contracts should also be used in most non-grant program activities and evaluations.

In the event that a contract is chosen as the most appropriate funding mechanism, staff should refer to sections 7 and 14 for specific guidelines and requirements.

## 15.2. PROGRAM MEMORANDUM

Operational program memoranda are similar to the acceptance memoranda that are prepared

to recommend grants for funding. They provide thorough arguments for why EPF should invest resources in the proposed program. The program memorandum should be completed by the Program Manager and Grants Manager (*if grants are envisioned in the program*) recommending the program for funding. A template of this memorandum is included in Attachment 14A.

Program memoranda are required for all programs and events unless there is a donor-approved proposal that is specific enough to be used as a roadmap for the program (although staff may choose to use the program memorandum as a management tool anyway).

For stand-alone events costing less than \$10,000, staff is required to complete only the following sections of the Program Memorandum: Cover page; Goals/Objectives; Implementation Plan; Responsible Staff; Budget; and event preparation worksheet. Once a program memorandum is approved, events and activities included in that memorandum (aside from grants) do not need further approval from the director of program.

### **15.3. BOARD OF TRUSTEES NOTIFICATION**

If the program budget exceeds \$200,000 (even if it is a multiple-year program), an executive summary and a program memorandum should be submitted to EPF's Board of Trustees or its executive committee for notification purposes before the program begins.

### **15.4. PROGRAM IMPLEMENTATION**

The program should be implemented according to the donor proposal (or Program Memorandum). Staff must follow EPF's procurement policies when procuring goods or services.

#### **15.4.1. Deviations from Original Plan**

Any significant changes to the approved implementation plan should be brought to the attention of the Program Manager's supervisor. Examples of significant changes include changing the topic of a seminar or training; changing the beneficiaries; significantly changing the number of beneficiaries; change in geographical region; change in outputs; significant changes in activities that will change anticipated outputs; etc. Examples of a change that would not need to be brought to the attention of the Program Manager's supervisor include a change in venue for a training or seminar within the same city/town; or a change in activities that does not change anticipated outputs. If the project is funded by a project-specific donor award, the staff should refer to the donor agreement for guidance on approval of changes in the implementation plan.

Program Managers are the ones primarily responsible for accruing expenditure based on a budget approved by the donor within their program. At the same time, their supervisors as well as finance staff should make every effort to let those concerned know about any outstanding issues with financial management of the programs. Any anticipated change in the budget apart from the limits determined by the donor (usually 5-10% of a budget line) should be brought to the attention of the Program Manager's supervisor. For programs funded by a project-specific donor award, the donor's requirements regarding budget overages should be followed, and any changes in the budget should be communicated to the donor by the person

responsible (PM or their supervisor or President/CEO or CFO) well in time. It is the intention of EPF to deliver high quality work based on the budgets approved by the donors, therefore EPF should be made fully aware, on-time, if the budget will be spent on time and/or if any deviations in this respect will take place, and make a decision if it plans to: a) ask for no-cost extension, b) return funds to the donor, c) ask the donor for change in the budget, d) and/or make a decision re change without notifying the donor (if this is acceptable within the donor guidelines).

The Program Manager has the authority to approve budget variations between line items up to 20%. For programs funded by a project-specific donor award, the donor's requirements regarding moving money between line items should be followed.

#### **15.4.2. Reporting**

The Program Manager and Grants Manager (if grants are awarded) are responsible for narrative reporting drafts. Drafts should be delivered on time for the supervisors to be able to review them before they go to the donor. They are also responsible for making sure the financial report complies with the narrative report, and there are no differences between the two as concerns project implementation. Finance staff is responsible for financial report. EPF President/CEO may determine who is the final responsible for donor communication in every particular case, though it is assumed that in the majority of cases the President/CEO, Development staff, and PM work cooperatively on donor communication.

#### **15.4.3. Non-Grant Programs Procurement Policy**

EPF's complete procurement policies and procedures can be found in Section 7 of this Manual. **Program and grant staff must follow EPF's standard procurement policies and procedures when acquiring goods or services as part of program implementation.** The following are additional program-specific procedures.

Copies of all bids and purchase documents should be maintained in the program file. Originals should be kept by the Finance/Grants Manager. Staff should check the grants management database to determine if a consultant is a past grantee and, if so, what EPF's experience with this individual/firm has been to date.

Segregation of duties is important when soliciting bids for services or goods in order to ensure transparent and objective review of bids. It is essential that different people are responsible for publicizing the RFP, receiving the submissions, and reviewing the proposals. The following outlines an *example* of segregation of staff responsibilities regarding solicitation of bids.

Draft Request for Proposals	Program Manager
Review Request for Proposals	Grants Manager
Publicize Request for Proposals	Logistics Manager
Receipt and Logging of Proposals	Program Manager/Assistant
Review of Proposals	Program Manager and Grants Manager
Selection of Winner	See Procurement Thresholds

Copies of all bids and purchase documents should be maintained in the program file. Originals should be kept by the Finance Manager. Staff should check the grants management database to determine if a consultant is a past grantee and, if so, what EPF's experience with

this individual/firm has been to date.

#### **15.4.4. Managing the Budget**

At the end of each month or as requested, the Finance Manager should present to the Program Manager financial report for the program. A template for this report is included as Attachment 14D. It shows the program approved budget, current month expenses, expenses to date, and variance. The Program Manager is responsible for ensuring that the program is kept within budget. Variations across budgets are at the discretion of the Program Manager, based on the donor requirements. Anticipated budget overages of more than \$10,000 or 20% (whichever is higher) need the prior approval of the program manager's supervisor.

#### **15.4.5. Program Closeout**

When the program is complete, a closeout memorandum should be written by the Program Manager and Grants Manager. See section 14.8.1 for guidance on writing a closeout memorandum. A template is included as Attachment 14E.

The final report to the donor is equal to a close out memorandum, i.e. there is no need in an additional memo if the report is submitted and approved.

#### **Multi-donor funded projects**

PMs are responsible for maintaining correct reporting procedures, including financial reporting, for multi-donor funded projects. A clear segregation of activities funded from donors A, B, C, etc. is required. Finance staff should be notified on time about which activity should be funded from which budget code/donor. Changes in coding, if legally possible, can be done only with the CEO and/or Development Director approval, and usually are conferred with CFO (apart from insignificant cases).

#### **Cross-cutting activities**

EPF may implement cross-cutting activities which are part of its know-how. For instance, it may implement series of talk shows, which are funded from a variety of donors, on different topics, and are parts of different programs or projects. If a sufficient amount of cross-cutting activities are envisioned, EPF may maintain special activity Managers for such work (e.g. a talk show manager). In the case of cross-cutting activities, it is the duty of the Cross-Cutting activity Manager to make sure the activities are coded correctly to the donor whose project they refer to.

#### **Consultancies**

EPF strives to engage in consultancies which are within its expertise and mandate. Consultancies generate income which can be used to further promote the aims of EPF. In the case of consultancies, sometimes detailed budgets are not required to be submitted to the donor/service purchaser. In these cases, clear budgets are developed and approved by CEO and CFO for EPF's internal use. CEO and CFO decide how should the internal budget change. If a budget change is necessary within a consultancy, PM should notify the CEO in writing first. In every case, EPF strives not to duplicate its work and to minimize the amount of work needed if there is a difference between the donor's requirement versus EPF's policies. In the case of funded projects/programs, the donor budget is the main financial document for EPF. In the case of consultancies, after donor requirements have been met, EPF is free to change the budget and/or to utilize the profit in the ways it sees fit.

## **16. EVALUATION**

In order to improve EPF's program performance and to enhance EPF's ability to leverage resources for new initiatives, several types of evaluations are conducted, both internally and by outside consultants.

### **16.1. TYPES OF EVALUATIONS**

Needs Assessment is a study performed prior to project design in order to determine the demands and gaps in infrastructure and services that can be met through programmatic activity. It identifies the appropriate strategies required to address these needs for purposes of program development and implementation. This leads to the establishment of goals, objectives, program activities, program structure and the resources needed to adequately meet these goals.

Baseline Evaluation is a study conducted prior to programmatic activities that documents population, conditions, events and other data sets that may be affected during the course of the program. Through the gathering of this information, the evaluator is able to compare data at the close of programmatic activities in order to gauge the impact the activities had upon the particular population –disaggregated by gender or data set.

Formative Evaluation is a series of data collection activities and analyses that occur over the course of the program in order to examine its efficacy. The goal of this is to improve the projects' ability to fulfill its goal by examining the delivery of the program, quality of its implementation, how the organization is adhering to gender mainstreaming requirements and by assessing the organizational context, personnel, procedures and inputs. Included in formative evaluation are:

- Needs Assessment – determines who needs the program, how great the need is, and how to meet the need;
- Evaluability Assessment – determines whether an evaluation is feasible and how stakeholders can shape its usefulness;
- Structured Conceptualization – helps stakeholders define the program, target population/problem and the possible outcomes;
- Implementation Evaluation – monitors the fidelity of the program or technology delivery to its stated goals; and
- Process Evaluation – investigates the delivery of the program, including alternative delivery procedures.

Process Evaluation is conducted during the course of project implementation and determines whether the project is running (1) effectively and (2) as planned. A benefit of this type of evaluation is that it improves understanding of how the program works and how it produces its results. By examining the extent to which the program adheres to the detailed activities, it attempts to show how well the program is running and whether it is doing so on course.

Program Monitoring/Implementation Evaluation is the collection of data and monitoring of program activities conducted during the course of program implementation. Through constant monitoring, program staff are able to continually improve program activities as they occur, while simultaneously measuring the degree to which a program achieves its goals. This is the most common and practiced form of evaluation.

Summative Evaluation occurs either at the close of a program or at appropriate breakpoints in multi-year projects, with the goal of assessing how well a program achieved its goals and the effects the program had upon the targeted issues. Through statistics, it quantifies the impact of the programmatic activities by describing changes subsequent to program delivery and assessing whether these shifts can be attributed to the program. Factors measured can include knowledge shifts, and increase in discussion and changes in attitude. Forms of summative evaluation include:

- Outcome Evaluations – examines whether the program had demonstrable effects on specifically defined target outcomes;
- Impact Evaluations – assesses the net effects, as opposed to specific indicators, intended or unintended, or the program;
- Cost Effectiveness/Cost-Benefit Analysis – examines the efficiency of the program by standardizing the outcomes, typically in terms of monetary values;
- Secondary Analysis – reexamines existing data to either address new questions not addressed previously or to examine the data with new methods; and
- Meta Evaluation – defined below.

Impact Evaluation occurs only after programmatic activities have run for long enough for significant data collection and for the program to have grown to a statistically relevant size. In practice, impact evaluations are preceded by an implementation evaluation to ensure that relevant programmatic activity is occurring. It analyzes the impact of the program to measure the degree to which the program has met its goals so that lessons learned can be incorporated into future programs. It reviews data collected during program activities and compares it to baseline data in order to look for long-term and unintended effects. This is also useful when several parallel programs run in unison.

Case-studies are the collection and presentation of detailed information about a particular project or small group of projects, often including accounts by the individuals involved in the study. This qualitative study looks at a project or small group of projects in order to draw conclusions about it in its specific context. Case studies do not seek to detail universal effects or cause-effect relationships, but rather to explore and describe illustrative examples. Case study selection typically relies upon purposeful, rather than representative, sampling strategies.

Cluster Evaluation is conducted to assess several projects as a whole. Rather than examining each project, the overall impact of the entire initiative is studied to assess the cluster's progress, as well as to identify best practices, locally effective techniques and occurred synergies. A variety of data collection methods and information sources are employed, typically gathered by project personnel at the request of the evaluator after the evaluation has been designed.

Meta-Evaluation is the evaluation of evaluations. It is essential that, in order for evaluations to be of use, that they be unbiased, accurate and of a high quality. Meta-evaluation is the manner in which we examine our procedures and ensure that our evaluations meet these criteria. One method for this is the integration of outcome estimates from multiple sources to arrive at an overall or summary judgment of the accuracy and usefulness of an evaluation's conclusions.

## **16.2. EVALUATION GUIDELINES**

The following guidelines should be considered during program planning, implementation and close-out process.

### *Strategic Planning Stage*

EPF may obtain needs assessments or baseline evaluations, done by itself and/or by others, as it begins exploring new program areas or plans a significant new investment in an established program area. EPF staff's expertise is invaluable asset in this respect.

EPF may obtain needs assessments or baseline evaluations as it begins exploring new program areas or plans a significant new investment in an established program area. For projects, clusters of projects, or fields of interest of strategic importance, Foundation staff should consider undertaking an impact evaluation. In such cases, EPF staff will draft a scope of work, which will require approval from EPF President/CEO. The scope of work for these needs assessments/baseline evaluations and RFPs to hire evaluators should be sent to EPF President/CEO for review and approval.

### *Proposal Review Stage*

At the proposal review stage, evaluation and program staff should work with the applicant to consider how the project will be evaluated so that results can be clearly articulated. Specifically, the staff should work with the applicant a) to formulate measurable outcomes; b) to identify the process of collecting specific baseline information that will assist in assessing project outcomes; and c) to verify that baseline data will be gathered before a project begins (or during the project's initial months).

When contracting out evaluations, EPF staff will draft scopes of work for external evaluators. Scopes of work should be submitted to EPF President for review and approval. Approved scopes of work can be later modified based on the selected evaluator's input. The final scopes of work should be attached to the evaluation contract and be considered as an integral part of it.

### *Grant Award Stage*

An evaluation session should be included in grants management seminars, highlighting information about evaluation for the grantee. EPF staff should encourage internal evaluation practices by grantees through EPF's monitoring and evaluation processes. The evaluation process guides grantees in identifying program results. Time should be spent reviewing Attachment 3 with the grantees.

### *Project Implementation Stage*

During the project implementation stage, program and grants management staff should refer to the logic model and to Attachment 3 when reviewing analytical reports. Staff should also consider how the evaluation process is progressing and make a list of the changes that could make the evaluation more concrete. Evaluation questions for impact assessment should be drafted that can be used at the final site visit or evaluation.

### *Project Closeout Stage*

This step includes verifying quantities (such as number of people trained) and the accuracy of how that information was obtained. EPF staff is also required to draft outcome statements for each grant. These outcome statements will be reviewed by EPF President/CEO before they are approved for distribution. In special cases, EPF President/CEO can designate an outcome

statement as ‘distribution sensitive.’

#### Follow-up on Evaluation Reports and Findings

EPF staff should follow-up on evaluation findings and recommendations. For instance, recommendations could include: internal management modifications, fundraising proposals, presentations on results, workshops, seminars, articles, reports, etc.

All evaluation reports should be sent to the director of programs and EPF President/CEO 30 days after the completion of the evaluation report. EPF should disseminate evaluation reports among colleagues, stakeholders, public policy makers, donors, media, etc. as appropriate.

### **16.3. EVALUATION CHECKLIST**

#### Planning Phase

- Stakeholders Analysis:
  - Stakeholder identification, i.e., who are the interested parties for this particular evaluation? Examples include representatives from the Board of Trustees, Foundation management, program staff, donors, program partners, program beneficiaries, etc.
  - Stakeholder involvement and input, e.g. has EPF provided key stakeholders an opportunity to include their questions in evaluation scope of work?
  - How will the evaluation’s findings, conclusions and recommendations impact and be disclosed to each stakeholder?
  - Do political constraints exist at the design stage? Can they be removed or mitigated?
  - Assure that evaluation will directly serve each stakeholder’s capacities and capabilities
- Scope of Work:
  - Introduction of EPF
  - Background and context
  - Evaluation goals, objectives and research questions
  - Intended use of the evaluation
  - Evaluation deliverables (e.g. workplan, draft and final reports, presentations, articles, others)
  - Logistics, e.g. timeframe, main point of contact
  - Bid requirements, e.g. proposal specifications, selection criteria, review process
- Basic Competence:
  - Evaluator credibility
  - Formal agreement
  - Conflict of interest

#### Implementation Phase

- Staff work closely with evaluation professionals:
  - Pre-field trip discussions/round tables
  - Staff review data gathering instruments for appropriateness and comprehensiveness
  - Intermediate presentation on findings
  - Revision of draft report
  - Final oral presentation

#### Reporting Phase

- Data-gathering and analysis:
  - Detailed description of evaluation purposes and procedures
  - Valid and reliable information presented
  - Data is based on systematic information gathering
  - Analysis of quantitative and qualitative data with appropriate methods and tools
- Findings:
  - Clarify with evaluator the basis for value judgments
  - Clarity of information provided in report - is it easily understood?
  - Justified conclusions based on findings, check with stakeholders so that they can assess them
- Return on investment:
  - Information scope and selection should be broadly selected and responsive to the needs of clients and other stakeholders
  - Report timeliness and dissemination, evaluation findings should be presented to intended users in a timely fashion, so they can put them to use
  - Practical procedures and cost effectiveness in conducting evaluation studies

#### **16.4. EVALUATION REQUIRED DOCUMENTATION AND APPROVAL PROCESS**

Scope of Work: All evaluation initiatives require a scope of work, except project process evaluations.

Tender Documentation: EPF procurement regulations for issuing tenders and awarding contracts for an evaluation initiative must follow standard EPF procurement policy located in Section 7 of this manual.

## **17. COMMUNICATIONS POLICIES AND PROCEDURES**

EPF has the following external communication targets:

- donors and policy-makers (prospective and actual donors, policy-makers)
- government of Armenia, other governments if needed (such as Turkey)
- peers, partners, grantees, likeminded civil society groups
- the general public

EPF has developed a special contacts management system, which should be updated by all relevant staff, and is maintained by communications manager and senior management.

### **17.1. ANNUAL PLANNING**

As part of EPF's annual strategic planning process, the Program Manager or other staff responsible for communications, in coordination with EPF President/CEO, develops EPF-wide communications and media strategy each year. Built on EPF-wide goals and objectives, this strategy is based on an assessment of the needs and objectives in relation to the actual outreach prospects that exist.

Annual planning should also include evaluation of outreach and communications activities and products. This may include revising formats and appearances of publications, delineating obstacles, and determining effectiveness of the previous year's efforts.

### **17.2. INTERNAL COMMUNICATION PROCESSES**

Internal communications procedures will be led by EPF President/CEO. Methods include creation and maintenance of internal email groups, staff contact lists, Skype, Intranet, shared calendars, organizational charts, minutes of staff and senior management meetings, etc.

### **17.3. GUIDELINES FOR COMMUNICATIONS PRODUCTS**

The identity guidelines will contain policies on the use of the logo, boilerplate language that communicates the purpose and activities of EPF, etc. Templates for CD covers and one-pagers or short policy papers are available.

#### **17.3.1. Product Categories**

Products include web sites, annual reports, success stories, op-ed pieces, speaker placement, media cultivation, press releases, newsletters and events. In addition, EPF produces materials about what it does, for whom, and on what schedule, including the "About EPF" overview pieces, capacity statements, information packs, the external web site, country summaries, electronic bulletins, capabilities overviews, and informational seminars.

#### **17.3.2. Coordination**

The EPF President/CEO or staff assigned by them should coordinate closely with the CEO the communications strategy. EF DC and EF network could take part in the coordination

process.

### 17.3.3. Use of Local Languages

The use of local languages should be a key consideration in the development of communications materials. Materials should be simultaneously produced in Armenian and English, as appropriate. Additional languages, such as Russian, should be used as appropriate. Depending on the target audience and resource available, some materials may be developed only in English and/or only in Armenian.

### 17.3.4. Attribution to Donors

It is advisable to mention our donors in communications materials. If a document or event calls for placement of the donor's logo, the donor should be contacted for permission and to ensure compliance with any graphic standards. In some cases, rules for attribution and use of the donor's logo are indicated specifically in grant agreements and contracts. **As a rule, staff should communicate with their Communications Officer about the proper use of donor logos, disclaimer language, and other matters related to donor attribution.**

## 17.4. COMMUNICATIONS PRODUCTS

### 17.4.1. Annual Report

*Required content:*

- Brief overview of top accomplishments of the past year
- Executive letter from the Board Chair and EPF President/CEO
- EPF mission, overview
- List of board members
- List of donors
- Office contact information
- Financial report from audited financial statement

*Writing:* The communications officer confers with colleagues to identify the top programmatic or grantee accomplishments in each program area and then develops these into mini-stories. The financial overview is based on the audited financial statement and developed with assistance of finance staff.

*Photography:* Program and grants management staff are encouraged to collect photos as part of site visits and other program and grant events, and then submit them to the communications officer for inclusion in the annual report (and other EPF publications).

### 17.4.2. Features

Features are stories about individual grants, grant constellations, projects or programs. The best story topics: 1) show results that have a broad impact on society; 2) have been funded at least partly by new donors; and 3) highlight areas in which EPF is expanding its work. Features and one-pagers are written in a user-friendly language, do not abuse the 'NGO speak', and their language differs depending on the target audience. Usually they are multi-purpose, and are directed both towards the donors and policy community, as well as towards larger audience.

### **17.4.3. Web Site**

Required content for the web site includes:

- EPF logos on home page
- Office contact info (a staff list is also recommended)
- Content about EPF (Mission and Mandate, FAQ, etc.)
- Advisory committee and Board names
- Full list of projects, awarded and currently active grants and grantees
- Attribution of donor financial support and their corresponding logos

Recommended content includes:

- Message from EPF President/CEO
- Job announcements
- Features, press releases, grant announcements, other publications
- Audited financial statements
- List of partners/donors
- Policy papers, research results, publications
- Multimedia products (films, clips, videos)
- One (and more) pagers per each program

The communications staff will be responsible for web site content while the IT staff will be the overall manager of the site. Contents should be updated on an ongoing basis. Full review of all web site content should be conducted every six months.

### **17.4.4. E-bulletins**

E-bulletins should briefly highlight recent EPF and grantee activities and events. The suggested format is short blurbs with links to Web pages with further information. E-bulletins should be produced and distributed as often as events/news requires, but a regular monthly or quarterly schedule is recommended. The e-bulletin in full should be placed in the body of the email message with simple formatting.

### **17.4.5. Media Relations**

Proactive and positive media relations ensure that EPF has a strong public image. Various media tools, including press releases, op-eds and feature articles, interviews and broadcast appearances, and press conferences, should factor into the yearly planning process.

### **17.4.6. Marketing to Potential Grantees/Project Participants**

Staff members should bring informational materials to any event where potential grantees might be present (conferences, presentations, etc). Outreach seminars and other events are useful tools for reaching populations where EPF may not be highly active. Outreach seminars are conducted by program staff and designed 1) to attract possible new partners in geographical regions, or 2) to find new potential partners in a certain field.

## **18. FUNDRAISING**

A part of the JD of every program personnel is fundraising, and a major part of activities of the senior management is fundraising. All staff will be periodically trained on fundraising. EPF survives on grants and donations. It utilizes several fundraising tools:

- a) Fundraising from public institutions and governments, private corporations and/or individuals
- b) Replying to the requests for applications put forward by donors
- c) Approaching donors with requests to fund its Programs (unsolicited)
- d) Participating in bids for consultancy services if the latter are within its mandate and capacities.

Every case of program implementation has also an element of fundraising, since the high quality of implementation creates the impact as well as contributes to the image of EPF, which in turn makes EPF attractive for donor funding. Therefore it is essential to strive for excellence in program implementation.

While support services are not required to make direct fundraising efforts, they also participate in fundraising, in that, e.g., good financial reporting is a prerequisite for subsequent fundraising, since it constitutes strength of EPF and a part of its image in the eyes of donors.

### **The Fundraising Structures**

EPF has designated positions which regulate its fundraising efforts. To different degrees, the following are usually involved in strategic decisions re fundraising: EPF President/CEO; Deputy Director; CFO; PMs; etc.

EPF maintains and constantly updates a database of fundraising, which includes potential and actual donors, submitted proposals and their status, rejected proposals (with causes for rejection if available), and final reports to donors. The program personnel are required to maintain and update this database, so that the constantly evolving institutional history is available and not dependent on staff turnover.

### **18.1. ANNUAL PLANNING AND TARGETS**

As part of EPF's annual strategic planning process, EPF President/CEO sets a EPF-wide and country specific fundraising targets each year. These targets are based on an assessment of the program needs in relation to the actual fundraising prospects that exist and past performance. While the fundraising target is a firm objective toward which EPF strives, individual staff members will not be penalized for a failure to achieve the financial objectives set—numerous external factors may influence EPF's ability to meet the target—but will be evaluated in the annual review on tangible efforts to achieve the target. However, staff should be aware that if funding for a project comes to an end, their positions cease to exist.

EPF President/CEO is responsible for tracking progress in meeting funding targets. The President reports at least semi-annually to the Board of Trustees. The report covers total amounts of funding requested by country and awards received since the last report.

## **18.2. APPROACHING DONORS**

EPF exists and survives via raising money from donors for programs and/or projects. It is vital that program staff consider the program's ability to attract donor funding during the earliest stages of planning. Donors often prefer to be approached during the design phase of a new program. This gives them a chance to influence the program (if appropriate) and to feel some ownership of it.

Positioning a program for donor funding involves many of the same principles of sound program design. The program staff should consider some or all of the factors listed below when considering whether to pursue new program opportunities:

- Can I demonstrate a compelling need for this program? Will I be able to document measurable outcomes after its conclusion?
- Are there other organizations active in this area? Who are they? What makes EPF's program unique, more innovative, or more effective?
- Why is EPF the best organization to deliver this program? What is its experience in this area?
- Is it an opportunity for engaging other funders?
- Is it an opportunity to build new capacity in our staff?
- How great a demand will it be on senior management's time?
- Might we be able to make this a model and replicate it as a significant program?
- Will the grant cover all the necessary financial needs?

If a Program Manager can answer these questions satisfactorily, the EPF development team (EPF President/CEO, Deputy Director and CFO) should be consulted to help identify and approach donors with compatible interests. If a suitable donor is identified, the Program Manager will participate in donor meetings and will work with the development team to draft a concept paper or proposal.

## **18.3. CONCEPT PAPERS**

A concept paper is written after donor interest has been identified or sometimes as an expression of interest. The paper should consist of no more than 10 pages (usually 2-6) of text (add attachments if essential), with an estimated level of funding that will be required to implement the project. Program staff will work together with fundraising staff to develop and submit concept papers. Details of the budget should not be included at this stage.

At a minimum, a concept paper should include the following elements:

- a) Cover Page – If there is no standard donor format, a cover page should include the following: Proposal title (descriptive enough to give a general understanding of the program), EPF logo, date submitted, date of any revisions, EPF contact names and information, and name of donor (“submitted to ...”).
- b) Summary – This should state the overall goal of the program, the timeframe of the program, and the amount of funding being requested and the amount (if any and in which currency) that EPF is contributing.
- c) Introduction/Background – This should include a review of the problem to be addressed by the project and the rationale for undertaking the program, a summary of

the program, who the key players are and the request for funding. It is important to remember the audience to whom you are writing and to emphasize the program's relevance to the funder's interests and objectives. This section is usually approximately 1 page

- d) Objectives – provide in some detail
- e) Project/Program Description and Implementation Plan
- f) EPF experience in this particular area
- g) Program Timetable
- h) Expected results including program outcomes and how they will be evaluated.
- i) Abbreviated organizational capacity statement – this section should include general background information on EPF and information that demonstrates EPF's ability to implement the proposed program, such as expertise of staff, grant-making procedures if applicable, technical systems such as GMS, and in-house capacities such as monitoring and evaluation
- j) Appendix – optional (useful if, for example, you wish to include something like the list of grants awarded under the first round of the program, an expert panel list or a detailed curriculum).

*n.b., any concept paper that includes budget figures (even preliminary or rough estimates) MUST be accompanied by a separate signed letter from EPF President/CEO.*

#### **18.4. PROPOSALS**

If a full proposal is requested by the donor, the fundraising staff should identify a due date (if the donor does not specify a deadline, an internal one should be set). All proposals should be reviewed and approved by the director of development. The Board of Trustees or executive committee should be notified of all donor proposals in excess of \$200,000. A full proposal should include the following elements (these are similar to those necessary for a concept paper only they are more detailed and require detailed budget information):

- a) Cover Page – If there is no standard donor format, a cover page should include the following: Proposal title (descriptive enough to give a general understanding of the program), EPF logo, date submitted, date of any revisions, EPF contact names and information, and name of donor (“submitted to ...”).
- b) Executive summary – This should state the overall goal and activities of the program, the timeframe of the program, the amount of funding being requested and the amount (if any) that EPF is contributing. An executive summary should be no more than one page long and should serve as a summary of the entire proposal.
- c) Introduction/Background – This should include a review of the problem to be addressed by the project and the rationale for undertaking the program, a summary of the program, who the key players are and the request for funding. It is important to remember the audience to whom you are writing and to emphasize the program's relevance to the funder's interests and objectives. This section should be approximately one page long.
- d) Objectives – provide in some detail
- e) Description of program/project activities
- f) Program timetable – overview of milestones in program implementation and approximate time for their completion.
- g) Detailed Monitoring and Evaluation Plan, including indicators to measure expected results (outcomes/outputs) and methods of collecting data based on those indicators.

- h) Request for Funding – a short paragraph reiterating the amount requested, acts as introduction to budget
- i) Budget
- j) Organizational capacity statement – this section should include general background information on EPF and information that demonstrates EPF’s ability to implement the proposed program, such as past relevant experience, expertise of staff, grant-making procedures if applicable, technical systems such as GMS, and in-house capacities such as monitoring and evaluation
- k) Appendices – optional (useful if, for example, you wish to include something like the list of grants awarded under the first round of the program, an expert panel list, letters of support from partners, or a detailed curriculum)
- l) Ensure that EPF’s gender mainstreaming guidelines are followed in the proposal

*n.b., any proposal that includes budget figures MUST be accompanied by a separate signed letter from EPF President/CEO.*

### **18.4.1. Proposal Budget**

While many line items will have been used in calculating the program budget, unless required by the donor, keep detail to a minimum in the submitted version (e.g. salaries and benefits should be one line item and not broken down by personnel involved). Donors will always ask for more detail if it is needed. This lessens the restrictions on program implementation and makes reporting easier. However, a detailed budget should be prepared for internal use. Remember to include indirect costs (a percentage of total expenditures) on every budget. The percentage changes, so it needs to be confirmed by the accounting department. Budget detail will vary depending on the donor. This information should be determined prior to submitting the proposal and should reflect the donor’s requirements.

#### Sample Budget

Item description	Total
<i>3 Linkage Grants @ \$45,000 each</i>	<i>\$135,000</i>
<i>4 Seed Grants @ \$10,000</i>	<i>\$40,000</i>
<b>Total grants</b>	<b>\$175,000</b>
<i>Salaries and benefits</i>	<i>\$31,115</i>
<i>Communications: fax, telephone, postage, etc.</i>	<i>\$15,538</i>
<i>Travel and related costs</i>	<i>\$14,640</i>
<i>Consultants – salaries and benefits</i>	<i>\$3,870</i>
<i>Consultants’ travel &amp; related costs</i>	<i>\$8,175</i>
<b>Total direct costs</b>	<b>\$73,338</b>
<b><i>Total grants and direct costs</i></b>	<b><i>\$248,338</i></b>

To ensure compliance with EPF’s policies and procedures, any memorandum of understanding (MoU), donor agreement or donor contract should be reviewed by EPF President/CEO, Deputy Director and the CFO as well as the fundraising staff. Once approved by all relevant staff, the document should be submitted to EPF President/CEO (or other authorized signatory) to sign. A fully signed original should be retained by each party to the

agreement.

## **18.5. REPORTING**

EPF President/CEO is responsible for keeping track of due dates for donor reports, however, it is the responsibility of the Program Manager to deliver the draft report in time for editing and comment. All draft reports are copied to CEO.

When a report is due, abide by the following procedures:

1. Reports are written by the Program Managers. The Program Manager writes the narrative report and finance staff to prepare the financial report. The program, grants, and finance staff must ensure that financial information contained in the narrative report, such as grants awarded, matches information in the accounting and grants management systems, and that the information presented in the narrative and financial reports is complete, consistent and does not conflict.
2. In most of the cases the donor will require that reports be submitted in English. At least one native English speaker should review all English-language material. If funding is not available for this, with the approval of CEO reports can go out after editing by senior staff.
3. Before submitting the report to the donor, it must be reviewed by EPF President/CEO and submitted to the donor with an accompanying cover letter signed by EPF President/CEO.
4. Copies of the report and cover letter should be kept in the donor and program files.

When preparing donor reports, it is important to keep in mind that every project is somewhat unique and may require additional information to be included in the report. Some donors have specific reporting requirements and even specific reporting forms to be used. In addition, though the exact content may vary, donor reports should generally include the following:

1. Cover page
2. Table of Contents
3. Executive Summary
  - It is best if this section is written only after the rest of the report is complete and should be no longer than one page.
4. Introduction/Background.
  - This does not need to include the rationale for funding the project. It should include a review of the problem to be addressed by the project, the agreement of the donors to cooperate on it, and the scope of the work entailed.
5. Goals/Objectives of the project.
  - If the objectives were modified during the course of the project, explain how, when, and why they were modified.
6. EPF activities within the scope of the grant from the donor. Activities prior to this grant should only be included if and when they relate specifically to the project funded by the donor's grant.
  - We do not need to convince a donor that we have experience in a certain type of activity – we convinced them of that in our proposal.
7. To the extent necessary, describe the activities of the grantees under the project.
  - Most of the time, the real point of a report is to show how we handled the money and resources a donor gave us. We do not need to submit our grantee's detailed report about its activities – just an overview of how the sub-award contributed to the project.
8. Results and project outputs: What were the results of the project? What did we and/or our

grantee(s) accomplish? What do we have to show for it? How does this compare to the original goals and objectives of the project?

9. Conclusion: What have we learned? Where do we go from here? Express appreciation to the donor. If appropriate, indicate a willingness to collaborate again in the future on such a project.
10. Financial Report: Generally, we need to report on what we did with the grant money, not what the sub-grantees did. For instance, we need to indicate the amount of a grant we made with the donor's funds. We do not need to describe in detail the grantee's budget for using the money.
11. Appendices  
Always include any publicity EPF obtained for the donor through the project, such as press releases, published articles, etc. Other appendices usually depend on the particular project.

## **18.6. DONOR FILES**

For all program-specific grants or awards received, a six-section donor file should be created. In each EPF office, EPF President/CEO, in cooperation with the finance staff, will be responsible for maintaining these files, with duplicate files with the Finance Manager. The files should be labeled with the donor name, project name and accounting codes and should include the following:

### **Section 1: Proposal**

- Concept paper
- Full Proposal
- Proposal Budget

### **Section 2: Communications related to Proposal**

- Copies of emails, notes on meetings or phone calls with donor related to the development of the proposal
- Any significant internal communications related to the development of the proposal

### **Section 3: Award and Payments**

- Original award document (MoU, contract, etc.) including any attachments
- Copies of checks, wire transfers or bank statements indicating payment on the award

### **Section 4: Communications related to Award and Payments**

- Copies of emails, notes on meetings or phone calls with donor related to the negotiation of the terms of the award or the payment schedule
- Any significant internal communications related to the negotiation of the terms of the award or the payment schedule

### **Section 5: Reports to Donor**

- Copies of all narrative and financial reports submitted to the donor

### **Section 6: Communications related to Reports**

- Copies of emails, notes on meetings or phone calls with donor related to the reporting requirements or due dates.

Much of this material must be entered into the Donors database. Contact CEO and/or Development Director for more information.

## Annexes

### Annex 1. Rules to Follow (October 2014)

- **RULE on HANDOVER LEAVING THE EPF EMPLOYMENT:** employees and in-house consultants cannot leave their employment at EPF until they have briefed their successor from the team or a new hire where are their files, both virtual and in kind. The exit interview is a must. The IT Manager cannot stop the email of the employee or in-house consultant, and unsign the former employee or in-house consultant from groups without confirming with Gevorg/Mara/Vazgen and the former employee or in-house consultants, when exactly should this happen.
  - **RULE on CHANGING THE TITLE ON THE WEBSITE:** if we are changing a title on the website, let us make sure that we leave the old title and add the new title below it, so that the link does not change, or make sure the link does not change in other ways.
  - **RULE on CURRENCY FLUCTUATIONS:** In the case of exchange rate fluctuations EPF does not revise contracts, if AMD depreciates, and may revise them if AMD appreciates. However, annual or performance-related revisions take into account such cases.
  - **RULE on PUTTING DATE ON DOCUMENTS:** please register that all the documents we produce should have a date of their issue on themselves FOREVER FIXED. It can be in the margins, as a last line, a file name, etc, but the date is ESSENTIAL. Whenever you have time, please look through your major communication materials produced recently and put a date. Even if it is something produced by others, say, an article from our project and we are reprinting it, it should have the date fixed in its body or outer elements.
  - **RULE on SERVICE CONTRACTS:** every contract should have a termination clause.
  - **RULE ON AUTHORIZATION OF PLANNED ACTIVITY WHICH NEEDS BOARD APPROVAL:**
    - a) submit the draft justification or acceptance memo with all the supporting documents to Gevorg, Vazgen, Mara well in advance of the planned activity.
    - b) Vazgen and/or Mara review; in exceptional circumstances, Gevorg can be the reviewer, but given his workload, it is better to discuss with Vazgen/Mara first. There is one more person to be a reviewer if neither Vazgen nor Mara cannot do that: Isabella.
    - c) after presenting to Gevorg and collecting his signature, PM (the responsible person) and/or Vazgen/Mara decide among themselves, who sends the document package to the Board Chair and his/her and/or Board secretary.
    - d) the document package should be full and include all the relevant information; justifications should be full and include all the arguments, biddings, reasons for lack of bidders, reasons for sole sourcing convincingly.
    - e) the document package should go to David Lee, cc'd Tea Chkonia (his secretary), and sometimes may be cc'd to Nino Stavridi (Board secretary). Vazgen or Mara can ask Tea/Nino if they need the full package. Gevorg, Vazgen and Mara, and relevant staff should be cc'ed in the submission.
- For new proposal opportunities a similar package of documents should be prepared well in advance of the deadline, if Board approval may be needed (if the topic may seem far away from EPF mandate, etc).
- **RULE on ANNOUNCEMENTS:** DATE, TIME, DURATION and PLACE should be with big letters in the very beginning of any announcement of an event/invitation, also in the email text.

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- **RULE on PLANNING EVENTS:** Events (including those planned in the EPF Conference room) should be updated in the Google Events Calendar by everyone and sent immediately to the staff. It is highly recommended to use the below EVENT ORGANISATION CHECKLIST.

## EPF EVENT ORGANIZATION CHECKLIST

Name/Subject:

Organizers:

Sponsors:

TIME PERIOD	ACTIVITY	REQ'D	DONE	POINT OF CONTACT/ STAFFER	DEADLINE	COMMENTS
PRE-EVENT	<b>Event Concept and Budget</b> ✓ Concept note (event purpose and outcomes) ✓ Event location (inside or outside capital) ✓ Event dates confirmed ✓ Draft budget ✓ Compare with program budget (Comments) ✓ Final budget		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<b>Conference Materials</b> ✓ Event Concept ✓ Agenda <ul style="list-style-type: none"> <li>• Draft</li> <li>• Final</li> </ul> ✓ Participant List ✓ Speaker bios (optional) ✓ Technical Materials (List in Comments. Also note what languages they should be available and if they require translation) ✓ EF folders (for materials)	Yes/No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

	<p><b>Speakers/Experts</b> (list in Comments. If necessary attach separate list)</p> <p>✓ Type of speakers needed:</p> <ul style="list-style-type: none"> <li>• High Level</li> <li>• Technical Presenters</li> <li>• Facilitators</li> </ul> <p>✓ Status</p> <ul style="list-style-type: none"> <li>• All Invited</li> <li>• All Confirmed</li> </ul> <p>✓ Hotel reservations completed</p> <p>✓ Per diem prepared</p> <p>✓ Token gifts purchased (check with director)</p> <p>✓ Official invitations issued</p> <p>✓ Speaker presentations rec'd/approved</p> <p>✓ Break-out facilitators briefed</p> <p>✓ Remarks VIPs prepared (optional)</p> <p>✓ Talking points for VP/Director</p>		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<p><b>Event Venue</b></p> <p>✓ Main event room reserved (note number of participants in Comments)</p> <p>✓ Break-out rooms reserved (record how many in Comments)</p> <p>✓ IT equipment reserved (microphone, computer, projector, , etc. – note which equipment required in Comments)</p> <p>✓ Writing materials (flip charts, pens, pencils, pads)</p> <p>✓ Name tags/table tents prepared</p>	Yes/No	<input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/> <input type="checkbox"/>			

	<b>Hotel/Per diem/Meals</b> ✓ Hotel arrangements for outside participants (note number of participants in Comments) ✓ Per diem prepared (optional – note number of participants in Comments) ✓ Meals and coffee breaks at hotel ordered (note number of participants in Comments) ✓ Restaurant dinners (optional – note number of participants in Comments)	Yes/No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<b>Translation</b> ✓ Which languages required (see Comments) ✓ Simultaneous or consecutive (see Comments) ✓ Number of translators needed (see Comments – include breakout sessions) ✓ Are translation booths available? ✓ Number of headsets required (see Comments) ✓ Translators been hired ✓ All technical arrangements completed?	Yes/No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<b>Tender Materials</b> ✓ Request for Participation (RFP) drafted ✓ Final tender approved by Director ✓ Copies of tender materials made		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<b>Invitations</b> ✓ Official required for travel/visas <ul style="list-style-type: none"> <li>• If yes, note names and countries in Comments (If necessary attach separate list</li> </ul>		<input type="checkbox"/>			

	✓ General invitations		<input type="checkbox"/>			
	<b>Donor Preparations</b> ✓ Which donors involved? (see Comments) ✓ Donor banner obtained ✓ Logo on conference materials		<input type="checkbox"/> <input type="checkbox"/>			
	<b>Transportation</b> ✓ Airport pick up/drop off required? • If yes, note names, times, and flight numbers in Comments (If necessary attach separate list) • Have arrangements with a transport company been made? • Are any VIP arrangements req'd? ✓ Is out-of-town travel required? • If yes, what mode of transport will be used (note in Comments)? • Transport arrangements complete ✓ Is off-site transport required (e.g., to restaurant) • Transport arrangements complete	Yes/No     Yes/No Yes/No Yes/No  Yes/No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
	<b>PR/Outreach</b> ✓ Press release • Drafted and approved • Sent to press corps ✓ Press corps contacted day before ✓ Press packet prepared (optional) ✓ Remember to bring EF camera/video ✓ Event banner made (including all donor logos, title, place and date of event)		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

	✓ Conference packet prepared (including agenda, list of participants, copies of speeches/presentations, other docs )		<input type="checkbox"/>			
<b>EVENT</b>	✓ All technical equipment tested ✓ Sign-in sheet (languages?) ✓ Materials table set up (optional) ✓ Travel reimbursement forms for guests ✓ Evaluation forms ✓ Tender materials ✓ Business cards		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
<b>POST EVENT</b>	✓ Review bills – alcohol and VAT ✓ Thank you letters to speakers/experts ✓ Update donor/contact database		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
<b>Misc.</b>						

**NOTES**

## **Annex 2. Rule on Database Use Procedure (November 4, 2014)**

### **A. PREAMBLE**

- It is crucially important not to make any typos while entering the contacts. Those who correct a typo in the name, surname, email address and mobile number of a contact will receive a praise (demonstrate your work to Small Management Team).
- All telephones and mobiles enter with full area code (i.e. for Armenia they start from +374etc.).
- Contacts are collected in English only, if needs to be translated please use the most logical transliteration.
- For a contact to enter the database it is enough to have only the last name, affiliation/position, email and/or telephone (plus the explanatory note/key words), but please do update the rest of data for such deficient contacts as much as possible.

### **B. RULES FOR THE DATABASE MAINTENANCE**

Rule 1: Keep outdated contacts in contact database (do not delete or edit), make its status INACTIVE and enter new contact for the same person.

Rule 2: Put categorized email-lists on NetDrive \\192.168.0.3\Net Drive\Communications and notify everyone about it.

Rule 3: Include CS activists in the lists apart from organizations, since many CS activists are not linked to organization or are linked to several, e.g. Nvard Manasyan, Haykak Arshamyan etc. (with keyword civil society). You can put ‘civil society activist’ as the name of organization probably.

Rule 4: Have three recipients from any organisation while sending an invitation or other important email (the leader; PM or PA; mail starting with info or reception—if any)

Rule 5: Put keywords for each contact, trying to select a key word which will be the best for the contact identification in the future.

Rule 6: Ask Program Managers for any info related to their program stakeholders. (For donors’ database and website updates).

Rule 7: Proposal/Proposal rejection, Reports, including intermediary, and Budgets to be reflected in Donor's database.

Rule 8: When adding new contact each time tick the [contacts@eurasia.am](mailto:contacts@eurasia.am) mailing list

Rule 9: When sending a group email via a list, please first check the list to see if it reflects the people you want to target or not; in almost no case the list used three months ago can be used without updating again.

Rule 10: To Finance and HR teams: please include in the database and/or submit to pass all the contacts that you deal with: service providers, lawyers, bankers, tax authorities, other ministries (justice ministry registration personnel), notaries, visa offices/authorities, passport authorities, house keepers, building authorities, neighbors, etc. with appropriate key words explaining in brief in English who they are.

### C. DATABASE UPDATING RULES FOR PROGRAM MANAGERS AND ALL STAFF

Rule 1: Every staff member looks through his/her emails and identifies key contacts to be in the database, and submits to assistants 5-10 key (new, additional, changed etc.) contacts (every month).

Rule 2: Every staff member the moment the fundraising process reaches the proposal submission stage, sends all relevant info to donors' database.

### D. LISTS TO BE CREATED/EDITED IN THE DATABASE

Please note that these lists are primary for making the database work. Other/older lists should be edited accordingly. It makes sense to use the key words suggested while entering contacts so that the distribution lists to be created afterwards are easily created.

Media:

- 1) Armenian and International Media (large list, info to be sent in English and Armenian)
  - a. International media (a sublist, info only in English)
  - b. Armenian Media (a sublist, info only in Armenian)
- 2) Turkey media (a separate list not to confuse with international media: stuff to be sent to international media should not be copied to this list as well)

NGOs:

Note: please note that the wording 'international organization'; refers to only intergovernmental organizations, not NGOs or consultancies; NGOs should be called International NGOs; consultancies—international consultancy.

- 3) NGOs located in Armenia; including all Consortia organizations, and representations of international NGOs in Armenia; info to be sent as a rule in Armenian AND English

4) International NGOs; NGOs worldwide

- a. European NGOs (as a sublist)
- b. In the future there may be CIS NGOs etc; for now Georgian, Ukrainian etc. NGOs can be in the international and European NGOs lists. However, it is advisable to put a key word 'Georgian NGO' etc.

International organizations

This refers to only intergovernmental organizations, such as UN, OSCE, EU, EBRD, WB etc.

- 5) International organizations (general). Since this is a list which may have a lot of contacts from different departments of the same organization, please pay attention to which contact from which department is the info being sent.
- 6) International organisations (having offices) in Armenia (Note: do not confuse with Embassies of other countries)
- 7) International organisations outside Armenia (having no offices in Armenia)
- 8) European organizations (not NGOs, usually consultancies)
- 9) International and European governments, organizations (consultancies), and NGOs (there may be such a group: all international contacts)

Turkey

- 10) Turkey NGOs: ATNP Consortium; beneficiaries; SATR partners; fellows; small grants + travel grants implementers; Media bus tour; Mush trip; other (these lists include Turkey as well as Armenia partners/participants)
- 11) Turkey NGOs (other, not direct participants of our projects)
- 12) Turkey media (see Media 2.)

Other groups

- 13) Armenia-based businesses (key words: business Armenia)
- 14) Businesses worldwide (key words: business international)
- 15) Donors (key words: donor, potential donor, policy, policy partner)
  - a. US (donor/policy) contacts
  - b. EU (donor/policy) contacts
  - c. Other governments usually are reflected in the group 'Embassies', may be replicated in Policy, Donor and similar lists.
- 16) All contacts
- 17) Armenia government

18) Possible future groups:

- a. Peacebuilding stakeholders (with relevant subgroups, for instance Azerbaijan contacts may be excluded from many peacebuilding communications just in order not to jeopardize them; they may be used for specific communication purposes)
- b. Local Government Stakeholders (may include both NGO and LG contacts, overwhelmingly from Armenia, communication mainly in Armenian)

E. LISTS OF ROW EMAILS, LISTS OF PARTICIPANTS

We are collecting all the time lists of row emails, sent by others, such as EaP CSF ANP list etc. These are important since they reflect stakeholders already identified by somebody else. We should decide what to do with them.

- a) PAs to suggest how can they be linked to the database in a row state (by next staff meeting—on the 12th of November 16.30). They should be available for those who enter the database.
- b) Staff, when they have time, go through these lists and suggest which persons to be included in the database: they may be known, including their full name and affiliation; and/or this can be inferred from their email. In some cases, if important contacts, only their name or only last name with initial and email can be included individually in the contacts database, to be updated later on. . In the case if we have the contacts already they should be checked/updated.

Note: Those who update the database based on lists will receive a praise, this will be reflected in promotional opportunities (please show Gevorg/Mara/Vazgen/Sylvia the work you have done in this respect the work you have done).

- c) Lists collected after EPF events: these lists should be entered in the database individually. In the case if we have the contacts already they should be checked/updated. Please note: at every event, beforehand, the lists for participants' signing should be prepared, having the following columns: name/ surname, organizations, email, and mobile. While entering the event, all participants always should be asked to fill in the list, their row.

I have read this \_\_\_\_\_

### **Annex 3. Protocol on Second Thinking (December 8, 2014)**

#### **Պրոտոկոլ**

#### **Երկրորդ մտածողության**

#### **Նախաբան**

ԵՀՀ-ն աշխատում է մարդկանց մեջ ու մարդկանց հետ: Նրա աշխատանքը պահանջում է խոր պատասխանատվություն: Այդ իսկ պատճառով անհրաժեշտ է զարգացնել երկրորդ մտածողության օրգանը:

Առաջին մտածողությունը դա մեր բնագոյային ռեակցիան է իրադրություններին: Այն պետք էր այն ժամանակ, երբ մարդը պիտի պայքարեր գոյատևման համար, և այժմ էլ, կրիտիկական իրադրություններում, շատ կարևոր է: Սակայն մարդու գործունեության դեպքերի մեծ մասը պահանջում են հավասարակշռված մտածողություն՝ որը լավագույն հնարավորությունն է ստեղծում՝ հասնելու նպատակներին: Դա անվանվել է «երկրորդ մտածողություն»: Առաջին մտածողությունը ծախսում է մարդու էներգիայի ընդամենը յոթ տոկոսը: Երկրորդը՝ քսանհինգ տոկոսը: Դրա համար հազվադեպ է հանդիպում և դժվար է, և մարդիկ հաճախ նրանից խուսափում են: Սակայն մարդկության նվաճումների գերագույն մեծամասնությունը ստեղծվել է երկրորդ մտածողության շնորհիվ<sup>7</sup>:

#### **Օրինակներ երկրորդ մտածողության**

#### **Իմեյլ**

Իմեյլն ուղարկելուց առաջ անհրաժեշտ է.

Ա) ստուգել, արդյոք այն հասցեագրված է այն մարդկանց, ում անհրաժեշտ է: Արդյոք չի մոռացվել որևէ մեկը, ով կարող է նրանից օգուտ քաղել: Արդյոք չկա հասցեատերերի մեջ ավելորդ հասցե: Արդյոք բոլոր հասցեները ճիշտ են գրված, թե ոչ:

Բ) Ընտրել լավագույն վերնագիրը, որը հակիրճ և ճշգրիտ բնորոշում է իմեյլի բովանդակությունը: Նոք. Եթե իմեյլը պատասխան է նախորդ իմեյլների, բայց բովանդակությունը նախորդ խոսակցության համեմատ այլ է, պետք է փոխել վերնագիրը: Եթե նախորդի ու այժմյանի միջև կապ կա, բայց բովանդակության մեջ կա կարևոր փոփոխություն, խորհուրդ է տրվում զարգացնել վերնագիրը, հակիրճ բացատրելով փոփոխությունը:

Գ) Իմեյլի բովանդակությունը. այն պիտի հստակորեն բացատրի, թե ինչ է ասում գրողը: Չի կարելի, որպես կանոն, կրճատել

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<sup>7</sup> Այս հարցերը խորապես հետազոտված են Դանիել Կոլեմանի «Մտածել. արագ և դանդաղ» բեստսելլերում (2011).  
[http://en.wikipedia.org/wiki/Thinking\\_Fast\\_and\\_Slow](http://en.wikipedia.org/wiki/Thinking_Fast_and_Slow)

իմաստները: Ամեն նախադասություն պիտի սովորաբար ունենա ենթակա, ստորոգյալ և այլ անդամներ: Եթե իմեյլը պաշտոնական է կամ գրվում է պաշտոնական անձի, սա առավել կարևոր է: Եթե իմեյլը ոչ պաշտոնական է, ոճական ազատությունները թույլատրելի են, սակայն դրանք նույնպես պիտի լինեն մտածված: Իմեյլում չպիտի լինի ոչ մի չմտածված կամ պատահական տարր կամ տեքստ: Հաշվի առնենք, որ գրավոր ոճը միշտ ավելի կոշտ է հնչում, քան բանավոր, քանի որ առաջինում բացակայում է ոչ վերբալ ինֆորմացիան (ժպիտ, հորդորող հայացք ևն): Այդ իսկ պատճառով եթե իմեյլն անհամաձայնություն է արտահայտելու, հատկապես խնամքով պիտի ծրագրվի, որպեսզի հանկարծ չվիրավորի հասցեատերերին: Նոթ. անթույլատրելի է իմեյլ գրել թեկուզև փոքրիշատե գինովցած վիճակում: Խորհուրդ. Ամեն իմեյլ գրելուց հետո կանգ առեք, արեք կարճ ընդմիջում, վերընթերցեք, դիտարկելով Ա)-Գ) կետերի տեսանկյունից, ուղղումներ և շտկումներ կատարեք, հետո միայն ուղարկեք: Եթե նամակը հատկապես էմոցիոնալ է կամ պատասխանատու, նպատակահարմար է դադարը դարձնել նշանակալի և անպայման այն նայել ուղարկելուց առաջ: Էմոցիոնալ նամակներ ուղարկելիս նպատակահարմար է չօգտագործել ոչ մի արտառոց բառ, այլ ընտրել ամենանեյտրալ բառերն ու էմոցիան արտահայտել իմաստով:

### **Տեքստ/փաստաթուղթ**

Մենք հաճախ պիտի գրենք օրիգինալ տեքստեր/փաստաթղթեր: Դրանք ամենատարբեր ժանրի կարող են լինել: Օրիգինալ՝ նշանակում է, որ, նույնիսկ եթե նրա մեջ օգտագործվում են նախկին տեքստերից մասեր, այսպիսի հավաքմամբ այն առաջին անգամ է հրամցվում: Նոթ. եթե տեքստն օրիգինալ չէ այլ նախորդ տեքստ(եր)ի կրկնություն կամ հավաքածու է, չի կարելի այն ուղարկել՝ չընթերցելով ու չհամոզվելով, որ այս նոր տեքստը լիովին համապատասխանում է նոր հաղորդակցության նպատակին. ցանկացած, թեկուզ մանր, փոփոխություն, որ ցուցադրում է, որ տեքստը նախատեսված է հենց այս նպատակի համար, ավելացնում է նրա համոզիչությունը: Եթե ստացողը տեսնում է, որ տեքստը տիպական է կամ չափից դուրս ընդհանուր՝ տեքստն ավելի քիչ արժեք ունի նրա համար:

Տեքստերի բոլոր ժանրերի համար կան կանոններ: Հնարավոր չէ բոլոր կանոնները նախապես շարադրել ու իմանալ: Սակայն ահա որոշ տիպական դեպքեր:

Ա) Առաջին սևագիր: Առաջին սևագիրը միակ տեքստն է, որ իրավունք ունի չունենալ ֆորմալ տարրեր՝ գույն, չափս, վերջնական գրագիտություն և այլն: Այսպիսի դեպքերը քիչ են և սովորաբար գրվում են զուտ բովանդակային քննարկման համար: Մնացած բոլոր դեպքերում ֆորմալ տարրերը պարտադիր են: Առաջին սևագիրը հասցեատիրոջն ուղարկելուց առաջ պետք է վերընթերցել (գուցե էլի դադարից հետո)՝ արդյոք այն ընդգրկե՞լ է բովանդակային առումով բոլոր կարիքները, թե ոչ:

Բ) Սևագիր, որ պիտի խմբագրվի: Սա այն դեպքն է, երբ բովանդակությունն արդեն բավական առաջ է տարված: Անկախ նրանից, թե ո՞վ է կարդալու ու խմբագրելու ձեռնարկը, նպատակահարմար է, եթե բովանդակության մի նշանակալի մասն արդեն

վերջնական է՝ սկսել տեքստը նաև ձևավորել: Նոթեր. 1, տեքստերը գերադասելի են մեկ շրիֆտով, մեր օֆիսում հայերենը՝ սիլֆայեն, անգլերենը՝ թայմզ նյու ռոման, բացի հատուկ դեպքերից: 2, տառասխալների և վրիպակների ուղղումը, ոճական դասավորությունը շատ կարևոր են սևագրի համար էլ՝ արեք դա նախապես, մի թողեք խմբագրին: 3, Մի օգտագործեք շատ ընդգծում, բոլոր կամ իտալիկ: Դա հատուկ հմտություն է պահանջում, դրանց չարաշահումը ցույց է տալիս ցածր գրագիտության մակարդակ: 4, Մի օգտագործեք անծանոթ բառեր: Եթե կա բառ, որ պիտի օգտագործվի, բայց անծանոթ է՝ սկզբում ճշտեք նշանակությունը: Գերադասելի է այն փոխարինել ամենասովորական ծանոթ հոմանիշով: 5, Պարբերությունները, մեծատառերը և այլ ֆորմալ տարրերը պիտի ստուգվեն ու տեղում լինեն. էջահամարակալումը, շրիֆտի մեծությունը, տողերի արանքի մեծությունը, էջի հավասարակշռվածությունը, բառերի միջև արանքը (մեկ արանք)՝ ամենը պիտի արվի մինչև խմբագրելու ուղարկելը: 6, Եթե կան բառեր, որոնք շատ են կրկնվում, գուցե դրանք ավելորդ են և կամ որոշ դեպքերում պիտի փոխվեն: 7, Եթե անփորձ եք տեքստ գրելում տվյալ լեզվով, հաճախ օգնում է թարգմանել հստակորեն ձեր իմացած լեզվից՝ մտովի, այսինքն բանավոր ձևակերպել ասելիքը մայրենի լեզվով և հետո շարադրել այլ լեզվով: Դա թույլ է տալիս խուսափել տրամաբանական սխալներից: 8, Տեքստային ֆորմալ տարրերը (ասենք՝ հապավումները սկզբում բաց գրելն ու փակագծի մեջ որպես հապավում, որից հետո՝ միայն որպես հապավում. կամ՝ թիվը նախադասության սկզբում տառերով գրելը) պետք է պահպանել հենց սկզբից: Եվ այլն: Աշխատենք ուղարկել խմբագրման տեքստ՝ որը համարում ենք վերջնական: Մի թողեք խմբագրողին՝ որսալու մանր վրիպակներ ու թերացումներ. դա նրա աշխարանքը դարձնում է չարքաշ և ոչ էֆեկտիվ: Խմբագրման պետք է ուղարկել վերջնական արդյունք: Պատկերացրեք՝ որ դուք պրեզիդենտ եք և թուղթ եք ուղարկում մեկ այլ պրեզիդենտի. թղթի ձևավորումը պիտի լինի ճշգրիտ, հարուստ և անթերի. դա է պրոտոկոլի օրենքը:

Գ) Կրկին բովանդակության մասին. բովանդակությունը կարող է ցանկացած լինել, բայց կա մի կանոն, որը շատ հաճախ է հանդիպում. ցանկացած թեզ շարադրելիս՝ կոմբինացրեք ընդհանրացումը (որը սովորաբար պիտի գա սկզբից) և կոնկրետ օրինակով դրա իլյուստրացիան: Տեքստերի մեծ մասը թերի են կա՛մ օրինակի բացակայության պատճառով, կա՛մ ընդհանրացման: Սովորաբար տեքստն ունի հետևյալ սխեման. ներածություն (այս թուղթը հետևյալի մասին է). ընդհանրացում (ես կարծում եմ, որ հետևյալն այսպիսի օրինաչափություն ունի). կոնկրետ օրինակ (դրա օրինակ է այն դեպքը, որ եղավ իմ կյանքում 1695 թվականին). ամփոփում (հենց այդ պատճառով ես ուզում եմ անել այս և այս): Թղթերը բազում են և նրանց բովանդակությունը կարող է շատ տարբեր լինել: Բայց նրանց մեծ մասում առկա է ընդհանրացման և օրինակի ագուցման կարիքը: Օրինակը չի ապացուցում ընդհանրացման ճշմարտությունը: Ոչ էլ վերջինս՝ օրինակի ամենությունը: Սակայն եթե չկա օրինակ՝ ընդհանրացումը սին է: Եթե չկա ընդհանրացում՝ օրինակը կարճամիտ է: Ընդհանրացման և օրինակի կապն ասում է միայն մի բան. որ այս հեղինակն արտահայտում է այս փորձը (կարողությունը, կարիքը՝ օրինակը)՝ այս արժեք(ներ)ի (ընդհանրացման) վրա հիմնվելով՝ ուրեմն նա արժեքներ ունի և անելիքի պատկերացում: Երկրորդ մտածողությունը դա կարողությունն է՝ ընդհանրացման համար հարմար

օրինակ գտնել, և օրինակի համար՝ համապատասխան ընդհանրացում:

### **Որոշումների ընդունում և իրագործում**

Ա) Երկրորդ մտածողությունը կարող է նվիրված լինել ցանկացած ասպարեզի: Սակայն ԵՀՀ կոնստեքստում մեր հիմնական կարիքն է՝ ԵՀՀ բարգավաճումն ապահովել: Այս առումով, կարևոր է կայացնել այնպիսի որոշումներ, որոնք օգուտ են բերում մեկից ավելի թիրախների՝ ԵՀՀ կոնստեքստում: Ամեն անգամ միջոցառում կազմակերպելիս, փող ծախսելիս, ծառայություն վարձելիս մտածեք՝ այս գործընթացն ինչպես կարող է հավելյալ կերպով օգուտ տալ կազմակերպությանը: Եթե գործընթացը միայն մեկ պրոյեկտին է օգուտ տալիս՝ այդ պրոյեկտը դառնում է անկայուն:

Բ) Առաջնահերթությունների որոշում. հատկացրեք և ծախսեք ժամանակ որոշելու համար, որոնք են առաջնահերթությունները: Այդ ժամանակի ծախսը կփոխհատուցվի նրանով, որ տարբեր անելիքների միջև արժեքային և համակարգային հարաբերակցությունը եթե տեսնեք՝ նախ կանեք ամենակարևորը, որը նաև օգուտ կտա ա՛յլ առաջնահերթություններին. Երկրորդ՝ չեք անի ավելորդը: Առաջնահերթությունները որոշելիս և ընդհանրապես որոշում կայացնելիս ձեզ դրեք այն մարդու կամ կազմակերպության «կոշիկի մեջ», որին ուղղում եք ձեր գործողությունը: Դա կարող է լինել պոտենցիալ դոնոր. միջոցառմանը հրավիրվելիք անձ. կոլեգա՝ որից պետք է սպասել ինչ-որ օգնություն. և այլն: Մտածեք ոչ թե հետևյալ կերպ. «Քանի որ ես սա եմ ուզում ու գնահատում, արի ես հավատամ՝ որ նա էլ նույնը կուզի ու կգնահատի նույն կերպ»: Մտածեք հակառակ ուղղությամբ՝ ով է նա, ինչ գիտեմ ես նրա մասին, ինչ կարող է նա մտածել իր շահերից ու բնավորությունից ելնելով: Աշխատեք հնարավորին չափով հասնել ձեր ուզածին՝ հարմարվելով հասցեատիրոջ առանձնահատկություններին, որքան հնարավոր է: Կարևորը ոչ թե կամակորություն դրսևորելն է, այլ հաջողության հասնելը: Սա պետք է անել առանց զոհաբերելու անձնական և կազմակերպչական արժեքները:

Գ) Առաջին (սպոնսոր, իմպուլսային) կարծիքի չափում. ԵՀՀ-ն խրախուսել է ակտիվիզմը, որի արտահայտությունների մեկն ակտիվ բացախոս լինելն է: Սակայն երկրորդ մտածողությունը պահանջում է արգելակում առաջին մակարդակի կարծիքն ասելուց առաջ: Մարդկային դիվանագիտությունը պահանջում է չասել առաջին պատահածը, մտքին եկածը, այլ հապաղել ու մտածել՝ արդյոք դա ամենակարևորն ու ճիշտն է իմ ասելիքներից: Սա սերտորեն առնչվում է ինքնագիտակցմանը (self awareness). նույնիսկ մտազրոհի պայմաններում՝ երբ, թվում է, պետք է ասել ցանկացած բան ու խմբագրում չափի լինի, ավելի արժեքավոր դարձնելու համար այն՝ պետք է ասել մտածված բաներ:

Դ) Հանդիպումներին պատրաստվել. մենք ապրում ենք դպրոցական քննությունից քննություն. բանավոր քննություն են հանդիպումները՝ դոնորների, ստուգողների, ժուռնալիստների կամ նույնիսկ շահառուների հետ: Գրավոր՝ դիմումները դոնորներին կամ հաշվետվությունները ստուգողներին: Չկա գրեթե ոչ մի իրավիճակ մեր գործունեության մեջ, երբ մարդ կարող է լինել հանպատրաստից՝ ինչպես ինքը «կա»: Նպատակահարմար է պատրաստվել յուրաքանչյուր հանդիպման կամ միջոցառման.

չմոռանալ բոլոր փաստաթղթերն ու ժակետները գրավոր դիմելիս (դա նույնիսկ ավելի բարդ է, քան դպրոցական քննությունը, և ավելի հիշեցնող՝ դիսքետացիայի պաշտպանություն): Մենք պարբերաբար պաշտպանում ենք կոլեկտիվ դիսքետացիաներ: Ի՛նչ է կատարվելու: Ի՛նչ եմ ես ասելու: Ի՛նչ եմ ես լսելու հավանաբար: Ի՛նչ ռեակցիա են տալու, երբ սա տեսնեն/լսեն: Ինչպե՛ս այս առիթն օգտագործել կազմակերպության բարօրությունն ավելացնելու համար:

Հանդիպման ժամանակ որոշեք, ե՛րբ եք խոսելու, է՛լ ով է խոսելու, որքա՛ն եք խոսելու, ի՛նչ եք ասելու ՆԱԽՕՐՈՔ (գուշակելով մոտավորապես): Որոշեք նաև հանդիպման սցենարը՝ ի՛նչ է կատարվելու, ո՛վ է վարելու ո՛ր մասը, ե՛րբ է սկսվելու և վերջանալու, ինչպե՛ս է տեղի ունենալու պրոցեսը տարբեր մասերի: Սա վերաբերում է ցանկացած հանդիպման՝ ճաշկերույթից մինչև ժամադրություն, այլ ոչ միայն մեծ աշխատանքային միջոցառումների: Հանդիպումից և կամ այլ գործողությունից հետո արեք ռեֆլեքսիա՝ որոշելու համար, ինչպե՛ս անցավ, ի՛նչն անցավ լավ ու ինչը՝ ո՛չ այնքան, և ինչպե՛ս ուղղել ապագայում: Ռեֆլեքսիայում չմոռանաք նաև արձանագրել, որքանով ճիշտ էիք կանխագուշակել հանդիպման ընթացքը, նպատակն ու արդյունքը:

Ե) Իմփակտ (ազդեցություն). մեր գործերի դրական ազդեցությունը՝ այն է, ինչին ուղղված է մեր գործունեությունը: Սակայն գործի մեջ խրված՝ մենք հաճախ ընկնում ենք «թունեւային տեսլականի» մեջ (tunnel vision) և չենք կարողանում հասկանալ, թե ի՛նչ ազդեցություն ունեցավ մեր գործը: Ազդեցության օրինակներ մակաբերելը պահանջում է երկրորդ մտածողություն, էրուդիցիա, երևակայություն և այլն: Էրուդիցիան հիմնված է նաև հետաքրքրասիրության վրա. ի՞նչ եղավ մեր գործողության ժամանակ և հետո: Հետևել, թե ինչ է իրականում կատարվում՝ հետախույզի հայացքով՝ դա լավ մենեջերի հատկանիշ է: Իմփակտների ձևակերպումը նաև կարևոր է կոմունիկացիայի համար. մենք անընդհատ փնտրում ենք ասելիքներ՝ որ լավագույնս ներկայացնենք մեր գործունեության արդյունքները: Իմփակտը պիտի ձևակերպվի լսարանի և ոչ թե մեր տեսանկյունից: Մեր տեսանկյունից՝ հավաքել յոթանասուն հոգու կոնֆերանսի՝ կարևոր հաջողություն է: Սակայն դա հնարավոր չէ ներկայացնել որպես արդյունք, որը հետաքրքիր է բոլորին: Արդյունք կարող է լինել այն՝ որ մասնակցելով մեր կոնֆերանսին՝ դրանից հետո որոշ բանալի անձինք որոշումներ են կայացրել և իրագործել, ու մենք տեղեկացել ենք այդ մասին: Իմփակտին պետք է նշան բռնել նախօրոք, այսինքն պատկերացում ունենալ՝ թե ինչ իմփակտներ ենք փնտրելու այս կամ այն գործողության արդյունքում, և գործողությունն ուղղել դրանց հասնելուն: Օրինակ՝ եթե ուզում ենք, որ կոնֆերանսի արդյունքում որոշ բանալի անձինք որոշումներ կայացնեն՝ պիտի այնպես դասավորենք, որ նրանք գան ու ներկա լինեն, որ կոնֆերանսը նրանց դրդի այդ ուղղությամբ, իրենց պե՛տք լինի, և այլն:

Զ) Մտածել վերջից. սա նախորդ սկզբունքի շարունակություն է: Ցանկացած գործողություն արվում է որոշակի նպատակների հասնելու համար: Իմաստ չունի անել գործողություն, որի նպատակները փոքր են կամ բազում չեն կամ այլ սուբյեկտներ կարող են նույնպես այն անել: Արժի անել միայն այնպիսի գործողություն, որը մեզանից բացի ոչ ոք չէր կարող անել, և որն ունի հստակ ու կարևոր մեկից ավելի նպատակներ: Մտածել դրա մասին արժի սկսել վերջից. ինչպիսի՜ աշխարհ ենք մենք ուզում տեսնել մեր գործողությունից հետո: Ըստ այդմ՝ դասավորել գործողության սցենարը և կազմակերպել նախապատրաստումը: Սա նման է այն

սկզբունքին՝ որով ԱՄՆում կենսագրականները դասավորվում են վերջից դեպի առաջ, ապագայից դեպի անցյալ: Դա արվում է այն նպատակով, որպեսզի իսկույն երևա ամենակարևորը, որը սովորաբար մարդու կենսագրության տվյալ պահի փուլն է, իսկ հետո պարզ դառնա՝ ինչպես է այդ փուլը ձևավորվել: Այդ իսկ պատճառով լավ լոգիկայով արդյունքները գրվում են գործողություններից առաջ՝ որ պայմանավորեն գործողությունները: Պլանավորեք վերջից:

### **Այլ իրադրություններ**

Երկրորդ մտածողությունն օգտավետ է ցանկացած իրադրության մեջ՝ պրոյեկտ գծելիս, ընտանիքում ապրելիս, անձնական նպատակներին հասնելիս և այլն: Մենք կանդրադառնանք ԵՀՀ համար ռելեվանտ այլ իրադրություններին՝ առանձին թիմերի հետ աշխատանքում և կամ երբ իրադրությունները հասունանան:

### **Մի քանի խորհուրդ**

Երկրորդ մտածողությունը նույնպես կարող է որոշ չափով ավտոմատացվել, ինչպես և առաջինը. այն բոլոր գործերը, որոնք մենք լավ ու անթերի ենք անում, երկրորդ մտածողության ավտոմատացման օրինակներ են պարունակում և կամ փուլեր են ներկայացնում: Օրինակ՝ գործողություն նախագծելիս երևակայել իմփակտը՝ կարող է դառնալ բնագոյային մակարդակի կամ փորձված պրոֆեսիոնալի հմտություն: Սակայն չի կարելի հանգստանալ, կարծելով՝ որ երկրորդ մտածողությունն արմատացած է մեր մեջ: Հենց որ ուշադրությունդ շեղեցիր՝ առաջին մտածողությունը՝ որն իրականում առանց մտածելու գործելն է՝ ետ է գալիս:

Մենք շատ ենք օգտագործում ստրատեգիա, ռազմավարություն բառը: Մինչդեռ հաճախ չենք հասկանում, ինչ է ստրատեգիան: Ստրատեգիան, պարզ ասած, դա ամենօրյայից ավելի հեռավոր նպատակի հասնելու աշխատանքային պլանն է՝ ծրագիրը: Սակայն ինչպե՞ս որոշենք, լավն է մեր ստրատեգիան, թե ոչ: Դա որոշվում է հետևյալ կերպ. սահմանելով մեր ստրատեգիան, պետք է նայել դրա հակառակ ծրագրին, այսինքն այն տարբերակին, որից մենք հրաժարվեցինք: Եթե պարզվի, որ այդ հակառակ տարբերակը հնարավոր չէր անել ու որևէ նպատակի հասնել՝ ապա մենք ստրատեգիա չունենք: Ստրատեգիան պայմանավորում է ազատություն՝ այսինքն կարողություն՝ նպատակ սահմանել ու հասնել դրան, այլ ոչ թե անել այն՝ ինչ առանց այն էլ միակ հնարավորն էր: Օրինակ՝ այս իմաստով գոյատևելը ստրատեգիա չէ, որովհետև դրա հակառակը մահն է, իսկ դա ելք չէ:

Կա ստրատեգիայի ևս մեկ բնորոշում. ստրատեգիան տակտիկայից տարբերվում է նրանով՝ որ տակտիկան կոնկրետ ելքեր է առաջարկում, իսկ ստրատեգիան՝ այն է, ինչ իմաստ ունի ունենալ, երբ կոնկրետ ելքեր չկան: Կամ՝ ստրատեգիան այն գործելակերպն է՝ որով իմաստ ունի առաջնորդվել, երբ իրադրությունը փակուղային է ու հեշտ լուծումներ չի առաջարկում:

Այս առումով լավ մենեջերներն ունեն նաև մեկ այլ սկզբունք. վարվել այնպես, որ ոչ մի արդյունք/ելք չունենա միանշանակ բացասական նշանակություն: Ընտրել միայն այն տակտիկաները, որոնց ցանկացած արդյունք պետք կգա ստրատեգիայի համար: Օֆիսային իրադրության մեջ անձնական մակարդակով սրա սիմուլյակը հաճախ է պատահում, և չի արդարանում միայն այն դեպքում՝ երբ կամ մարդուն գործից հանում են, կամ աշխատավարձի մեծ բարձրացում և կամ այլ խրախուսանք տալիս: Չէ որ

կարելի է ձև թափել, որ լավ ես աշխատում, շատ բան չանել ու երբեք ռիսկի չդիմել և այդպիսով՝ բացասական հետևանքներից խուսափել քանի դեռ օֆիսի պաշտպանաթաղանթի մեջ ես ու չես երևում: Սակայն ավելի ռիսկային իրադրություններում սա նշանակում է հայացքի փոփոխություն ու կարողություն՝ ընդլայնելով մտածողիզոնը՝ տեսնել դրականը ցանկացած անցքում, ու ձգտել այն կապիտալիզացնելուն:

Եվ այսպես. գործողության մեջ նախօրոք տեսնել նրա իմփակտը. ամեն տակտիկական քայլի մեջ՝ նրա ստրատեգիան. անհաջողության մեջ՝ հաջողությունը. սրանք բոլորը երկրորդ մտածողության օրինակներ են, որոնք հիմնված են հայացքի փոփոխության վրա, մեկ և նույն իրադրությունն այլ կերպ տեսնելու՝ քան նախկինում, և այն վերաձևակերպելու ու այդպիսով վերափոխելու:

### **Վարժություններ**

Այս կանոններին հետևելու համար օգնում է ռեֆլեքսիայից բացի,

Ա) **Կոնտեքստի ընդլայնման** վարժությունը (կարող ենք անել կոլեկտիվով մի առիթով):

Բ) Օգնում է նաև **էրուդիցիան** (կարդալ որքան կարելի է շատ):

Գ) Օգնում է **երևակայության զարգացումը** (որի համար վարժություն է հեռու բաներն իրար միացնելը՝ կրեատիվության սխեմայով աշխատելը՝ որպես խաղ):

Դ) Օգնում է նաև **սխեմաներ պատկերելը**՝ անելիքների վերաբերյալ, **նկարելը** ցանկացած բան (բայց գրեթե ոչ՝ նկարներ նայելը):

### **Annex 4. Rule on Communication with Donors and Partners (October 4, 2015)**

While communicating with donors and partners, we need to be very attentive and sober. This is particularly so, when the same donor supports (or is going to support) two different projects, each having a different group of partners.

Sometimes, the donor may use the same e-mail thread while communicating with us on the two different projects. They usually do this for ease of reference in the future, as this way they keep the entire track of communication in a single thread of e-mails. While doing so, they may or may not change the title in the “Subject” line of the thread, which may become an additional confusing factor for us.

Whenever our reply to this kind of communication requires the inclusion of another group of partners, we need to be extra careful to

delete all the previous communication that may refer to a project that this group of partners has no relation to.

Overall, whenever we write an important message to a donor and/or partners, it is a good practice to start a new communication thread with a distinct title in the “Subject” line.

## **Annex 5: Event Organization/Planning Checklist (January 27, 2016)**

*Prepared by Eurasia Partnership Foundation in January 2016*

### **Introduction**

#### **Why this checklist has been produced**

Organizing an event requires hard work and planning. However, it can be simplified if the whole scenario is divided between players and details. Planning every detail is the most important part of running a successful event. This Task checklist was produced by EPF to assist in efficient organization of all kinds of professional and social events. We are certain it can be also useful to many other organizations, therefore we decided to publish it. It is a step-by-step guidance for an Event Assistant/Program Assistant that will help to provide effective logistical support to personal planning of regular or large scale meetings. It includes description of almost all tasks that need to be accomplished when setting up an event and not only. What is more, it helps not to miss any request, deadline and action no matter how insignificant it seems. The content of this tool is not exhaustive. Depending on the type of the organization and the event, it is expected that every event planner will adapt this algorithm to the particular situation, using only the relevant lines and/or adding new ones. This will help to regularly make events a success.

#### **Who the guide is aimed at**

Event Assistants, Program Assistants – new or experienced

Those running large, medium or small scale events

Personnel striving to an effective and easy management of an event.

#### **How to use it**

The Guide is easy to use if ticking every line upon finishing the action in the Checklist attached to the Guide.

If necessary consult with the appropriate staff

## Event planning checklist

When planning an event						
N	Tick when finished √	Activity	To-do	Point of contact	Deadline	Comments
1		Event Calendar	Conduct and share with everyone as soon as it is changed.	EA	Periodically	
2		Room set-up	Should be set up as required by the PM, PA, etc.	EA with consultation of PMs, PAs <sup>8</sup>	A day prior to an event/meeting	Pay attention to chairs and the scenario of the event. There should not be too many chairs, so that the room is not stuffed. Corridors should be open to reach every point of the room. If people will be filming, their positions should not disturb the event.
3		Directional signage	The event title and the office location sign should be pasted on the specified places.	EA with the help of PAs/PMs	At least 2 hours prior to an event	
4		The building door	Make sure the automatic switch of the building door is working prior to events. Decide if the door should stay open (if too many people are planned to come).	EA	The day prior the event. As well as, at least 30 minutes prior	
5		Event related materials	Ready and placed for sharing.	EA with the help of PAs/PMs	A day prior to the event	Ask PM/PA what other materials should be shared.

<sup>8</sup> EA-Event Assistant, PA-Program Assistant, PM-Program Manager

6		Event related logos, posters and banners	Placed in an appropriate visible place before the event start.	EA with the help of PAs/PMs	A day prior to the event	
7		Sign-in- sheet	Printed and placed close to the entrance.  Ask (PM, CEO) and prepare the Memorial Book for VIP invitees to leave a message.	EA with the help of PAs/PMs	A day prior to the event, at least 2 hours prior to an event	All participants of any event should sign the attendance list.  Check if they have signed; give the list to those who didn't sign. Afterwards, the list is given to the appropriate project personnel; in the free time, with guidance from project people you include them in the database.
8		Writing materials	Flip charts, pens, pencils, pads as required.	EA	A day prior to an event	
9		Name tags/table tents	Placed at the disposed places.	EA with the help of PAs/PMs	A day prior to an event	
10		All technical equipment tested	Ask the PM or the contact person what they need to set up:  <input type="checkbox"/> Laptop <input type="checkbox"/> Projector <input type="checkbox"/> Speakers <input type="checkbox"/> Microphones <input type="checkbox"/> TV <input type="checkbox"/> Lights <input type="checkbox"/> Translation equipment <input type="checkbox"/> Internet quality and accessibility	EA with the help of IT and the Communications team	A day prior	Check a day prior to the event; re-check two hours prior the event. Checking/rechecking means: a) connection via wire, b) material to be presented is put on laptop prior to the event and is visible, c) sounds are heard well as appropriate; d) if the event is filmed, the cameras are in place, connected, and work; batteries are checked, mouse and notepad batteries including; Wi-Fi is checked. If the event is too big, ask the IT M to switch off the guest Wi-Fi.  Follow please that the equipment (e.g. projector) does not switch off automatically when the event starts;

						make sure it stays functional all the time as long as needed.
11		Table water	Water in glasses should be available on the table for all presenters during the events.	EA		As needed
12		Photographing	Every event should be photographed (general photo).	EA/PA	Prepare the camera and think about angles a day prior	If the Communications team is not planning to photo or video the event for public presentation purposes, please make sure you make a few photos for the archive, unless the Program says that it should not be done. The camera should be available and working also for other staff to make photos if they decide so.
13		Translation system/ headphones	Should be prepared/ordered in accordance to the number of invitees who may need simultaneous translation.	OM/EA <sup>9</sup>	At least 3 days prior to an event	The system should be set up and checked if works at least 2 hours prior the event.
14		Climate control	Should be in a comfortable temperature	EA	At least three hours prior to the event	In the winter it makes sense to switch off for a while half hour after the event starts, to make the space less stuffed. Windows can be opened and closed for the same reason. Make sure open windows do not let in excess noise from the street.
15		Coffee, tea, sugar	Available	EA	Regularly	Let the OM know if the coffee supply is run out
16		Coffee breaks, meals	Make arrangement for food and refreshment.  Ask the Contact Person if there	OM, EA	A day prior to an event	

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<sup>9</sup> OM-Office Manager

			are vegetarians or people with other specific dietary needs.			
17		Disposables	If needed	EA- ask OM	Prepared a day prior	
18		Toilets	Check the availability of papers, soap, paper towels prior to an event.	EA	At least 2 hours prior	
19		Garbage	Availability of trash cans	EA	At least 2 hours prior to the event	
20		Re-setup the room	Re-setup the meeting rooms for the next session or to a primal condition. Check to make sure nothing valuable has been left behind, and if so, inform the event Contact person about it. Check if there is no damage, if so, let the event Contact person know about it.	EA	Right after the event	
21		Clean the kitchen	Prepare for the next session or to a primal condition	EA	Right after the event	Dishwashers etc. are available. There is a general office/conference space cleaner available. However, still some cleaning may be required immediately.
22		Remnants of written/print materials used during the event	Hand over to the PA or the PM	EA with the help of PAs or PMs	Right after the event	
23		Go through the checklist to prepare the room for the next session/event	Prepare the room for the next event or set up to a primal condition. Leave the place as good as when you found it.	EA	Right after an event	Apart from general cleaning.
24		Switch on the door alarm	After cleaning the conference room, switch on the alarm system	EA	After the event	If nothing else is expected and you are the last person leaving the

						space. Otherwise let know the person who stays that the alarm is not on.
25		Presence of the EA during the events/meetings	EA should be available most of the time during small scale meetings in the conference space. Only if s/he is asked not to be present at the meeting should s/he leave. If the meeting does not concern her, s/he should sit in a separate area (even in a closed room, not to hear the conversations) and can work on laptop, but in the conference space.	EA	During the event	It is clear that many small-scale meetings and events happen without sufficient prior notice. However, it is the duty of the event assistant to make sure, as much as she can, if any smaller-scale meetings are planned for that day, and be available for these meetings as much as possible.

### Organizing the work

- 1) The Event Assistant should sit with a program team and IT prior to any big event and look through the checklist with them and build a team.
- 2) During an event with presentations Program Managers or guests may need immediate assistance, such as failure of equipment, glass of water, meeting special guest who arrives late or sitting them in the right place, etc. EA or somebody from the team should be available next to them to be able to support such multiple priorities.
- 3) If the conference space is rented by another organization, send thank-you letter for using our facilities and get feedbacks, kindly asking if they have remarks. Respond the letter saying that we will consider their remarks for the next time. Send couple of good pictures (if taken) to them from their event (optional).
- 4) If the event is organized by the organization staff, have a post-event review meeting or discussion with the PM, PA, OA or CEO to find out their remarks. Write down their comments in your Opinion book so you will not lose the valuable information. Re-read it while organizing the next event.
- 5) General distribution materials in the conference room should be well-arranged all the time. They should be visible, easily noticed, and it should be clear that they are for pick up. Five copies per material should be available, if they are taken, new copies should be put in place. Please ask Programs periodically for their distribution materials, in English and Armenian. Please arrange-rearrange them properly. Please encourage visitors to pick them up. Please think about what other distribution materials can be put there.
- 6) Library books should be well-arranged and easy to peruse. If visitors pick up a library book, they can sign a paper and take it for perusal.

Please explain to them if you see interest. Please have the library book signing paper ready.

- 7) Keep your own *Arrangement Agenda* based on the Event Agenda to keep everything to run on time.
- 8) The Event Assistant should keep an EVENT LOG (see sample below) and submit monthly and yearly reports to the CFO, FM, OM on all events that have been hold in the CSO meeting spaces.
- 9) **NOTE:** When facilities for PWD will be functioning, new tasks will be added.

***Event log sample***

Date	Organized by	Rent paid/AMD	Expenses/AMD	Comments	Contact info	Contact e-mail

## Event Checklist Sample

**Name of event:**

**Date of Event:**

**Time of Event:**

**Event Coordinator/Contact Person:**

**Contact Information:**

Tick when finished √	Room setup	Comments
	Chairs, tables	
	Event related logos, posters and banners	
	Event related materials	
	Name tags/table tents	
	Sign-in- sheet	
	Memorial message book	
	Flipchart	
	Markers for flipchart	
	Markers for whiteboard	
	Pens	
	Pencils	
	Notepads	
	Scissors	
	Directional signage	
	The building door	
	<b>Equipment</b>	<b>Comments</b>
	Laptop	
	Printer	
	Mouse	
	Hand presenter	
	TV	

	Laptop files/content to be presented	
	Projector video/audio	
	Video camera	
	Audio mixer	
	Wireless microphones/battery/voice	
	Cables	
	Video camera battery	
	Photo camera battery	
	Wireless microphone battery	
	Wi-Fi/ internet	
	Smart board	
	<b>Other preparations</b>	<b>Comments</b>
	Electricity: lights	
	Table water and glasses for presenters	
	Air conditioners	
	Photo cameras	
	Translation system/	
	Headphones	
	Microphones	
	Napkins	
	Hangovers	
	<b>Food</b>	<b>Comments</b>
	Coffee, tea, sugar	
	Coffee breaks, meals	
	Lunch	
	Dinner	
	Disposables	
	<b>Other rooms: Toilet</b>	<b>Comments</b>
	Toilets	
	Towels	

	Soap	
	Garbage	
	Re-setup the room	
	Clean the kitchen	
	Group of written materials used during the event	
	Switch on the door alarm	
	<b>Post event</b>	<b>Comments</b>
	The room re-setup	
	Cleaning	
	Send thank you letter to a renter	
	Post-event discussion with the Event coordinator	
	Report	

#### **Annex 6. Rule on Meeting Notes (May 25, 2016)**

- a) Please read/skim through meeting notes of an event you attended, to make sure you took note of action points assigned to you.
- b) The person who delivers meeting notes, if there is action point for a person who was not at that meeting, to let them know and send them this action point. In fact, this should be with line manager of the person who was not at a meeting.

#### **Annex 7. Rule on Overall Communication (website updating) (March 14, 2016)**

##### ***Rules for EPF Website***

- During meetings take notes from the discussions and spread the information with EPF Staff.
- Featured posts at EPF web: to change it at least once in a two weeks having 3 featured posts, after 1.5 month change all 3 featured post having new ones
- For every project write the start and the end of the project
- Write **when** the article or material is written
- When the deadline of any announcement is expired, write CLOSED near the title
- From the Services, bring one periodically to Feature Posts

##### ***Rules on overall communication***

- To create a portfolio for the meetings with ambassadors, English speaker guests

- To have printed texts and CDs for conferences/meetings
- To scan all the signing lists from the program related/unrelated events and send to comms/program teams, as well as add in the contacts database. (EA, program teams)
- Everybody who goes to an event, according to tradition, writes a brief report based on a certain format and with a subject word PUBLIC EVENT as an email and sends around.
- The responsibility of producing text mainly lies on program team; communications team is mainly responsible for the updates and external communication. However, if the event is connected with EPF (not project), the communications team may be asked for help.
  - The cycle of the text production and updating: Text (Program team member)=> Approved (Program Manager)=>Final editing & Updating (Communications team)

**Procedures** that should be implemented regarding the involvement of interns:

- Interns should be properly introduced to staff via small introductory email and personal introduction
- Interns should have organizational email. However, if the internship is short-termed the interns should be included at least in [epf@epfound.am](mailto:epf@epfound.am) and [communications@epfound.am](mailto:communications@epfound.am) mailing lists with their personal emails.

## **Annex 8. Rules on communications & finance (September 30, 2016)**

- When going on a business trip or event, please send a short info before the trip/event and the report afterwards.
- Include an informational video about EPF in all conference room events as a start/teaser; this should be a requirement which comes with renting out the facilities (*MIC will produce a short (1 min) video about EPF as part of DePo 2017*)
- When you are making contracts, please have additional names in addition to the head of organization, who can be contacted if other options fail.
- When we sign a contract where video production is included, the implementer should provide us with at least 20 high quality pictures with each video they produce.
- Any EPF related financial information (or commitment to provide it) should be communicated to external stakeholders only after prior approval of EPF President/CEO or CFO. External stakeholders include but are not limited to: grantees, donors, state authorities (tax department, customs, statistics department, etc.), banks, partners, and other agencies and individuals.

## **Annex 9. Rules on the character description as a basis of EPF decision-making (March 29, 2018)**

**1. Any case when EPF is on a board/selection body which approves funding, or any other benefit, if we are or are not partners in the project, even if we are just invited as a Board member, we should follow the following rule:**

EPF CEO or at least one member of SMT (Senior Management Team) (whoever is available) should approve the list of prospective support recipients, before EPF vote is cast. They should be explicitly personally asked, in the order of availability, to comment on such a list in terms of the character description and institutional memory. Every effort should be made to notify these four people that an urgent commentary is expected from them. The best way is a direct mobile call. Only if and after they have commented and cleared the list, final decisions can be made on behalf of EPF.

In the case if one of them has commented, no disagreement with the decision made is proper, such a comment should count as a consensus. If one of them needs additional consultation with the other members or somebody else, they will do it and come back with the answer to those who are asking.

This rule is necessary because SMT members have additional knowledge, experience and understanding of specific types of anti-corruption work, the background of many CSOs, individuals etc., or can easily find it out.

**2. Same goes for any list of any participants/consultant etc. in any of EPF events: it is CEO or one of the SMT members that should approve the selection and notification of those selected prior for them being notified, before any of the pre-selected applicants is notified about any of the decisions.**

## **Why these rules are needed**

1. We live in a highly corrupt environment. We have some knowledge about who is corrupt and in which way. Sometimes our information is not public and is not even shared across the organization. We do not want to participate in the schemes which support corrupt people or organizations.

2. Even if the people or organizations are not financially corrupt or we do not have first-hand evidence of this, we have information that makes our cooperation with them undesirable. This can be their unfriendly competitive behavior; our knowledge about their ulterior motives; etc. In all these cases we need the advice of people who do bear the institutional knowledge and do not, purposefully or inadvertently, support those who are undesirable. Fortunately these are usually singular cases and they are not many, but there are some very striking examples, when we find a problem in the implementers of one of the projects and then it turns out they are supported by us in another project.

**In the case if we are a partner in another project (MICE, CeLoG, Bridge etc.),** we should notify the leaders of that project about our position re such people or organizations. If you have consulted with the above-mentioned staff members, received instructions, but it seems to you impossible to convey that message (because speaking direct truth is sometimes difficult) you should explicitly and immediately contact CEO personally, independently of his whereabouts, vacation, absence etc. CEO will decide what to do and, most likely, will contact the relevant partner to convey the message.

If, after CEO's message, the partner still decides to convey the benefit to the undesirable entity or person, that may be no more EPF's responsibility, in the case if EPF (and/or CEO) have clearly conveyed the message of undesirability, and the consequence is not what we expect. However, even in that case EPF is clear and the partner is notified, so any further complications are understandable and predicted. EPF also may decide to cooperate with persons/organizations who have been undesirable for EPF in the past or are still undesirable, based on some (say, political) considerations. However, these decisions should be made by the group mentioned or one of them. This decision may also be based on the level of support planned. For instance, we may be fine with supporting a person with a travel grant, but be against supporting them with a larger grant.

Same goes if you are asked/consulted about character description of a person/organization who, as you know, is not favored by EPF. You should be able to convey the message to those who ask, staying within the limits of appropriateness and with all the disclaimers; however, EPF should not give an impression that it does not care about corruption; supports Gongos or other corrupt organizations; and is inconsistent in its policies regarding cooperating with some and not cooperating with others.

**Annex 10. Rules on event organization regarding the invitees to the official events, receptions and location (July 30, 2018)**

When organizing events, take into consideration the following groups of invitees:

- a) make timely decisions whether donors should be invited and follow up whether they will be coming or not, will they have a speech or not and include timely all the information in the agenda,
- b) the same for the relevant state employees,
- c) the same as for our Board members in Armenia,

In the cases of suspicion of any financial fraud, plagiarism or any legal and financial violations, no one (from EPF grantees, partners) should be invited to any official event or socializing event/reception.

Pay also great attention to the selection of the restaurant for the event aftermath reception. Have a list of restaurants which can accommodate a big group by providing a separate room/space without noise. This can be located not in the center of the city as well.

## **Annex 11. Eurasia Partnership Foundation Approach to the Regulations on Quotations, Paraphrasing and Plagiarism (August 23, 2018)**

Referencing and plagiarism policies concern the publicized materials, authored by others, i.e. materials which have been made public and are publicly available in print, on-line or on any other bearer. Referencing does not apply to internal working office documents, unless they are being sent out.

Copying a text from an author without providing a reference constitutes fraud and/or plagiarism. A verbatim (literal) copy of text, even if only partial, must be placed inside quotation marks or into a quotation environment and differs with its font, style or formatting. If there are any parts of the text, pictures, or any other media material that are produced by somebody else, all references must be fully visible from the secondary text. The reference provided for ideas or text copied from another source must be provided a footnote immediately following such ideas or text, and include

- a) Author,
- b) Full title,
- c) The edition (when applicable),
- d) Publisher,
- e) Place of publication,
- f) Year of publication, and
- g) A link (when applicable).

Ordinarily a footnote belongs to the sentence, or part of sentence, to which it is attached. Furthermore, one shall not copy primary or secondary sources from footnotes in other publications unless you have looked up, read and processed that source yourself. In such a case, one should refer, if necessary, to both the publication in which you found a source and to that source itself.

If one copies a text intentionally and fails to place that text either inside quotation marks or into a quotation environment and also neglects to provide a reference, liability to sanctions arise under the Law of the Republic of Armenia on Copyright and Related Rights. Widely known and easily verified information does not need to be referenced.

### *Quoting text*

A quotation is a verbatim (literal) reproduction of sentences (or parts thereof). Quotations must be placed inside “*quotation marks*” and, in addition, differ with their font, style or formatting.

### *Summarizing and paraphrasing text*

To summarize views of an author is to describe his/her position or opinion in your own words instead of using the exact wording of the author. Summarizing does not as such require quotation marks, but does necessitate putting a reference in a footnote.

Paraphrasing, which is sometimes also used in the same sense as summarizing, also does not require quotation marks. Paraphrasing means that 75% of the text fully differs from the original, i.e.: vocabulary and syntax are different, and the text is contextualized. No separate sentence anywhere in the text is repeated fully without quotation marks and references if it coincides with the original. EPF does not consider using others' ideas plagiarism when they are sufficiently paraphrased and contextualized, i.e. made useful and meaningful for a particular context, although if you know the source of the idea, it is ethically correct to mention it as precisely as possible.

The aforementioned rules equally apply to translations.

Note: Any materials submitted to EPF, even if they are formal drafts, as a part of interim report, should comply with these rules. Therefore, EPF suggests all its partners who work with texts or other quotable material to develop the very first drafts already in compliance with these rules.

## **Annex 11. Eurasia Partnership Foundation: Internship Hosting Policy (June 11, 2016)**

Internship in EPF involves various duties and provides experience that is a useful addition to the intern's education and preparation for future professional employment.

The involvement/acceptance of interns should be coordinated with Senior Management Team in advance (at least two weeks before the beginning of the internship). It is important to assign one or two core staff members with the responsibility for guiding and managing interns, planning their daily tasks.

Internship assignments at EPF may vary in length, between one and six months, according to the availability and academic requirements of the intern, as well as the needs of EPF Armenia. The internship may be both on part-time and full-time basis. However, it requires minimum of 20 hours per week.

EPF Armenia does not pay for internships, but provides working space, equipment, covers work related expenses, such as travel to the regions, internet, and telephone communication.

### ***General guidelines:***

- The intern is expected to attend his/her workplace at least at least 3 and up to 5 days per week (Monday-Friday) during normal working hours.
- Prior to the arrival, EPF assigns a Supervisor for the Intern. The intern's direct supervisor should be identified at least one week before the start of the internship and assigned a specific workspace.
- The assigned Supervisor maintains the communication prior to and after the arrival, organizes the orientation session and develops the workplan and makes other arrangements related to the internship.
- Prior to the entrée/arrival of the intern the human resources, IT and communications teams decide upon the necessary equipment and the mailing list the intern should be included.
- During the first week of the internship (an induction period), the mentor and/or supervisor should provide the basic policies such as work hours, dress code, phone usage, computer usage, etc.
- During the first work day, an interns should be introduced to the staff both personally and via introductory email to the general email mailing list.
- Interns should have organizational email. However, if the internship is short-termed the interns should be included at least in [epf@epfound.am](mailto:epf@epfound.am) and [communications@epfound.am](mailto:communications@epfound.am) mailing lists with their personal emails.
- Whenever possible, the intern should participate in staff and communications meetings.
- Ideally the intern should be assigned to one programmatic department, one of the programmatic/communications team member should make sure the intern understands the assigned project and/or tasks and has the necessary training to perform the tasks.

- The mentor should follow up with feedback once the assigned project and/or tasks are completed.
- The mentor/supervisor should have meeting with an intern at least two times per month to inquire about the difficulties or concerns the intern might have and the possible improvements of the internship program.
- The intern will be provided with the access to the EPF databases and will help with the update of the programmatic contacts if he/she is assigned to the program/communications team. However, it should be ensured that the internal information is not shared with the outsiders (some form to be signed).
- A brief biography of the intern should be included on EPF website staff page.
- EPF can serve as a reference for the Intern upon completion of the Internship.

### ***Evaluation of the internship***

Throughout, as well as at the end of the internship program, an intern and the mentor and/or the supervisor should fill out the following questionnaires about the intern expectations, performance and overall program experience.

- Pre-internship Questionnaire (the expectations of the intern)
- Mid-term Evaluation (incl. the suggestions on the improvement)
- Exit Questionnaire (assessing the whole internship program)

**Key areas of involvement** at EPF include but not restricted to:

- Support to and learning from all existing program departments
- Communications support (database, website updates, translations, drafting announcements, media production, design and graphic work etc.)
- Programmatic support (research, drafting emails, communication with the stakeholders/beneficiaries, etc.)
- Fundraising assistance
- Administrative assistance (event organization, library update, scan, printing, etc.)
- Assistance to financial department

In some cases, based on the quality of the provided services by the intern and the availability, an intern may be offered job at the organization.