

AIMING CHANGE FOR TOMORROW | ACT INTERNATIONAL



INTERNAL CONTROL & ACCOUNTABILITY FRAMEWORK

TRANSPARENCY • ETHICAL GOVERNANCE • FRAUD PREVENTION

DOCUMENT	Internal Control & Accountability
ORGANIZATION	Aiming Change for Tomorrow (ACT) International
GOVERNANCE	For management and Board oversight
APPROVAL STATUS	Board approval details to be completed/confirmed

Aiming Change for Tomorrow

INTERNAL CONTROL & ACCOUNTABILITY

ACT uses various methods, mechanisms, and procedures for Internal controls & accountability to ensure the validity and accuracy of its financial spending & tracking. These internal controls are implemented, maintained, and monitored by the ACT senior management as well BOD's by opting the international and national standard operating procedure.

Internal control & accountability systems are the policies and procedures used by ACT International to ensure accuracy and reliability across reporting structure to:

- ❖ Prevent fraud
- ❖ Control risk
- ❖ Proactively identify financial issues
- ❖ Protect resources (both tangible and intangible) from theft and waste
- ❖ Operational efficiently
- ❖ Generate timely, reliable reporting
- ❖ Measure progress toward organization objectives and goals
- ❖ Comply with applicable regulations & compliances
- ❖ Secure outside funding
- ❖ Insure beneficiary's wealth

ACT is following the IASB/GAAP/IFRS for its internal and external financial reporting. Over a period of 12 years, the organization has managed to attain a financial portfolio PKR 840 Million with the outreached of 3.2 **Million** direct beneficiaries with the segregation of **Households 302,000 men 510,000**, female, 690,000, youth **102,840** and children 580,000.

By adopting systematic internal controls & accountability mechanisms ACT has developed the capacity to operationalize and manage a number of huge projects with the support of the National and International donor agencies including; **WFP, UNFPA, USAID, EAD/World Bank, Nutrition International, UNDP, Aurat Foundation/DFID/BISP, IRC, MIDAS/UNICEF, TDEA-FAFEN/ UNDP etc.** The Organization has strictly adhere the Value for Money (VfM) approach in all projects, that is about maximizing the impact of each PKR spent to improve wealth of the targeted beneficiaries.

The program development unit has designed the project in a better understanding of the costs driver and results, on the basis of evidence-based information which creates the equilibrium of the cost driver and targets. ACT has also ensured transparency and accountability in our field operations which will help to drive the VfM concept.

The VFM concept of 3Es as well as the strength of the links in the chain. ACT has maintained the faithful and reliable information for its donor's and partners both at national and international level. The organization is practicing the international accounting standard for its internal and external reporting. A comprehensive customized, modified financial information system (FIS) has in place from the inception of the organization, all the standard internal control with the qualified professional staff. All the operational policies "Financial, Procurement administrative" has aligned with the FIS. The top management & BOD's and its connected finance & procurement committees has properly review the FIS on quarterly basis. Cognizant of the fact that asset transfer related procurements are one such area where if due diligence processes and proactive check and balance procedures if not applied then it can lead to wastage of efforts as well as resources.

ACT internal control and accountability mechanism consist on 16 (sixteen) policies which developed by SMT with the support of sectoral expert. these policies duly approved of BOD,s. On the basis of the policies the SMT developed and in place the below internal control and accountability system;

ACT International

INTERNAL CONTROL & ACCOUNTABILITY SYSTEM

| INTERNAL CONTROL & ACCOUNTABILITY

1-GMIS

GRANT MANGEMENT
INFORMATION SYSTEM

2-PMIS

PROGRAM
MANGEMENT
INFORMATION SYSTEM

3-QCIS

QUALITY CONTROL
INFORMATION SYSTEM

1- FIS { Financial information System}.

- Sidat Hyder Financial.
- Procurement Management System.
- Assats Management Systems.
- Inventory Management System.
- Administration & Fleet Management Systems.

2- HCM { Human Resource Capital Management System}.

- Employee Management System.
- Payroll Management System.
- Tax Management System.
- HR Final Settlement System

1- PIS { Program Information System}

- Date Management Information System.
- Project Implementation.
- Agreement/Contract Management.
- Activity & task Management.

2- PDM { Program Development System}.

- Project Portfolio Process System.
- Research /Knowledge
- EOI/ Program Formulation/ Studies

1- MEAL {Monitoring Evaluation Accountability System}

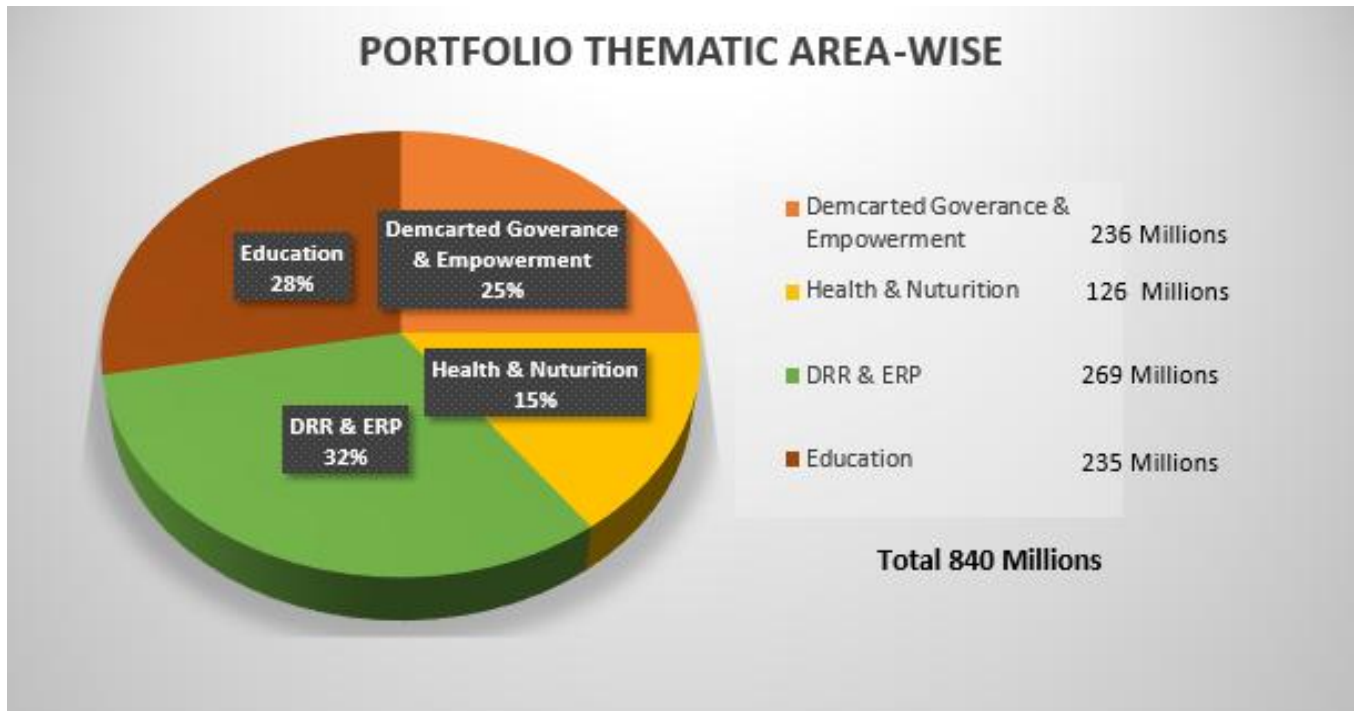
- Monitoring & Tracking System.
- Evaluation System.
- Accountability & Learning System.

2- PAS {Performance Audit System}.

- Internal Audit & Quality Control System.
- External Audit /Quality Control review .

APPROVED STANDARD OPERATING PROCEDUES, POLICES MANUAL & MODULES, CODE OF CONDUCT, STATUARY COMPLINCES

Segregation of portfolio or actually to be seen as splitting the funds into thematic area wise, that is called the 'sectoral portfolio' is given below.



The organization has implemented the projects in **28 districts** (of four Provinces, AJK & GB region) along with five Agencies of newly merge Districts (NMD's). The organization has rolled out projects by establishing and operationalizing the District, Tehsil offices with all operational, logistic and programme implementation support. These structures/district offices were operationalized through a composite logistic, technical, financial and human resource support through three Provincial offices oversight by head office.

During the life cycle of the organization, ACT organized and facilitated the number of events/ seminars including; National Youth Summits at Islamabad, Muzaffarabad representing the participation from whole Pakistan, advocacy seminars on Health & Nutrition, GBV issues, environment, Promotion of education and health of BISP beneficiaries Festival (Mela) at Thatta in which around 23000 women beneficiaries participated and President of Pakistan Inaugurated that event, organized series of international days on different subjects (International Nutrition day, International women day, International day for Person With Disabilities (PWDs) etc. campaign on sixteen days of activism, organize and facilitate round table discussions and sessions on different development issues. Media campaigns designed and roll out in KP, FATA, Sindh and Punjab on health & nutrition, education, GBV, birth registration outreaching a more than 60 districts across the country as primary audience. First ever Media habit survey of five agencies of FATA is conducted and on the basis of findings the media strategy for TDP project is developed.

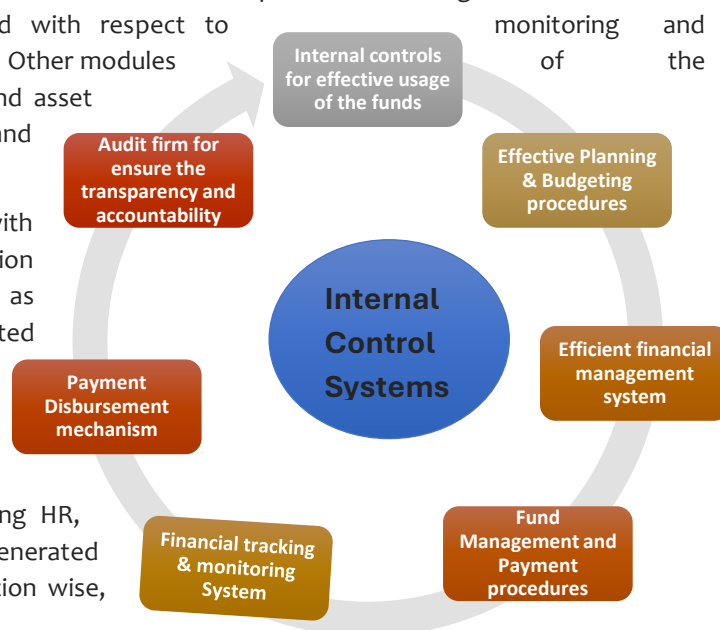
Grants and Financial Management

The financial management for projects has linked with the organization's FIS which accommodate us various types of reporting e.g. budget report, variance analysis report, activity spending report, project head wise trial balance, general ledger and other specified reports for effective financial decision making and internal control. The existing FIS will be placed in all project office with associated of all integrated modules.

Organization also adheres a well-defined and documented standard operating procedures. The key process of transparency of accounts are given below;

A comprehensive customized, modified financial information system (FIS) is in place, and all the standard internal control are monitored, verified and approved through an integrated financial software Sidat Hyder Murshad Associate (SHAMA) along with qualified professionals. All the operational (Financial, Procurement administrative) polices are aligned with the FIS. The top management, BOD's and connected finance & procurement committees properly review the FIS on quarterly basis. All the financial transactions are recorded in the financial software with different level of delegations. The comprehensive software module is in practice of the organization. All the FIS users have roles and responsibilities allocated with respect to tracking, budgeting, controlling through software. Other modules software include Human Capital Management and asset management, inventory management and procurement processes as part of the software.

Under the HCM software based on the 50 users with different roles and responsibilities, all the induction process, employees reporting, project reporting as well as project wise payroll, HR software is generated and due to the integration of the whole system, the pay roll and other reports will be automatically generated after the verification has been posted to the financial software. The whole package of the software module including HR, finance, procurement and admin reports will be generated project wise, activity wise, employee wise, location wise, chart of accounts wise, vendor wise etc.



The organization has hired the audit firm as per statutory law & procedures. ACT has consistently led the external audit on yearly basis, the independent auditor has conducted the external audit exercise as per given ICAP as well as IFRS framework. After culmination of the audit, the auditor shares the draft report to the BOD for review. After the critical review of audit and recommendations by General Body the audit report gets approved and accelerates the action plan of the management after the involvement of the Audit and Finance committee. The Audit and Finance Committee had been constituted by BoD members which reviews the financial reports and accounts on a quarterly basis, the audit committee consists of three members of the BoD.

HR Management

The institutional and operational management capacity is proven to handle large scale projects/programmes by adhering the quality standards of HR management. The computerized human capital management system has been in place throughout the inception of the organization. This software is developed with the support of different external HR experts and organizational HR management team. This software supports the organization in different types of reporting, recruitment procedures, induction, employee capacity building plan, result agreement, staff time sheet, computerized pay roll, staff history report, staff performance, staff data base, employee report, project wise payroll, tax composition report as per law of Income Tax, salary up gradation. The software is duly in line with the organizational HR policy, code of conduct, best National and International practices. The existing HCM modified software has been integrated with the institution financial software and all the reports are automatically reconciled, hence free of human error.

As of now, ACT has managed **1200 employees** including the categories of senior management, management, mid management, professional, mid professionals and field-based workers, etc. with the segregation of **40% male and 60% female** in the program outreach. The organization has a robust systems of HR management and recruitment and has recruited qualified and professional staff in multiple disciplines. The HR management system of ACT is tested and verified by PCP.

Operational Management

The organizational linear structure is bottom heavy and diversified; based on all key areas of expertise in program development, program/project management, grant and financial management, monitoring M&E/quality assurance and networking/coordination with relevant stakeholders. Implementation modality of the program management is led by the senior management team which comprises of multi-disciplinary team with competitive professional competencies. The organizational management is processed with the support of units including; financial management, HR, Procurement,

Programme Management, Internal audit support and M&E/Quality Assurance. These units adhered to the standards by using financial, management software, HRMS, asset by Sadaat Haider customized. Will further supported with financial management, procurement, HR, Gender, Child Protection, Conflict of Interest and Programme development policies duly approved by BoD.

Procurement Procedures:

During the last five years the organization has processed procured different items/ services with a worth of approx. PKR 380 million. The organization has a well-defined procurement policy and manual. The organization has strong consideration related to the value of money and adherence of policies oversight my SMT and BOD as per their given authorization. The organization has established a standardized procedure to under the procurement process. For selection of vendors ACT has well defined SOPs which clearly indicate the vendor selection and procurement process according to the global ethical checks. According to the SOPs the organization will establish a Procurement Committee with clear roles and responsibility for each vendor selection. The committee will evaluate the vendor's technical and financial capacity through a defined parameter. Any vendor contracts made by or made for ACT need to comply with the Standing Orders, donor requirements (if they exist) and relevant laws or legal requirements supersede any donor and ACT requirements. A competitive tender presents a formal written offer or bid to carry out work or to supply goods for a pre-stated price. There are strict conditions that apply to competitive tenders A quotation is a formal statement of the estimated cost of goods or services. **Detail Procurement Policy is attached as Annex-**

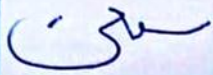
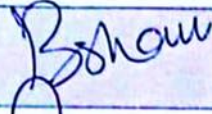
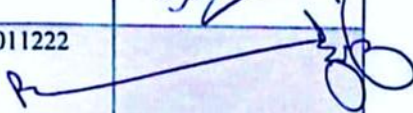
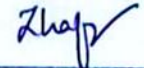
BOARD OF DIRECTORS

APPROVAL & AUTHORIZATION

The Board of Directors of Aiming Change for Tomorrow (ACT) International is requested to review and approve this Internal Control & Accountability Framework. Approval should be recorded in the official Board meeting minutes.

9th-MARCH-2024

We the following members participated and put our respective hands on this documents on the day, month and year mentioned herein below;

S.No	Name	ID #	Membership	Ph. No	Signature
1	Mr. Saeed ul Hassan	35202-6543978-1	Chairperson	0345-5576454	
2	Prof Farkhanda Aurangzeb	54400-4895286-0	Member	0321-8001170	
3	Dr. Bushra Aizaz	82203-1135528-6	Member	0346-8502112	
4	Muhammad Javid Malik	61101-0488964-3	Member	03335129462	
5	Babar Aziz	61101-3686940-9	Member	03005011222	
6	Dr. Zaineb Hafeez	37301-3531962-6	Member	00447583685208	
7	Ms. Farzana Yaqoob	37405-5480398-2	Member	0334-5363333	
8	Mubashar Nabi	61101-9146195-7	Founder President	03018562934	