

**In the name of Allah, the most merciful the most
compassionate**

**Charter of
Security Enterprise**

Chapter 1

General Provisions

Basis:

Article 1:

This charter is enacted based on the provisions of Article 6 of State Owned Enterprises Act.

Objectives:

Article 2:

The objectives of the Security Enterprise are as follows:

- (1) To organize the activities of the Security Enterprise and replace the services of Private Security Companies (PSCs), which were established against articles # 5 and 75 of the constitution, with the Afghan Public Protection Force (APPF).
- (2) Coordination and cooperation between the activities of Afghan National Police (ANP), Afghan National Army (ANA) and National Directorate of Security (NDS) until the cessation of the activities of PSCs which are dissolved in accordance with the Presidential Degree No (62) dated 1389/5/26.

- (3) To provide specific security services for international and diplomatic organizations and institutions, organizations which had been given diplomatic status by bilateral agreements, political agencies of foreign countries, foreign and national private banks and development projects implemented by foreign countries.

Type of entity

Article 3:

The Security Enterprise, by having authorized status, was established within the Ministry of Interior (MOI) and will operate according to this charter until, but no later than 1392/1/1.

Location of main headquarters and branches

Article 4:

The Security Enterprise Headquarters shall be located in Kabul city and its branches may be established in other provinces, as required.

Financial Liability:

Article 5:

The Security Enterprise is liable in regards to its contractual commitments in proportion to its capital and other assets.

Provision of Services:

Article 6:

- (1) Security enterprise provides commercial security services based on a contract and in accordance with the laws for institutions mentioned in article 2 paragraph 3.
- (2) The fees and conditions of contracts for security services shall be set according to a separate procedure which must be formulated by the High Council for the Security Enterprise.

Chapter 2

Financial Affairs

Capital:

Article 7:

- (1) The Security Enterprise's capital belongs to the government and shall be composed of fixed and working capital, allocated to the Enterprise based on the recommendation of the Ministry of Interior Affairs, agreement of the Ministry of Finance and endorsement of the Council of Ministers.
- (2) Increases and reductions in the capital of the Security Enterprise shall be based on the recommendation of the Ministry of Interior Affairs, approval of the Ministry of Finance and endorsement of the Council of Ministers.

Amount of Capital:

Article 8:

- (1) The fixed capital of the Enterprise shall be 1,729,215,917 Afghanis while the working capital shall be 500,000,000 Afghanis.

- (2) The Security Enterprise must recover expenses incurred in the provision of services and maintain a profit margin of no less than 10% of the total cost of services provided.

The method of creation and usage of reserves (Financial Funds)

Article 9:

- (1) Each year the Security Enterprise shall create the following cash reserves from the annual net profits in order to improve its services, to create staff incentive programs and to compensate its unpredicted losses:
 1. A reserve of up to 15% for an employee incentive programs
 2. A reserve of 5% for the expansion plan
 3. A 3% reserve fund for use in social and cultural programs
 4. A 2% reserve as a emergency fund

- (2) The method of creation and usage of the reserves as outlined in paragraph (1) of this Article shall be governed by the appropriate legislative document.

Use of net profits

Article 10:

The Security Enterprise may, in agreement with the Ministry of Finance, use up to 50% of its net profit to complete or increase the working capital level, finance its

expansion plan and repay bank loans. Otherwise the remaining amounts from the net profits will be deposited into the government's revenue account.

Raising Capital

Article 11:

The Security Enterprise is to raise its capital from domestic sources, government development budgets and bank loans in accordance with the approved plan.

Procurement

Article 12:

- (1) The Security Enterprise's goods, services and construction requirements shall be procured based on the operating plan in accordance with approved standards for material reserves and the applicable laws.
- (2) The Security Enterprise may, in exceptional circumstances as determined by the High Council, use bank loans to procure reserve inventories for up to one year.

Leasing

Article 13:

The Security Enterprise may lease to other enterprises, organizations or individuals, any systems, production shops, warehouses, facilities, buildings, equipment and transport vehicles at its disposal which are temporarily not in use, at current market rates.

Accounting Affairs

Article 14:

Security Enterprise's accounting affairs shall be handled by the Ministry of Finance according to the sample of the standardized accounting plan and approved accounting forms.

Calculation of the working capital

Article 15:

The amount of Security Enterprise's working capital shall be determined by the working assets standard regulations of enterprises.

Use of capital

Article 16:

The Security Enterprise has a responsibility to use its capital in a productive manner in order to improve the quality of the security services provided and to ensure effectiveness and economically viable operations and benefits to the employees, as dictated by the national economy.

Using depreciation reserves

Article 17:

The Security Enterprise shall use its depreciation reserves according to the standards set out in the Depreciation Law,

and by proper planning and use of the reserves in accordance with chapter four of mentioned Law, to rebuild and repair its main movable and fixed assets.

Depreciation

Article 18:

The Security Enterprise shall keep accounts of depreciation of its main assets and reflect it in its capital, as allocated for the rejuvenation of its main assets.

Fiscal Year:

Article 29:

The Security Enterprise's fiscal year shall be the same as the fiscal year for Financial Affairs and Public Expenditure Office, as determined by law.

Bank Account:

Article 20:

The Security Enterprise may open bank accounts in accordance with the law.

Taxations:

Article 21:

As a state-owned enterprise the Security Enterprise is by law exempt from taxation.

Reporting

Article 22:

- (1) Information regarding services provided, financial activities and annual balances shall be reported to the Ministries of Interior and Finance, Central Statistic Bureau and the bank dealing with the Enterprise, as follows:
 1. First quarter report before the end of the fourth month of the fiscal year
 2. Second quarter report before the end of the seventh month of the fiscal year
 3. Third quarter report before the end of the tenth month of the fiscal year
 4. Fourth quarter report before the end of the first month of the following fiscal year
 5. Annual balance report before the beginning of the fourth month of the following fiscal year.
- (2) Security Enterprise must prepare its financial activities report and its annual balance report in accordance with the national and international standards.

Organizational Structure

Article 23:

The following organizations shall manage the activities of the Security Enterprise:

1. Security Enterprise High Council
2. Board of Directors (Executive Board) of the Security Enterprise.

High Council

Article 24:

High Council is the leading authority for the Security Enterprise and is composed of the following seven members:

1. Minister of Interior Affairs as Chairman
2. Minister of Finance as Deputy Chairman
3. Minister of Economy as member
4. Minister of Mining as member
5. Minister of Water and Energy as member
6. Minister of Public Works as member
7. Director of Independent Local Governance (IDLG) as member

Duties and responsibilities of the High Council

Article 25:

The Security Enterprise High Council shall have the following duties and responsibilities:

1. Setting policy and annual plan.
2. Approval of annual budgets and manning.
3. Approval of internal regulations and procedures.
4. Recommendation to the Ministers Council regarding appointments and dismissals of Executive Board members.
5. Considering partial or complete changes in the composition of the Executive Board.
6. Inspection and assessment of reports of services provided, financial activities and annual balances and making decision on improvement of affairs and elimination of inadequacies.
7. Making decisions which may improve the quality and effectiveness of the services and using service capacity, financial and human resources in a productive manner.

8. Approval of a procedure for determining fees for the services provided.
9. Approval of the Security Enterprise's annual balance in accordance with the generally accepted accounting and reporting principles.
10. Making decisions regarding the use of financial reserves in accordance with the law.
11. Approval of a procedure for the distribution of the reserves allocated to the employee incentive program.
12. Approval, creation and closure of branch offices in the provinces.
13. Approval of amounts of special salaries to the security staff (guards).
14. Disciplining of the Executive Board members who are found in violation of Article 48 of this Charter.
15. Providing the grounds necessary for dissolution of APPF and transferring its responsibilities to ANP, by the specific date as stated in article 3 of this charter.

Meetings of the High Council

Article 26:

- (1) The High Council shall meet regularly and exceptionally as follows:
 1. Regular meetings shall be convened at least once every three months
 2. Exceptional meetings shall be held at the request of the Chairman or Deputy Chairman of the High Council, or on the recommendation of the Chairman of the Executive Board, and the approval of the Chairman of the High Council.
- (2) The meetings of the High Council shall be chaired by the High Council Chairman or the Deputy Chairman, if the Chairman is not available.

- (3) The decisions of the High Council shall need a majority vote to pass.
- (4) All approved decisions of the High Council shall be recorded in a special log.

Executive Body

Article 27:

The Executive Board shall be the executive body of the Enterprise and shall be made up of a Chairman, a Deputy or Deputies of the Chairman.

Responsibilities of the Chairman of the Executive Board

Article 28:

The Chairman of the Executive Board is charged with the executive duties of the Enterprise to include the implementation of approved plans, budgetary commitments, productive and rational use the capital and other financial resources, preparation and briefing of quarterly reports, preparation of the annual balance reports, exercising fiscal discipline and performance of other executive duties.

Duties and responsibilities of the Executive Board

Article 29:

- (1) The Chairman of the Executive Board shall have the following duties and authorities as well:

1. Managing the Security Enterprise's executive affairs

2. Representing the Enterprise in government offices and other organizations
 3. Singing of contracts and agreements and procurement of goods, services and provisions related to construction, within the mandate approved by the High Council.
 4. Appointing, promoting, transferring, retiring and dismissing of employees including security personnel (guards) in accordance with the legislative documents and appropriate procedures
 5. Drafting the Enterprise's annual work plan, ensuring maximum utilization of the existing capacities and in compliance with figures provided by the Ministry of Interior Affairs, and submitting it to the relevant departments after approval by the High Council
 6. Drafting of the financial plan and the Enterprise's manning (Tashkeil) documents and submitting them to the appropriate departments, after approval by the High Council.
 7. Opening bank accounts for the Enterprise
 8. Issuing instructions to the Security Enterprise's employees as required and within his authority
 9. Attending High Council meetings as a non-voting participant
 10. Other tasks and authorities as determined and assigned by the High Council
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- (2) In the absence of the Chairman of the Executive Board, his duties and authorities shall be transferred to the deputy to whom the Chairman has delegated his authority.
 - (3) Duties and authorities of the Deputy Chairman or Deputies of the Chairman shall be determined by the Chairman of the Executive Board.
 - (4) Accounting Deputy (Chief Accountant) of the Enterprise shall perform his duties in accordance with the regulations governing Chief Accountants.

Duties of Deputies and Employees

Article 30:

Deputy or Deputies, Chief Accountant and other employees of the Security Enterprise shall report to the Chairman of the Board of Executives.

Drafting and approval of Plans

Article 31:

- (1) The Executive Board is charged with the responsibility of drafting the annual development and financial plans with a view to the main aspects of the country's economic and social development plans, and submit it to the high council to be approved.
- (2) In drafting these plans, the Executive Board shall aim for maximum growth in providing its services as well as strive for reducing the costs associated with providing service.
- (3) The Ministry of Interior Affairs shall provide its figures for the Enterprise's plans, three months before the start of the fiscal year. If the Executive Board finds these figures unrealistic and impractical, it must notify the Ministry no later than two months prior to the beginning of fiscal year, with documented reasons and justifications.

Implementation of the Plan

Article 32:

- (1) The Executive Board shall implement approved plans. If there are elements within the plans that cannot be implemented, the Ministries of Finance and Interior

Affairs shall be notified with documented reasons and justifications.

- (2) If reasons given by the Executive Board for non-implementation of plans are not deemed satisfactory by either the Ministry of Interior Affairs or Ministry of Finance, the High Council shall consider a partial or full replacement of the Executive Board.

Effective Utilization

Article 33:

The Executive Board shall ensure routine and fundamental repairs of properties, modernization of equipment and vehicles, technical improvements and enhancement in the levels of productivity and utilization of buildings and facilities.

Management of procurements

Article 34:

The Executive Board shall manage the timely procurement of material and other requirements in accordance with the approved financial plan.

Sale of surplus material and assets

Article 35:

The Executive Board shall have the authority to sell any movable assets and surplus properties as prescribed by the High Council and in accordance with the law. Proceeds from the sale of material and goods shall be at the disposal of the Security Enterprise, while proceeds from the sale of main assets shall be transferred to the Enterprise's reserves for future expansion.

Minimizing Costs

Article 36:

The Executive board shall take all measures to ensure minimizing operating costs and maximizing efficiency in the use of vehicles, equipments and other assets.

Use of working capital

Article 37:

The working capital and other cash reserves at the disposal of the Executive Board for the operation of the Enterprise shall be utilized in such a manner as to maximize profitability.

No cash deals

Article 38:

- (1) The Executive Board shall conduct the dealings of the Enterprise mainly on a non-cash basis.
- (2) The Executive Board may maintain a small cash reserve for its petty cash requirements, in accordance with the petty cash regulation.

Bank loans

Article 39:

The Executive Board shall have the authority to take out the following types of bank loans with the approval of the High Council:

1. Short- and mid-term loans for temporary cash requirements
2. Long-term loans for the purpose of implementation of investment plans.

Assets Inventory controls

Article 40:

The Executive Board shall perform inventories of assets, cash reserves and current dealings in accordance with the applicable legislative documents.

Enhancement of skill

Article 41:

In order to enhance personnel skill levels, the Executive Board shall manage the training and education of professionals either on the job or through enrolling them in other units and training centers within the country or abroad.

Safety measures

Article 42:

The Executive Board shall take measures to ensure a safe work environment and to adhere to technical, health and safety regulations.

Wages and benefits:

Article 43:

- (1) The Executive Board may, after approval by the High Council, devise a compensation plan which pays special wages and benefits, in order to attract highly skilled security personnel (guards).
- (2) Salaries and benefits of the officers, NCOs and civilian staff of the Security Enterprise shall be based on the legislative documents applicable to the officers, NCOs and civil servants.

Making use of the experiences of similar organization

Article 44:

The Executive Board shall use the advanced experiences of organizations offering similar services in order to develop and expand services, devise innovative solutions and improve the affairs of the Enterprise.

Audits of weapon storage facilities

Article 45:

Ammunitions and weapons storage facilities of the Security Enterprise shall be inspected and audited professionally every two months by officials. In case of any violation, legal investigations of responsible parties shall be undertaken.

Employment Restrictions:

Article 46:

- (1) Current employees of the Ministry of National Defense, Ministry of Interior Affairs, National Directorate of Security and other ministries and organizations with military structures shall not be employed by the Security Enterprise as guards.
- (2) If employees of the organizations cited in paragraph (1) of this Article are assigned within the Security Enterprise, they shall remain adherent to the laws, rules and regulation of the organization to which they belong.

Chapter 4

Miscellaneous Provisions

Disciplinary Action

Article 47:

If Security Enterprise's activity reports and balance sheets are not submitted to the relevant organizations on a timely manner, the Executive Board and accounting staff shall be denied incentive privileges and shall be disciplined in accordance with the law.

Security personnel Affairs

Article 48:

Employment, terms of duties and obligations, disciplinary action and other affairs related to security personnel (guards) shall be managed based on a separate procedure approved by the High Council.

Security personnel uniforms

Article 49:

Security Enterprise's security personnel shall have their own distinctive uniform in accordance with a uniform regulation which shall be drafted by the Ministry of Interior Affairs.

Employment of Experts

Article 50:

- (1) The Executive Board may, upon the approval of the Security Enterprise High Council and in accordance with the law, recruit local or foreign nationals as experts (advisors) in order to increase professional and work capacities, and to standardize training in related fields, provided travel and residency requirements for foreign citizens in Afghanistan are satisfied.
- (2) The amount of compensation for experts mentioned in paragraph (1) of this Article shall be determined by the Security Enterprise High Council.

Dissolution

Article 51:

Whenever the High Council of the Security Enterprise determines that ANP is capable of carrying out all responsibilities of Security Enterprise, the High Council shall have the authority to propose the dissolution of the Security Enterprise to the council of ministers before 1392/1/1. If approved, Security Enterprise's debts shall be paid based on the provisions of law and any surplus assets shall be transferred to the revenue account of the state. The weapons, ammunition, equipment and vehicles shall be transferred to the Ministry of Interior.

Boosting the police force

Article 52:

After the completion of the dissolution process of the private security companies, the Enterprise High Council shall gradually reduce the number of security staff and increase the police force within the Security Enterprise.

Stamp

Article 53:

The Security Enterprise shall have its own special stamp.

Enforcement Date:

Article 54:

This Charter shall be enforceable upon the date of approval and shall be published in the Official Gazette.