



MANUAL OF POLICIES AND PROCEDURES (CRRC Georgia)

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PREFACE

This manual has been drafted to serve as a set of principles and instructions to enable the Board of Trustees and staff of Caucasus Research Resource Centers (CRRC) to fulfill their duties and responsibilities.

CRRC board and management must periodically review and, when required, make any necessary changes to the policies and procedures herein to ensure that CRRC's grant-making and operational programs run smoothly, that CRRC remains in compliance with Georgian 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 contains frequent references to US government regulations, circulars, requirements, and practices. These provisions must be applied by CRRC whenever it acquires funding from or implements programs with US government assistance. However, CRRC intends to apply these provisions, wherever and whenever possible, to all of its funding, regardless of the source. CRRC believes that these provisions constitute good business practices for safeguarding the use of all donor funds. Moreover, applying US government administrative and financial requirements to all funds and programs will enable CRRC to manage all its funds and activities in a uniform and consistent manner.

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

1. INTRODUCTION

1.1. PURPOSE OF MANUAL

This Manual of Policies and Procedures Manual is the official document for the conducting business by CRRC and its accounting and administration of grants, subgrants, and operational programs with US government and non-US governments as well as other funding sources. It has been reviewed and adopted by the Board of Trustees of CRRC.

This manual is intended to serve as a guide to CRRC staff. When necessary, staff should seek clarification or elaboration of these Policies and Procedures from CRRC'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 CRRC President. The Financial Manager 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 office manager and Finance Managers are responsible for the administration, revision, interpretation and application of personnel policies and procedures; and CRRC President 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.

2. INTERNAL CONTROL POLICIES

2.1. OVERVIEW OF THE INTERNAL CONTROL SYSTEM

CRRC'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 which 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

CRRC seeks to maintain the highest standards in all aspects of the conduct of its business. CRRC 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, CRRC's Board of Trustees and management insist on strict adherence to these standards.

Each employee 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 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 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 CRRC 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 CRRC 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 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 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 CRRC's intent to comply with all laws and regulations of any country in which it works or conducts business.

CRRC 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, CRRC, where appropriate, reviews selected activities for environmental impact and, if deemed necessary, conducts additional environmental impact analysis as necessary and appropriate (see section 13.2.5).

2.4. CONFIDENTIALITY OF INFORMATION

No employee may release financial, programmatic, personnel, donor information, or other intellectual property that has not been authorized for release by CRRC's management.

2.5. POLITICAL CONTRIBUTIONS

No funds or assets of CRRC 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. CRRC 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. CRRC cannot be involved with any committee or other organization that raises these funds for political purposes. This policy applies in any country in which CRRC works.

2.6. GOVERNMENT OFFICIALS

CRRC 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 agent of CRRC 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. CRRC 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. The aggregate total of any money, gratuities, or other items of value accepted by CRRC shall not exceed USD 1000 (or the equivalent in local currency) in one calendar year.

2.7. BRIBERY

No board member, employee or agent of CRRC may make a payment either directly or indirectly or as a kickback to influence any individual. No board member, employee or agent of CRRC may accept anything of value from anyone who wishes to do business with CRRC. Inexpensive advertising and promotional items with a fair market value less than USD25 (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 USD25 (or the equivalent in local currency). CRRC board members and employees may accept normal and customary social business amenities that fall within these limits. If a CRRC staff member becomes aware of any instance of bribery, s/he has an obligation to report it immediately, following the whistleblower 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, CRRC's books, records and accounts must be maintained in conformity with IFRS **accounting principles**. CRRC 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, 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 have reason to believe that the organization's books and records are not in accord with the foregoing requirements, report the matter to the Financial Manager or to the independent internal auditor.

2.9. FRAUD POLICY

This policy applies to any fraud, or suspected fraud, involving employees 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 CRRC.

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

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 Financial Manager, who coordinates 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 CRRC, 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 CRRC 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 CRRC 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 moral, ethical, or behavioral conduct should **immediately** be reported to the Financial Manager and/or to the chairperson of the Finance and Audit Committee of the Board of Trustees, either of which who will inform CRRC President, unless the incident involves CRRC President. If the suspected violation involves the Financial Manager, then the employee 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, contact the Financial Manager, CRRC President, or the Finance and Audit Committee of the Board of Trustees for guidance.

The Financial Manager has the primary responsibility to coordinate the investigation of all suspected fraudulent acts as defined in the policy, unless the fraudulent act involves the Financial Manager, then the Regional Director, CRRC President and the Finance and Audit Committee of the Board of Trustees will investigate the suspected act. If the investigation substantiates that fraudulent activities have occurred, the Financial Manager will issue reports to the Board of Trustees through the audit committee. If the suspected fraudulent act involves the Financial Manager, the Regional Director and CRRC President and the chairperson of the Finance and Audit Committee of the Board of Trustees will issue the report to the Board of Trustees through the 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 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 CRRC from potential civil liability.

The Financial Manager or chairperson of the Finance and Audit Committee of the Board of Trustees (or designee) will have:

- Free and unrestricted access to all CRRC 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 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 Financial Manager, CRRC President, 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 CRRC President or the Chairperson of the Board of Trustees, if the incident involves CRRC President, and, if necessary, by outside counsel, before any such action is taken. The Financial Manager, CRRC President, or chairperson of the Internal Audit Committee of the Board of Trustees does not have the authority to terminate an employee. The decision to terminate an employee is made by senior management or the Board of Trustees in case the incident involves CRRC President.

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 CRRC President, the Financial Manager and the Regional Director, (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 currency 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 CRRC'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 goods or services
- Receiving goods or services
- Authorizing payment of goods or services
- Releasing payment (signing the check or wire) for 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 to commit fraud). Financial duties are segregated in the following manner:

Duty	Primary Responsible Person	In the Absence of the Primary Responsible Person
Policies and Procedures	Financial Manager	CRRC President

Donor/Funder questions	Finance Manager	Financial Manager
Financial Reports	President	Financial Manager
Monthly Financial Statements	President	Financial Manager
Project Budget Reviews & Approvals	Financial Manager	Finance Manager
Employee reimbursements	Finance Manager	Finance Assistant/Associate
Monthly closing	Finance Manager	Finance Assistant/Associate
Grant Reconciliations	Finance Manager	Grants Manager
Wire approvals	A Signatory	B Signatory
Inventory & Depreciation	Office Manager	Finance Manager
Stock Gifts & Investments	Financial Manager	CRRC President
Approval on Investment Accts	BOT Finance Committee	BOT Executive Committee
Bank Reconciliations	Finance Manager	Finance Assistant/Associate
Paying Bills	Office Manager	Finance Manager
Approving Invoices for Payment	President	Programs Director

2.12. ENDORSEMENT REQUIREMENTS FOR CRRC CHECKS OR WIRE TRANSFERS

All checks or electronic funds transfer payments (EFT) require the signatures of a senior program director (e.g., CRRC President, or Regional Director) – conditional on approval authority – with approval and financial management staff. The practice of pre-signing blank checks or wire transfer forms is *strictly prohibited*.

2.13. POLITICAL ACTIVITY

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

Employees of CRRC 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 CRRC'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 without regard to race, creed, color, religion, national origin, sex or age. 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. Safe and healthful working conditions will be provided employees 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 CRRC to additional risk. Unless any such deposits and payments are explicitly covered under CRRC's fidelity bond coverage, all officers, employees, 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 CRRC's records, the Country Finance Manager or the staff member receiving the request must immediately inform the Board Chair, CRRC President, and the Regional Director. The country Finance Manager 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

- The organization'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 CRRC's email or Internet system, downloading of unauthorized software or suspect email attachments is prohibited. In addition, all employees 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 CRRC equipment are considered the property of CRRC. See Section 11.8.7 and 11.8.11 of this Manual for further details.
- 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:

Document	Location
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: CRRC President, Financial Manager, Regional Director, Programs Director, and Country Financial Manager.

All other documents listed above may be accessed by the above-mentioned staff as well as by authorized accounting staff.

2.20. USE OF CRRC ASSETS

No employee of CRRC may use any CRRC property, equipment, material or supplies for personal use without the prior written approval of the senior management.

2.21. USE OF CRRC CREDIT CARDS

Credit cards may only be assigned to staff who travel extensively or whose official duties include significant procurement. The Financial Manager 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 10.13).
- 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 will sign a Credit Card Agreement Form indicating his/her understanding of and agreement to comply with CRRC credit card policy.

- The accounting department will maintain a log of all CRRC credit card users.
- CRRC President 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 CRRC Debit Cards

The Financial manager and the CRRC President may approve the issuance of bank debit cards in the name of the CRRC president. Use of these cards is restricted to on-line payments and travel expenses. (Cash withdrawals can only be made in exceptional cases) The Card will be funded up to \$1000 and like other CRRC bank accounts reconciled at the end of each month. The card holder will be responsible for providing all the financial documentation proving the expenses carried out with the debit card to then Finance department.

2.22. CONFLICT OF INTEREST

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

Where any CRRC 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 CRRC 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 the Country Director all material facts as to the relationship or interest. Individuals with conflicts of interest must recuse 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 CRRC. Information does not need to be marked as "proprietary" or "confidential" before this policy applies. Types of information CRRC 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 CRRC 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 11.12 of these Guidelines, up to and including termination will be taken by CRRC, in accordance with Georgian legislation.

After being presented with a copy of CRRC'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 CRRC. The President or his or her designee should review the completed questionnaire. In the case of the President, Financial Manager and Regional Director, 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 CRRC make loans to board members, staff, consultants or vendors, nor will CRRC guarantee loans taken out by any individual or organization.

2.24. OTHER INTERNAL CONTROL POLICIES

CRRC has instituted the following additional internal control policies related to its 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 timesheet by an employee 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.
- CRRC will employ a Financial Manager to assure accuracy of financial reports and compliance with internal controls and provisions in donor agreements.
- Compliance with Georgian law as amended in each jurisdiction where CRRC operates.

3. FINANCIAL MANAGEMENT POLICIES

3.1. BASIS OF ACCOUNTING

CRRC will report program outlays and program income on an 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 CRRC. 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

CRRC will maintain records and make reports in such form and containing such information as required by its funding sources. CRRC 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.

CRRC 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, CRRC will effectively safeguard and manage all assets, including cash. CRRC 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.

CRRC 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 CRRC. This information must be communicated by the development department to the accounting department. The development department is responsible for collecting donor pledges. The development department must obtain written confirmation from the donor that past due commitments (> 120 days) are still valid.

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

CRRC should always seek the most favorable payment terms available from vendors and banks. CRRC’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.

CRRC will limit cash advances to its sub-grantees to reasonable levels to meet immediate project needs (see section 14.7).

3.4. INVESTMENT POLICY

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

- Unrestricted income from general contributions
- Temporarily restricted income received from government, CRRC, 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 CRRC'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 CRRC's endowment policy, which is included as Attachment 3A.

CRRC 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 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 CRRC at risk should these funds be lost to market decline. In this case, CRRC 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 cannot 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.

3.5. BUDGETS

CRRC 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 Financial Manager will coordinate the process.
- The Financial Manager 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, a mid-year budget revision will be prepared and submitted to the Board of Trustees for approval at the appropriate meeting.

3.6. INSURANCE AND BONDING

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

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

CRRC 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 CRRC's policy to comply with the countries in which it operates, and the regulations of its donors.

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

All employees 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.

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 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 Financial Manager is 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 financial 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 Country Financial Manager must review all financial information provided to external parties prior to its release.

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

3.9. EXTERNAL AUDIT

CRRC will undergo annual financial statement audits conducted by a qualified independent public accounting firm in accordance with IFRS. Additionally, CRRC will undergo annual audits pursuant to USAID Inspector General Guidelines for Financial Audits Contracted by Foreign Recipients, unless specified otherwise by donor.

The Audit Committee of CRRC will select the independent auditors and review their work. The independent auditors will report directly to the Audit Committee.

3.9.1. Scope of Audit Report

The audit will be performed by an independent audit firm in accordance with IFRS covering financial and compliance audits. The audit will cover the entire operations of CRRC. The audit will determine whether:

- The financial statements and accompanying schedules of present fairly its financial position and the results of its financial operations in accordance with IFRS .
- CRRC has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations.
- CRRC has complied with the laws and regulations that may have a material effect on its financial statements and on each major Federal assistance program.

- CRRC has met the terms and conditions of its non-Federal awards.

3.9.2. Procuring Audit Services

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

3.9.3. Audit Resolution

CRRC management will respond to all comments and findings reported by the external auditors, and follow the Audit Committee's guidance in implementing the audit recommendations.

3.10. INTERNAL AUDIT

CRRC 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 CRRC will maintain an internal audit function. The internal audit function will compliment, not duplicate, the annual external audit. However, CRRC may outsource the internal audit function.

While annual audits by external auditors provide a retrospective analysis of CRRC'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 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.

3.11. CHART OF ACCOUNTS

The principle account groupings in the chart of accounts and the analytic codes for CRRC are found in Annex XX.

4. POLICIES RELATED TO ASSETS, LIABILITIES AND NET ASSETS

4.1. ASSETS

4.1.1. Bank Accounts

CRRC will use only sound, well-established banks, and, when possible, banking institutions that offer national insurance coverage on deposits. CRRC 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, CRRC will maintain funds in interest-bearing accounts.

4.1.2. Petty Cash

CRRC can maintain modest petty cash funds or through advance to the office manager for minor cash disbursements and emergencies. Under no circumstances may employees 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 \$1000.

The 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 Financial Manager. 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 Country Finance Manager).

Generally, CRRC 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 Financial 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 Country Finance Manager, must count the cash and balance the fund at least weekly, completing a Petty Cash Count Form. The President 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 the President. 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 Country Finance Manager. All Request 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 the 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 associate 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.

CRRC may maintain petty cash expenses through advances to staff designated by the President. These advanced funds should be used for minor expenses, for which use of a wire transfer places an unreasonable burden on CRRC 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 advances in Section 8.

4.1.3. Accounts Receivable

CRRC may advance funds to its employees 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 Finance Manager will ensure that receivables that are past due over 30 days are researched collected. Accounts receivable over 180 days past due will be written off with the approval of the Financial Manager (if applicable by Georgian 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, CRRC will deduct the amount from the staff member's salary, after informing the staff member in writing.

Any receivable from employees should be collected within 30 days. Any employee whose account is past due is ineligible to receive additional advances until the outstanding amount is settled. Employees who habitually fall behind on repaying funds owed to CRRC may be deemed by management ineligible to receive advances.

4.1.4. 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 CRRC. 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.

4.1.5. 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 CRRC and must be segregated and held permanently. The income from permanently restricted assets generally may be used by CRRC).

4.1.6. Fixed Assets and Capitalization Policy

General Policy

CRRC defines fixed assets as furniture, fixtures, equipment, improvements, software, hardware, etc, in accordance with IFRS. 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. Any such items purchased, and costing more than USD 200 are capitalized and depreciated over the useful life of the asset. With respect to in-country reporting, fixed assets will be define by local law.

Control Procedures

Any asset costing \$200 or more with a useful life of over one year must be assigned an inventory number and tracked as a CRRC asset on an inventory register unless the Donor specifies a lower threshold. The register is maintained by the Office Manager, who is independent of the purchasing and record-keeping functions.

The inventory register (see Attachment 4A) will contain the following information:

- Description of equipment
- Manufacturer's serial number
- Source of equipment including award number
- Where title vests (CRRC, 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 physical inventory will be conducted once a year by staff that are not responsible for custody of the equipment or maintaining the inventory registers

4.1.7. 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,

CRRC 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.

4.1.8. 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.

4.1.9. Accounting for Investments

Investments will be reported at market value.

4.2. LIABILITIES

4.2.1. Accounts Payable

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

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

4.2.2. Accrual of Unpaid Salaries and Wages

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

4.2.3. Accrued Vacation/Annual Leave

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

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

4.2.4. Provision for Anticipated Losses on Grants

To the extent that they are measurable, CRRC 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.

4.2.5. Deferred Revenue

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

4.3. 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 Board 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 CRRC. CRRC may use the earnings of these assets for unrestricted or temporarily restricted purposes. Endowment funds are an example of this net asset classification.

5. REVENUE SOURCES

5.1. COST REIMBURSEMENT GRANTS

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

5.2. PROGRAM INCOME

Program income is income derived from activities conducted as part of a donor award. CRRC 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).

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

5.3. CONTRIBUTIONS

According to the IFRS 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.

CRRC recognizes as revenue contributions received, including unconditional promises to give, in the period received at their fair market value, in conformance with Statement of Financial Accounting Standard No. 116. In the case of unconditional promises to give, CRRC 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.

5.3.1. Definition of Grants as a Contribution

It is CRRC's policy to consider a grant as a contribution as defined by paragraph 5 of FASB 116. "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."

5.3.2. Donated Facilities or Services (In-kind Contributions)

CRRC 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.

5.4. INTEREST EARNED ON AWARDS

US FEDERAL ADVANCES

If CRRC does not receive a waiver from the State Department to return interest earned on Federal funds held on deposit, it will remit interest earned on cash advances to the applicable Federal agency at least on an annual basis. As stipulated in OMB Circular A-110, CRRC will retain interest amounts up to \$250 per year to offset administrative expenses.

NON US FEDERAL ADVANCES

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

5.5. 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.

5.6. 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.

5.7. 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 CRRC.

5.8. SEGREGATION OF REVENUES

CRRC will separately identify the source and application of funds provided through Federally funded agreements, as well as non-Federal agreements, in its coding structure.

6. COST ACCOUNTING POLICIES

6.1. CONSISTENCY IN COST ACCOUNTING

Preparing cost proposals/budgets for grant proposals:

CRRC 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 CRRC 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 CRRC 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. CRRC 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.

6.2. UNALLOWABLE COSTS

CRRC segregates and separately classifies costs that are unallowable charges pursuant to a particular funding agreement. For US Federal awards, unallowable costs 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 CRRC's policies and procedures.

6.3. CRRC FISCAL YEAR

The fiscal year of CRRC 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 CRRC adopts an indirect cost rate structure*).

6.4. 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.

6.5. MANAGEMENT AND GENERAL EXPENSES /ADMINISTRATIVE COSTS

All costs relating to the overall operation of CRRC 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 rent, insurance, office supplies and equipment and other overall support functions.

6.6. FUND-RAISING COSTS

Costs associated with unrestricted, general purpose fund raising will be classified as fund raising costs. These costs are unallowable charges against US Federal awards and must be segregated.

6.7. SUBGRANT AWARDS

CRRC 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 CRRC. CRRC 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 CRRC (if any) are expensed in accordance with the IFRS, i.e. on a systematic basis over the period in which the related grant costs are incurred.

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

CRRC'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

CRRC 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, including subcontracted employees performing in-house work, are responsible for preparing their own timesheets.
- Employees 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 prepared in ink (if manually completed).
- 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 and the supervisor only after they are completed.
- Corrections are to be made by cross-out and new entry with no erasures or whiteouts.
- Corrections are to be initialed by the employee and supervisor.
- An explanation must be provided for corrections.

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

7. PURCHASING POLICIES

7.1. POLICIES AND OBJECTIVES

CRRC 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 CRRC's grants with the U.S. government and other donor sources, all costs incurred are subject to audit by public accountants, Financial Manager, donor representatives, or the US government's Office of the Inspector General.

- It is CRRC's policy to follow the requirements of the US government's OMB Circular A-110 regarding the procurement of goods and services.
- It is CRRC'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 CRRC to carry out its mission.
- CRRC 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 CRRC 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 CRRC and CRRC's donors will be developed
- All vendors will be treated fairly and impartially
- All transactions will be documented as required by CRRC and US Government acquisition regulations
- CRRC 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 CRRCsupplier relationships
- Report any questionable or unethical behavior, identical offers, threats to the integrity of the procurement process regardless of the source to the Financial Manager

7.2. ORGANIZATIONAL STRUCTURE

The office manager/procurement officer or designate is responsible for procurement under the supervision of the Country Director. 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 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 CRRC.
- 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

CRRC 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 has primary responsibility over purchasing functions for CRRC. The President can delegate procurement responsibilities to the office manager/procurement officer or others, as appropriate.
- The President/office manager/procurement officer has the authority to negotiate, administer, or terminate subcontracts and make related determinations and findings.
- The President/office manager/procurement officer ensures that all requirements of law, regulations and all other applicable procedures, including clearance and approvals have been met.

- The President/office manager/procurement officer is responsible for ensuring performance of all necessary actions for effective contracting and safeguarding the interests of CRRC and its donors.

7.5. RESPONSIBILITY OF THE PURCHASING OFFICER

The office manager/procurement officer 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 office manager/procurement officer.

7.7. ACCEPTABLE TYPES OF CONTRACTS

Upon receiving a procurement request, office manager/procurement officer 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 CRRC's procurement thresholds, requirements, and review processes:

Amount†	Procurement	Preparation/	Approval	Comments
	Requirements	Review Procedure	Authority	
<\$100	• Petty cash or from advance to Office Manager. • Receipt or explanatory memo.	• Requestor prepares documents • Office Manager/ petty cash custodian reviews request	Office Manager/ Designate/ Any senior management representative (if first two staff not present).	President <i>may approve an decrease in the threshold to \$50.</i>
\$101 - \$1,000	Select from list of preferred vendors or conduct price analysis.	• Requestor prepares documents. • Accounting reviews documents for completeness	Regional Director/ CRRC President/Financial Manager	No formal documents required. Price can be conducted by telephone or email.

\$1,001-\$10,000	- Select from list of preferred vendors or written bidding from 3 vendors.† - Contract for services required.	- Requestor prepares documents. - Accounting reviews documents for completeness	Regional Director/ Financial Manager CRRC President. (If Regional Director/ Financial Manager is the requestor, President must provide approval. If President is requestor, Financial Manager or Regional Director must provide approval.)	Procurement records must include: - Basis for contractor selection; - Written justification if sole source used; - Basis for cost or price.
\$10,001 - \$25,000	- Written bidding from 3 vendors required. □ Contract - Donor approvals/ waivers, if required.	- Requestor prepares documents. - Accounting AND President, Regional Director/Financial Manager reviews for completeness	Regional Director/Financial Manager (on behalf of the Board of Trustees) OR CRRC President approval required.	Any donor procurement requirements (e.g., OMB Circular A-110, 22 CFR 226) included in the tender and contract. If no tender issued, a justification memo must be issued and filed.
>\$25,000	- Written bidding from 3 vendors required. □ Tender* - Contract - Donor approvals/waivers, if required. - Memo to Board of Trustees on selection.	- Requestor prepares documents. - Accounting AND President AND Financial Manager reviews for completeness	Board of Trustees approval required.	Any donor procurement requirements (e.g., OMB Circular A110, 22 CFR 226) included in the tender and contract. If no tender issued, a justification memo must be issued and filed.

‡Written bids can be faxed or email copies.

†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 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/offer or 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, CRRC 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.

Survey supervisors, interviewers and media monitors require a degree of training, which is provided by the staff of the Caucasus Research Resource Centers (CRRC). In the selection of these supervisors and interviewers, CRRC Senior Program Manager is required to provide finance office the lists of those qualified individuals who are approved as eligible, preferred service providers. These lists can be updated as often as new supervisors and interviewers are trained.

7.8.5. Waiver of Bidding Requirements and Sole Sourcing

On occasion CRRC 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 and 2) the outputs can be reviewed and approved by CRRC (i.e. completed questionnaires).

The rationale for sole source bidding must be documented in writing prior to the procurement and approved by the office manager/procurement officer and the Country Finance Manager.

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.

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

7.8.6. Terrorism Watch list

After selecting the contractors, the program manager must run the names of the consultants and owners of any contracting organizations through the Bridger Software. The printout of this run must be included in the hard copy program file. (See section 9 for more information.)

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

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 that which 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 the terms of its US government agreements, CRRC will follow eligibility rules for goods and services based on source and nationality as outlined the agreement or as outlined in 22 CFR 228.

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 and CRRC 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 office manager/procurement officer is responsible for conducting and documenting price comparisons for items purchased regularly by CRRC. 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. Contact the office manager/procurement officer 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 CRRC President.

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. If a panel member disagrees, s/he can include a dissenting paragraph in the justification.

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 travel and all other expenses exceeding as available. 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,

CRRC 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 contract manager (office manager/procurement officer) or designated individual 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

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 progressbilling 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 all travel related costs should be supported by appropriate receipts.

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

Contractors may request advance payments on contracts. CRRC strongly discourages advance payments to consultants. 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

CRRC 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 CRRC's needs and complying with applicable donor regulations.

8.1. TRAVEL AUTHORIZATIONS

Travel must be pre-approved by the employee'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 CRRC's travel policies. Travel for the President, Financial Manager and the Regional Director 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 the Federal government hotel 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 CRRC 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 when appropriate using either a flat rate or a mileage reimbursement per km driven. Every six months in January and July, the Financial Manager together with the President will revise the reimbursement rate (net) per kilometer, considering the market price of petrol in each country and other current economic factors by issuing an internal statement for staff. However, the rate should not exceed the USG mileage reimbursement rate.

8.3. BUSINESS CLASS TRAVEL

Except as described below, CRRC will not reimburse travel in excess of economy fares. Employees 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 nonavailability of coach seating. These exceptions must be approved in advance by CRRC President, or in the case of the President, Regional Director, and Financial Manager, by the Chair of the Board, the Vice Chair or the designee of the Board of Trustees. The employee 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 CRRC 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, CRRC 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, CRRC 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 CRRC 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

Outside Georgia, CRRC will accommodate travelers in and/or reimburse expenses according to the Annex 1 of the Order of the Minister of Finance of Georgia, order No. 220 – of April 2005. When reasonable and/or adequate lodging is not available in the order, the traveler must request approval in advance from the President to exceed per diem rates in the Order and must submit documentation to support the request.

8.7. REIMBURSEMENT FOR EXCESS TRAVEL EXPENSES

CRRC 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
- Supplies needed for official duties while on travel
- 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. CRRC cannot be held responsible for damage or theft of an automobile.
- Other reasonable miscellaneous allowable travel expenses necessary to conduct CRRC business

8.8. RECEIPTS FOR TRAVEL EXPENSES

In order to be reimbursed for excess travel expenses as described in section 8.7, CRRC 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)

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

8.10. TRAVEL EXPENSE REIMBURSEMENT FOR EMPLOYEES WITH A DISABILITY OR SPECIAL NEED

CRRC will accommodate the special needs of any employee that is disabled or had 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 with disabilities or special needs will not be forced to travel to locations where medical facilities or services cannot accommodate their

needs. The Travel Coordinator will approve exceptions to CRRC's normal travel policies required to accommodate these employees.

8.11. OWNERSHIP OF FREQUENT TRAVELER BONUSES

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

8.12. EXPENSE ADVANCES AND THEIR LIQUIDATION

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

Employees 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 is home for less than one week before departing for the next trip, advances may be issued providing the employee has no more than one advance outstanding. Employees should submit expense reports within one week upon return from trip.

Employees 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 supervisor or department budget manager must approve the travel expense report. Travel expense reports must be submitted within two weeks of the trip.

If total cost of the trip exceeds the amount advanced to the employee, the employee 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 CRRC business may be reimbursed at the rate determined by the Financial Manager and the President (see section 8.2) (alternatively, CRRC reserves the right to contract with the service provider for a lump sum). The cost of vehicle transportation should not exceed the cost of the most direct coach air or rail route between the points traveled, unless determined expedient and approved by the Financial Manager or CRRC President. The employee is responsible for any tickets or traffic violations resulting from their use of CRRC vehicles. *n.b., the mileage reimbursement rate will be adjusted periodically in line with rates determined by the US government's General*

Administration Services (see http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=9646&contentType=GSA_BASIC).

If CRRC 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 CRRC 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 CRRC business are subject to CRRC's travel policies.

8.17. BOARD TRAVEL

CRRC may reimburse Trustees for reasonable expenses associated with travel to a Board of Trustees meeting:

- 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. CRRC will accommodate travelers in and/or reimburse expenses for hotels within U.S. government per diem rates. Contact the executive assistant to CRRC President.
- Actual cost of taxi fares or other local transportation expenses required to conduct CRRC 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 BUSINESS MEETINGS

CRRC will reimburse reasonable and necessary costs of meetings to conduct CRRC business, conferences etc, when the primary purpose is the dissemination of technical information. 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.

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. Full daily allowance (per diem) for in country travel is GEL 50 (NET)
2. There is no daily allowance if staff member is on travel up to 6 hours
3. Staff member is entitled to claim lunch when travel is more than 6 ours but less than 8 hours
4. Staff member is allowed to claim full day allowances (breakfast, lunch and dinner) if she/he is on travel for 8 or more hours
5. Percentages of meal allowance to be claimed: 25% for breakfast, 35% for lunch and 40 % for dinner.
6. 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 CRRC. 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 CRRC research, administrative, programming and grant making activities. IT facilities are not provided for recreational or personal use. Staff must comply with CRRC'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, email 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 Financial Manager will suggest that all CRRC staff changes passwords every 6 months.

9.4. INFORMATION SECURITY POLICY

9.4.1. Purpose

The purpose of the information security policies and procedures of CRRC 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 CRRC's IT assets including data, software, and hardware.

The above services, data, and assets include computer systems, data networks, user workstations, PABX (Private Automatic Branch Exchange) systems, and telephones.

9.4.2. IT Manager Responsibilities

The IT manager shall provide leadership and direction for CRRC'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 CRRC.

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

CRRC 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.

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 CRRC President or the Financial Manager (if the hardware is requested by the President).

9.5.1. Printers, Scanners, and Copiers

The IT Officer is responsible for maintaining CRRC's printers, scanners, and copiers; however, all staff are responsible for proper and safe use of 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 officer 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.

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

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 Public Drive has been created in order to protect CRRC 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 CRRC 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. CRRC'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 CRRC 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 CRRC'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 CRRC, the IT Manager will attempt to scan and clean the file. The IT Manager, however, makes no guarantees as to whether an infected file can be totally cleaned and will not allow the infected file to be used on CRRC computers.

9.11. NETWORK CONNECTIONS

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

10. PATRIOT ACT AND COMPLIANCE WITH EXECUTIVE ORDER 13224

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 CRRC 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 CRRC 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

CRRC's due diligence and internal control procedures satisfy much of the recommendations prescribed by the U.S. Treasury Department and the American Bar Association guidance on these regulations.

The following clause will be included in all grant agreements and contracts:

The Grantee/Contractor (whichever is applicable) must be aware that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the Grantee to ensure compliance with these Executive Orders and laws. This provision must be included in all subcontracts/sub awards issued under this grant/contract (whichever is applicable). The complete version of Executive Order 13224, which includes the list of individuals and entities that commit or pose a significant risk of committing terrorist acts, may be found at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html> or obtained at CRRC office.

Additionally, CRRC will screen all grantees, significant contractors, consultants and staff members using the selected software (e.g. Bridger Insight software by Choicepoint).

Who Should Be Screened

- Grantees/contractors
- Sub-grantees/sub-contractors
- Grantee directors and key staff, including finance.
- Consultants
- CRRC employees

How and When These Individuals/Groups Should Be Screened

- CRRC will appoint appropriate individuals (e.g. grant manager for grants, administrative officer for contracts or employees) 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 **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 Financial Manager for guidance.

- If it appears that a match is a true positive, report it to the Financial Manager and to the President 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 Financial Manager as to how to proceed with the grantee/consultant.
- Prior to making any new employee an offer of employment, the Human Resources department 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.

11. PERSONNEL POLICIES AND PROCEDURES

11.1. INTRODUCTION

11.1.1. Purpose

This section of the Manual provides guidance to employees of CRRC on personnel policies and serves as a reference guidebook on policy through the employee's tenure of employment.

Employee's relationships with CRRC are governed the Labor Code of Georgia, 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 Georgia. In the event of any inconsistencies between these guidelines, the Employee's Contract and the Labor Code of Georgia, the following order shall prevail: The Labor Code of Georgia, the Employee's Contract, then CRRC manual.

It is the desire of CRRC 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 CRRC and advancement be performed solely on the basis of qualifications and merit,
- Challenge all employees to perform at the highest levels as is expected throughout CRRC as an international organization uniquely entrusted to serve the public interests of multiple Nations.
- Are in compliance with Georgian legislation, the internal regulations of CRRC, and not in contradiction with US government regulations pertaining to foreign assistance.

11.1.2. Implementation

CRRC's President 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 should immediately alert the office manager and Financial Manager for review with CRRC President. CRRC 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 the law. The Employee 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.

11.1.3. Policy Application

CRRC's personnel policy and procedures apply to those staff under its direct employ. CRRC reserves the right to engage expatriate staff seconded from the Eurasia CRRC 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 CRRC. However, in order to comply with local legal requirements and to promote a sense of equity, CRRC will inform expatriate staff which provisions of CRRC's personnel policies will apply during their tenure at the organization, subject to approval by the Board of Trustees.

11.2. EMPLOYEE RIGHTS AND RESPONSIBILITIES

11.2.1. Equal Employment Opportunity

CRRC recruits, hires, promotes, terminates, and performs all decisions as they relate to the employment of staff without regard for race, nationality, religion, sex, marital status, disability, or any other issues other than professional qualifications.

11.2.2. Anti-Harassment Policy

CRRC 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 either to the Financial Manager or to the President (if complaint is against the Financial Manager). All complaints will be reviewed immediately to rectify and ensure the safety and comfort of the work place for all employees. Specifically, CRRC 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 where:
 - 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 experiences any job-related harassment, has a related complaint, or believes he or she has been treated in an unlawful discriminatory manner, that employee should promptly report the matter to the Financial Manager. If the Financial Manager or a member of Senior Management performs the discriminatory act, the staff member should contact the President. If the alleged act is performed by the President, the staff member should contact the Financial

Manager. If the allegation involves CRRC President, the Financial Manager should inform the Board of Trustees. Staff should report harassment early on, before it becomes severe or pervasive.

CRRC 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 Financial Manager will undertake an investigation, ensuring confidentiality to the maximum extent possible.

If the investigation determines 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 Georgian legislation.

If after investigating a complaint of harassment or unlawful discrimination, CRRC finds that the complaint is not bona fide or that an employee 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

CRRC is committed to providing its employees 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 Financial Manager.

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

11.2.5. Prohibition Against Campaigning/Lobbying

CRRC 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, CRRC 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 CRRC as well as the fundamental rights of its staff, CRRC has elaborated the following rules on political campaigning and lobbying.

1. CRRC employees 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 CRRC officers, directors, or staff who engage in outside political activities shall in no way participate in such activities in their official CRRC 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 CRRC.
3. Staff are absolutely prohibited from using CRRC facilities, equipment, or staff for any political party activity.
4. CRRC 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 (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 CRRC 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 CRRC, in accordance with Georgian 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 CRRC staff members are maintained and controlled by the country Human Resources/Office Manager. Files on CRRC employees are confidential and strictly off-limits to unauthorized CRRC employees. Under no circumstances may a CRRC employee review the file of another employee. Such actions are grounds for termination of employment. 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 Financial Manager.

11.3.2. Release of Information

Usually only the Office Manager or Human Resources Manager answers inquiries about staff members from organizations and individuals outside CRRC. CRRC 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 Georgian legislation.

11.4. RECRUITMENT AND APPOINTMENT

11.4.1. Recruitment

All CRRC 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.

11.4.2. Internal Postings

CRRC will usually post all open positions internally. CRRC 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 will be provided no preference beyond their objective qualifications and suitability for the open position. Experience and superior performance in another CRRC position will be given consideration but does not guarantee appointment.

11.4.3. External Search

CRRC, 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 CRRC. However, in its discretion, CRRC 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 CRRC 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 CRRC's travel policies in Section 8 of this manual.

11.4.4. Appointment

CRRC staff appointments are conveyed by the President or the officer duly appointed in writing by him/her. All candidates offered employment are to be provided a copy of CRRC'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 CRRC by CRRC President.

11.4.5. Contract Period

Depending on the activity of CRRC and the nature of work, employment contracts might cover a finite period spanning less than one year or be concluded for a maximum one-year period. The prolongation and amendments to the existing contract should be made based on mutual consent.

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 provided. 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 fails to perform his/her duties in an effective and diligent manner to the satisfaction of CRRC during any part of the probation period, CRRC 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 CRRC's personnel policies and procedures.

11.4.7. Appointment of Spouses and Relatives

Because of its size and structure, CRRC 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.

CRRC 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

CRRC endeavors to pay salaries competitive with those paid by other organizations comparable to CRRC. CRRC 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 and approved annually in the budgets proposed to the Board.

Each position at CRRC is assigned a salary grade. Each grade has been assigned a corresponding salary range. Periodically, CRRC 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 CRRC President.

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 CRRC. This is called a merit increase. The President and Financial Manager 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 Directors.

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 CRRC President. These reviews shall be initiated upon the recommendation of the responsible supervisor. If appropriate, the President may authorize a salary increase if the Financial Manager also approves the increase based upon the availability of budgeted funds.

Market adjustments are made to make CRRC salaries more competitive with those of comparable institutions. The President, with the approval of the Financial Manager, may authorize an across-the-board increase for all staff or selectively adjust specific positions determined to be below market determined wages. The President must submit a justification memo, which must be approved and archived by the Financial Manager.

CRRC 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 Georgian legislation. No salary adjustments are guaranteed. Adjustments to salaries either up or down, or selectively, bonuses as well as the 13th month salary to the staff across CRRC, therein are the prerogative of the CRRC President confirmed by the Financial Manager.

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 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. In case if an employee is on vacation or traveling, s/he must submit his/her timesheet on the last day in CRRC before the absence. Failure to submit a timesheet in a timely fashion may result in application of disciplinary action, pursuant to the procedures set out under Section 12 of these Guidelines.

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. EF is responsible for conducting salary transfers to employee bank accounts and any associated fees, but is not responsible for any fee incurred by the employee 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 Human Resources/Office Manager.

11.5.5. Overtime

CRRC pays overtime to staff only if it is required by the Labor Code of Georgia. Staff may not accrue overtime hours unless approved in writing by the President. CRRC will maintain overtime records through timesheets completed by staff.

According to the Georgian Labor Code, work time that exceeds 41 hours a week is considered to be overtime and should be compensated. The employer and employee must agree in the employee's contract what the terms of the compensation will be.

11.6. EMPLOYEE BENEFITS

11.6.1. Medical Insurance

Staff members may choose to participate in CRRC medical insurance coverage. 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 5 (five) percent of the premium as well as the income tax associated with the 95 percent of the premium paid by CRRC 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 CRRC. For more information regarding specific benefits, please contact the Financial Manager.

11.6.2. Income/Social Taxes

CRRC employees are required to pay state income taxes and to make mandatory contributions to the social insurance fund in accordance with Georgian law. CRRC makes

payments to the state on behalf of employees (in the form of withholdings) on a monthly basis. For information on the percentage of staff salaries are paid in income and social taxes, please consult with the Office Manager.

11.7. EMPLOYEE LEAVE

11.7.1. Holiday Schedule

CRRC posts the schedule of holidays/days off at the beginning of each year. Working days immediately preceding holidays are shortened by one hour with the exception of those cases enumerated in the legislation. Holidays falling on Saturday may be celebrated on the prior Friday. Holiday falling on Sunday may be celebrated on the following Monday. A copy of the list of holidays to be observed by CRRC should be sent to the Financial Manager in Tbilisi at the beginning of each calendar year.

According to Georgian Labor Code, the number of holidays equals 12 days. The Code gives both the employer and employee the right to ask for other holidays instead of above-defined holidays. However, the number should be constant.

11.7.2. Annual Leave

Full-time staff are entitled to 24 working days of annual leave in accordance with Labor Code of Georgia. Full-time staff earn annual vacation leave at the rate of 16 hours per pay period. Part-time staff members working 20 hours or more per month earn annual leave at a rate of 8 hours per pay period (12 days annually). During their first year employment, staff may use their accrued annual leave after working a minimum of three months.

The staff supervisors must approve annual leave requests before they are to be taken. Staff should plan their leave as far in advance as possible, so that appropriate arrangements can be made to ensure that the staff member's responsibilities are fulfilled in his/her absence. Fulltime staff can carry over only 160 hours of annual leave into the next fiscal year. Part-time staff members are permitted to carry over 10 days of their accrued annual leave.

Staff members are encouraged to use annual leave in same year it is accrued. In very limited cases, vacation may be given to an employee in advance (at the discretion of the President). In this case the employees must sign an acknowledgement that s/he will reimburse CRRC if s/he leaves the organization before accruing the days taken in advance. This reimbursement may also be deducted from the final pay.

11.7.3. Sick Leave

Employees 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 may be required for absences of more than two consecutive days. Early notification is important. Employee is obligated to use every opportunity to inform his/her direct supervisor about the changes in

his/her state of health, and based on the medical diagnosis, define the approximate period of time that s/he might be absent. The Employee must present an attested statement from a medical institution, which would certify the particular employee's illness (specify the illness). The failure to submit an official attested statement may be grounds for disciplinary action, or even termination.

Upon termination, unused sick leave is forfeited. No compensation will be provided for unused sick leave. Unused sick leave cannot be carried forward into the next year. Extensive sick leave will be handled according to the Labor Code of Georgia.

Employees are entitled to 30 days of paid sick leave every year, or 15 days in a six-month period. Sick leave is accrued at the rate of 20 hours per pay period. Staff are entitled to use sick leave to care for an immediate family member or domestic partner.

11.7.4. Maternity Leave

Pregnant women are entitled to a total of 447 days maternity leave for pregnancy, childbirth, and nursing, out of which 126 days are paid. The remainder can be taken as non-paid leave. The 126 days of paid leave can be taken in any consecutive combination before or after delivery. In the event of complications during delivery or the delivery of more than one child, post-delivery maternity leave may be taken for up to 70 calendar days. Apart from maternity leave, the employee may take her annual leave before or after the maternity leave, whether or not it has been accrued.

11.7.5. Compassionate Leave

In the event of a serious illness, injury, or death of a member of the staff's immediate family (spouse, mother, father, grandparents, brother, sister, child, and comparable in-laws), fiancée, or domestic partner, CRRC provides up to three days of paid leave for staff. The President may extend the time of paid leave under extenuating circumstances. Time taken over three days is charged to annual leave. Compassionate leave must be approved in advance by the Office Manager or Financial Manager

11.7.6. Emergency Office Closure

In rare circumstances, CRRC 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. In such circumstances, staff should indicate emergency leave on their timesheet.

11.7.7. Emergency Personal Leave

If a staff member is forced to leave work early due to an unexpected personal emergency, s/he should get approval from either his/her supervisor or President. If neither is available, s/he should ask the Human Resources/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 CRRC'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 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 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 or half day increments.

11.8. WORK STANDARDS

11.8.1. Hours of Operation/Work Schedule

The standard work week for all CRRC staff is 40 hours for full time staff. The standard hours of operation are Monday through Friday from 9:00 a.m. to 6:00 p.m. President may approve flexible working hours for a particular staff member and should be based on mutual consent of the employee and the President. However arrival time for a full time employee may not be later than 10:00 am. Staff members are entitled to one hour for lunch. If a staff member 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 Intranet or email.

Part-time or reduced working hours may be agreed upon at the signing of an employment contract or during its implementation and should be based on mutual consent of the employee and the President.

11.8.2. Attendance and Punctuality

To maintain a productive work environment, CRRC expects all staff members to be reliable and punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other staff members and on CRRC. 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 11.12 of this Manual, up to and including termination of employment, in accordance with Georgian legislation. Not reporting to work for an entire workday, without providing notice and justifiable reason shall be grounds for imposing the employee to disciplinary measures, including dismissal.

11.8.3. Appearance and Conduct

During business hours, all staff members 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 CRRC presents to the community at large.

CRRC 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 CRRC. 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 CRRC requirements. Related time off will be charged against staff members' annual leave.

11.8.4. Drug-free Workplace

As part of a general policy of promoting a healthy and congenial working environment, it is

CRRC's policy to maintain a drug-free workplace in accordance with the Labor Code. CRRC staff are prohibited from taking drugs, psychotropic substances, and precursors within working hours or coming to a workplace after taking drugs and other substances. Violation of this policy may serve as grounds for termination of employment.

By way of helping staff understand the perils of drug abuse, CRRC has developed a Drug-Free Awareness Program. CRRC uses the program in an ongoing educational effort to prevent or eliminate drug abuse that may affect CRRC 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) CRRC's drug-free workplace policy; (3) the availability of treatment and counseling for staff members who voluntarily seek such assistance; and (4) the sanctions CRRC imposes for violation of its drugfree workplace policy.

There are significant dangers that accompany drug abuse. Individuals who abuse drugs subject themselves to the following serious risks:

- Psychotropic substances, precursors, and drug use decrease a staff member's productivity and leads to inferior work product and excessive absenteeism.
- Staff members using drugs or psychotropic substances and precursors risk arrest, conviction, and imprisonment.
- Drugs or psychotropic substances and precursors use, on or off duty, impairs judgment and motor functioning and may lead to accidents and injury.

Drug-free Workplace Policy

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

As a condition of employment, all staff members working on any U.S. government-funded programs must abide by this policy. In addition, all such staff members must notify CRRC in writing of any conviction for a violation of a criminal drug statute occurring on CRRC's premises or in any other location in connection with CRRC business. The notification must occur within five days of the date of conviction. Within ten days after learning of the conviction, CRRC will notify its U.S. government grant officer.

Sanctions for Violations of Policy

CRRC encourages any staff member with a drug, psychotropic substance, and precursor abuse problem to seek help from senior staff of CRRC. 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 CRRC. 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 CRRC will help the staff member stay at CRRC. However, if the staff member does not enroll in an appropriate program, then CRRC 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. CRRC retains sole discretion in the determination of successful completion.

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

11.8.5. Ethical Conduct

CRRC and its staff have enormous responsibilities in carrying out programs in the South Caucasus region. CRRC is entrusted with and must disburse in a responsible manner millions of US taxpayer and other donor funds on an annual basis, much of it in societies where corruption is now widely prevalent. One of CRRC'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 CRRC receives from its many sponsors, and by extension, the success of its programs, is dependent upon maintaining the standards of conduct that have built CRRC's reputation for honesty and integrity in its people and in its work. If CRRC is to continue its successful work and lead by example in the development of responsible philanthropy in the NIS, all CRRC staff must adhere to the strictest standards of ethical conduct in their work.

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

Ethics Policy

All CRRC staff 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 CRRC supervisors. All reports of possible misconduct will be treated confidentially, to the extent possible.

Failure of a staff member to adhere to CRRC'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 CRRC staff member:

Integrity – A personal commitment to integrity in all circumstances benefits CRRC as well as each individual. Staff must be honest and maintain the highest professional standards at all times. CRRC 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 CRRC's business interests. No staff member, or any member of the staff member's family, may receive financial remuneration or other financing under a CRRC 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 CRRC, solicit or otherwise benefit from a grant or loan made by CRRC.

Confidentiality – Staff members have an ethical duty not to disclose confidential information obtained during the course of their work at CRRC. They have a professional obligation to protect confidential relationships between CRRC 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 Human Resources/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 a CRRC decision in the selection of a grantee,

borrower, vendor, or other collaborator. CRRC 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 CRRC information dissemination to media and outside sources, the following policy is in effect:

Any request by the press or a government agency should be reported to the President immediately. All media contacts in CRRC are to be handled by CRRC President.

Op-ed or opinion pieces written by CRRC staff for external publication must be cleared with CRRC President before publication.

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

Staff are permitted make personal calls from CRRC, 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 CRRC business and to connect to information resources around the world. Every staff member has a responsibility to maintain and enhance CRRC'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 CRRC'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.

CRRC strives to maintain a workplace free of harassment and sensitive to the diversity of its staff. Therefore, CRRC 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 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 are prohibited from using CRRC 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, CRRC reserves the right to review computer files and e-mails of staff members. Additionally, CRRC 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 Information Technology Officer. Staff should notify the Information Technology Officer upon learning of violations of this policy.

11.8.8. Restrictions on Gifts, Gratuities, and Honorarium

All officers, trustees, and staff members are required to report to the Financial 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 CRRC 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 CRRC. 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 Financial Manager should be consulted.

11.8.9. Intellectual Pursuits

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

Any and all work product resulting from employment with CRRC, including but not limited to any copyright-able, trademark-able or patent-able research or other work product, shall remain the property of CRRC, unless alternative arrangements are specified in advance in writing by CRRC President.

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

11.8.10. Conflict of Interest

It is expected that all CRRC officers and staff will attempt at all times to adhere to the highest ethical standards in all matters affecting CRRC. For details of CRRC's conflict of interest policy, please see Section 2.24 of this manual.

11.8.11. Information Confidentiality

CRRC employees and officers are prohibited from disclosing any information relating to CRRC business, technical and technological data, management, finance, or any other sphere of CRRC's activities.

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

Any breach of this obligation shall constitute misconduct and may lead to disciplinary action pursuant to the procedures set out under Section 11.12 of these Guidelines, up to and including termination may be taken by CRRC, in accordance with Georgian legislation. In addition, CRRC shall have the right to demand from the Employee compensation for any direct and/or indirect losses incurred by such disclosure.

11.8.12. Whistleblower Policy

As stated in Sections 8.5 (Ethical Conduct) and 8.11 (Conflict of Interest), CRRC requires its employees to maintain the highest level of integrity and to protect the reputation of CRRC. All staff members are required to report any violation of these policies to their supervisor and/or the Financial Manager. Details of the types of acts which constitute violations are included in 8.5.

An employee 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 Financial Manager and/or to any member of the Internal Audit Committee of the Board of Directors. If the violation involves the Financial Manager, then the employee should file the report with the Internal Audit Committee of the Board of Directors.

If a report is made anonymously, the staff member 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.

CRRC 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. Staff Training

The purpose of staff 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, 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 GMSME accounting system. Training in GMSME would be considered staff training. Staff training is not to be used for conferences in general.

11.10. PERFORMANCE EVALUATION

11.10.1. Performance Review Overview

CRRC 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 semi-annual performance reviews.

Annual Performance Reviews are conducted toward the end of each calendar year to assess employee 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 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.

Financial 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 CRRC's planning, budgeting, and salary administration activities.

11.10.2. Annual Review Process

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

1. Employees and supervisors receive a reminder along with performance evaluation forms from the Financial Manager no later than **September 1**.
2. The employee will complete the Employee's Annual Review Statement and forward it to the supervisor at by no later than **September 25**.
3. Based on the Employee'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 1**.
4. The supervisor completes the Employer's Annual Review Statement by **October 21**.
5. The supervisor and the employee to meet to discuss the employee'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 job description should also take place. At the completion of this meeting, the employee signs the Employer's Annual Review Statement.

6. The signed employee and supervisor Annual Review Statements along with any approved salary adjustment information and modified job description will be forwarded to the Financial Manager for implementation by no later than **October 25**.

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.

11.11. GRIEVANCE AND APPEALS

CRRC'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, with a copy to his/her supervisor and to the local Human Resources/Office Manager and Financial Manager. The President 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 must give both parties the opportunity to present their understanding of the problem or grievance at hand.
3. The President either (1) sends a written decision to both parties, with copies to the local Human Resources/Office Manager and Financial Manager; or (2) in the case of the President, Regional Director or Financial Manager refer the grievance to CRRC internal auditor for his/her review and decision. If the staff member is not satisfied with the President's decision, s/he may appeal to the internal auditor or the Chair of the Board within ten working days.
4. CRRC President or the Board Chair, after reviewing the situation, either (1) notifies the parties in writing of his decision or (2) schedules a meeting of the senior management team (CRRC President, and the local Human Resources/Office Manager and Financial Manager) to review the situation, after which CRRC President renders a decision and notifies all parties. In the case of the President, Financial Manager or Regional Director, the Executive Committee will be called upon to review and decide.

If the staff member is still not satisfied with the decision, s/he 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 working days of receipt of CRRC President's decision. The decision of the board or any board committee 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.

11.12. DISCIPLINE ACTION/TERMINATION

11.12.1. Resignation

CRRC requires that employees who resign their position provide the President and local Human Resources/Office Manager and Financial Manager one-month prior notice. The employee 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. CRRC does not pay out unused sick days. The entire unused portion of these types of leave is forfeited by the employee.

11.12.2. Dismissals

The President may terminate an employee in the following cases:

1. CRRC is closed;
2. The number of employees is being reduced due to a budgetary shortfall;
3. An employee is found unsuitable to the requirements of his/her position;
4. An employee commits gross employee misconduct or if the employee does not perform the functions outlined in his/her position description;
5. Other causes stipulated by legislation of Georgia.

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

1. Absence from work for an entire working day without reasonable explanation;
2. Presence at work while being inebriated by alcohol or controlled substances;
3. Material damages to CRRC as a result of employee action (inaction);
4. Employee action (inaction) in violation of labor safety resulting in harmful effect to the health or death of colleagues;
5. Deliberate disclosure of confidential information (failure to fulfill confidentiality responsibilities);
6. Damage made to CRRC's interests due to poor performance and violation of organizational guidelines;
7. Repeated misconduct within six months after the disciplinary action (notice);
8. Conduct administrative delinquencies and violations of criminal nature during working hours in CRRC.

11.12.3. Notice of Termination

If an employee is terminated based on clauses 1 and 2 of Section 11.12.2 of this Manual, s/he must be given two month prior notice by the President or the equivalent of two-month salary by CRRC.

Insurance coverage (i.e., medical, life, disability) terminates at the end of the month of the termination date.

12. MISSION AND MANDATE

12.1. CRRC MISSION STATEMENT

“In the Caucasus, we count” – the goal of CRRC is to strengthen social science research and public policy analysis in the South Caucasus.

12.2. CRRC VALUE PROPOSITION

CRRC is the leading independent policy-focused organization in the South Caucasus and the only one to bring consistent, reliable research methodology and analysis to regional challenges.

CRRC has over 10 years experience providing researchers, government, donors, NGOs and the private sector with analysis of critical trends, fears and expectations, in the three countries and across the region.

CRRC provides training, tools, research support and analysis using tested methodologies which allow accurate comparisons between sectors, populations and regions. CRRC publications are peer reviewed for accuracy and relevance.

As an internationally funded, regionally focused and nationally based network, CRRC maintains a reputation for independent, unbiased and accurate research and analysis, and withstands pressure from any quarter to modify or qualify empirical findings.

Through its close cooperation with partners in the Eurasia Partnership Foundation/ CRRC network and other implementers, CRRC ensures that decisions on building civil society, promoting democracy and resolving regional conflicts are based on sound understanding of social and economic data.

13. PRE-AWARD GRANT PROCEDURES

13.1. ETHICS STATEMENT FOR GRANT MAKING

CRRC awards grants based on merit. CRRC employees are required to provide equal information and guidance to potential applicants based on CRRC's policies and program priorities. CRRC employees, 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 CRRC employees, consultants or board members in exchange for favorable grant reviews shall be barred from current and future consideration of CRRC awards.

In addition, CRRC 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 CRRC employees, consultants or board members or entities controlled, directly or

indirectly, by CRRC employees, consultants, board members, or their aforementioned family members are ineligible for any CRRC funding. Determination of grant requests involving distant family members not listed above is based on merit, with the related CRRC employee, consultant or board member disclosing the relationship and being recused from the process.

Any violations of this policy should be reported by staff to CRRC's Financial Manager for investigation and disciplinary action, as appropriate. The Financial Manager reports to CRRC President on matters of Ethics Policy, unless the matter concerns a violation of this policy by CRRC President. In such instances, the Financial Manager reports directly to the Board of Trustees. If a breach in Ethics Policy involves the Financial Manager, then staff should inform CRRC President, who will report to the Board of Trustees.

13.2. LIMITS ON FUNDING LITIGATION

CRRC 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 CRRC President.

13.3. GRANTS TO SECTARIAN ORGANIZATIONS

Under no circumstances should CRRC make a grant to a religious organization for religious work in areas where CRRC operates. CRRC will not support activities with a significant religious/proselytizing purpose or content. All grants to sectarian organizations should be reviewed by CRRC President and the executive committee. Additional guidelines CRRC may use in analyzing grants to sectarian 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 CRRC. In addition to restrictions that may originate from government agencies with which CRRC is registered, there are also restrictions originating from those governments that contribute core funding to CRRC. The following are basic restrictions based on CRRC'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

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

13.4.1.a. 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.b. 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 CRRC) 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 CRRC’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 CRRC) 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 official USAID mission and local embassy pay scales. These define a maximum rate of payment for different types of employment in different geographic areas.

13.4.2. Limitations on Lobbying and Political Activities

No substantial part of the activities of CRRC should include carrying on propaganda or otherwise attempting to influence legislation, and CRRC 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.

Limitation on Lobbying Activities –CRRC and its grantees must confine foreign lobbying activities within permissible levels. According to U.S. government cost principles OMB Circular A-122, using U.S. government funds for any lobbying of the U.S. government is unallowable. While it is acceptable to fund legislative drafting, coalition-building or costbenefit analyses of legislation, CRRC should not fund payments to legislators, special business or study tours for legislators, or any activity designed to influence a concrete vote on legislation. While in most cases CRRC would not fund programs that focus exclusively on lobbying governments, some legislative reform projects suitable for funding might require lobbying to successfully realize project goals.

Prohibition of Political Activities –CRRC and its grantees may not use grant funds to participate or intervene in any political campaign on behalf of or in opposition to a candidate for public office. In addition to losing its tax exemption for engaging in political activities, CRRC may be subject to an excise tax on its political activities. This prohibition applies to political activity in the U.S. as well as in countries where CRRC operates

13.4.3. Grantee Procurement Standards

The following requirements should be applied to all grantees. In addition to the below requirements, equipment procurements by CRRC grantees also require prior written CRRC 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.

Ineligible Goods and Services¹

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

CRRC 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. In addition, grant funds may not be used to procure any goods or services furnished by any firms or individuals whose name appears on the US government's Excluded Parties List System, which can be accessed online at <http://epls.arnet.gov/>.

Restricted Goods²

The grantee may not procure any of the following goods and services without the prior written authorization from CRRC's President:

- Agricultural commodities
- Motor vehicles
- Pharmaceuticals
- 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. Investment Promotion³

US Federal funds may not be used for projects that support the relocation or expansion of U.S. enterprises outside the United States, if it would result in the reduction of production and/or the number of employees at the U.S.-based enterprise. In addition, prior U.S.

¹ This list is subject to change according to requirements in the core donor agreements.

² This list is subject to change according to requirements in the core donor agreements.

³ This section may or may not be relevant depending on the provisions of the U.S. government funding.

government approval is required to support projects that establish or develop in a foreign country an export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply. Finally, CRRC funds may not support projects that contribute to the violation of internationally recognized rights of workers in the recipient country.

13.4.5. Environmental Review Guidelines

CRRC 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 CRRC 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, 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).

CRRC 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 CRRC 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.”

13.4.6. Financial Management Standards

Maintenance of Grant Funds – Grantees are encouraged to open a separate bank account for CRRC funds. If they do not open a separate bank account, they need to be able to demonstrate clear procedures for segregation of CRRC grant expenses and for determining CRRC 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 (which ever 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 U.S. dollars or other currency. Expenditures recorded in the grantee's accounts in other currency must be converted to U.S. dollars for reporting purposes. The final expenditure report must reflect costs in U.S. dollars, converted at the weighted average exchange rate.

13.4.7. 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 CRRC 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 CRRC 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, CRRC staff should follow the procedures for reviewing a proposal and awarding and monitoring a grant, as described in section 13.

For all grant types, CRRC President has authority to approve grants up to USD 50,000. This authority is reviewed on an annual basis by CRRC President and the Board of Trustees. Grants over \$50,000 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 CRRC's grants come through the "open door," meaning that the grant applicant submitted an unsolicited funding proposal to CRRC. The term "unsolicited" does not preclude CRRC staff from interacting with prospective grant applicants. On the contrary, it is essential for program staff to regularly promote CRRC 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's authorized limit requires the signature of the grant manager and the program manager. For grants exceeding the CRRC

President's authorized limit, the responsible program manager should submit the Acceptance Memorandum and Grant Agreement (see sections 13.5.1 and 13.5.2) to the Board of Trustees or the designee of the Board of Trustees. CRRC 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 CRRC

President's approval threshold must be sent to Board or its designee for approval.

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 CRRC 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.

Competition Required Documentation

1. Competition Justification

All competitions submitted to the President need to include a **program acceptance memorandum 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 CRRC’s strategic 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 e CRRC’s comparative advantage in addressing the problem.
 - Examination of prior experience (within CRRC 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, CRRC 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 Program* – 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 CRRC. 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 CRRC’s history and activities. This section shall include basic brief information about CRRC 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 CRRC 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 CRRC’s decisions regarding individual proposal qualifications will be made. These shall be clear, concise and realistic to provide concrete grounds for CRRC 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 CRRC’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 CRRC 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 decisionmaking 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 CRRC’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) (see section 13.3.4) 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 CRRC 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 CRRC 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 CRRC for record. It is recommended that references to CRRC’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 CRRC President’s approved limit are subject to the requirements of this policy and require CRRC Board’s approval or the Board’s designee’s approval. The program staff must submit an RFP for approval. CRRC President will respond with comments or approval within five working days.

CRRC President 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 13.5.4) 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 CRRC 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. CRRC 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).

Examples

Invited proposals will generally arise from CRRC's annual strategic planning process. They may be linked to advancement of a field of interest or the development of new fields. Examples of grants that warrant an invited proposal might include the following:

- A grant to inform new arbitration courts of legal requirements (there may be several organizations that could qualify to provide this information, such as a local law academy, an association of lawyers, and so on); or
- A grant to establish consulting services for non-profit organizations (there may be several educational institutions or NGOs capable of providing these services).

Important Note: CRRC discourages the practice of soliciting a grant proposal from an organization to manage substantive or administrative aspects of competitions on behalf of CRRC. This type of activity should be handled under a contract, not a grant. More importantly, it is not appropriate for CRRC 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 12.3.2). 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 experience

and capacity to mainstream gender was conducted to identify qualified candidates. Organizations invited to apply may be completely unknown to CRRC, known directly through previous grants, or indirectly by reputation. The selection justification should demonstrate that CRRC 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, CRRC 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 12.3.2. 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:

- Not contain any information about the invitees;
- 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 CRRC 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 CRRC President'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 12.3.2).

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. CRRC 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 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.

CRRC 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 Regional Director or with the President 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 CRRC to achieve its program goals in a given area. ID grants to one or more outstanding organizations may serve as an exit strategy for CRRC from a particular programmatic field of interest. In many cases, ID initiatives will take the form of proactive grant making. In some cases, CRRC 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 CRRC 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 CRRC 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 CRRC 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 its 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.

CRRC 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 CRRC approaches an organization, there is a risk that CRRC 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 CRRC, or commission an independent assessment by a consultant. Either a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), the Eurasia CRRC capacity mapping tools, or CRRC's Grants Management Questionnaire (see section 13.3.4) may be used to frame the implementation plan and institutional benchmarks. If the organization has not undergone any independent assessment, then CRRC should proceed with a two-step grant approach:
 - First, CRRC would fund, through a small grant or contract, an assessment of the organization.
 - Next, CRRC 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 CRRC staff agree on a logic model to address the weaknesses identified in the diagnostic.

4. *Implementation Plan.* Grantee organizations and CRRC 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 13.6.2) 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 CRRC 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 13.7).
 9. *Site Visits:* Institutional development grants require more in-depth monitoring and, as a result, a minimum of two site visits per year is required.
 10. *Grant Agreement.* Grantee organizations and CRRC staff agree on the following elements to be included in attachment 3 of the grant agreement (see section 13.5.2):
 - *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 CRRC should suspend the grant. At this point, CRRC 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 CRRC 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 CRRC 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 12.2.1(b)). 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. CRRC 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 CRRC's conflict of interest rules, grants should not be made to individuals related to CRRC 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 CRRC's annual strategic plans.

Grants to Individuals Reporting

All grants to individuals should be identified as such in the grants management database.

13.5.6.a Grants to Unregistered Groups

Unregistered Groups

CRRC has had an ongoing policy of requiring organizations to legally register in order to be eligible for any CRRC funding. CRRC can also make limited grants to individuals for personal projects but not for the benefit of a group, for example, Fellowships.

However, situations have arise when individuals joining together for a common cause are unable to form a legal entity. Most notably this happens within Youth Banks (Youth Fund in Azerbaijan), where students form a temporary unregistered group to implement student led grass root projects. CRRC 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

CRRC President 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 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 Financial Manager and another member the Committee Leader, and
- c. In Azerbaijan, the unregistered group Financial Manager will register as a private entrepreneur. In Armenia and Georgia, the Financial Manager will not be required to register as a private entrepreneur^[1]. 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 CRRC must be signed by both the Financial Manager and the committee leader.

Grant activity will act in accordance with the policies and procedures of CRRC 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, CRRC may assign a limited Power of Attorney to a member of the group who will become an authorized agent of

CRRC. This person will be able to procure goods and services on CRRC’s behalf. The President of CRRC 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. CRRC 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 CRRC.
- i. The POA grants the Financial Manager the authority to receive up to \$3000 in advance from CRRC 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. CRRC 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 CRRC program manager.

Financial Reporting

Financial reporting will be the same regardless whether the means of funding is a grant or power of attorney.

CRRC 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'.

CRRC Program Staff will enter grants into GMS requiring only documents that are pertinent to the project. The following information must be entered fully into GMS:

- 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.

13.5.7. CRRC Fellowships

CRRC 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 CRRC's normal grant-making activities.

13.5.7.a. Selection Procedures

The process for selecting fellows will be through a competitive process identified by the president and memorialized annually through a memorandum.

13.5.7.b. Fellowship Documentation Process

Standard CRRC documentation procedures for grants, such as completing a Grant Management Questionnaire, GMS 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 nor is GMS 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 in CRRC office 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

13.5.7.c. 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’.

CRRC uses a ‘Payables’ account. The entire amount of the fellow will be expensed at the time the contract is signed. CRRC will ‘owe’ money to the fellow until CRRC either 1) Makes final payment or 2) Cancels the unpaid balance of the fellow.

13.5.8. Program-Related Investments

A program-related investment (PRI) is a mechanism to provide support to a program which is consistent with CRRC’s charitable goals and under which the recipient organization agrees to return a portion or all of the capital, and possibly interest, to CRRC 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 (see section 12.2.1(b)). 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 a CRRC to make a PRI must be the pursuit of a charitable purpose, not the production of income or the appreciation of property for CRRC. 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 CRRC (i.e., the project must fit CRRC’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 a CRRC 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. CRRC 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 CRRC President and the Financial Manager for comment.

Recoverable grants normally have the following characteristics:

- The project is consistent with one or more of CRRC'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, CRRC 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 CRRC are taken by CRRC; and
- The transaction is recorded on CRRC'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 CRRC's standard grant agreement documents (see section 13.5.2 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 CRRC 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.

CRRC's accounting staff do 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 CRRC must monitor revenues and seek repayments where appropriate. The monitoring of revenues is done through the financial report which is sent to CRRC by the grantee. In certain cases, CRRC 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 13.5.2). 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 CRRC; or
- When no further revenue is expected from grant activity.

If the grantee is unable to repay CRRC the amount stipulated, CRRC will not take legal action to recover those funds. What is more, if CRRC is provided with sufficient evidence to indicate the grant-generated revenues have stopped, CRRC 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 CRRC 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 CRRC's annual strategic plans.

PRI Reporting

All program-related investments should be identified as such in the grants management database.

13.5.9. Matching Grants

As part of the proposal review process (see section 14.2.2), CRRC requires applicants to identify an amount of support they propose to contribute to their projects. In part, CRRC staff use this information to evaluate the applicants' commitment to their projects. When CRRC 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, CRRC does not consider the grantee commitment matching funds and should refer to them as 'supplemental resources provided by applicant'. In these cases, CRRC 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.

CRRC may choose to award a matching grant, which requires a grantee to provide a certain level of funding toward CRRC supported project. ***A matching grant has a more stringent requirement and CRRC is obligated to verify the level of resources provided by the grantee.*** Since CRRC's matching grant is contingent upon the grantee documenting its match, if the grantee fails to raise the match, CRRC is not obliged to payout the grant commitment.

There are two types of matching grants. Both require documentation of the match prior to CRRC releasing grant payments. However, if the matching grant was awarded under a U.S. government donor agreement that requires a cost share contribution from CRRC, then CRRC 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.

Description	Traditional Award	Matching Grant (not awarded using U.S. government cost-share funds)	Matching Grant (awarded using U.S. government cost-share funds)
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 CRRC pays out is grant.	Required before CRRC 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 CRRC U.S. government cost share agreements, grantee financial reports should include expenditures for both CRRC 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:

CRRC funds are contingent upon the Grantee securing funds from other sources in the amount of [fill in amount] (or CRRC funds are contingent upon the Grantee securing funds from other sources in a 1:1 proportion to CRRC grant funds provided in this agreement). Prior to the Grantee expending any funds under this grant and prior to CRRC issuing any payments under this grant, the Grantee shall provide CRRC 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.

13.5.10. Cross-Border Grants

Cross-border initiatives are projects/programs that are carried out under the framework of CRRC's International Programs (IP).

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 countries 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 grant 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 EF 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 CRRC representation.

CRRC 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, CRRC IP program staff should follow general guidelines for competitions, invited proposals, or open-door grants. Prior to initiating any of the above selection mechanisms, CRRC IP program staff should engage in consultations with their respective CRRC national program staff to make them aware of and secure their support for a particular upcoming cross-border initiative. Final approval to support a crossborder initiative in each of the involved countries (e.g. grant award, initiation of operational program) should rest with the respective President. In case of a lack of consensus among Presidents regarding a particular cross-border initiative, the Regional Director steps in as an arbitrator.

Prior to making a cross-border grant award, CRRC IP program staff must perform programmatic due diligence on all the future partners involved (even those who will have nongrant 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, CRRC IP program staff should make sure that their respective national program staff, and ultimately their President or Regional Director, 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.”

13.5.11. Grants to EF and EPF/CRRC Network members

Given the institutional connections and common history of the EF Network members and EPF/CRRC Network members, grant-making 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.

13.5.12 Consortium Partnership Grants

EPF/CRRC might be a part of a multi-member Consortium/Partnership, and 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 management procedures might be simplified upon approval of the President and Financial Manager; b) service contracts should be done with the pre-approved justification of the sole source.

14. GRANT MANAGEMENT

If a grant is issued, CRRC Georgia will find an appropriate implementer to contract out to oversee the grant accounting to best practices in grant management.

15. NON-GRANT PROGRAMS

CRRC may elect to implement 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. For example, CRRC may elect to operate a project itself in order to expand the scope of its activities or its funding base. In all cases, program staff must consult with CRRC President prior to pursuing such activities and funding.

In addition, non-grant or operational programs may also be used to supplement grant-making activities. Non-grant program activities can help to increase knowledge, enhance networks, stimulate dialogue, exchange information, disseminate lessons learned or promote new techniques within a given sector or area of interest to CRRC.

Non-grant program activities may include workshops, conferences, program seminars (not grantee seminars), mentorships (a technical specialist offering guidance on institutional capacity building), consulting services, and in some cases study tours, fellowships, scholarships, internships, or other program activities that correspond with CRRC's goals and mandates.

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
CRRC'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 (CRRC) 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 15.6.3 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 CRRC 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. These staff should decide who will complete which section, and should consult with their colleagues (evaluation, accounting, procurement) as necessary. 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 programs.

15.3. ADVISORY COMMITTEE REVIEW

An advisory committee review is not required for non-grant programs. If the program staff elects to use an advisory committee, members must be approved by the President. Compensation for committee members is at the discretion of CRRC President. Costs should be charged to the donor supporting the program being reviewed, if funds are already in hand; or to the core budget if the program is not yet funded or will be funded out of core funds. All advisory committee members must sign and abide by CRRC's conflict of interest policy including ineligibility to receive grants. (See sections 2.22 and 14.5.5 of this manual for more information.)

15.4. EXPERT PANEL REVIEW

Program staff is encouraged to create expert panels to provide guidance in designing and implementing non-grant programs. Members of the panel should include experts in the particular field (either local nationals or expatriates) who are based locally. Staff can decide how to use the expert panels, either as a review panel for the program as a whole or as a resource for specific questions. Compensation is at the discretion of CRRC President. Costs should be charged to the donor supporting the program being reviewed, if funds are already in hand. All panel members need to sign and abide by CRRC's conflict of interest policy, including ineligibility to receive grants.

15.5. 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 CRRC's Board of Trustees or its executive committee for notification purposes before the program begins.

15.6. PROGRAM IMPLEMENTATION

The program should be implemented according to the Program Memorandum or donor proposal. Staff must follow CRRC's procurement policies (see sections 7 and 15.6.3) when procuring goods or services.

15.6.1. 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; 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.

Any anticipated increase in the budget exceeding 20 percent or \$10,000 (whichever is lower) should be brought to the attention of the program manager's supervisor through a justification memorandum, which explains the purpose and reasons behind the budget increase. If the budget overage results in overage in the department's (or office's) budget, prior approval is required from the Financial Manager. For programs funded by a project-specific donor award, the donor's requirements regarding budget overages should be followed.

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.

15.6.2. Reporting

The program manager and grants manager (if grants are awarded) are responsible for keeping an accurate file of progress made under the program, problems encountered, etc. A memorandum to the file should be completed after each event or no less than quarterly. A template of this memorandum is attached as Attachment 14B.

15.6.3. Non-Grant Programs Procurement Policy

CRRC's complete procurement policies and procedures can be found in Section 7 of this Manual. **Program and grant staff must follow CRRC's standard procurement policies and procedures when acquiring goods or services as part of program implementation.** The following are additional program-specific procedures.

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	Office Manager
Receipt and Logging of Proposals	Program manager/Assistant
Review of Proposals	Program manager and Grants Manager
Selection of Winner	See Procurement Thresholds, section 15.6.2(a)

Copies of all bids and purchase documents should be maintained in the program file. Originals should be kept by the Country Finance Manager. Staff should check the grants management database to determine if a consultant is a past grantee and, if so, what CRRC's experience with this individual/firm has been to date.

15.6.4. Managing the Budget

At the end of each month, the Country Finance Manager should present to the program manager a financial report for the program. A template for this report is included as Attachment 14D. It shows the program 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, assuming the program does not go over budget. Anticipated budget overages of more than \$10,000 or 20% (whichever is higher) need the prior approval of the program manager's supervisor.

15.6.5. Program Closeout

When the program is complete, a closeout memorandum should be written by the program manager and grants manager.

16. EVALUATION

In order to improve CRRC's program performance and to enhance CRRC'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.

Annual Strategic Planning Stage

CRRC 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, CRRC staff should consider undertaking an impact evaluation. In such cases, CRRC staff will draft a scope of work, which will require approval from CRRC President. The scope of

work for these needs assessments/baseline evaluations and RFPs to hire evaluators should be sent to the Regional Director and CRRC President 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, CRRC staff will draft scopes of work for external evaluators. Scopes of work should be submitted to the Regional Director and CRRC 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. CRRC staff should encourage internal evaluation practices by grantees through CRRCCRRC'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

For all projects, CRRC staff need to document the EF Network's shared indicators in the grants management database. This step includes verifying quantities (such as number of people trained) and the accuracy of how that information was obtained. CRRC staff are also required to draft outcome statements for each grant. These outcome statements will be reviewed by CRRCCRRC President before they are approved for distribution. In special cases, either

CRRCCRRC President or the Regional Director can designate an outcome statement as 'distribution sensitive.'

Follow-up on Evaluation Reports and Findings

CRRC 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 CRRCCRRC President and Regional Director within 30 days after the completion of the evaluation report. CRRCCRRC 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, CRRC management, program staff, donors, program partners, program beneficiaries, etc.
 - Stakeholder involvement and input, e.g. has CRRC 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 CRRC ○ 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: CRRC procurement regulations for issuing tenders and awarding contracts for an evaluation initiative must follow standard CRRC procurement policy located in Section 7 of this manual.

17. COMMUNICATIONS POLICIES AND PROCEDURES

17.1. ANNUAL PLANNING

As part of CRRC's annual strategic planning process, the program manager or other staff responsible for communications, in coordination with CRRC President, develops a CRRC-wide communications and media strategy each year. Built on CRRC-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 CRRC President, coordinated by the Regional Director and implemented by CRRC President. 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

Communications products should all have a consistent appearance and style. An identity manual, including instructions on the use of the logo, should be developed as soon as possible. The identity guidelines will contain policies on the use of the new logo, boilerplate language that communicates the purpose and activities of CRRC, etc.

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, CRRC produces materials about what it does, for whom, and on what schedule, including the “About CRRC” overview pieces, the external web site, country summaries, electronic bulletins, capabilities overviews, and informational seminars.

17.3.2. Introductory Materials

Materials that introduce the goals, mission and approach of CRRC should be written and published on the home pages of the websites. They should contain a standard message about CRRC that is reiterated through other outreach materials such as the annual report, press releases, etc.

17.3.3. Coordination

The Regional Director should coordinate closely with the President, and EF DC communications staff on the coordination of a communications strategy. S/he will be responsible for guiding the work of local outreach staff in Armenia, Azerbaijan and Georgia to implement this strategy.

17.3.4. 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 Georgian and English, as appropriate. Additional languages, such as Russian, should be used as appropriate.

17.3.5. 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/impact of the past year
- Executive letter from the Board Chair and CRRC President
- CRRC mission, overview

- List of board members
- List of donors
- Office contact information
- Financial report from audited financial statement

Writing: The Regional Executive Assistant 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 CRRC publications).

17.4.2. Features

Features are stories about individual grants, 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 CRRC is expanding its work.

17.4.3. Web Site

Required content for the web site includes:

- CRRC logos on home page
- Office contact info (a staff list is also recommended)
- Content about CRRC (Mission and Mandate, FAQ, etc.)
- Advisory committee names
- Full list of grants, grantees, events and non-grant projects
- Attribution of donor financial support and their corresponding logos

Recommended content includes:

- Message from CRRC President or Board Chair
- Job announcements
- Features, press releases, grant announcements, other publications
- Audited financial statements
- List of partners/donors

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 CRRC 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 CRRCCRRC 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 CRRCCRRC may not be highly active. Outreach seminars are conducted by program staff and designed 1) to attract new grantees in geographical regions from which we are not attracting open-door proposals, or 2) to find new potential grantees in a certain field.

18. FUNDRAISING

18.1. ANNUAL PLANNING AND TARGETS

As part of CRRCCRRC's annual strategic planning process, CRRC President, in coordination with the Regional Director and Financial Manager, sets a CRRC-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 CRRC strives, individual staff members will not be penalized for a failure to achieve the financial objectives set—numerous external factors may influence CRRC's ability to meet the target—but will be evaluated in the annual review on tangible efforts to achieve the target.

The Regional Director is responsible for tracking progress in meeting funding targets. The Regional Director reports at least semi-annually to the President and the Development Committee of 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

It is important to supplement CRRC's core funds by raising money from donors for additional programs and/or special projects. As such, when program and development staff contemplate implementing a new grant program, it is vital that they 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 grant cluster or competition. 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 CRRC's program unique, more innovative, or more effective?
- Why is CRRC 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?

If a program manager can answer these questions satisfactorily, CRRC development team (Regional Director, CRRC President) 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. 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), CRRC logo, date submitted, date of any revisions, CRRC 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 CRRC 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) CRRC and Eurasia Partnership CRRC 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 CRRC and information that demonstrates CRRC'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 over \$30,000 must be reviewed by the Regional Director and Financial Manager (even preliminary or rough estimates) and must be accompanied by a separate signed cover letter from the President.

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 under \$30,000 should be reviewed and approved by the President and accompanied by a cover letter from the President. The President and relevant development staff must make the Regional Director aware of these projects prior to their submission. All proposals for \$30,000 and more must be approved by the Regional Director and accompanied by a cover letter from the President. 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), CRRC logo, date submitted, date of any revisions, CRRC 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 CRRC 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 CRRC and information that demonstrates CRRC’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 CRRC’s gender mainstreaming guidelines are followed in the proposal

n.b., any proposal that includes budget figures over \$30,000 must be reviewed by the Regional Director and Financial Manager and must be accompanied by a separate signed letter from CRRC President.

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>
Total grants	\$175,000
<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 & related costs</i>	<i>\$8,175</i>
Total direct costs	\$73,338
Total grants and direct costs	\$248,338

18.5. DONOR AGREEMENTS

To ensure compliance with CRRC’s policies and procedures, any memorandum of understanding (MoU), donor agreement or donor contract should be reviewed by the Financial Manager as well as the fundraising staff. Once approved by the Financial Manager the document should be submitted to CRRC President (or other authorized signatory) to sign. A fully signed original should be retained by each party to the agreement accompanied by the appropriate proposal and detailed budget.

18.6. REPORTING

CRRC President is responsible for keeping track of due dates for donor reports and working with the program manager to draft the reports.

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. Before submitting the report to the donor, it must be reviewed by CRRC President and submitted to the donor with an accompanying cover letter signed by CRRC President.
3. 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. CRRC 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.
 - If, within the project funded by the donor, we gave a grant to an organization which we had identified as a result of an earlier CRRC grant, this might be relevant.
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 CRRC obtained for the donor through the project, such as press releases, published articles, etc. Other appendices usually depend on the particular project.

18.7. DONOR FILES

For all program-specific grants or awards received, a six-section donor file should be created. CRRC President, in cooperation with the finance staff, will be responsible for maintaining these files, with duplicate files with the Financial 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 a unified database that will be developed in 2013 to replace the no longer functioning donor database system.