

HRDF Financial Management and Procurement Policy

A professionally written, publicly shareable, human-centered policy for the Humanitarian Response & Development Foundation (HRDF).

1. Introduction

At the Humanitarian Response & Development Foundation (HRDF), we see financial resources not just as numbers, budgets, or entries in a ledger, but as a **trust placed in us by communities, donors, and partners**. Every rupee represents hope, dignity, and the possibility of change.

That is why this policy does more than define rules. It **speaks directly to you** the people who make HRDF's work real. It explains our responsibilities in clear, human, and practical terms, so that everyone who reads it understands not only *what* we do, but *why* we do it.

This document is meant to be alive not a rigid or forgotten file. It guides our daily decisions, shapes our accountability, and protects the integrity of the work we do in the field, in the office, and with our partners.

Our promise is simple: **we manage our financial and procurement systems with honesty, fairness, and care because our work deserves nothing less.**

2. Purpose of the Policy

This policy aims to:

- Strengthen HRDF's financial controls and transparency.
- Ensure responsible and ethical use of donor resources.
- Provide clear guidelines for procurement, contracting, and vendor selection.
- Safeguard HRDF from financial risks, fraud, misuse, or conflicts of interest.
- Align HRDF's systems with national regulations and international donor standards.

3. Guiding Principles

HRDF's financial and procurement decisions are guided by:

3.1 Transparency

All financial transactions must be clear, traceable, and accessible for review.

3.2 Accountability

HRDF staff, leadership, and partners must demonstrate responsible stewardship of resources.

3.3 Integrity

No financial decision may be influenced by favoritism, bribery, personal interest, or external pressure.

3.4 Fairness and Competition

Procurement processes must be open, competitive, and free from bias.

3.5 Value for Money

Funds must be used efficiently to achieve maximum impact.

3.6 Compliance

All financial and procurement activities must comply with:

- Pakistan's applicable laws
- Donor rules and regulations
- HRDF internal policies
- International best practices for NGOs

4. Financial Management Framework

HRDF uses structured systems to ensure strong financial governance.

4.1 Roles & Responsibilities

Board of Directors: Oversight and approval of financial policies.

Executive Director: Ensures full implementation of financial controls.

Finance Manager: Leads day-to-day financial management and reporting.

Program Managers: Ensure financial compliance at project level.

Procurement Team: Ensures transparent and fair purchasing.

All Staff: Responsible for ethical financial behavior.

5. Budgeting & Planning

5.1 Annual Budget

HRDF prepares an annual budget approved by the Board.

5.2 Project Budgets

Each donor-funded project must include a detailed, realistic budget aligned with HRDF systems.

5.3 Budget Revisions

Major changes require donor and internal approvals.

6. Financial Controls

6.1 Segregation of Duties

No single staff member may initiate, approve, and record a financial transaction.

6.2 Cash Handling

Cash transactions must be minimized and properly documented.

6.3 Bank Management

- All bank accounts must be authorized by the Board.
- Dual signatories are mandatory.

6.4 Documentation

Every transaction must have valid supporting documents.

6.5 Asset Management

HRDF maintains a fixed asset register and conducts annual physical verification.

7. Procurement Policy

7.1 Procurement Principles

- Fair competition
- Cost-effectiveness
- Clear documentation
- Absence of conflict of interest

7.2 Procurement Methods

1. **Petty Purchase:** For small items under a defined threshold.
2. **Quotation Method:** Minimum 3 quotations for mid-value procurement.
3. **Competitive Bidding:** For higher-value procurement.
4. **Framework Agreements:** For frequently used goods or services.

7.3 Vendor Selection Criteria

Vendors must be selected based on:

- Quality
- Price
- Reliability
- Compliance with legal requirements
- No conflict of interest

7.4 Vendor Due Diligence

HRDF conducts checks on:

- Registration documents
- Tax compliance
- Blacklist/Watchlist verification
- Past performance

7.5 Conflict of Interest

All staff involved in procurement must disclose any potential conflicts.

7.6 Procurement Committee

A defined committee reviews and approves medium- to high-value procurements.

8. Contracting & Payments

8.1 Contract Standards

All contracts must:

- Follow HRDF templates
- Be reviewed by relevant departments
- Include clear deliverables & penalties

8.2 Payment Rules

- Payments made only after verification of goods/services.
- No advance payments unless approved.
- Bank transfers preferred; cash payments minimized.

9. Record Keeping & Reporting

9.1 Record Keeping

HRDF maintains:

- Financial records for at least 7 years
- Procurement files with all supporting documents

9.2 Reporting

- Monthly internal financial reports
- Quarterly donor reports
- Annual financial statements
- External audit every year

10. Fraud Prevention & Anti-Corruption Measures

HRDF adopts:

- Zero-tolerance policy for fraud, bribery, and misuse of funds
- Whistleblower protection
- Donor-aligned anti-corruption protocols
- Immediate investigation of allegations

Staff must report:

- Fake receipts
- Overbilling
- Kickbacks or bribes
- Procurement manipulation
- Ghost beneficiaries
- Any financial misconduct

11. Internal & External Audits

11.1 Internal Audits

Periodic internal audits verify compliance.

11.2 External Audits

Annual external audits ensure transparency for donors and the public.

12. Compliance for Partners & Vendors

All partners, contractors, and vendors must:

- Follow HRDF policies
- Maintain accurate records
- Allow HRDF audits
- Sign a compliance commitment

Failure to comply may result in:

- Suspension
- Disqualification
- Contract termination
- Legal action

13. Policy Review & Updates

This policy will be reviewed every **two years**, or sooner if donor requirements or laws change.

14. Public Disclosure

This policy is intended for:

- HRDF's official website
- Donor due-diligence packages
- Public access for transparency
- Staff, partners, and community information

15. Final Statement

HRDF's financial integrity is built on honesty, careful management, and a shared commitment to serve communities with dignity. This policy ensures that every financial and procurement decision reflects our values, our responsibility, and our promise to donors and the people of Pakistan.