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ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

Pursuant to Legislative Decree no. 231 of June 8, 2001

AVSI FOUNDATION



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DEFINITIONS

- **“Beneficiaries”**: these are all the recipients of AVSI cooperation and development projects, by means of direct funding or free donations;



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- **"CCNL"**: National Collective Labor Agreement currently in effect, and adopted by AVSI Foundation;
- **"Suppliers"**: these are third parties that supply goods or services in compliance with a contractual agreement signed with AVSI Foundation;
- **"Legislative Decree no. 231/01" or "Decree"**: the Legislative Decree no. 231 of June 8, 2001 and subsequent amendments;
- **"Recipients"**: all persons bound to comply with the principles included in the Model. The term indicates all the persons who work to achieve the corporate goals and objectives (members of management bodies, persons involved in the supervisory body, employees, collaborators, external consultants and partners);
- **"Employees, collaborators and expatriate staff"**: these are persons who work for the AVSI Foundation in Italy or abroad, with different types of contract (open-ended, project-term, MAE contract, etc.);
- **"Donors"**: the natural or legal persons that donate money to the AVSI Foundation under the form of free donations or contributions to specific projects;
- **"Model"**: the organizational, management and control model pursuant Legislative Decree no. 231/2001 and adopted by the AVSI Foundation;
- **"Control Bodies"**: the bodies within the Foundation that exercise management and control functions as per statutory provisions; or external auditors appointed by the funders with the objective of verifying and ensuring the correct and transparent use of funds by the Foundation;
- **"Supervisory Body" or "SB"**: this AVSI Foundation body is in charge of supervising operations in compliance with the Model, and subsequent update pursuant to Art. 9 of Legislative Decree no. 231/2001;
- **"Partners"**: these are agencies or organizations that operate with AVSI Foundation in co-operation and development projects;
- **"P.A."**: this is the Public Administration, including state employees and officials;
- **"Sensitive Processes"**: the term indicates those activities of AVSI Foundation that could lead to the risk of committing crimes;



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- **"Crimes"**: these are the crimes that imply administrative liability under Legislative Decree no. 231/01 (including possible amendments);
- **"Local offices"**: premises managed by the Country Representative where AVSI staff and local staff work. These are AVSI's operational branches in the implementation of development projects;
- **"Internal control system"**: this is a set of "tools" that supports the achievement of the objectives in terms of operational efficiency and effectiveness, reliability of financial and management information, compliance with laws and regulations, as well as the safeguard of corporate and third-party assets.



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ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

**Pursuant to Legislative Decree no. 231 of June 8,
2001**

GENERAL SECTION



CHAPTER 1 THE NORMATIVE FRAMEWORK

1.1 Introduction

Legislative Decree no. 231 (hereinafter “lgs. d. no.231/2001 or “the Decree”) was issued on June 8, 2001 in execution of the proxy referred to in article 11 of Act 300¹ of 29 September 2000 regulates the “*liability of corporate bodies for administrative wrongdoing related to crimes*”. In particular, this regulation applies to corporate bodies with the status of juridical persons and to companies and organizations with or without said status.

According to lgs. d. no.231/2001 the bodies can be held liable for a crime that is committed or attempted by the company's management (or simply “senior employees”) even in its interest or to its advantage, as well as by subordinates (art. 5, para 1, lgs. d. no.231/2001)².

The administrative liability of the corporate body is separate from, and independent of, the penal liability of the natural person who has committed the crime.

Such extension of liability aims to involve the corporate body's assets and ultimately the partners' economic interests, which until this decree was enforced, did not suffer direct consequences when managers and/or employees committed crimes in the interest or to the advantage of the body itself³.

The lgs.d. no.231/2001 updates the Italian judicial system inasmuch the corporate bodies, directly and independently, can now be sanctioned economically and/or barred from office with respect to crimes charged against persons who are functionally related to the bodies as per art. 5 of the Decree.

However, the corporate body's administrative liability is excluded if the corporate body – before the crime is committed - has adopted and effectively implemented organizational, management and control models designed to prevent such crimes.

¹ Lgs. d. no 231/2001 was officially published in the Official Journal of June 19, 2001, no. 140, whereas Act 300/2000 was published in the Official Journal on October 25, 2000, no. 250.

² Art. 5, para 1, lgs.d. no.231/2001: Liability of Organizations – The organization is liable for crimes committed in its interest or to its advantage: a) by persons having functions of representation, administration or management of the body or of an organizational unit thereof possessing financial and functional autonomy, and by persons who exercise, also *de facto*, the management and control thereof b) by persons subject to the management or supervision of one of the persons mentioned under a) above.

³ As specified in the introduction to “*Guidelines to drafting organizational, management and control models*” as per lgs.d. no.231/2001 of Confindustria.



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These models can be adopted on the basis of codes of conduct (guidelines) drafted by trade/business associations, among which Confindustria, or other not-for-profit agencies operating within the context of non-governmental organizations, notably in cooperation with the General Directorate for Development Cooperation of the Foreign Ministry⁴.

Administrative liability is excluded if the senior employees and/or their subordinates acted solely in the their own interest or the interest of third parties⁵.

1.2 Authors of crimes: senior employees and subordinates

As mentioned above, according to lgs.d. no.231/2001, the body is liable for crimes committed in its interest or to its advantage:

- by “representatives, administrators, directors of the body or of one of its organizational units with financial and functional independence as well as by individuals who *de facto* manage and control the body” (which are referred to above as “senior employees” art. 5, para 1, letter a) of lgs.d. no.231/2001); and/or
- by subordinates at the direction or control of senior employees (the so-called individuals subject to the direction of a third party; art. 5, para 1, lett. b) of lgs.d. no.231/2001).

It is worth repeating that the body is not to be held liable, according to Art. 5, para 2 of lgs.d. no.231/2001, if the afore-mentioned individuals acted solely in their own interest or in the interest of third parties.

1.3 Types of offence

Based on lgs.d. no.231/2001, the body can be held liable only for crimes explicitly cited in articles 23 to 25-*duodecies* of lgs.d. no.231/2001 (Annex 1), if committed in its interest or to its advantage by individuals specified ex art. 5, para. 1, of the Decree or – in case of specific law provisions referring to the Decree, as is the case of art. 10 of Act 146/2006.

Types of offence can be summed up in the following categories:

- crimes against the **Public Administration**, indicated in art. 24 and 25 of lgs.d. no. 231/2001: “unlawful collection of money, fraud against the State or against a public agency or aimed at collecting public funding and computer fraud against the State or against a public agency”, as well as “bribery, corruption and undue inducement to give or promise benefits”;

⁴ *Percorsi di qualità e trasparenza nell'organizzazione, la gestione e il controllo interno delle ONG*, by INTERSOS and CISP, May 2011.

⁵ Art. 5 para 2 of lgs.d. no.231/2001: “Liability of Organizations - *The organization is not to be held liable if the individuals indicated in para 1 acted solely in their own interest or the interest of third parties*”.



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- **computer-related** crimes as indicated in art. 24-*bis* of lgs.d. no.231/2001: “computer-related crimes and unlawful use of data” envisaged in art. 7 of Act 48 of March 18, 2008;
- crimes of **association** indicated in art. 24-*ter* of lgs.d. no.231/2001: “organized crime offences” envisaged in art. 2, para 29 of Act 94 of July 15, 2009; with regard to criminal association, pursuant to art. 416 of the Penal Code, the crime is not viewed as the goal of the association, therefore it can be excluded by the list provided in this paragraph (for example, revenue crimes);
- Crimes **against public trust** as per art. 25-*bis* of lgs.d. no. 231/2001: “counterfeit money or counterfeit public securities, counterfeit revenue stamps, identity documents”⁶;
- crimes **against trade and industry** (art. 25-*bis* 1 of lgs.d. no.231/2001 referred to in art. 17, para 7, lett. b) of Act 99 of July 23, 2009);
- **corporate crimes** (art. 25-*ter* lgs.d. no.231/2001, as amended by Law no. 69 of 27 May 2015), among which are: false corporate communication (including minor cases and those regarding listed companies), impeding control, false corporate capital, unlawful restitution of capital contributions, unlawful distribution of profits and stocks, impeding the exercise of control by public authorities and corruption among private individuals;
- crimes for the purpose of **terrorism and subversion of democracy** (art. 25-*quater* of lgs.d. no. 231/2001, referred to in Act 7 of January 14, 2003);
- crimes against **life and personal safety** (art. 25-*quater* 1 lgs.d. no. 231/2001 “practices of female genital mutilation” as per art. 3 of Act 7 of January 9, 2006;
- crimes **against individuals** (art. 25-*quinquies* of lgs.d. no. 231/2001) which include: slavery or servitude, juvenile prostitution, possession of pornographic material, virtual pornography, child sex tourism, referred to in article 5 of Act 228 of August 11, 2003 and modified ex art. 10 of Act 38 of February 6, 2006;
- crimes related to **market abuse** referred to in art. 25-*sexies* of lgs.d. no. 231/2001, which consist of abuse of inside information and insider trading, referred to in art. 9 of Act 62 of April 18, 2005;
- crimes related to **health and safety in the workplace**, as per art. 25-*septies* of lgs.d. no. 231/2001: “manslaughter or severe injuries due to infringement of workplace health and safety regulations”, referred to in art. 9 of Law 123 of August 3, 2007 and replaced by art. 300 of lgs.d. no. 81 of April 9, 2008;
- crimes related to **fencing, money laundering, sale goods of illegal origin and self-laundering**, as per art. 25-*octies* of lgs.d. no. 231/2001 and referred to in art. 63 of lgs.d. no. 231 of November 21.
- **infringement of copyright**, as per art. 25-*nonies* and referred to in art. 15, para 7, letter c) of Act 99 of July 23, 2009;

⁶ That was modified by art. 17, para 7, lett. A, no. 4 of Act 99 of July 23, 2009, which added the crimes listed at lett. F-*bis*.



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- **crime of inducement not to testify in court or to commit perjury**, as per art 4 of Act 116 of August 3, 2009;
- **environmental crimes** as specified in art. 25-*undecies* – then amended by Law no. 68 of 22 May 2015, - and listed in art. 2 of lgs.d. no. 121 of July 7, 2011;
- crimes related to the **employment of third-country nationals illegally present** in Italy, as stated in art. 25-*duodecies* inserted by art. 2 of lgs.d. no. 109 of July 16, 2012 which incorporated the EU Directive 2009/52.
- **transnational** crimes specified in art. 10 of Act 146 of March 16, 2006 (“crimes of association and judicial crimes”), among which are criminal conspiracy, association with mafia, criminal conspiracy with the objective of smuggling tobacco from abroad; drug trafficking⁷.

The categories listed above could increase in number due to a certain legislative tendency to expand the scope of the administrative liability, and also as a required acknowledgement of international and EU regulations.

1.4 System of sanctions

Article 9 of lgs.d. no. 231/2001 lists the following penalties for the corporation, as a consequence of the afore-mentioned crimes, either committed or attempted:

- monetary penalty (and attachment as a pre-judgement process);
- bans from office (as a precautionary measure) for not less than three months and not more than two years (as per art 14, para 1, lgs.d. no. 231/2001 “*individuals are banned from office in the specific capacity involved in the crime*”), which can in turn comprise:
 - ✓ ban from office;
 - ✓ suspension or revocation of permits, licenses or concessions that are functional to the crime;
 - ✓ prohibition to negotiate with the Public Administration, except to obtain public services;
 - ✓ the exclusion from special loans, funds, grants and subsidies, and possible revocation of those previously granted;
 - ✓ prohibition to advertise goods and/or services;
- seizure (and attachment);
- publication of sentence (in case of a ban from office).

Monetary penalty is determined by the criminal court, on a system based on “quotas” on a range from 100 to 1,000 (minimum 258,22 € and maximum 1,549,37 €). To establish the amount of the penalty the judge determines:

⁷The crime is considered transnational when it is committed in more than one country or when it is committed in one country but a significant part of the preparation and planning of the crime takes place in another country, or when it is committed in one country but involves a criminal group that carries out illicit operations in more than one country.



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- ✓ the number of quotas, taking into consideration the gravity of the fact, the degree of responsibility of the body as well as actions performed by the body to eliminate or diminish its consequences and to prevent more crimes from being committed;
- ✓ the amount of each quota, based on the body's economic assets.

Bans from office are applied in relation to the crimes they expressly address and provided at least one of the following requirements is met:

- a) the body has gained significant profit from the offence committed by senior or subordinate employees when, in the latter case, the crime was committed or facilitated by serious organizational flaws;
- b) in case of repeated crimes;

The judge determines the type and duration of the ban from office by assessing the effectiveness of a particular sanction in preventing that particular crime; if deemed necessary, he can apply them together (art. 14, para 1 and para 3, lgs.d. no. 231/2001).

Bans from office, prohibition to negotiate with the public administration and to advertise goods and services can be enforced permanently in particularly serious cases⁸. It is worth noting that the body's activities may continue under the management of a commissioner appointed by the judge as per art. 15 of lgs.d. no. 231/2001, in spite of the ban from office of the offender.

1.5 Attempted crimes

In case of attempts at the crimes sanctioned in lgs.d. no. 231/2001, the amount of the monetary sanctions and the duration of the ban from office are reduced by half.

Sanctions are not imposed when the body deliberately prevents the crime from being committed or the event from happening (art. 26 lgs.d. no. 231/2001). Exemption from sanctions is justified by the fact that all relationships between the body and the individuals who act on its behalf are suspended.

⁸ To this end, it is worth reading article 16 lgs.d. no. 231/2001, which states: “1. *Permanent ban from office can be imposed if the organization has gained significant profit from the criminal activities and three temporary bans have been imposed in the previous seven years.* 2. *The judge can sentence the organization to prohibition from negotiating with the public administration or from advertising goods and services if it has already been sentenced to the same punishment at least three times in the previous seven years.* 3. *If the organization or one of its organizational units is steadily employed with the sole or main objective to allow or facilitate criminal activities for which the organization is to be held liable, then permanent ban from office is always imposed and provisions of article 17 are not applied”.*



1.6 Crimes committed abroad

According to art. 4 of lgs.d. no. 231/2001, the body can be held liable in Italy for crimes committed abroad, provided those crimes are listed in lgs.d. no. 231/2001⁹. The explanatory report of lgs.d. no. 231/2001 highlights the need for sanctions to address frequent criminal activities, providing more effective punishment.

The organization is to be held liable for crimes committed abroad if the following conditions are met:

- (i) the crime is committed by someone who is functionally connected to the organization, as per art. 5, para 1, of lgs.d. no. 231/2001.
- (ii) the organization must have a registered domicile in Italy;
- (iii) the organization can be held liable only in the cases and under the conditions provided for in articles 7, 8, 9, 10 of the Penal Code (in case the culprit – a natural person - is to be prosecuted upon request of the Ministry of Justice, the organization will be also prosecuted only if the request is filed against it as well) in accordance with the principle of legality as per art 2 of lgs.d. no. 231/2001, only in the case of crimes for which its liability is provided for by a specific provision of law.
- (iv) provided the afore-mentioned cases and conditions are met, the organization cannot be prosecuted by the country where the crime was committed.

1.7 Exemption effects of the organizational, management and control models

Lgs.d. no. 231/2001 assigns some exemption effects to the organizational, management and control models. If the crime is committed by a senior employee, the organization is not to be held liable if it can prove that (art. 6, para 1, lgs.d. no. 231/2001):

- a) before, the crime was committed, the management adopted and effectively implemented organizational and management models designed to prevent crimes of the type committed;
- b) the task of ensuring the full operation, compliance and update of the models was assigned to an internal authority with independent powers of initiative and control;
- c) the individuals committed the crime by fraudulently evading the organizational and management models;
- d) due control was neither neglected nor insufficient on the part of the control authority.

In case the crime is committed by individuals in senior positions, the organization is presumed to be liable since such individuals express and represent the policy –

⁹ Art. 4 of lgs.d. no. 231/2001 states as follows: “1. In the cases and under the conditions provided for by articles 7, 8, 9 and 10 of Penal Code, the organizations whose registered domicile is in Italy are liable for the crimes committed abroad, as long as the country where the crime was committed is not prosecuting it yet. 2. In case the culprit is to be prosecuted upon request of the Ministry of Justice, the organization will be also prosecuted only if the request is filed against it as well.



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therefore, the will – of the organization itself. Such presumption can nonetheless be overcome if the organization can prove that it is not involved in the actions for which the individual is accused: it can do so by proving that the aforementioned conditions are met and that the circumstance that led to the crime does not derive from its own “organizational fault”¹⁰.

In case the crime is committed by individuals subordinate to the direction or control of others, the organization is liable if the crime was committed as supervision or control to which it was bound was neglected¹¹.

In any case, supervision and control obligations are not considered infringed if the organization, before the crime was committed, adopted and effectively implemented an organizational, management and control model designed to prevent crimes of the type committed.

A reverse onus is established if the crime was committed by an individual subject to the supervision or control of someone in a senior position. In the case provided for in art. 7, the prosecutor will have to prove that an organizational, management and control model designed to prevent crimes of the type committed was not adopted and effectively implemented.

Lgs.d. no. 231/2001 outlines the content of organizational, management and control models and states that – in connection with the extension of powers and the risk of crimes, as specified in art. 6, para 2 – they must:

- ✓ identify the activities in which crimes can be committed;
- ✓ prepare specific protocols to plan and implement a list of measures the organization must take to prevent such crimes;
- ✓ identify methods of financial management designed to prevent crimes;
- ✓ establish obligations to inform the control bodies ensuring that models work correctly and are complied with;
- ✓ develop and implement a disciplinary system to provide sanctions in case of violations thereof.

Art. 7, para 4 of lgs.d. no. 231/2001 specifies the requirements for an effective implementation of organizational models:

¹⁰ The explanatory report of lgs.d. no. 231/2001 specifies as follows “*The organization is to be held liable not only if the crime is related to it on objective grounds (conditions under which it happens are listed in art. 5, as mentioned above); furthermore, crime will have to be an expression of corporate policy or at least derive from an organizational fault*”; and “*in case a crime is committed by someone in a senior position, the presumption (on empirical grounds) is that the subjective requirement of liability of the organization [i.e. the organizational fault] is met, since the individual in the senior position embodies and represents the corporate policy; should that not be the case, the burden of proving its non-involvement will be on the organization, and it will be able to do so only by proving that a series of requirements are met, which are concurrent with one another*”

¹¹ Art. 7, para 1, of lgs.d. no. 231/2001: “*Individuals subject to supervision of others and subject to organizational models – in the case of art. 5, para 1, lett. b), the organization is liable if the crime was committed due to non-compliance with the obligations of supervision and control*”.



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- ✓ periodic control and update of the model in case significant violations are observed or major changes within the organization and the activities occur;
- ✓ a disciplinary system is designed to sanction the non-compliance with measures provided for.

1.8 Codes of conduct provided by business organizations

Art. 6, para 3, of lgs.d. no. 231/2001 states that “*Organizational and management models can be adopted – provided that the needs as in paragraph 2 are met – on the basis of codes of conduct drafted by business organizations, then transmitted to the Ministry of Justice which – along with other competent ministries – can formulate observations within thirty days on the effectiveness of models in preventing crimes*”.

Confindustria has prepared its “*Guidelines to draw up organizational, management and control models pursuant Legislative Decree no. 231/2001*”; thus providing instructions to identify risk areas (sector/activity where crimes can be committed), layout of a control system (the so-called protocols to plan and implement a series of measures) and the contents of the organizational, management and control model. These guidelines have been deemed applicable to the AVSI Foundation as they are articulate, structured and adaptable to different types of organizations.

In particular, Confindustria's guidelines suggest to use the risk assessment and risk management processes for the definition of the model:

- identification of risks and protocols;
- adoption of some general tools, the most notable of which are a code of conduct that refers to crime ex lgs.d. no. 231/2001 and a disciplinary system;
- identification of standards on the choice of a control body, indication of its requirements, tasks, powers and obligations of information;

In addition to these recommendations (which were conceived for corporate businesses but are replicable for other types as well), it is necessary to take into account what was specified for non-governmental organizations.

Within the follow-up program “*Training paths for a qualified participation of NGOs in EU development cooperation and humanitarian activities*”, attended by several Italian NGOs or federations/groups, it was made clear that during their routine activities, NGOs can be exposed to the risk of committing crimes, particularly in their relationships with the public administration, in the drafting and management of contracts, in the phase of purchasing goods, labor and services, in the areas of safety and health in the workplace, hiring and dismissal of staff, salaries, taxes, social security, corporate communication including financial statement, reports and documents to be published.



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In brief, considering the normal exercise of this type of activity, though not-for-profit, the adoption of a specific organizational, management and control model – consistent with the principles of lgs.d. no. 231/2001 – was deemed adequate to prevent responsibility risks, to which end some specific instructions or recommendations were made.

Therefore, AVSI Foundation adopted its own Organizational, Management and Control Model based on Confindustria's guidelines and on the suggestions produced by INTERSOS and CISP within the Italian Cooperation.

1.9 Adequacy verdict

The criminal court judge assesses the company's liability by ascertaining:

- that the crime for which the organization is to be held liable was actually committed;
- that the organizational models adopted are adequate;

The judge considers the organizational model adequate to prevent the crimes specified in lgs.d. no. 231/2001 after conducting the so-called “subsequent prognosis”.

The verdict of suitability is formulated in accordance with an essentially *ex ante* approach, thus the judge places himself/herself ideally within the company realm at the time the offence occurred so as to test the suitability of the adopted model.



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CHAPTER 2

DESCRIPTION OF THE ORGANIZATION – ELEMENTS OF THE MODEL OF GOVERNANCE AND OF THE FOUNDATION'S GENERAL STRUCTURE

2.1 History of AVSI Foundation

AVSI Foundation, whose registered domicile is in Cesena, was set up as an association in 1972 with the name “Association of Volunteers in International Service”.

It is a not-for-profit organization (ONLUS by force of law) whose mission is to promote development cooperation activities, including international, volunteering and support to people in developing countries, transition economy countries and any country with situations of severe need or emergency, even by carrying out humanitarian responses if that is the case.

AVSI was recognized in 1973 by the Italian Foreign Ministry as a non-governmental organization for international cooperation (NGO); it is registered as International Organization by the United States Agency for International Development (USAID) and has been accredited with the Economic and Social Council of the United Nations in New York (ECOSOC) since 1996.

AVSI is also accredited with United Nations Children’s Fund (UNICEF) in New York; it is on the Special List of the non-governmental organizations at the International Labor Organization in Geneva (ILO) and is an accredited participant in the UN Global Compact. As a not-for-profit organization, AVSI is also on Italy’s Internal Revenue Service for the 5xmille pre-tax contribution.

In 2001, AVSI started to develop a process for the adoption of a quality management system, which was eventually certified in 2003, along with the constant compliance with UNI EN ISO 9001 standards. Such certification applies to the service of cooperation projects, help and support to development in cooperation with the main institutional donors.

On December 2, 2004, the Meeting of Founding Members approved the change from Association to Foundation, thus naming it “AVSI Foundation” and approving its founding documents.

On June 24, 2005, AVSI Foundation was registered in the official registry as per art. 1 D.P.R. 361 of February 10, 2000 and was given the status of a juridical person.



2.2 AVSI Foundation

AVSI Foundation pursues the following goals:

- a) raising public awareness – especially among students and workers – on the issues of countries and areas of intervention;
- b) providing human and professional training to employees, volunteers and civil service volunteers;
- c) promoting and implementing development projects aimed at involving all economic and social aspects, in co-operation with local communities, civil society organizations including for-profit organizations, and along the lines of development plans of local institutions;
- d) publishing essays, booklets, books, papers, audiovisuals – with the exception of daily newspapers - that can help raise public awareness on the corporate mission; and more generally organizing, promoting and managing any cultural activity/event designed to achieve the corporate mission, with special attention to activities that can raise awareness on international cooperation and development education; to this purpose, organizing events at national, regional and international levels;
- e) working with national and international institutions, organizations – even private organizations - and authorities that may be interested in development co-operation in countries;
- f) working with movements, groups or communities that share the foundation's objectives and promote knowledge, culture and cooperation among different peoples;
- g) participating in national and international agencies, unions, organizations, federations that share its objectives and goals;

The organization commits itself to supporting the work of the United Nations, spreading its principles and promoting its activities.

The organization can also carry out any activity or operation it may deem necessary, appropriate or useful for the achievement of its corporate mission, including any economic, financial and capital – also real estate – operations, in compliance with applicable laws and regulations.

2.3 Model of governance of AVSI Foundation

The Meeting of Founding Members approves and defines the general policies and guidelines for the activities of the Foundation proposed by the Board of Directors, and assesses the achievements of the Foundation.

The Meeting of Founding Members is in charge of specific powers assigned by the founding documents. The following powers are worth highlighting:

- a) take decisions on any changes to the Articles of Association;
- b) attribute the status of Founding Member or Partner to third parties;



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- c) approve and change the Code of Ethics of the Foundation;
- d) decide the dissolution of the Foundation and the transfer of assets.

Within the Meeting of Founding Members, only Founding Member Institutions:

- a) appoint the members of the Board of Directors;
- b) appoint the members and Chair of the Board of Auditors;
- c) approve the budget and final accounts and establish the allocation of any operating surpluses.

The Committee of Partners consists of the organizations and the natural and judicial persons unanimously and democratically elected by AVSI Meeting of Founding Members at the moment that the change from Association into Foundation was approved. Status of partners is also assigned to natural persons and organizations that contribute to the life of the Foundation and to the realization of the Foundation's objectives outside relationships of employment or regular collaboration.

The Committee of Partners, headed by the President of the Foundation, is actively involved in the life of the Foundation, formulates non-binding opinions and suggestions on the organization's activities and programs.

The Foundation is managed by a Board of Directors that consists of seven members with a term of three years (unless otherwise decided by the Board). Their term expires on the date when the meeting is held for the approval of last year's final accounts. The term can be renewed.

The Board of Directors has all the ordinary and extraordinary powers to manage the organization. In particular the Board of Directors

- (a) submit an annual report to the Meeting of Founding Members with proposals on the organization's main guidelines, objectives and programs;
- (b) prepare a budget plan and a financial statement;
- (c) approve on the acceptance of inheritance, legacies and donations, as well as purchase and alienation of real estate items;
- (d) submit proposals on amendments to the founding documents to the Meeting of Founding Members;
- (e) perform all further tasks assigned to the Board of Directors by the founding documents and the Meeting of Founding Members;
- (f) appoint the Secretary General;
- (g) determine the salary of the Secretary General.

The Board of Directors can delegate part of its powers to the President, the Vice-President, the Secretary-General, or the single Directors.

The President represents the organization before third parties and in court; he/she is head of the Meeting of Founding Members, Committee of Partners, Board of Directors and ensures that approved decisions are implemented. He/She represents the organization before all administrative and judicial authorities and has the power to appoint an attorney and set out their duties. The President can confer a proxy to



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perform single acts or categories of acts. The President exercises all the powers assigned to him/her by the Board of Directors.

The Secretary General is the organization's manager, he exercises all ordinary and extraordinary powers explicitly assigned to him by the Board of Directors, including the power to represent the organization before third parties and in court, within the realm of the powers conferred by the Board of Directors.

The Board of Auditors consists of three members, of which one has functions of President and two have functions of deputies.

The Board of Auditors exerts control over the organization's financial management, makes sure that the accounts are kept in order, examines budget plan and financial statement proposals by preparing a specific report and performs cash audits.

The Board also ensures compliance of all activities with law and with the founding documents. The Board's term is three years and its members can be renewed.

2.4 AVSI Foundation's general structure

The *Secretary General* is appointed as operational manager and employer.

The organization is described and governed by the DIGE 2/2014 procedure, the Organizational Chart procedure, updated annually.

The following departments refer but do not report directly to the Secretary General:

- Worldwide Management Committee
- US Donors Affairs
- EU Affairs
- Human Resources
- Knowledge Center
- Communications

The following departments report directly to the Secretary General:

- Administration and financial reporting
 - General Accounting
 - Project accounting and Reporting
 - Supervision of local offices' management
 - Personnel
 - Logistics/ Procurement
 - Database
- Fund Raising
 - Strategic Philanthropy
 - Private partnership
 - Sponsors
- Projects
 - Senior Desk Officers/Desk Officers/Regional Managers



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- Focal Points
 - Distance Support Program
 - Project Design
 - Italian Ministry of Foreign Affairs and Cooperation (MAECI), Italian Bishops' Conference (CEI), Decentralized Cooperation
- International Adoptions

The organizational chart includes more positions and is an integral part of the present Model. Its constantly updated version is always attached to the Model (Attachment 2).

As the organizational chart is changed, the person in charge of each sensitive process – better defined infra sub-para 8.2.4 – must evaluate whether the impact of the changes cause a change in the Model itself. If this is the case, the person in charge will have to promptly inform the Supervisory Body which will assess the situation and take all due measures.

Within the international cooperation, AVSI Foundation can get support from a number of its own resources operating on specific projects in foreign countries. In some of these countries, in fact, AVSI Foundation is active with its own branch offices; in all of the countries, though, a “Country Representative”, who legally represents the Foundation in that particular country, is appointed by the Secretary-General. The Country Representative acts on behalf of AVSI and through the implementation of his/her activities relates with the Desk Officer, whose role has been modified as detailed below, and reports directly to the Secretary-General. The proxy is conferred to the Country Representative after they read and signed a proxy form by which they commit themselves to abide by all AVSI rules.

More recently, however, the position of the Regional Manager has been introduced: he/she is based abroad and carries out the functions previously assigned to the Desk Officer. People identified as RMs are already Country representatives of a foreign country. They are also asked to play a role of point of reference and supervision for other countries, which are neighboring or allocated on the basis of specific needs.

Regional Managers report directly to the Secretary General.

In respect of the countries under their jurisdiction, RMs supervise project activities, are responsible for local staff and issues related to their countries; the Financial Director, based in Italy, is responsible for financial flow and administrative control of local branches.

With regard to the Project Department based in Italy, some Focal Points have been selected who, due to their specific experience, deal with some specific topics or some

institutional donors whose development affects the development of the activities in all foreign countries.



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In this respect, collaboration agreements are also possible, which are specific contracts with partners and/or local associations – independent from AVSI Foundation. These partners and/or associations provide the support and the specific expertise developed in the foreign country.



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CHAPTER 3

ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL AND PREPARATION SET-UP

3.1 Introduction

The adoption and constant update of an organizational, management and control model ex lgs.d. no. 231/2001, aside from working as a tool to prevent illicit conducts, justifies exemption from the organization's liability and is an act of corporate responsibility on the part of the organization. In order to ensure fairness and transparency in the implementation of its activities, to protect its reputation and position, its employees, collaborators and third parties, the Foundation has deemed it appropriate to adopt an Organizational, Management and Control Model (hereinafter called "Model") pursuant to Legislative Decree no. 231/2001.

The introduction of a control system on the Foundation's activities, together with the establishment and circulation of ethical principles, improves the already high standards of conduct adopted by the Foundation and exercises a function of control and regulation on the behaviors and decisions of those who work to the benefit of the organization in compliance with the above-mentioned ethical principles and standards of conduct.

AVSI Foundation constantly implements a procedure aimed at keeping its own Organizational, Management and Control Model up-to-date, compliant with the standards provided for in lgs.d. no. 231/2001 and consistent with the principles rooted in its culture of governance, with the prescriptions set by the NGOs INTERSOS and CISP, under the supervision of the General Directorate for Development Cooperation.

3.2 AVSI Foundation's Plan for the adoption of the organizational, management and control model as per lgs.d. no. 231/2001

The method of the plan – in terms of organization, definition of operational modalities, phase structure, assignment of tasks among the Foundation's various departments - was developed to ensure quality and reliability of the results.

The plan for the definition and adoption of the Model was articulated in the following six phases:

- 1) Identifying a plan manager, with the help of the Secretary-General;
- 2) Preliminary meeting with the plan manager with the objective of:
 - a) identifying and collecting any relevant documents;
 - b) preliminary interviews aimed at identifying the sensitive activities;
 - c) identifying the employees to be interviewed in order to gather detailed information on each sensitive activity;
 - d) planning of the interviews;



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- 3) Interviews with the employees previously identified in order to:
 - a) specifically identify the sensitive activities;
 - b) describe the sensitive activities and the respective functions involved;
 - c) ensure control standards are in place and met;
- 4) Report of interviews and circulation of the report;
- 5) (following the interviews and the examination of the documents) preparation of a detail sheet on each sensitive activity, that must include the following:
 - a) possible crimes in cases where the abstract risk of committing an illicit action (listed in lgs.d. no. 231/2001) is detected within the specific activity,
 - b) assessment of exposure to the risk of criminal activity;
 - c) assessment of control protocols in place and possible improvements;
 - d) assessment of residual risk of crime;
 - e) identification of improvement activities;
- 6) Drafting of the Model

At the end of the plan for the adoption of the Model some improvement activities were identified to increase the compliance standard for each sensitive activity and reduce the risk of crime as much as possible.

3.3 AVSI Foundation's organizational, management and control model

Provided all the other requirements as per its articles 6 and 7 are met, lgs.d. no. 231/2001 assigns a discriminatory value to the adoption and effective implementation of organizational, management and control models as long as they are reasonably adequate to prevent the illicit conducts from being committed or attempted. In particular, pursuant to paragraph 2 of article 6 of d.lgs no. 231/2001, an organizational, management and control model must address the following needs:

- a) identifying the activities within which crimes may be committed;
- b) setting up specific protocols aimed at directing the decision-making and implementing process in consideration of the crimes that need preventing;
- c) identifying financial management methods to prevent crimes from being committed;
- d) establishing obligations to inform the control authority ensuring that models work correctly and are complied with;
- e) developing and implementing a disciplinary system to provide sanctions in case of violations thereof.

In light of what is mentioned above, and of the recommendations included in the codes of conduct of the business organizations, AVSI Foundation has prepared a Model which would also consider its own peculiarities in consistency with its own system of governance so as to value the supervisory procedures and bodies in place.



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The adoption of the Model, pursuant to the Decree mentioned above, is not mandatory. Nevertheless, the Foundation has deemed it consistent with its own corporate policies with the objective of:

- enforcing and/or strengthening controls that allow AVSI Foundation to prevent and promptly respond to crimes for which the organization is to be held liable on the part of senior managers or employees subject to their supervision;
- raising awareness among all those who work with the Foundation (collaborators, donors, suppliers, etc) on the same topics, and requesting them, within the limits of the activities they perform in the interest of AVSI, to operate in a way that doesn't cause the risk of committing crimes;
- guaranteeing its own integrity by complying with art 6 of the Decree;
- improving the effectiveness and transparency in the management of the foundation's activities;
- conveying full awareness to the potential author of the crime on the risk of committing an illicit action that is strongly condemned by the Foundation and is against the interests of the Foundation even when it may seem to gain some advantage from the crime.

Therefore, the Model consists of a consistent set of principles, procedures and regulations which: i) affect the Foundation's internal functioning and the ways it relates with the outside and ii) diligently manage a control system of sensitive activities, aimed at preventing crimes from being committed or attempted, which are mentioned in lgs.d. no. 231/2001.

The Model, as it was approved by the Board of Directors of AVSI Foundation, includes the following elements:

- identification process of the activities within which crimes may be committed that are mentioned in lgs.d. no. 231/2001;
- preparation of a control standard in connection with the sensitive activities that were identified;
- identification process of financial management methods adequate to prevent crimes;
- establishment of a supervisory body with specific tasks and powers according to the Model;
- information flows from and to the supervisory body and specific obligations to inform the supervisory body;
- a disciplinary system designed to sanction the non-compliance with the measures provided for in the Model;
- training and communication plan for the employees and others who operate with the Foundation;
- definition of standards for the update and adaptation of the Model;
- Code of Conduct;
- a formal system of proxies and powers;
- a formal system of procedures.

The Model includes:



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- (i) in its general section, the description of
- the normative framework;
 - AVSI Foundation as a company, its governance and organizational structure;
 - the method adopted for risk assessment and gap analysis;
 - identification and appointment of AVSI Foundation's supervisory body, with specific powers, tasks and information flows;
 - the function of the disciplinary procedures and its system of sanctions;
 - the training and information plans aimed at ensuring the knowledge of the measures and provisions set out in the Model;
 - the standards for the update and adaptation of the Model;
- (ii) in its special section, the description of:
- The sensitive processes/activities and respective control standards;
 -

The Code of Conduct sets out the ethical principles and values that permeate the organization's culture; these must inspire the conduct of those who work in the interest of the Foundation both inside and outside of the organizational structure. Such principles and values are made operational by the behavior rules included in the Model.



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CHAPTER 4 THE SUPERVISORY BODY PURSUANT TO LGS. D. No. 231/2001

4.1 The supervisory body of AVSI Foundation

Pursuant to provisions of lgs.d. no. 231/2001 – art 6, para 1, lett a) and b), the organization can be exempted from liability for crimes that are committed by persons in senior positions (as per art. 5 of lgs.d. no. 231/2001) if the management has, among other things:

- adopted and effectively implemented organizational, management and control models adequate to prevent the crimes at issue;
 - assigned the task of supervising the implementation and compliance with the model – as well as keeping it up-to-date – to an internal body with independent powers of initiative and control.

Such internal body is assigned the task of supervising the quick and effective implementation of the Model, the compliance with it on the part of the recipients, the formulation of suggestions on how to update and improve its capability of preventing crimes and illicit actions.

The establishment of a body entrusted with the above-mentioned tasks, independent initiative and control powers – along with a fair and effective employment of these powers – is an essential requirement for the exemption from the liability cited in lgs.d. no. 231/2001

Confindustria's guidelines highlight the main requirements of the supervisory body: autonomy and independence, professionalism and continuity of action.

In particular, according to these Guidelines i) autonomy and independence require: *the supervisory body being placed as a staff unit in the highest possible position, the supervisory body being able to report to the organization's top executive echelons*; the lack of operational duties on the part of the supervisory body. These tasks would compromise its objective judgement by involving the body in operational decision-making and implementing processes; ii) the aspect of professionalism must relate to the expertise necessary to effectively implement the supervising activities¹² iii) the

¹² “These are special techniques, typical of “inspection activities”, but also counseling activities in terms of control system analysis and of judicial and legal type” Confindustria, Guidelines, cit.. In particular, these techniques can be used:

- pre-emptively, in order to adopt all due measures to prevent, with reasonable certainty, the commission of the crimes at issue at the time that the organizational model was drafted and subsequently updated;
 - routinely, in order to ensure compliance of daily activities with the Model;
 - in retrospect, in order to understand how one of the crimes at issue could have happened and who committed it;
- As an example, Confindustria's Guidelines mention the following techniques:
- statistical sampling;



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continuity of action, ensuring an effective and constant implementation of the organizational model as per lgs. d. no. 231/2001, which is particularly articulated and complex in medium and large companies, is favored by a structure that works full-time to supervise the compliance with the model and *“is not involved in any operational tasks which would lead it to make decisions with economical and financial consequences”*.

On the other hand, the Guidelines include the provision that, *“in case the body is comprised of members who are partially or completely from within the organization, since these members cannot be required to be totally independent from the organization, the degree of independence of the body will have to be assessed in its entirety”*.

AVSI Foundation has opted for a solution that ensures effective controls on the part of the supervisory body within the objectives set by law and consistent with its size and organizational complexity.

Pursuant to art. 6, para 1, lett b) of lgs.d. no. 231/2001 and in consideration of the recommendations of Confindustria, the supervisory body (hereinafter “Supervisory Body or “SB”) identified by AVSI Foundation is a joint body with the participation of two external members who must prove that they meet the requirements of professionalism and competence, honor and independence. The Foundation has placed one staff member at the disposal of the supervisory body, who can bring additional expertise from within AVSI.

The Supervisory Body reports directly to the President of the Foundation in order to protect its autonomy.

4.2. General principles on the establishment, appointment and replacement of the Supervisory Body

AVSI Foundation's Supervisory Body is established by decision of the Board of Directors and tenure of members is determined upon appointment, and is renewable.

The appointment as member of the Supervisory Body is conditional on meeting the eligibility standards.¹³

-
- analysis and risk assessment techniques and measures to limit the risks (authorization procedures, contrast between tasks);
 - flow-charting of procedures and processes to identify weak points;
 - interviewing techniques and questionnaires;
 - elements of psychology;
 - fraud identification methods.

¹³ *“In case the supervisory body is made up of members from within the organization and in case it is made up by partially or totally external members, the members must meet the requirements in terms of professional skills, honor, absence of conflicts of interest, absence of kinship with corporate body members and the management, etc). These requirements will have to be specified in the*



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The only significant criteria in the selection of members have to do with specific professional skills and competence necessary to implement the functions of the body, with honor, complete autonomy and independence. Upon appointment of the members and then annually, the Board of Directors must certify that the requirements of independence, autonomy, honor and professionalism continue to be met by the members of the Supervisory Body¹⁴.

In particular, after the Model is approved, or – in case of later appointments - when the member is appointed, the member of the Supervisory Body must make a statement to declare the absence of the following reasons for ineligibility:

- kinship up to and including the fourth degree with any members of the Foundation's Board of Directors and the Board of Auditors; conflicts of interest, actual or potential, with AVSI Foundation that may compromise the independence required by the role and tasks of the Supervisory Body;
- employment in the public administration in the three years prior to the appointment as member of the Supervisory Body or previous job as collaborator/advisor of the Body;
- conviction, even if still subject to appeal, or plea bargain, in Italy or abroad, for the crimes cited in lgs.d. no. 231/2001, or any action that may affect their professional credentials;
 - being barred from public office following a conviction, even if still subject to appeal, not necessarily permanently, or being temporarily barred from holding positions in companies;
- pending lawsuit or decree of application of a prevention measure as per lgs. d. no. 159 of September 6, 2011 or existence of the reasons for denial, revocation, relinquishment or suspension provided for in art 67 of lgs.d. no. 159/2001 and following amendments.

In case any of the above mentioned reasons for ineligibility occurs and is certified by a formal resolution of the Board of Directors, the member involved will immediately relinquish their powers.

The revocation of powers of the Supervisory Body and the assignment of these powers to another person, can only take place for just cause (also in case of corporate

organizational model. The requirements of autonomy, honor, professionalism can also be defined according to what is set out in the corporate regulations.

In particular, this is true when the Supervisory Body is made up of members with different professional backgrounds, so that all the professional skills are concentrated in a body that supervises the corporate management in the traditional model of corporate governance (for example, a non-executive or independent director as member of internal control committee; a member of the Board of Auditors, the person in charge of internal control). In these cases, the satisfaction of requirements is ensured by the high standards set for independent administrators, auditors and for the persons in charge of internal control” Confindustria, Guidelines, cit., final version as of May 24, 2004, 25 and f.

¹⁴ The Board of Directors, upon appointment of the members, Order of June 26, 2007 by the Naples Tribunal, Office of the Judge for Preliminary Inquiries, Sec. XXXIII “*acknowledges that the requirements of independence, autonomy, honor and professionalism are met by its members*”



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restructuring of AVSI Foundation) by a specific resolution of the Board of Directors and the approval of the Board of Auditors.

In this regard, by just cause of revocation of powers as member of the Supervisory Body, the following are meant:

- significant negligence in the performance of duties related to the position, such as: failing to draft the six-monthly or annual report on the activities which the Body is required to produce; failing to draft the supervision program;
- failing to fully or partly perform the supervisory functions on the part of the Supervisory Body as per art. 6, para 1, lett d) lgs.d. no. 231/2001 as a consequence of a conviction against the Foundation according to lgs.d. no. 231/2001 or as a consequence of plea bargain;
- in case a member is from within the organization, the member is assigned functions and operational responsibilities within AVSI Foundation that compromise the requirements of “autonomy and independence” and “continuity of action” that are specific of the Supervisory Body. Any organizational change or provision that affects this member (e.g. end of working contract, transfer to another position, dismissal, disciplinary sanctions, appointment of another person in charge) will have to be examined by the Board of Directors;
- in case a member is from outside, serious reasons for incompatibility which invalidate their independence and autonomy;
- failure to meet any of the eligibility requirements;

In the exercise of their functions, members of the SB must not incur in any (actual or potential) conflict of interest for whatever reason, be it personal or professional. Should this be the case, they are required to immediately report to the other members of the Body and abstain from participating in the subsequent resolutions.

Any decision on revocation, replacement or suspension of single members or the Supervisory Body as a whole can be made solely by the Board of Directors.

4.3 Functions and powers of the Supervisory Body

The Supervisory Body has autonomous powers of initiative and control within the Foundation that enable it to implement the activities provided for by the Model. To this end, the Body has own functioning rules through the adoption of a specific regulation (SB Regulation) that is presented to the Board of Directors.

The Supervisory Body does not have management or decision-making powers related to the activities of the Foundation, organizational or restructuring powers, or sanctioning powers.

For the implementation of its own functions, the Supervisory Body is assigned the following tasks and powers:



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- assessing the adequacy of the Model to the prevention of the crimes cited in the Decree, promptly suggesting possible updates to the Board of Directors;
- based on the analysis of the information flows and recommendations, assessing compliance with the Code of Conduct, behavior rules, prevention protocols and procedures set out in the Model and detecting possible behavioral faults;
- carrying out periodic inspection activities, with methods and deadline specified in the SB regulations and in the SB inspection plan;
- promptly recommending the application of sanctions to the person/department in charge of discipline in case infringement of the Model and/or the Code of Conduct is found;
- monitoring the definition of staff training plans on the Model and the Code of Conduct;
- providing information/report to the organization pursuant to the provision of point 4.4.2;
- free access to any organizational unit, without need of notice, in order to request and acquire information and documentation deemed necessary for the performance of the tasks provided for in the Model;
- accessing all the information on activities at risk of crime, as listed in the Special Section of the Model;
- contacting the Directors, the Meeting of Founding Members and the Board of Auditors to request and obtain information or documentation on activities at risk of crime, where deemed necessary.
- contacting collaborators, consultants, donors, representatives from out of the Foundation and any person bound to abide by the Model – provided this power is explicitly mentioned in their contracts or mandates - to request and obtain documentation on activities at risk of crime;
- obtaining the information needed to fully perform supervision on the implementation of the Model, according to what is provided for in the following point 4.4 by the present Model or by the Supervisory Body.
- performing its own duties in coordination with the persons in charge of sensitive processes on all aspects related to the implementation of the Model's operational procedures;
- providing all the support requested in the interpretation of the Model' provisions and their implementation;
- in full independence, providing the Board of Directors with a budget of its tasks to be approved;

The members of the Supervisory Body – as well as any persons engaged by the Body are bound to keep information private and secure.

During the performance of its own activities, the Body can make use of the resources within the organization according to their competencies.



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The Board of Directors of AVSI Foundation is in charge of informing the various departments on the duties and powers of the Supervisory Body.

4.4 Information obligation of the Supervisory Body – Information flows

All the recipients of the Model provide the Supervisory Body with all information that can facilitate the inspections on the full compliance with the Model. In particular:

- i) The persons in charge of sensitive processes, if they see any room for improvement in the definition and/or implementation of the prevention protocols set out in the present Model, must draft and promptly transmit a report to the Supervisory Body. The report must include at least the following:
 - a) a description of the state of implementation of the prevention protocols for the activities at risk that fall within their competencies;
 - b) a description of the activities performed in the implementation of prevention protocols and/or improvement activities;
 - c) a recommendation that explains the need for possible amendments to the prevention protocols and implementation procedures;
 - d) possible further information the Supervisory Body might request;
- ii) The persons in charge of sensitive processes must promptly provide the SB with information/report on:
 - a) the issue and/or amendment of organizational documents;
 - b) possible changes in the persons in charge of the activities at risk;
 - c) the system of proxies and any amendment that may occur;
 - d) the main elements of extraordinary operations that are started and completed;
 - e) new or renewed contracts and services with other organizations of which AVSI Foundation is a founding member;
 - f) reports set out by the Control bodies (including the Board of Auditors) within the limits of their control activities, from which facts, acts, events or omissions should arise that may compromise compliance with the Decree or the Model's provisions and the Code of Conduct;
 - g) disciplinary actions caused by infringement of the Model, dismissal of such actions and reasons thereof, enforcement of sanctions caused by infringement of the Code of Conduct, the Model and its implementation procedures;
 - h) the state of activities of the organization as defined within the protocol implementation procedures listed in the Special Section of the Model;



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- iii) Any employees and members of the Foundation's bodies must report any commission or presumed commission of crimes, as well as any infringement of the Code of Conduct, the Model or procedures thereof. Any of the following must be reported:
 - a) any lawsuit and/or information coming from the criminal investigation department, or any other authority, about investigations – also against unknown persons - that may involve the Foundation;
 - b) any request for legal aid by employees in case a lawsuit is filed against them, unless that is forbidden by the judicial authority.
- iv) Any and all the collaborators and persons from outside the Foundation – within the limits of their activities – must report the violations mentioned above to the SB, provided such obligation is specified in the contract between them and the Foundation.
- v) Any and all the employees and members of the Foundation's bodies can ask the SB for explanations on the correct interpretation and implementation of the Model, the prevention protocols, the implementation procedures and the Code of Conduct.

In order for the provisions included in this paragraph to be observed, the following e-mail address is created which can be used by the employees, members of the Foundation's bodies and collaborators from outside the Foundation to report to the Supervisory Body: organismodivigilanza@avsi.org The reports can also be transmitted orally or by mail to any member of the SB or to the SB at the Foundation. In case the report is transmitted orally the member of the SB will make a written record of the interview. The member will promptly inform the other members of the SB.

The reports are filed by the SB, according to the order provided for in the SB Regulation.

The Foundation adopts all necessary measures to ensure the privacy of anyone providing information to the SB. Any type of retaliation, discrimination or penalization against those who report information in good faith is forbidden. AVSI Foundation reserves the right to undertake any action against anyone who reports untruthful information in bad faith.

Infringement of the obligation of information to the SB – as a violation of the Model - is sanctioned according to the provisions included in the following Chapter 5, the *Disciplinary System*.



4.4.1 Collection and storage of the information

Any information or report provided for by the Model is stored by the Supervisory Body in a specific archive (digital or on paper) for at least 10 years.

With the help of the organization, the members of the SB who leave office must allow for a correct transfer of the archives to the members who are taking office.

4.4.2 How the Supervisory Body reports to the corporate bodies

The SB reports to the Board of Directors, unless otherwise specified in this Model. Whenever deemed necessary and according to the SB Regulations, the SB informs the President of the Board of Directors and the Secretary-General of all relevant facts or critical issues of the Model that come to light during the supervision activity. The SB periodically prepares a written report to the Board of Directors and the Board of Auditors which must include at least the following:

- summary of the activities carried out by the SB in the reporting period;
- description of issues related to operational implementation procedures of the Model provisions;
- description of potential new activities at risk of crime as they are identified;
- the record of all reports received by persons from inside and from outside the Foundation, including what was directly observed, concerning violations of the provisions of the Model, the prevention protocols, implementation procedures as well as the Code of Conduct and the consequent inspections performed. In case of violations of the Code of Conduct or the Model by a member of the Board of Directors or the Board of Auditors, the SB must act according to what is provided for by point 5.3;
- information report on the possible commission of crimes pertaining to the Decree;
- disciplinary measures and sanctions imposed by the Foundation, with regard to the violations of the provisions of this Model, the prevention protocols, implementation procedures as well as the Code of Conduct;
- an overall assessment of the Model with suggestions on potential amendments;
- updating amendments to the Model that must be made as a consequence of major changes in the normative framework and/or the Foundation's structure and/or activities implementation methods;
- report on possible conflicts of interest as per point 4.2 above;
- potential updates on the inspection plan;
- the financial statement and the budget plan, on an annual basis;

At any time, the Board of Directors and the Board of Auditors can summon a meeting with the SB in order to be informed about its activities.



CHAPTER 5

DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

Art. 6, para 2, lett. e) and art. 7, para 4, lett b) of lgs.d. no. 231/2001 set the adoption of a disciplinary system adequate to sanction non-compliant conducts as a requirement for the implementation of an organizational, management and control model. Therefore, the definition of an adequate disciplinary system is an essential provision of the Model which makes it possible to determine to what extent the organization is to be held liable.

The sanctions listed in the disciplinary system must be implemented upon each violation of the provisions of the Model regardless of whether a crime is committed and of whether a lawsuit has been filed by the criminal investigation department¹⁵.

Such sanctions can be imposed also for violations of the provisions of the Code of Conduct, which is an integral part of the Model.

In order to ensure the compliance of the Model with the law, the Foundation set out a disciplinary system with sanctions proportional to the position held by the perpetrator of the crime.

5.2 Measures against employees

The violation of single provisions and behavior rules of the Model on the part of the employees of AVSI Foundation always represents a disciplinary offense. The Foundation requires its staff to report any violation and appreciates any support in providing information, even if the person who reports the violation bears some responsibility in the violation itself.

To perform the inspection of violations of the Model, disciplinary actions and the implementation of sanctions, all the powers assigned to the management of AVSI Foundation are considered valid within the respective proxies and competencies.

¹⁵ “Given the complete separation between violations to the Company’s code of conduct and internal procedures, and violating the Law - which entails committing a crime - the disciplinary assessment of the code of conduct carried out by the employers need not overlap with the judge’s assessment in a penal court - except in the case of inspections by the employment judge. Therefore, the employer is not required to wait before the end of any penal procedure before he acts. It is thoroughly recommended that the infliction of the disciplinary sanction be delivered promptly, prior to any judgement delivered by the penal court of law”. Confindustria, Guidelines, cit., final version as of May 24, 2004, p. 19.



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As far as the type of sanctions to be imposed, in case of a dependent employment contract, any disciplinary measure must abide by the procedures provided for by art. 7 of the “Charter of Laborers”, with the principle of typified offenses and sanctions.

5.2.1 Measures against non-managerial employees

In compliance with what is provided for by the regulations and with the principle of typified offenses and sanctions, AVSI Foundation informs its employees about provisions and behavior rules included in the Model, the violation of which represents disciplinary infringement, as well as potential disciplinary measures, which take into consideration the gravity of the violations and possible recidivism.

The following are the disciplinary measures that can be taken towards employees in compliance with the provisions in force and with art. 31 of Title XVI of the National Collective Labor Agreement for the tertiary (trade and services) sector – hereinafter “CCNL”:

- verbal warning
- written warning
- fine not exceeding 3 hours of remuneration
- suspension from work and pay for not more than 3 days of work;
- dismissal.

In particular:

1. Anyone who violates the procedures of the Model will receive a verbal warning (for example anyone who doesn't abide by the provisions, fails to inform the Supervisory Body, fails to perform controls, etc) or acts non-compliantly with the Model in the sensitive areas. Such behaviors represent non-compliance with the provisions set by the Foundation.
2. Anyone who violates the procedures of the Model or acts non-compliantly with the Model in a way that jeopardizes the assets of the Foundation will receive a written warning. Such behaviors – deriving from a non-compliance with the provisions of the Model, represent a situation of risk for the assets of the organization and/or actions contrary to its interests.
3. Anyone who violates the procedures of the Model or acts non-compliantly with the Model in a way that causes a damage to the Foundation by performing actions contrary to the Foundation's interests – or anyone who repeats the behaviors of points 1 and 2 will receive a fine not exceeding 3 hours of remuneration as calculated from minimum pay scales. Such behaviors – deriving from a non – compliance with the provisions of the Model – represent a damage to the assets of the organization and/or actions contrary to its interests.
4. Anyone who acts non-compliantly with the provisions of the Model in the sensitive areas with the objective to commit one of the crimes cited in lgs.d. no. 231/2001, or anyone who repeats the behaviors of points 1, 2 and 3, will be suspended from work and pay for a maximum of 3 days. Such behavior represents a serious non-compliance with the provisions of the Foundation and/or



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a serious violation of the obligations on the part of the employee to cooperate for the prosperity of the Foundation.

5. Anyone who acts non-compliantly with the provisions of the Model in the sensitive areas, so that the measures of lgs. d. no. 231/2001 are applied against the Foundation, or so that violations stated above are committed causing a serious damage to the organization itself, will be dismissed (with or without notice).

The type and degree of each sanction will be determined in consideration of:

- whether the behavior was deliberate or the degree of negligence, carelessness or incompetence also with respect to the predictability of the event;
- the overall behavior of the employee, possible disciplinary precedents, within the limits set by law;
- the employee's tasks;
- the position, in terms of functions, of the employees involved in the offense
- other specific circumstances around the illicit action.

AVSI Foundation has the right to request a refund for the damage deriving from the infringement of the provisions included in the Model on the part of an employee. The refund will be determined according to:

- a) the level of responsibility and autonomy of the employee author of the illicit action;
- b) possible disciplinary actions taken against the employee prior to the events at issue;
- c) whether their behavior was deliberate;
- d) how serious the effects of the behavior are, i. e. the degree of risk to which the Foundation deems it was exposed – pursuant to lgs. d. no. 231/2001.

In particular, the Secretary-General is in charge of the management of the disciplinary procedures. The HR (Human Resources) department must provide adequate information report to the Supervisory Body.

5.2.2 Measures against executives

The Foundation's executives must comply with provisions of the Model and ensure compliance with them by their own collaborators.

The following behaviors on the part of executives are considered sanctionable as violations of the provisions of the Model:

- failure to monitor the behavior of their direct reports in order to ensure compliance with the provisions of the Model during the performance of activities in areas at risk of crime and operational processes at risk of crime;
- failure to report non-compliance with the Model's obligations which may expose the Foundation to the risk of sanctions as per lgs.d. no. 231/2001;
- failure to report any critical situation that was detected within the areas at risk of crime to the Supervisory Body;



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- direct commission of violations, sufficiently serious to be considered crimes and expose the organization to the sanctions as per lgs.d. no. 231/2001

In case of violations of the provisions and behavior rules of the Model on the part of executives, AVSI Foundation will adopt measures deemed best suited to the circumstances according to the provisions in force. If the violation of the Model causes loss of trust between the Foundation and the executive, then the sanction is dismissal, pursuant to law and the specific National Labor Collective Agreement.

5.3 Measures against members of the Foundation's Bodies

In case of violations of the provisions and behavior rules of the Model on the part of members of the organization's bodies, the Supervisory Body must immediately report it to the Board of Auditors and the Board of Directors. It is in the power of the recipients of the Supervisory Body's report to take adequate measures, according to the founding documents, for example calling a meeting of the Board to determine which sanctions to adopt.

5.4 Measures against the Supervisory Body

In case of violations of the provisions and behavior rules of the Model on the part of the Supervisory Body, the Board of Directors and the Board of Auditors will together take due measures pursuant to the provisions in force, including the removal and possible request of refund. In order to ensure right of defense a deadline must be set for the submission of justifications and/or defensive writings on the part of the person involved.

5.5 Measures against external collaborators and partners

In case of violations on the part of consultants, trade partners or other individuals with specific contractual relationships with the Foundation on the performance of activities deemed sensitive by provisions and behavior rules of the Model, or the commission of crimes included in lgs.d. no. 231/2001, they will be sanctioned pursuant to the specific clauses of the respective contracts.

These clauses refer to the compliance with provisions and behavior rules of the Model and can imply the obligation, on the part of these third parties, not to perform actions or behaviors that may cause the infringement of the Model on the part of the Foundation.

In case such obligation is violated, it is in the power of the Foundation to terminate the contract and apply certain penalties if deemed necessary.

At any time, the Foundation can ask for compensation for the damages deriving from the violations of the provisions and behavior rules of the Model by those third parties.



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AVSI Foundation, in collaboration with an external legal consultant, works on the drafting and adaptation of specific contract clauses implying the request of compensation for the damages deriving from the application of sanctions on the part of the judicial authority pursuant lgs. d. no. 231/2001.



CHAPTER 6

TRAINING AND ORIENTATION PLAN

6.1 Introduction

In order to effectively implement the Model, AVSI Foundation provides information on the contents and principles of the Model itself within and outside the organization. In particular, it is the Foundation's intention to inform its own employees and any other person who works with the Foundation under contractual conditions (even if not as a direct employee of the organization) on the contents and principles of the Model. In fact, recipients of the Model include any person who performs functions of representations, administration or direction within the Foundation, as well as any person working under the direction or management of the afore-mentioned (as per art 5 lgs.d. no. 231/2001), but also any person who operates to achieve the general goals of the Foundation. Therefore, recipients of the Model also include members of the organization's bodies, Supervisory Body, employees, collaborators, external consultants and partners.

It is the Foundation's intention to:

- raise awareness among anyone who works in the sensitive areas in the name and on behalf of the organization on the risk of incurring illicit actions and consequent sanctions, in case of violation of the Model's provisions;
- inform anyone who works in the name and on behalf of the organization or in its interest that any violation of the Model's provisions will lead to the application of sanctions, which may mean the resolution of the contractual relationship;
- restate that AVSI Foundation does not tolerate any illicit conduct, regardless of their end, since these behaviors (even in case the Foundation might seem in a condition to gain benefits or advantages) are contrary to the ethical principles the Foundation wants to abide by;

In order to ensure greater effectiveness, the information and training activities are different, according to the recipients they address, but they are based on the principles of completeness, clarity, accessibility and continuity. This way, the different recipients will develop full awareness on the provisions to comply with and the ethical principles they must cherish.

These recipients must abide by all the Model's provisions, in compliance with the duties of loyalty, fairness and diligence deriving from the juridical relationships within the Foundation.

The activities of information and training are implemented by the HR department under the supervision of the Supervisory Body, which is also in charge of “promoting



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knowledge and understanding of the Model, training of staff and awareness on the compliance with the principles thereof”, as well as “promoting events of information

and training on the contents of lgs.d. no. 231/2001, on the consequences of the Model and in the organization's activities and its behavior rules”.

6.2 Employees

All employees must: i) develop awareness on the principles and contents of the Model; ii) learn how to operationally perform their own activities; iii) actively participate – within the limits and forms of their own tasks – in the effective implementation of the Model, by also reporting any lack of compliance.

In order to ensure an effective and rational information activity, AVSI Foundation raises awareness on the contents and principles of the Model as well as the implementation procedures within the organization, according to their respective position and role.

Old and new employees are provided a copy of the Model and the Code of Conduct or the chance of accessing them on the Foundation's website.

The employees who cannot access the Foundation's website will be provided the documents in some other way, for example by attaching them to their payslip or by posting them on the notice boards.

Information and training on the principles and contents of the Model are ensured by those in charge of the single functions – in collaboration with the Supervisory Board – so that the best methods are identified (staff meetings, online courses, etc).

At the end of the training period, participants must fill in a questionnaire thus proving reception and attendance of the course.

Adequate communication tools will be adopted to update the recipients of this paragraph on any amendments to the Model, as well as any major change in terms of procedures, provisions, organizational structure.

The Foundation can evaluate the opportunity to set up a self-assessment questionnaire for the employees to submit digitally, in order to periodically monitor the degree of knowledge and the application of the ethical principles included in the Model and the Code of Conduct.

The Supervisory Body also monitors the degree of understanding of the Model through specific tests.



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6.3 Members of the organization's bodies and persons with representative functions on behalf of the Foundation

Members of corporate bodies and persons with representative functions on behalf of the Foundation are provided a copy of the Model and the Code of Conduct upon

appointment and must undersign a declaration of compliance with the principles thereof.

Adequate tools of communication are adopted to keep them up-to-date with any amendments made to the Model, as well as any change in terms of procedures, provisions or organizational structure.

6.4 Other recipients

Information activities on the contents and principles of the Model also address the third parties operating with the Foundation under contractual conditions (for example: consultants, volunteers and other independent collaborators), specifically those who work in sensitive areas according to lgs.d. no. 231/2001.

To this end, the Foundation provides the third parties the Code of Conduct and, if necessary, an excerpt of the Manual, with a specific focus on the sensitive areas they work in.



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CHAPTER 7

ADAPTION OF THE MODEL – CRITERIA FOR UPDATE AND ADAPTATION OF THE MODEL

7.1 Update and adaptation

The Board of Directors decides as to the updating of the model and its adaptation regarding modifications and/or inclusions which may become necessary as a result of:

- i) amendments to laws;
- ii) changes to the internal structure of the Foundation and/or to the way of carrying out the activities of the organization;
- iii) control results;
- iv) material contraventions of the prescriptions of the Model.

After approval, modifications and instructions for their immediate implementation, are communicated to the Secretary-General, who, in turn, and with the support of the Supervisory Body, will put the modifications into operation and will ensure correct communication of the contents internally to the Foundation and externally.

In particular, for the purpose of ensuring that changes to the Model be put into effect with the necessary speed and efficiency, and without causing any lack of coordination between operative processes, the prescriptions of the Model and the distribution thereof, can be effected by the Secretary-General in cases where the changes relate to aspects of a descriptive nature.

It is specified that the expression “aspects of a descriptive nature” refers to elements and information which arise from the resolutions of the Board of Directors (such as, for example, the redefinition of the organogram) or arising from specifically delegated functions of the organization (e.g. new company procedures).

It remains, in every case, the exclusive duty of the Board of Directors to discuss updates and/or changes to the Model necessitated by the following factors:

1. changes in the regulations relating to administrative responsibilities of organizations;
2. identification of sensitive new activities, or changes to those previously identified, or even potentially relating to the establishment of new activities of the Foundation;
3. formulation of observations by the Ministry of Justice concerning the guidelines as per art. 6 of lgs. d. no. 231/2001 and art. 5 and foll. of D.M. 201 of June 26, 2003;
4. commission of offences under lgs.d. no. 231/2001 by recipients of the provisions of the Model or, in general, of material violations of the Model;
5. responding to gaps and/or deficiencies in the provisions of the Model resulting from verification of its efficiency.



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**ORGANIZATION, MANAGEMENT AND
CONTROL MODEL**

**PURSUANT TO LGS. D. 231 OF JUNE 8,
2001**

SPECIAL SECTION



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CHAPTER 8

SPECIAL SECTION

8.1 Introduction

The activity performed in the course of the project of drafting the Model enabled the identification of processes of the Foundation during the course of which the offences described in lgs. d. no. 231/2001 could, theoretically, be committed.

This Special Section contains the protocols of control provided in art 6 para 2 lett b) of lgs. d. no. 231/2001 for each of the identified sensitive processes, In addition, the drafting of this Special Section was done in accordance with the methodology described in Chapter 3 of the General Section of the present document. In particular, the standards of general control and of specific control relating to the identified sensitive processes are identified and disciplined here. For violations of the protocols and of the relevant procedures, the measures provided in Chapter 5 of the General Section apply. For the updating/adaptation of the Special Section the provisions of § 7.1 of the General Section apply.

8.2 Sensitive Processes

Identified processes at risk, together with the estimated risk level, as defined in the General Section, Chapter 3, § 3.2, are as follows:

ACTIVITY	Risk 231
1. Monetary flows: payments and receipts	High
2. Purchase of goods and services - Italy and other countries	High
3. Request for financing of training activities related to safety	Medium
4. Communication and participation in events	Medium
5. Selection, engagement, and training of personnel	High
6. Administrative management of personnel	Medium
7. Authorization of reimbursements and personnel advances	High



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8. Management of fixed assets	Medium
9. Obtaining and maintaining authorizations, accreditations, and licenses	High
10. Relations with the Public Administration and inspection visits	Medium
11. Participation in public tenders for completion of international projects	High
12. Execution and reporting of project activities	High
13. Collection of funds, receipt of donations, and payment of living allowances and distance support	High
14. International adoptions	High
15. Relations with controlling bodies and Quality System audit management processes	High
16. Editorial activities, publications, and research studies	High
17. Financial Statements and financial liabilities	High
18. IT systems management	Medium
19. Refuse management	Medium
20. Health and safety management	Medium
21. Financial planning	Medium

8.2.1. The control system

The control system adopted by the Foundation is based on the guidelines “Percorsi di qualità e trasparenza nell’organizzazione, la gestione, e il controllo interno delle ONG” published by INTERSOS and CISP in collaboration with Ministry of Foreign Affairs, Directorate General for Cooperation in Development, provides:

- **Principles of behavior**, applicable universally in all sensitive processes, imposing principles of behavior and prohibitions which must be obeyed in the performance of any activity;
- **Principles of control**, applicable to single sensitive processes and containing the description of the rules and of the behavior necessary in the performance of the relevant activity.



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8.2.2. Principles of behavior

The Recipients of the Model must respect the following general principles, as provided in the Code of Ethics and in the Model itself:

- know, adhere to, and obey the ethical and moral principles of the Foundation in the conduct of their working activities;
- not undertake actions on behalf of the Foundation that could be in violation of applicable laws nor rules, and not encourage others (e.g. suppliers, volunteers, partners, or other employees) to undertake such actions;
- promptly notify his/her direct superior of any personal involvement or any other circumstance likely to constitute a conflict of interest, or which could be considered a conflict of interest;
- maintain maximum confidentiality regarding information known from the Foundation relating to donors or beneficiaries, except in cases where the disclosure of such information is authorized or compelled by force of law;
- comply rigorously with applicable environmental, health, or safety, laws and with the public policies they represent, both in Italy, and in other countries where the AVSI Foundation operates;
- always act with the maximum honesty in relationships with donors, collaborators, suppliers, competitors, and employees of the Foundation;
- maintain an honest co-operation with public or private bodies regarding verification, audits, or inspections.

In conformity with these principles, it is expressly forbidden to:

- exploit, for personal gain, opportunities for the use of assets, or confidential information obtained as a result of one's position in the Foundation;
- utilize assets or confidential information, or exploit one's position in the Foundation for financial or other personal gain;
- make corrupt offers or authorize acts of corruption, or other illicit payments on behalf of the Foundation, regardless of the entity making such payment;
- offer sums of money or substantial gifts to suppliers, to donors, to auditors, to partners, or to their employees or fiduciaries;
- practice abusive or discriminatory behavior based on, for example, but not limited to, gender, race, ethnicity, national origin, religion, or sexual orientation;
- accept gifts, presents, or other favors, which exceed normal courtesy in professional relationships with persons or bodies who are suppliers or potential suppliers to the Foundation.

For the correct implementation of the general principles described above, the Foundation has provided that:

- relationships with the Public Administration or Auditors are managed by persons who hold appropriate powers for that purpose (delegations/proxies);



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- contracts with donors and external collaborators are formalized in writing;
- Payments and receipts are managed exclusively by persons who are authorized according to the system of internal authorization, and according to procedures in place to guarantee transparency and traceability of transactions;
- Monetary flows are managed with regard to the provisions of rules and regulations in force, with particular reference to provisions against money-laundering.

8.2.3. Principles of control

The principles of control are indicated here below, and are described in the ambit of each material activity:

- 7) Regulation of process and segregation of duties: identification of the activities brought into being by the various functions, and division of these between who performs, who authorizes, and who checks, in such a way that no-one can manage an entire process alone; this segregation is guaranteed by the involvement in a sensitive process of multiple persons for the purpose of ensuring independence and objectivity of the activity;
- 8) existence of procedures/guidelines/standard operating practices: existence of instructions, formalized procedures, or standard practices, suitable for providing principles of behavior, operational modalities for conducting sensitive activities, as well as modalities for archiving relevant documentation;
- 9) traceability and ex-post verifiability of transactions by means of adequate documentation or electronic records: ex-post verifiability of the processes of decision-making, authorization, and implementation of sensitive activities including by means of appropriate archived evidence and, in every case, detailed regulation on cancelling or destroying the records. Other methods of traceability can be defined in the procedures of the Foundation;
- 10) existence of a system of delegation coherent with the assigned organizational responsibilities: formalization of signing powers and of representation coherent with assigned organizational and managerial responsibilities, both clearly defined and known within the Foundation. All activities are performed according to the internal system of purchases which grant powers to represent the AVSI Foundation towards the outside and by the internal system of delegation of powers appropriate for the performance of duties.

8.2.4. Contents of the controls

In Chapter 9 are listed all the sensitive processes identified, with a description of the relevant prevention and control protocols according to criteria listed below:



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- in the paragraph “**Description of the process and segregation of duties**” of each sensitive activity, the operating method followed in the AVSI Federation at the time of updating the Model is described. In particular, the relevant functions and the controls in place with respect to the segregation of duties are identified. Possible modifications to these operating methods do not require a formal update of the Model as long as they are acknowledged in procedures or regulations of the organization, guaranteeing an equal degree of separation of duties;
- in the paragraph “**Existence of procedures/guidelines/standard operating procedures**”, the titles of the norms of the Foundation applicable to the sensitive process at the time of adoption of the Model are quoted.
 - In addition, Annexure 3 provides the complete list of all company regulations (with indication of the respective identification references) applicable to the various activities and persons in charge of processes who, with the support of the Supervisory Body, are responsible for ensuring the continual updating and alignment to the actual methods of performing the operative processes.
 - Regulations of the AVSI Foundation, not yet issued at the date of approval of the Model, and identified in the course of the *Risk Assessment e Gap Analysis* activity, must be prepared and formalized according to a defined program which will be monitored by the Supervisory Body.
 - Within the adaptation of the regulatory system, the activities involved must, nevertheless, rigorously follow standard operating procedures conforming to the general principles of behavior and control defined in the previous points and as provided in the specific sensitive processes.
- In the paragraph “**Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records**” the methods of record-keeping and archiving of documentation and of the decision-making process relevant to the sensitive process are described ;
- In the paragraph “**Persons in charge of the sensitive process**” the organizational figures to whom are delegated the primary responsibilities for the process are indicated. In particular, for every sensitive process a person in charge is identified.
 - The person in charge is the individual who has the responsibility to interface with the Supervisory Body regarding verification of the existence of the relevant controls and to ensure their continual updating to the current condition of performance of the activity.
- The Supervisory body, with the assistance of the person in charge, ensures that the identification of persons in charge of the processes is promptly updated as presented in Annexure 3 of this model, of which it forms an integral part.



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- In the paragraph “**Information flows to the Supervisory Body**”, the information elements which must be systematically provided to the Supervisory body are specified, and the frequency of doing so is specified.

With reference to the sensitive processes indicated in Chapter 9, the **existence of a proxy system consistent with the various organizational responsibilities** and formalized according to a set of express mandates has been discussed.



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CHAPTER 9

SENSITIVE PROCESSES

9.1 Financial flows: payments and receipts

Description of the process and segregation of duties:

The activity of management of receipts is divided and segregated as follows: (i) the Foundation has dedicated current accounts based on the number of projects in progress and ordinary current accounts, the signing authorities of which are the Secretary-General, the Financial Director, and the Head of General Accounting according to the specific responsibilities assigned to each; (ii) the Head of General Accounting controls and monitors the receipts relative to all the functioning areas of AVSI (in particular, receipts derived from financing destined for the project area, as well as donations collected in the course of Fund Raising activities) and sends monthly reports to the individuals in charge of the various areas, in which the collections received are listed (e.g. accounting schedules of couples awaiting international adoptions, reports of private donations received, reports of donations for Distance Support); (iii) Once a week, a meeting is held during which a representative of each functional area assists the Head of General Accounting in correctly identifying receipts received on the basis of the various projects in progress or of the various cost centers; (iv) an administrative employee inserts all data in the computerized management accounting system, from which summary reports of movements are extracted.

Payments: (i) the Administration Office receives the invoice from the supplier; (ii) the invoice is sent to the Logistics Department office for verification with the purchase order; (iii) the Logistics Department office verifies that the invoice conforms to the purchase order, applies the stamp of conformity and sends the invoice to the Administration for payment; (iv) the power to sign for authorization of payment is up to the Secretary-General, the Financial Director and the Head of General Accounting, based on the amount of the payment and the nature of the purchase; (v) the Administration Office receives from the Human Resources office schedules for payment of salaries to employees and collaborators; (vi) the payments are made by the Head of General Accounting; (vii) the details of every transaction are inserted and recorded in the accounting system by the administrative personnel, using the various levels of coding and classification of the transactions.

Regarding payments to local offices and therefore the remittance of funds for the performance of projects: (viii) the Head of Project Accounting sends to all participants at the Financial Planning and Expatriate Personnel meeting, a summary schedule of movements of income or expenses on the current accounts dedicated to the performance of projects, as well as a schedule summarizing funds remitted in the previous month; (ix) during the Financial Planning and Expatriate Personnel meeting, which is attended by the Secretary General, the Financial Director, the Desk officers/Regional Managers, the Coordinator of General Accounting, the Head of Project Accounting, the Coordinator of Project Department, the Coordinator of Fund Raising, the Coordinator of the Distance Support Program, the remittances of funds to



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local offices are decided, after checking the expenses incurred, and relevant reporting, and based on an analysis of the progress of the project; (x) the Area Desk fills in a form requesting the remittance of funds; (xi) the Financial Director countersigns the form authorizing the payment; (xii) payments to local offices are made by the Head of General Accounting; (xiii) the entries in the accounting system are made by the Accounting personnel of the project.

Cash: (i) employees and/or collaborators who need a cash advance, do so by sending an e-mail request to the Administration Office; (ii) consultants who need a cash advance can also send a request by e-mail to the Administration Office via the Desk Officer/Regional Manager or via the person in charge of the relevant area; (iii) the Administration Officer provides the cash to the employee/collaborator/consultant; (iv) the recipient signs a receipt for the cash, which receipt is retained by the Administration Officer; (v) the recipient accounts for the use of the cash by means of the appropriate form and provides supporting documentation relative to the expenses incurred, also indicating the return of any unused cash; (vi) the approval form is undersigned by the Desk or by the person in charge of the area; (vii) the form and any change are delivered to the Administration Officer.

Existence of procedures/guidelines/standard operating procedures:

the accounting system is regulated by AMPE Procedure no. 2 “Schema piano dei conti in vigore dal 1 gennaio 2003”, AMPE no. 3 “Codici dimensioni”, AMPE no. 4 “Centri di costo in vigore dal 1 gennaio 2003” and AMPE no. 5 “Norma registrazioni contabili”. The use of petty cash is partially regulated by AMPE Procedure no. 9 “Norma rimborsi”. The use of cash and cash management are regulated by AMPE procedure no.21. Certain employees hold credit cards with specific limits on expenses, for the use of which they must always produce supporting documentation.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under examination is guaranteed by i) the use of the information management system Microsoft Dynamics NAV; ii) the paper or electronic archives of the details of payment by the General Accounting department; iii) the use of traceable means for most payments (bank transfers, “Ri.Ba.” bill of exchange and bank direct debit); iv) use of different cost centers for each different type of income (SAD, AD, FR, PROG), as well as the use of dedicated bank accounts for each country/project.

Person in charge of the sensitive process

Person in charge of the process: Financial Director.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Prompt notification of any organizational modification in the functions proposed and/or in the authorizations/proxies for financial operations;
-



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- Notification with motivation of every operation performed as an exception to the specified regulations, even though authorized.

9.2 Purchases of goods and services – Italy and other countries

Description of the process and segregation of duties:

Purchase of goods and services in Italy:

Organization Purchases: (i) The person in charge of the function sends a form containing the purchase request to the Logistics/Procurement Department; (ii) the Logistics/Procurement Department office verifies that the request is within the budget, and then researches and selects the suppliers by means of requests for quotations; (iii) the Logistics/Procurement Department office chooses the supplier and the person in charge of the relevant area approves the purchase; (iv) purchase of goods and/or services not included in the budget must be specifically approved by the Secretary-General.

Purchases functional to the performance of a project: (v) the person in charge of the project/the Desk Officer/Regional Manager/Country Representative sends the purchase request form to the Logistics Department office; (vi) the Logistics Department office researches and selects the suppliers by means of requests for quotations; (vii) the Desk Officer/Regional Manager/Country chooses the supplier and the purchase; (viii) purchase of goods and/or services not included in the budget must be specifically approved by the Secretary-General. In case the estimated amount includes a purchase by tender bid with the publication of the tender announcement, then the whole procedure is performed by the Tender Management Committee, made up of the Financial Director, the Supervisor of local offices' management and the Logistics/Procurement Coordinator; (ix) The Logistics/Procurement Department set up the call for tender bid; (x) the Tender Management Committee authorizes the publication of the tender bid; (xi) publication through tender announcement on the part of the Logistics Department; (xii) recording of the bids received, opening of the envelopes, written report, assessment of the bids and final report on the part of the Logistics/Procurement Department; (xiii) control of the correctness of the tender procedure and authorization of drawing up the contract with the selected supplier on the part of the Tender Management Committee; (xiv) post-bid notifications to the participants by the Logistics/Procurement Department; (xv) any contract stipulated in consequence of a tender bid is signed by the Secretary General.

After selection of the supplier and authorization of the purchase, whether for standard purchases or in the case of tender bids, the procedure is as follows: (xvi) the Logistics Department office issues the purchase order; (xvii) the Administration Office receives the invoice from the supplier and sends it to the Logistics/Procurement Department office; (xviii) checking the correctness of the goods purchased, or verifying the correctness of the service rendered, is the responsibility of the Logistics Department office; (xix) the Logistics/Procurement Department office stamps the invoice to show that the goods/services conform to the purchase order/contract and sends it to the Administration Office together with the relative order/contract to be processed for payment; (xx) archival of purchase orders/contracts is the responsibility of the



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Logistics/Procurement Department office; (xxi) archival of consultancy contracts is done by the Human Resources office.

Purchase of goods and services in foreign countries:

(i) The person in charge of a function, who wishes to make a purchase, sends the purchase request form to the local Purchasing office (where it exists) or to the Project Manager/Operations Manager/Country Representative; (ii) the local Purchasing office or the Project Manager/Operations Manager/Country Representative researches and selects the suppliers by means of requests for quotations; (iii) approval of supplier selection and of purchase is done by the Project Manager/Operations Manager/Country Representative; (iv) purchase of goods and/or services not included in the budget must be specifically approved by the Desk Officer/Regional Manager. In case the estimated amount includes a purchase by tender bid with the publication of the tender announcement, then the whole procedure is performed by the Tender Management Committee, (v) the Purchasing Department in the country, if present, or Project Manager/ Operations Manager/ Country Representative prepare the paperwork for the tender bid and send it by e-mail, with Desk Officer/Regional Manager and Accounting & Reporting Manager in copy to the Tender Management Committee; (vi) the Tender Management Committee authorizes the publication of the tender bid; (vii) the Purchasing Department, is present, or the Project Manager/ Operations Manager/ Country Representative publishes the tender, receives the bids, opens the envelopes, analyzes the bids, drafts the closing report and sends all the documentation to the Tender Management Committee; (viii) control of correctness of procedure and authorization of the finalization of contracts is the responsibility of the Tender Management Committee; (ix) signing of contracts is done by the Country Representative.

Existence of procedures/guidelines/standard operating procedures:

Purchases are regulated by AMPE Procedure 18 “Nuova norma Acquisti” and AMPE Procedure 14 “Norma viaggi”, limited to the purchases for travel by collaborators/employees. The selection procedure of consultants for the activity of training/auditing of a project is regulated by the Quality Manual and Service Order ODS1/2013: “Procedure di Selezione dei Consulenti” referring to the project activities. Also, for the purchases abroad it is worth considering AMPE Procedure 11 “Norma gestione sedi locali”, according to which each local office must adopt an Operating Manual, approved by Secretary-General of AVSI.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of AVSI purchases in Italy is guaranteed by i) the Logistics Department office which archives all the relevant documents relating to every purchase in a dossier; ii) the Human Resources office which archives contracts relating to consultancy purchases/fees; iii) the paper archives of invoices by the General Accounting office.

The traceability of the documentation relating to purchases necessary for the performance of projects is guaranteed i) by the local Head of Purchases (where present), or directly by the Country Representative/Operations Manager/Project Manager; ii) by the local Logistics Department office which archives in a dossier all



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the relevant documents relating to purchases of substantial value or purchases effected by means of tender bid.

Person responsible in the sensitive process

Person responsible for the process: Coordinator of Logistics/Procurement Department.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Six-monthly list of purchases of goods and services of a material economic value;
2. Six-monthly list of tender bids effected with an indication of economic value.

9.3 Request for financing of training activities related to safety

Description of the process and segregation of duties:

The process of requests for financing of training activities related to safety is divided and segregated as follows: (i) control of expiry dates and organizational management of training by the Safety Officer is the responsibility of the persons internally responsible for safety; (ii) preparation of requests for financing training activities is done by the General Accounting personnel; (iii) verification of financing of requests is done by the Financial Director; (iv) signature of the request by the Secretary-General to the social welfare office for financing; (v) preparation of documents for accountability of finance is the responsibility of the person internally in charge of safety; (vi) control and authorization at dispatch of the documents is the responsibility of the Financial Director.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

The traceability of the process under review is guaranteed by i) archiving documentation relative to the request when the financing is obtained and when it is accounted for by the person in charge of security.

Person responsible in the sensitive process

Person responsible for the process: Financial Director

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Annual statement of financing requested, and of financing received.



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9.4. Communication and participation in events

Description of the process and segregation of duties:

The activity of communication and participation in events is divided and segregated as follows: (i) initiatives or events promoted by the foundation, or by volunteers, for the collection of funds, are published on the AVSI site by the Communications department; (ii) preparation of informational material (e.g. videos, photographic material, reports and brochures to be distributed or displayed at the event) is done by the Communications department or developed under its supervision; (iii) authorization of the content of the informational material is the responsibility of the Head of Communication; (iv) shipment to the volunteers of all AVSI documentation and material required for the organization of a fund raising event is the responsibility of the person in charge of Fund Raising; (v) participation at events is requested and arranged by the Fund Raising department; institutional events are managed directly by the Communications Department, including the identification of guests under the supervision of the General Secretariat; (vi) the Secretary General authorizes participation at events and the appropriate organizational method; (vii) the Communications department manages all aspects of participation at the event, coordinating with all the other areas concerned.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to a consolidated standard operating procedure which is consistently followed by all operators as well as according to directions included in ODS1/2016 “Proprietà Intellettuale”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

The traceability of the process under review is guaranteed by i) the Communications department which archives videos, reports and brochures produced for the event, or for other similar initiatives; ii) the Administration Office guarantees the archival of authorizations and permits relative to participation at the event, including SIAE authorizations.

Person responsible in the sensitive process

Person responsible for the process: Communications Director.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Annual list of events organized by the AVSI Foundation or events in which the AVSI Foundation participates.

9.5. Selection, engagement, and training of personnel

Description of the process and segregation of duties:

The process of selection, engagement, and training of personnel is divided and segregated as follows: (i) the person in charge of an Area notifies the Secretary



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General of the need for a new resource; (ii) after verifying the budget for the proposed employments, the Secretary General authorizes the selection of a new resource; (iii) the selection of candidates to be interviewed and the process of conducting the actual interviews is performed by the Human Resources department; (iv) the evaluation of candidates for an administrative role is performed by the person in charge of the relevant Area, the Financial Director, and the Coordinator of Logistics/Procurement Department, while the evaluation of candidates for an operational role is a function of the Secretary General and the person in charge of the relevant Area; (v) a schedule of employment is compiled, including personal particulars, type of duties, and remuneration, and is provided to the Human Resources office by the person in charge of the relevant Area, in the case of a position in Italy, and by the Desk Officer/Regional Manager and by the Financial Director, in the case of expatriate personnel; (vi) before drafting the contract the Human Resources officer requests confirmation from the external consultant about the duties and retribution proposed; (vii) overview of the contract drawn up by the Personnel office is done by the Financial Director; (xi) signing of the contract is done by the Secretary General; (xii) the Personnel office communicates details of the new employee to the external consultant; (xiii) the external consultant communicates details of the new provincial employment agency; (xiv) the Personnel office communicates details of the new employee to the Ministry of Foreign Affairs (if employed on a contract of collaborator on development project); (xv) the Human Resources function assures the training for the integration of the new employee; (xvi) archival of employment contracts is the responsibility of the Personnel officer.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to a consolidated standard operating procedure. Only the activity referred to in the stipulation of contracts with expatriate collaborators is regulated by AMPE 7 “Norma personale” and related annexes.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

The traceability of the process under review is guaranteed i) the Personnel Office staff archives contracts with employees/collaborators.

Person responsible in the sensitive process:

Person responsible for the process: the Personnel Officer.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

Transmission of the six-monthly final balance of personnel, distinguishing by qualification and category.



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9.6. Administrative management of personnel

Description of the process and segregation of duties:

The process of administrative management of personnel is divided and segregated as follows: payments (i) the Human Resources office sends information relative to illness, holidays and leave to the external consultant responsible for administration of personnel; (ii) the external consultant prepares payslips; (iii) the Human Resources office checks the payslips; (iv) the Human Resources office sends the payslips to the General Accounting office to process for payment; holidays, leave and illness (v) the individual employee fills in the appropriate form to request holidays or leave; (vi) holidays and leave are authorized by the person in charge of the Area and by the Secretary-General; (vii) the individual employee notifies the Human Resources office of absences due to illness; (viii) the Human Resources office examines and extracts the medical certificate from the INPS portal; (ix) the Human Resources office communicates details of the illness to the person responsible for the Area; (x) the Human Resources office updates the attendance register.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to AMPE 1 Procedure “Norma orario di lavoro, ferie e permessi”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by i) paper archival of the registers of employees and collaborators, as well as attendance registers, in the Human Resources office; ii) paper and/or electronic archival of all documentation necessary for the administrative management of personnel.

Person responsible in the sensitive process:

Person responsible for the process: Person in charge of Human Resources.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. transmission of an annual list of employees and collaborators of AVSI, distinguishing between personnel operating in Italy and expatriates, as well as further indication of the types of contract.

9.7. Authorization of reimbursements and personnel advances

Description of the process and segregation of duties:

The process of authorization of reimbursements and personnel advances is divided and segregated as follows: reimbursements (i) individual employees/collaborators fill in claim forms for the expenses; (ii) the employees/collaborators then send the forms and the relative supporting documentation to the Human Resources office; (iii) the Personnel office verifies the correctness of the data; (iv) the correctness of the reimbursements is approved by the person responsible for the Area (for personnel at the Italian offices) or by the Desk Officer/Regional Manager (for expatriate



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personnel); (v) the Financial Director authorizes the reimbursements; (vi) the Human Resources office informs the external consultant of the amount of the reimbursements; (vii) the consultant prepares payslips to include the value of the reimbursements, and sends them to the Human Resources office; advances (viii) the employee sends a request for an advance by e-mail to the person in charge of administration; (viii) the Desk Officer/Regional Manager or the person in charge of the Area sends the request for the advance by e-mail to the external consultant; (ix) the delivery of the advance is done by the person in charge of administration, who gives the employee a receipt for the delivery of the amount. Transfers and missions (xi) the Desk Officer/Regional Manager or the person responsible for the Area authorizes the Italian employee/collaborator to effect transfers (trips in Italy), while for missions (trips abroad) the written authorization of the Secretary General is also necessary; (xii) an expatriate employee who must travel in the same continent where he/she works must be authorized by the Country Representative or the Desk Officer/Regional Manager, while, in the case of intercontinental travel, he/she must be authorized by the Desk Officer/Regional Manager; (xiii) the employee/collaborator communicates the details of the transfer to the Personnel office and to the Logistics/Procurement Department office; (xiv) Activation of necessary insurance is done by the Human Resources office; (xv) Purchase of airplane tickets is done by the Logistics/Procurement Department office; (xvi) delivery/dispatch of the airplane tickets to the employee is done by a representative of the Logistics Department office, who obtains a signature for receipt thereof; (xvii) at the end of the trip/mission, the employee delivers/sends the boarding documents to the Logistics/Procurement Department.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to AMPE 9 Procedure “Rimborso spese per trasferte e missioni” and AMPE 16 Procedure “Norma Viaggi”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by i) paper and/or electronic archival of all documentation necessary to the function by the Personnel office and the Logistics/Procurement Department.

R Person responsible in the sensitive process:

Person responsible for the process: Person in charge of Personnel.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Six-monthly transmission of the list of missions to foreign countries, including the names of the employees/collaborators and the applicable project.

9.8 Management of registered fixed assets

Description of the process and segregation of duties:

The process of management of fixed assets is divided and segregated as follows: (i) signing of long-term lease by the Secretary-General; (ii) booking the car or the scooter



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on the appropriate calendar by the employee/collaborator involved; (iii) the keys of the vehicle allocated to the Cesena office are kept by the person in charge of the Cesena office; (iv) the keys of vehicles allocated to the Milan office are kept in the Logistics/Procurement Department; (v) authorization for the use of vehicles is the responsibility of the person responsible for the Cesena office and the person responsible for the Logistics/Procurement Department.

In addition, one car is assigned for the exclusive use of the Secretary General.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

The traceability of the process under review is guaranteed by i) the Logistics Department office for the Milan office ii) the person responsible for the Cesena office.

Person responsible in the sensitive process:

Person responsible for the process: Coordinator of Logistics/Procurement Department.

Information flows to the Supervisory Body:

No specific information flows are expected.

9.9 Obtaining and maintaining authorizations, accreditations, and licenses

Description of the process and segregation of duties:

The process of obtaining and maintaining authorizations, accreditations and licenses is divided and segregated as follows: (i) applications to obtain authorizations, accreditations, and licenses are signed by the Secretary-General; (ii) formal management of relationships/correspondence with the Public Administration, and the dispatch of documentation to obtain authorizations, accreditations and licenses is carried out by the relevant function (for recognition as a Non-Governmental Organization (NGO) as per Act 49/87), and of the Head of International Adoptions (for authorization to perform the activities relative to International Adoptions under Art. 39 of Act 184/83); (iii) preparation and dispatch of documentation is a task of the Logistics/Procurement Department; the management of deadlines for obtaining and maintaining authorizations, accreditations and licenses is a task of the Executive Secretariat and of the Secretariat of the International Adoptions Department.

In the case of events organized by volunteers in the ambit of the Tents Campaign, (iv) the Secretary-General mandates the volunteers to perform the bureaucratic activities connected to organization of the events, and expressly delegates the volunteers to perform the actions involving SIAE; (v) based on this mandate/delegation, the volunteers make applications to, and interface with, Local Authorities, Authorities of Public Security, or the SIAE in the name of, and on behalf of AVSI, to obtain authorization for the use of spaces and for the organization of events.



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Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

The traceability of the process under review is guaranteed by (i) the Logistics Department office as well as the Secretary-General of International Adoptions, who manage deadlines for the submission of renewal requests and/or maintenance of authorizations granted by the organizations, and initiates the documentation for possible new requests for authorizations or accreditations; ii) The Fund Raising function performs the role of person in charge and support for volunteers in the performance of these practices.

Person responsible in the sensitive process

Person responsible for the process: Secretary General.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Notify the Supervisory Body whenever the authorizations/licenses of the Foundation are being renewed or maintained.

9.10 Relations with the Public Administration and inspection visits in Italy and in offices abroad

Description of the process and segregation of duties:

The management of inspection visits is divided and segregated as follows: inspection visits in Italy (i) welcoming the officials tasked with performing the inspection or verification, and calling the person responsible for the relevant Function/Area, is done by the person at the entrance; (ii) management of the inspection/verification is done by the person responsible for the relevant Function/Area or, in case of his/her absence, by the Head of the Logistics Department office; (iii) signature of the relative documents presented by the inspectors is done by the Secretary-General or by persons delegated by the Secretary-General; (iv) communication and transmission of documents and information relevant to the inspection/verification is done by the Secretary General and the Financial Director; (v) signature of possible documentation to be sent to the authority that effected the inspection/verification is done by the Secretary-General or by persons delegated by the Secretary-General; (vi) archival of documentation and possible directives is done by the Logistics Department office.

In the case of inspection visits in foreign countries: (vii) management of the inspection/verification is done by the Project Managers or the Country Representative; (viii) signature of the relative documents presented by the inspectors is done by the Country Representative; (ix) communication and transmission of documents and information relevant to the inspection/verification to the Desk Officer/Regional Manager, and the Secretary General; (ix) signature of possible documentation to be sent to the authority that effected the inspection/verification is done by the Country Representative; (x) archival of documentation and possible



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directives is done by the Head of Project or the Country Representative; (xi) transmission of a copy of the documentation to the Logistics Department office in Milan is done by the Country Representative.

Relationships with public bodies in Italy: It often happens that the AVSI Foundation enters into contracts of collaboration with public authorities. In these cases (i) signature of the agreement is the function of the Secretary-General; (ii) the performance of the contracts is managed by a person clearly identified by the Function/Area involved in the agreement.

Relationships with foreign public bodies in the development and performance phases of local projects: (iii) contacts with local authorities to obtain necessary information to formulate development projects are managed by the Country Representative; (iv) during trips abroad, possible contacts with local authorities are managed by the Desk Officer/Regional Manager; (v) in the case of projects performed by multinational groups, all relationships with local public organizations are managed directly by the company with which AVSI collaborates; (vi) in the performance of projects financed by institutional donors, possible relationships with local authorities are managed by the Country Representative in collaboration with the local partner.

Existence of procedures/guidelines/standard operating procedures:

the activities described above are performed according to the principles of the Code of Ethics, to the proxies and powers conferred to the Secretary General and to Country Representatives, as well as according to a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by: i) the Logistics Department office archives all documentation relative to inspections carried out by the Public Administration in Italy; ii) the Country Representative for documentation relative to possible local inspections (copies transmitted to the Italian head office).

Person responsible in the sensitive process:

Person responsible for the process: for foreign inspections the responsible party is the Desk Officer/Regional Manager, for inspections in Italy the responsible person is the Secretary General.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

Communicate to the Supervisory Body, with transmission of relative documentation, relating to inspections received both in Italy and in foreign countries.



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9.11 Participation in tender bids for the performance of international projects

Description of the process and segregation of duties:

9.11.1 Projects of international cooperation

The process of participation in tender bids for the performance of projects with international cooperation is divided and segregated as follows: (i) the Project Department monitors the sites of the main national and international donors and selects certain tender bids which communicates to the appropriate Desk Officers/Regional Managers and to the Project Department Coordinator, based on the country in which the project is to be carried out; (ii) an evaluation of the potential viability of the project and a preliminary plan of the work is carried out by the Desk Officer/Regional Manager in collaboration with the Country Representative; (iii) if the evaluation of the potential viability is positive, the Project Department Coordinator in accordance with the Desk Officer/Regional Manager appoints a person responsible for the preparation of the project proposal with the following tasks:

1. Definition of the Project Task Force.
2. Development of a work plan with a clear division of tasks, and control that the work is properly carried out.
3. Definition or the timing for the delivery of documents (e.g. logical framework, text, budget, annexes, support letters, declarations....)
4. Organization of verification points to check the progress of the work together with the Project Task Force and partners (co-applicants), if any, through conference calls or e-mails.

(iv) definition of the work team and identification of possible external consultants is done by the Desk Officer/Regional Manager and the Country Representative; (v) possible selection and drawing up the contract/letter of appointment of the consultant according to the “Norma acquisti” Procedure is done by the Logistics/Procurement Department or by the Tender Management Committee; (vi) a first draft of the project is done by the work team; (vii) examination of the first draft is done by the Desk Officer/Regional Manager together with the Country Representative; (viii) development of the project, including the financial summary, is done by the responsible for the project preparation; (ix) “sharing” phase – the text of the project is reviewed by a person of AVSI aiming at improving the proposal; (x) approval of the project is done by the Financial Director, the Desk Officer/Regional Manager; (xi) submission of the project and preparation of accompanying letter is done by the Secretary General; (xii) dispatch of the project and of all attached documentation to the donor who called for the tender is done by the Desk Officer/Regional Manager; (xiii) dispatch of the project proposal along with all relevant documentation to the Secretary of the Project Department is done by the Desk Officer/Regional Manager; (xiv) when the tender is awarded, the Secretary General signs the contract with the Donor.

9.11.2 Projects in collaboration with multinational corporate groups – additional activities

The process provides: (i) signature by the Secretary-General of a framework agreement, i.e. an agreement with a corporate group, for the provision of baseline studies and environmental impact studies; (ii) receipt directly of the order of service by the AVSI employee responsible for the specific project; (iii) reception of an



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invitation for AVSI to participate in a tender bid. In both cases (iv) the person in charge of relationships with the Corporation trains the work team; (v) if necessary, the person in charge of relationships with the Corporation proposes the purchase of consultancy services to the Logistics Department office; (vi) the Logistics Department office and the person in charge of relationships with the Corporation collaborate in the research and selection of consultants; (vi) the consultants send an offer to the Logistics Department office; (vii) the selected consultant's offer complements the offer which will be presented to the corporation; (viii) project planning, composed of the technical offer and the commercial offer, is done by the person in charge of relationships with the Corporation, in collaboration with the Country Representative if present in the country to which the project refers; (ix) sharing the project with the Secretary General, the Coordinator of the Project Department and the Financial Director; (x) signing of the offer by the Secretary General; (xi) sending e-mail of acceptance of the offer or of award of the tender to the person in charge of relationships with the Corporation; (xii) archival of acceptance of the proposal or of the award of the tender and project planning of the contract with the consultant is done by the Financial Director and the person in charge of relationships with the Corporation; (xv) signing of the contract with the consultant is done by the Secretary-General; (xvi) before the start of every contract there will be a 'kick off meeting' to start the activity, in which the whole working team will participate, in order to plan the activity; (xvii) the person in charge of relationships with the Corporation sends the minutes to the meeting participants for information; (xviii) at the agreed due date of every payment, the person in charge of relationships with the Corporation makes a statement of the progress of the work so that it can be approved by their counterpart at the Corporation with which AVSI is collaborating; (xix) subsequently, the person responsible for project accounting issues an invoice, which he sends directly to the suppliers department of the Corporation; (xxi) the details of the statement of the project is archived by the Country Representative or the person in charge of relationships with the Corporation.

Existence of procedures/guidelines/standard operating procedures:

The activities indicated above are regulated by the procedures of the Quality System, contained in the Quality Manual. Relationships with Corporations are conducted in conformity with the clauses specified in the framework agreements or contracts, and in a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by i) the Secretary of the Project Area who retains all documents necessary to the preparation of the documentation of the project; ii) the archival of documentation relative to the relationships with the Corporation is done by the relevant focal point.

Person responsible in the sensitive process

Person responsible for the process: Project Department Coordinator.



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Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Six-monthly report to the Supervisory Body of the list of tenders in which the Foundation has participated.
- Six-monthly report to the Supervisory Body of the tenders the Foundation has been awarded.
- Annual report to the Supervisory Body of the list of the orders of service executed in favor of Corporations with which AVSI collaborates.

9.12 Execution and reporting on project activities

Description of the process and segregation of duties:

The process of executing and reporting on projects is divided and segregated as follows: (i) the Country Representative and the Desk Officer/Regional Manager arrange the initial Financial Scheduling of the project (provision for remittance of, and accounting for, funds); (ii) the Financial Scheduling is then shared with the Financial Director; (iii) opening of a new project with dispatch of the “Summary data of the project” and the “movement forecast” to the Project Accounting office by the Desk Officer/Regional Manager; (iv) a member of the Accounting office creates the codes of the cost centers in the computerized management system and enters the budget data and the financial planning of the project; (v) every month the Country Representative sends to the Desk Officer/Regional Manager, to the Financial Director, and to the Head of Project Accounting the form containing the Reporting Schedule (analytical list of expenses with supporting documents); (vi) every three months the Country Representative sends to the Desk Officer/Regional Manager, to the Financial Director, and to the Head of Project Accounting, the summary of activities performed locally; (vii) the Head of Project Accounting sends the participants of the PFPE meeting; the summary schedule of the income and expenditure movements forecast for the project in the following three months, as well as the schedule of funds remitted, to confirm the transmission of the funds agreed at the previous meeting; (viii) invited to attend the PFPE meeting are the Secretary General, the Financial Director, the Head of Project Accounting, the Desk Officers/Regional Managers, the Head of General Accounting, the Project Department Coordinator, the Distance Support Program Coordinator, the Fund Raising Coordinator, and the Supervisor of local offices’ management who decide and define the transmission of funds to the site; (ix) the Head of Project Accounting keeps the minutes of the decisions taken at the meeting and sends them to the participants; (x) based on the decisions taken at the meeting, the Area Desk compiles the Request for Transmission of Funds form; (xi) the Financial Director countersigns the Request for Transmission of Funds form, thus authorizing the transfer of funds, after making an additional cross-check between the report presented by the local office and the balance on the bank accounts dedicated to the project; (xii) for projects implemented by AVSI, but for which the contracts are signed by the local office of AVSI, the Desk Officer/Regional Manager and the Country Representative must send to the Secretary of the Project Department and to the Supervisor of local offices’ management all the documentation produced during the implementation phase of the project.



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Existence of procedures/guidelines/standard operating procedures:

the activities described above are controlled by the procedures AMPE 20 “Norma budget progetto”, PROG 1 “Preparazione budget e rendiconto progetti” and PROG 2 “Approvazione e avvio nuovi progetti”, as well as AMPE 6 Procedure “Programmazione finanziaria e personale espatriato” (PFPE), AMPE 8 “Budget e Reporting”, only as a reference to the Projects Area, AMPE 11 “Gestione in loco dei progetti e delle sedi locali” and AMPE 18 “Norme per acquisto beni, opere e servizi”. Each local office must adopt an Operating Manual, on the basis of AMPE 11 Procedure, which must be approved by the Secretary-General of AVSI. The countries where projects are directly managed and financed by the local office must comply with directions on debit/credit regulation included in the AMPE 19 Procedure “Modelli rendiconto progetto, scritture contabili, gestione debiti/crediti”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i)* the Secretary of the Projects Area conserves all the documentation of the project both in paper form and in computerized form; *ii)* the Administration Office archives the requests for transfers of funds, and all documentation relating to the project accounting.

Person responsible in the sensitive process

Person responsible for the process: Person responsible for Project Accounting

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Six-monthly report prepared for the PFPE (Financial Planning and Expatriate Staff) meeting.

9.13 Fund raising, receiving donations, and distance support

Description of the process and segregation of duties:

The process of fund raising, receiving donations, and distance support is divided and segregated as follows: (i) the person in charge of the Tents Campaign signs a mandate for volunteers to raise funds; (ii) the Secretary-General signs the appointment of one volunteer per city; (iii) volunteers and/or the person in charge locally organize events to raise funds; (iv) staff of the Fund Raising office perform secretarial/support functions for the volunteers; (v) funds collected and donations received by the volunteers are sent by bank transfer, cheque or deposit to AVSI; (vi) after every event, a member of the Fund Raising office performs a *follow up* activity to improve the network of contacts.

As regards private donors (vi) the Sponsor/Back Office Area and the Private Partnership area manage the database of all the donors in contact with AVSI; (vii) the Private Partnership Area, supported by the Desk Officer/Regional Manager prepare a presentation of an AVSI project for the purpose of asking support from a donor; (viii) if the donor accepts, an agreement is drawn up by the Private Partnership Area of the



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Fund Raising Department; (viii) the Fund Raising Coordinator supervises agreements with private donors; (ix) signature of agreements with private donors is done by the Secretary General; (x) as regards the collection of funds through call for proposals, the preparation of projects for public or private tenders takes place under the care of the Fund Raising staff (with methods analogous to those already described in para. 9.11); (xi) a member of the Fund Raising Department prepares a weekly schedule summarizing income and payments of the Fund Raising Department and participates at a meeting with the Administration Office in support of the activity of allocating donations received but not matched to a specific project; (xii) the Administration Department sends the Fund Raising Department a summary report of private donations received; (xiv) at the request of the donor, a member of the Fund Raising Department prepares the certification that the donation was made to obtain the fiscal benefits, and sends the document to the Administration Department; (xv) signature of the certification is done by the Financial Director or his assistant; (xvi) a member of the Fund Raising office sends the certification to the donor.

Distance Support: (i) the local coordinator selects the children who can be adopted at a distance; (ii) the local coordinator sends schedules containing information relative to children who need distance support to the Distance Support office; (iii) the supporter completes the membership form of the Distance Support project; (iv) a member of the Distance Support office matches a child and a supporter and sends the supporter the schedule of the child with a covering letter; (v) a member of the Distance Support office sends the supporter periodic information about the child and about the projects which AVSI is developing in the country of origin of the child, as well as the final report at the end of the support project; (vi) a member of the Distance Support office constantly monitors the bank accounts dedicated to Distance Support, managing the analytic allocation of collections by means of the computer program I SAD; (vii) periodically a member of the Distance Support office extracts accounting data and merges them into AVSI's accounting system; (viii) further checks on the bank accounts are done by the Administration office; (viii) the person in charge of Distance Support participates at the PFPE meeting.

Existence of procedures/guidelines/standard operating procedures:

The process of fund raising through the Tents Campaign is controlled by the FURA regulations and in particular by the procedure "Tents Campaign Fund Raising Regulation", which must be signed in acceptance by the volunteers.

The Distance Support activity is carried out with respect for the AVSI guidelines for Distance Support – provision PROG 3/2009.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed *i)* by the Fund Raising function which manages the paper and electronic archival of documentation relative to the Tents Campaign, as well as the database of contacts, of agreements, and of projects relative to private donors; *ii)* by the Distance Support function which manages the archival of contacts of supporters, of beneficiaries, and of the accounting data of amounts received.



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Person responsible in the sensitive process

Person responsible for the process: Fund Raising Coordinator.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

Six-monthly list of private donors who are juridical persons, as well as donors/public sponsors, with indication of the amount donated/financed and of the relevant project.

9.14 International Adoptions

Description of the process and segregation of duties:

The process of International Adoptions is divided and segregated as follows: (i) couples aspiring to adopt provide the initiative for the process by contacting the International Adoptions Area of AVSI; (ii) the Foundation organizes informative courses for interested couples; (iii) after obtaining the Decree of Suitability from the Juvenile Court and after an evaluation by AVSI operators regarding the real possibilities of fulfilling the requests, the couples assign to AVSI the task ex art. 31 L. n.184/83, of attending to the adoption; (iv) signature of acceptance of the assignment is done by the Secretary-General or his proxy; (v) at AVSI's request, the couple provides the Foundation with all the documentation necessary to proceed with the adoption for the country selected by the couple; (vi) the person locally responsible, based on a contract with AVSI, presents the adoption request and all the necessary documentation to the appropriate public authorities in the country of reference; (vii) after approving the documentation, the foreign authorities add the couple to a waiting list for the subsequent matching of the couple to a child; (viii) during the phase of retrieval of a matching proposal AVSI monitors conditions and requirements that ensure the success of the process. In case adverse circumstances occur, AVSI shall promptly inform the couple; (ix) the person locally responsible receives the matching proposal and checks that it is accompanied by all the information regarding the health of the child, regarding the family of origin of the child, and regarding the life experiences of the child; (x) a representative of the International Adoptions Area communicates the matching proposal to the couple gives them the documentation regarding the child; (xi) the couple must present a written declaration in which they accept or refuse the matching proposal; (xii) the person locally responsible presents the couple's declaration to the foreign Public Authorities; (xiii) the Public Authorities of the foreign country ratify the match; (xiv) the couple organizes, autonomously or with the logistic support of AVSI staff, to travel to the country of origin to meet the child together with the person locally responsible; (xv) because a trip must be organized, it is necessary that dates of meetings and hearings be fixed, so that the person locally responsible requests the local Authorities for permission to see the child during the couple's trip, as well as requesting that a date be fixed for a hearing at which the adoption is finalized; (xvi) the person locally responsible assists the couple during their stay in the country; (xvii) the person locally responsible prepares the request for authorization to be presented to the CAI (Internal Adoptions Commission) for the minor child to enter and reside in Italy; (xviii) a representative of the Secretary of the International Adoption Area presents the request by entering it on the CAI



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portal together with documentation supplementary to the necessary foreign documentation; (xix) a representative of the Secretary of the International Adoption Area sends the authorization to the embassy in Italy of the country of origin of the child, and to the person locally responsible; in any case, the authorization of entry and of permanent residence permit are transmitted in digital format by CAI to the Italian Embassy in the foreign country, to the competent Juvenile Court and to the organization in charge of the adoption procedure. Every step (matching, following of the procedure, appointment etc.) is transmitted digitally to CAI and by post to the Juvenile Court and to the social services; (xx) upon return to Italy, the parents must request from the court the decree of “efficacy” ratifying the decree of adoption issued by the foreign country (the child becomes to all effects an Italian citizen) and from the city of residence the certificate of citizenship; (xxi) during the post-adoption period the person in charge delivers to the relevant foreign authority the report on the progress of the adoption.

As regards payments: (i) a member of the Administration Office manages the accounting schedules of the couples and monitors the receipts, periodically providing to the administration of the International Adoptions Area the accounting schedule of each couple; (ii) a representative of the International Adoptions Area participates in the monthly financial planning meeting, preparing an accounting for each couple, in which is also noted the amount that must be transferred to the person locally responsible to pay for the local documentation; (iii) the representative of the Administration Office sends the funds to the person locally responsible; (iv) the Administrative representative certifies settlement of the costs borne by the couple for the purposes of fiscal deductibility of expenses incurred by adoptive parents to complete the adoption process; (v) the representative of International Adoption sends the certificate and the relative documentation to the Administration Office; (vi) after the Financial Director has checked the documentation, the Secretary-General signs the certificate.

Treatment of personal information: (i) the couples authorize Avsi to manage their sensitive personal information by signing information and consent forms at the time of conferring the mandate; (ii) the transmission of information by the AVSI Foundation to CAI takes place through computer processes that are only accessible by means of authentication keys released by the President of the Council of Ministers; (iii) the paper records containing sensitive personal information are stored in appropriate filing cabinets, the keys of which are entrusted to the person in charge of the International Adoptions office; (iv) the personal particulars are entered in a database in a section of the Server to which access is permitted only through appropriate computer authentication procedures, and only to personnel directly authorized to deal with this information.

Existence of procedures/guidelines/standard operating procedures:

The activities of International Adoptions are governed by the ADIN 1 “Norma Adozioni Internazionali” Procedure and related annexes. In addition, there is a “Sensitive Personal Information Management Procedure”, annexure 2 of DPS of Avsi, for the management of the sensitive data of minors.



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Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i)* the archival of the documentation by the secretary of the International Adoptions Area; *ii)* the archival of accounting documentation by the Administration Office.

Person responsible in the sensitive process

Person responsible for the process: Person in charge of International Adoptions.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

Annual transmission of the list of all adoptions effected.

9.15 Relationships with control bodies and Quality System process audit management

Description of the process and segregation of duties:

The process of managing the relationships with the control bodies and of the audit processes performed by external agencies is divided and segregated as follows: (i) the Head of the Quality System has the task of assisting the audit group during inspection visits; (ii) the Head of the Quality System co-ordinates the functions subject to inspection with regard to potential requests for corrective actions and oversight of their completion;

Internal Audits: (i) every year the Secretary-General, together with the Head of the Quality System, proposes to the Board of Directors a program of audits, identifying the individuals to task with the implementation of the audit activity; (ii) the Board of Directors approves the plan proposed by the Secretary-General; (iii) the Head of the Quality System is the reference point and interface for those who must perform the audit and for the functions under evaluation; (iv) at the conclusion of the activity, the personnel tasked with the performance of the audit prepare a detailed report containing the results of the audit, which is presented to the Board of Directors and to the Head of the Quality System; (v) the Head of the Quality System communicates the report to the departments/areas subject to audit; (vi) the department which is being audited is responsible for defining, planning and carrying out the actions necessary to resolve the lack of conformity revealed during the audit; (vii) the Secretary-General and the Head of the Quality System add the corrective action to the audit program for the following year.

Existence of procedures/guidelines/standard operating procedures:

The activity of managing relationships with the control bodies and the Quality System audits is regulated by the Quality Manual.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:



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the traceability of the process under review is guaranteed by i) the office of the Project Area for documentation relative to audits of external organizations; ii) the Quality System function for documentation relating to internal audits.

Person responsible in the sensitive process

Person responsible for the process: Head of the Quality System.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Transmission of the reports of the audits drafted by the auditors appointed by the donors;
2. Annual transmission of the internal audit plan.

9.16 Editorial activities, publications and research studies

Description of the process and segregation of duties:

The process of editorial activities and management of publications is divided and segregated as follows: (i) initial meeting attended by the editorial staff to decide which topics to discuss in the magazine; (ii) development of the page layout of the magazine by an editorial committee (external consultant in collaboration with a person from the Communications Department); (iii) the page layout is shared with the Communications Director, the Secretary General and the people in charge of the areas to which various articles refer; (iv) a person from the Communications Department, with the support of an external consultant, makes the graphic page layout of the magazine; (v) the Communications Department requests authorizations for publication of the scientific contents or the scientific results of others, as well as logos of donors and supporters; (vi) after checking, the Director of the magazine authorizes the printing of the magazine; (vii) an external supplier arranges the printing and distribution of the magazine; (viii) a weekly meeting of the Communications Director and the department staff is held to decide the content to post on the web site; (ix) the Communications Department update the content of the web site and send out newsletters to all contacts present in the Avsi database.

Research studies (Knowledge Center): (i) the staff of the Knowledge Center gather data and documents, and, starting from the project-end reports produced by Heads of Project Heads and/or Country Representatives they prepare reports of analyses and of summaries; (ii) the Director of the Technical Operational Committee supervises the activities of the Knowledge Center staff; (iii) the Knowledge Center staff organize an annual encounter for the purpose of spreading the experiences and the results that emerged as outcomes of the work performed; (iv) the Knowledge Center staff organize internal training sessions that involve local operative realities; (v) at the request of institutional donors, the Knowledge Center staff often prepare papers of in-depth discussions on topics integral to the activities performed.

Existence of procedures/guidelines/standard operating procedures:

The editorial and management activities of publications, and of research studies are performed according to a consolidated standard operating procedure which is



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consistently followed by all operators as well as according to all directions included in ODS 1/2016 “Proprietà intellettuale”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by the Communications Department which maintains paper and electronic archives of all brochures and publications produced.

Person responsible in the sensitive process

Person responsible for the process: Communications Director.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Sending the magazine “Buone Notizie”;

9.17 Balance sheet and fiscal administration

Description and segregation of duties:

The process of preparation of the balance sheet is articulated and segregated as follows: (i) the Administration Department with, if necessary, the support of Coordinators of other Departments, collects the documentation and the accounting information on their area of competence that are necessary to the drafting of the balance sheet; (ii) draft of the balance sheet by the Financial Director in collaboration with the Head of General Accounting and the Head of Project Accounting; (iii) the report on the management is written by the Head of the Board of Directors; (iv) the draft of the balance sheet including the inclusory note is submitted to the Auditing Agency; the draft of the balance sheet is then sent to the Noard of Auditors for the preparation of the Board of Auditors' report; (vi) the draft of the balance sheet, now including the inclusory note and the the report on the management, is again shared by the Chief Operating Officer and the Secretary General; (vii) the balance sheet is submitted to the Meeting of Founding Members for approval and, for information, to the Committee of Partners; (xiv) signature of the balance sheet and the inclusory note by the Secretary-General; (xv) certification of the balance sheet by the Auditing Agency; (xvi) the local offices see to their own balance sheet; (xvii) signature on the balance sheet of the local office by the Country Representative; (xvii) audit of the balance sheet by local Auditing Agencies; (xix) dispatch of the balance sheet to the Administration Office of AVSI Italy; (xx) setting up of a consolidated balance sheet by an Auditing Agency.

Management bodies of the Foundation: (i) the Executive Secretariat prepare and send out the notifications of meetings of the Board of Directors, the Meeting of Founding Members and the Committee of Partners; (ii) the agenda of the BoD, the BoF and the BoP is set by the President and the Secretary General; (iii) the minutes of the BoD meeting are drafted by the Executive Secretariat; (iv) the minutes of the BoD meeting



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are approved by all the participants; (v) signature of the minutes by the Secretary General and the President of the BoD; (vi) the minutes of the BoF and the BoP are drafted by the Executive Secretariat; (vii) signature of the minutes by the President of the BoD and the Secretary (Executive Secretariat).

Fiscal administration: (i) the person in charge of the Human Resources Department sends to the external consultant the information of the employees/collaborators of the Foundation; (ii) the external consultant prepares the forms for the payment of contributions and duties and sends them to the Personnel office; (iii) the person in charge of Personnel checks the forms and sends them on the Administration Office; (iv) the external consultant prepares the income tax return, the withholding agent tax return and the VAT declaration form; (v) dispatch of return forms to the Administration Office for control; (vi) signature of fiscal declarations by the Secretary-General; (vii) submission of declarations by the external consultants.

Existence of procedures/guidelines/standing operating procedures:

the drafting of the balance sheet and the fiscal administration are implemented according to a consolidated practice constantly complied with by all the operators.

Traceability and ex-post verifiability of the activities by means of adequate documentation or electronic records:

the traceability of the process under review is guaranteed by i) the archival of the accounting books by the Executive Secretariat; ii) the archival of income tax return on the part of the Administration Department.

Person responsible in the sensitive process:

Person responsible in the sensitive process: Financial Director.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Transmission of the reports of the audits as approved by the Board of Directors for the submission to the Meeting of Founding Members.

9.18 Management of relationships with AVSI branches

Description of the process and segregation of duties:

The management of the relationships with AVSI branches is divided and segregated as follows: (i) the relationships with AVSI branches mainly involve the Secretary General and the Country Representative to whom legal representation of the Foundation and specific powers have been delegated and that he/she shall exercise in the country under his/her jurisdiction; (ii) the Country representative is also responsible for the staff working at the branch, both employees with administrative tasks and those involved in specific projects; (iii) with regard to intercompany cash flows, they are related to the staggered transfer of part of the funds that have been allocated/donated for the implementation of specific projects; (iv) with regard to the



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payments received from Italy, the Administration Department, in the framework of the PFPE (Financial Planning) meeting, monitors the progress of projects and on the basis of the financial reports received, transfers tranches of contributions to the branches; (v) the Administration Department calculates and retains a percentage from each contribution received in order to cover organization expenses of AVSI office in Italy which provides a support function and the management of the implementation of each project at the central level; (vi) if the disbursement of funds or donations for a project is provided directly to the branch, the Country Representative and the Operations Manager record the amounts received in their accounts as well as costs incurred for the implementation of the project under the supervision of the Administration – Relationships with Local Branches Department; (vii) even in the case of funds received locally, the branch transfer a fixed percentage of the amount received to AVSI Italy as a contribution for the expenses incurred at the central level; (viii) in all cases, except in duly justified ones, debit/credit regulation is adopted. Payments are always made through transfers towards bank accounts in order to ensure adequate traceability.

Existence of procedures/guidelines/standard operating procedures:

the activity of managing relationships with AVSI branches is regulated by two specific Procedures: AMPE 11.2- 2005 “Norma sedi locali” and AMPE 19 – 2013 “Norma Modelli Rendiconto PRG, Scritture Contabili, Gestione Debiti-Crediti”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i*) the use of a financial reporting model (Modello Rendiconto PRG) that allows the update of accounting in Italy, and is a financial planning tool for the transfer of funds for the subsequent period. *ii*) all operations are made through bank transfers.

Person responsible in the sensitive process

Person responsible for the process: Person responsible for Management of Relationships with AVSI branches

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Prompt notification of possible violations or faults related to the accounting system of the local branches;
- Submission of the annual report on the analysis of the accounts of the local branches.

9.19 Management of the IT system

Description of the process and segregation of duties:

The management of the IT system is divided and segregated as follows: (i) the IT equipment is managed and monitored internally by the General Services function,



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which installs new computers and arranges access to the server, using information procedures; (ii) an outside company provides technical assistance for the equipment and the systems; (iii) the use of software licences is verified and continually monitored by the Head of the IT function; (iv) the technical management (assistance and maintenance) of the web site is done by an outside company; (v) the content of the web site is managed by the staff of the Communications office; (vi) Avsi has nominated a “Custodian copies of the authentication credentials”, pursuant to lgs. d. no.196/2003.

Existence of procedures/guidelines/standard operating procedures:

the activity of managing the IT system is regulated by provision “AVSI network analysis and procedures active at December 31, 2015” and updated annually. The security of the sensitive information contained in the Avsi database is regulated by the DPS ('Documento Programmatico della Sicurezza' adopted as per lgs. d. no. 196 of 2003).

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i)* the use of a server subdivided into system folders which can be accessed only by employees/collaborators who have been authorized in terms of an appropriate IT authorization procedure; *ii)* the archival of IT procedure manuals and all the documentation concerning the correct implementation of legislation about Privacy, including the DPS and guaranteed by the Logistics Department office.

Person responsible in the sensitive process

Person responsible for the process: Person responsible for IT services.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

- Prompt notification of possible violations or attempted violations of the IT system, or intrusions into secret areas of the server with violation of access rights.

9.20 Management of refuse

Description of the process and segregation of duties:

The management of refuse is divided and segregated as follows: (i) the cleaning company both in the Milan office and in the Cesena office, attends to the disposal of solid urban refuse; (ii) the disposal of toner cartridges and paper is done by third parties on the basis of a contract; (iii) the contracts with the cleaning companies, and with the toner disposal companies are signed by the Secretary-General or by the person in charge of the Cesena office; (iv) signature of forms related to refuse for the Cesena office is done by the person in charge of the Cesena office; (v) signature of forms related to refuse for the Milan office is done the Secretary General.

Existence of procedures/guidelines/standard operating procedures:



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the activities of refuse management are performed according to a consolidated standard operating procedure which is consistently followed by all operators.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i*) archival of contracts with the cleaning companies and with the toner disposal companies is done by the Administration Office for the Milan office, and by the person in charge of the Cesena office; *ii*) archival of forms related to refuse is done by the Logistics Department office (for the Milan office) and by the person in charge of the Cesena office.

Person responsible in the sensitive process

Person responsible for the process: the Head of Logistics Department, and the person in charge of the Cesena office.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

1. Transmission of copies of the contracts entrusting the disposal of refuse to external consultants/companies;
2. Transmission of copies of mandatory declarations.

9.21 Management of safety

Description of the process and segregation of duties:

The management of the processes involved in the prevention of, and the protection against, accidents and occupational illnesses for the safeguarding of health and safety in the workplace was prepared as provided, in particular, by art. 30 of lgs.d. no. 81/08, for the purpose of reducing the risk of occurrence of crimes of manslaughter or intentional serious and severe injury. For that purpose, specific procedures were adopted for the management of aspects connected to the health and safety of workers, and specific protocols of registration of the activities in full compliance with the Guidelines UNI – INAIL 2001.

SSL-01 – Planning

Policy and Goals: the policy and the goals are contained in the DVR (Risk Assessment Document), in which is described the technical improvement plan which the Foundation must follow. Other than those which were defined with the RSPP at the time of appointment, the principal points of labor regarding security have been defined on the basis of evaluations performed at that time. The goals are evaluated annually at the time of the regular meeting, and inspections are carried out to verify the state of progress of work with respect to the forecast improvement plan.

Investment plan: the Foundation does not set specific items of investment in the investment plan or in the general budget regarding health and safety. Nevertheless, there is full availability on the part of the organization to take into account and to effect the investments suggested by the RSPP or other competent persons.



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Update of regulations: through the work of the RSPP and in collaboration with the Rules Implementation Office, the Foundation sets operating methods to keep constantly updated with the national and local legislation in the areas of health and safety.

SSL-02 – Implementation and operation

Regulations and documentation of the system: the Foundation appoints persons to support the RSPP and to institute a regulation of roles, responsibilities and management methods of relevant documentation. The system documentation of AVSI includes the DVR, the work related stress assessment, the Emergency Plan procedures and other corporate regulations such as the information document on the working risks and the prohibition of alcoholic beverages. As regarding the activities performed abroad, the AMPE 16 Procedure on General Safety and Security Guidelines is provided.

Organization and Responsibility – Employer: the Foundation has formally identified the Secretary-General as the Employer, with a decision by the BoD. No proxies can be given by the Employer.

Risk identification and assessment – Roles and responsibilities: within the Foundation roles and responsibilities are identified for the verification, approval and update of the DVR (Risk Assessment Document) and for the risk assessment, which can also be forecast, of amendments and changes that may occur in the processes in the workplace. The following are appointed, for both the office in Milan and the office in Cesena: i) the person in charge of the Prevention and Protection Service on the basis of the documentation proving skills required by law and training course attended; ii) the persons in charge of emergencies (firefighters and paramedics); iii) a representative of the workers for safety. A doctor has been appointed to coordinate the offices of Milan and Cesena.

In particular, the Employer, in collaboration with the doctor in charge and the RSPP, after consulting the representative of the workers for safety: i) identifies and assesses the risks to the health and safety of the workers; prepares the respective Risk Assessment Document; iii) identifies the prevention and protection measures to be adopted, monitors their effects and re-assess the risks and/or re-defines additional measures to be adopted.

Risk Identification and Assessment – Existence of the Risk Assessment Document (DVR): the Foundation has developed a specific Risk Assessment Document (DVR), for both the office in Milan and the office in Cesena. Both DVRs include: i) description of the work areas, the structure of the organization, description of the activities performed; ii) the method and the criteria employed on the risk assessment, the results of the assessment process, the corporate elements involved, the professionalism and the resources utilized for the assessment; iii) description of the tasks for groups of workers and the identification of risks – and level of risk – related to the activities performed on each task; iv) the prevention and protection measures (the Prevention and Protection Service, the healthcare supervision, collective and individual protection measures, emergency measures, staff training, statistics of accidents; v) the plan of improvements and maintenance and their timing. The DVRs



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are reviewed every two years, except in case of further updates to be made after new risks are detected or after changes are made to the structure of the Foundation.

Allocation of tasks and duties: the DVR includes assessment of risks specific to the office activities of AVSI, but no specific problems were detected that justify the formulation of specific standards for the allocation of tasks and duties. The Foundation, within the implementation of measures in the areas of health and safety in the workplace, has formalized roles and responsibilities for the main roles involved in the process, whose names are listed on the DVR.

Emergency Management: the Foundation regulates the emergency management activities by setting up an emergency management plan for each office and by holding annual emergency drills. Each office has a formalized set of procedures and evacuation plans that include: i) the normative framework; ii) accident scenarios; iii) staff involved the emergency management and duties thereof; iv) emergency phases and evacuation methods. Staff is informed and trained on the emergency plans and evacuation drills are held annually.

Fire Risk Management: fire prevention measures are described in the Emergency Plan. The persons in charge of emergency management has been trained on fire prevention and staff evacuation pursuant to D.M. 10.03.98 periodical maintenance of fire extinguishers is ensured.

Consultation and communication: two meetings are held per year to discuss health and safety issues in the workplaces; AVSI staff and the RSPP also participate. One of the two meetings is considered the periodic meeting under art. 35 of lgs.d. no. 81/08. The staff is provided with relevant documentation and normative framework information regarding the workplace risks, at the time of employment and periodically thereafter. The doctor carries out an annual inspection in the workplaces and he writes a report on the results of the inspection which is distributed to the staff.

Information and coordination with suppliers: The information and coordination activities with suppliers and third parties is regulated by the definition of: i) roles, responsibilities and operating procedures in order to ensure information and coordination in case part of the work is assigned to third parties as a result of a tender award or independents; ii) the methods and the times of the distribution of information and relevant documentation provided by third parties; iii) meetings on the coordination and co-operation with the tender company are organized by the person in charge of the Prevention and Protection Service for the purpose of assessing interference risks. As regards safety, the company's Chamber of Commerce registration, the list of staff, potential interference risks and, if necessary, completion of the DUVRI form are requested.

Training, information and competences: the Foundation has set a training plan which is updated and monitored. The RSPP performs the update and monitoring with the support of the HR Department which maintains the attendance registers. The health and safety improvement plan includes training update, which is periodically monitored in the course of the periodic meeting.

SSL-03 – Control and corrective measures



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Measurement and monitoring of performances: the DVR includes the monitoring of accidents which occurred in the workplace in the previous three years, as well as the detection, recording and statistical analysis of accidents and near misses. The RSPP also performs assessment of work related stress. Two annual inspections are effected in the Foundation's offices for the purpose of conducting verifications of health and safety, of which oral report is then provided to the Employer, through the staff members who participate in the periodical meeting and deal with the RSPP. Medical visits are conducted by the doctor in co-ordination with a staff member from the Human Resources Department; specific feedback on the visits is provided during the periodical meeting on safety.

SSL-04 – Reappraisal by the Management

Reappraisal process: reappraisal activities are regulated by providing information on specific points during the periodical meeting, where every aspect related to safety is discussed and investigated; every suggestion, opinion, comment is recorded. This discussion is aimed at assessing the adequacy, efficiency of the system as well as planning possible improvement actions.

Person responsible in the sensitive process:

Person responsible for the process: RSPP office of Milano/RSPP office of Cesena.

Information flows to the SB:

Responsibility of the Person in charge of the Process:

- h) transmission of the minutes of the periodical meeting by the RSPP (annually)
- i) transmission of the updated risk assessment document by the RSPP;
- j) information on the appointments of persons in charge of health and safety functions (RSPP, RLS, Doctor) by the Employer;
- k) information on accidents.

9.22 Financial planning

Description of the process and segregation of duties:

The process of financial planning is divided and segregated as follows: (i) the person responsible for each cost center (for the organization budget) and the Desk Officers/Regional Managers (for the project budget) provide data and information to the Financial Director to define the documentation of financial planning; (ii) the provisional investment plan, which represents the summary of the budgets and the expected expenses for the forthcoming year, are prepared by the Financial Director; (iii) it is subsequently presented to the Secretary General; (iv) the investment plan is then presented to the Board of Directors and, finally, to the Meeting of Founding Members for approval; (v) in the course of the PFPE (Financial Planning and Expatriate Staff) meeting, which is attended by the Secretary General, the Financial Director, the Desk Officers/Regional Managers, the Head of General Accounting, the Head of Project Accounting, the Project Department Coordinator, the Fund Raising



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Coordinator and the Distance Support Program Coordinator, the state of projects is verified and is compared with the budget.

Existence of procedures/guidelines/standard operating procedures:

the financial planning is regulated by AMPE Procedure no. 8 “Budget e Reporting”.

Traceability and ex-post verifiability of the activity by means of adequate supporting documentation or electronic records:

the traceability of the process under review is guaranteed by *i)* the Administration Department.

Person responsible in the sensitive process

Person responsible for the process: the Financial Director.

Information flows to the Supervisory Body:

Responsibility of the person in charge of the process:

Six-monthly transmission of an updated copy of the updated investment plan.