



MICRO ASSESSMENT REPORT

WINDS OF CHANGE CHARITY FUND

DATE: 4 September 2023
PARTNER: Robert Waters,
Robert.Waters@bdo.co.uk
COMMISSIONED BY: UNICEF Ukraine

CONTENTS

MICRO ASSESSMENT FINDINGS.....	1
1.1. BACKGROUND, SCOPE AND METHODOLOGY	1
1.2. SUMMARY OF RISK ASSESSMENT RESULTS	3
1.3. DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS	5
ANNEXES	12
ANNEX I: IMPLEMENTING PARTNER AND PROGRAMME INFORMATION.....	13
ANNEX II: IMPLEMENTING PARTNER ORGANISATIONAL CHART	14
ANNEX III: LIST OF PERSONS MET	15
ANNEX IV: MICRO ASSESSMENT QUESTIONNAIRE	16

This report is established by request of UNICEF. The views expressed in this report are those of the external assessor and in no way reflect the official opinion of UNICEF. This report has been prepared solely for the use of UNICEF for the purpose set out in section 1.1. This report should not be used by any other party or for any other purpose and, to the fullest extent permitted by law, BDO LLP does not accept or assume any liability to any party other than UNICEF in connection with this report or its contents.

MICRO ASSESSMENT FINDINGS

1.1. BACKGROUND, SCOPE AND METHODOLOGY

Background

The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners.

The micro assessment assesses the implementing partner's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an implementing partner.

Scope

The micro assessment provides an overall assessment of the implementing partner's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the implementing partner legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement.
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the implementing partner.

It takes into account results of any previous micro assessments conducted of the implementing partner.

Methodology

We performed the micro assessment at the locations and on the dates set out in Annex I.

Through discussion with management, observation and walk-through tests of transactions, we have assessed the implementing partner's internal control system with emphasis on:

- The effectiveness of the systems in providing the implementing partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations agencies.
- The general effectiveness of the internal control system in protecting the assets and resources of the implementing partner.

We discussed the results of the micro assessment with applicable UN agency personnel and the implementing partner prior to finalization of the report. The list of persons met and interviewed during the micro assessment is set out in Annex III.

Results

The results of our micro assessment are set out in section 1.2 below, and our detailed internal control findings and recommendations in section 1.3.


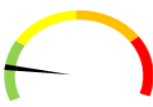

A handwritten signature in black ink, appearing to read 'RW', with a long horizontal flourish extending to the right.





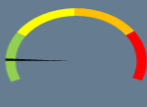
Robert Waters
Partner
BDO LLP

4 September 2023

1.2. SUMMARY OF RISK ASSESSMENT RESULTS

The table below summarizes the results and main internal control gaps found during application of the micro assessment questionnaire (in Annex IV). Detailed findings and recommendations are set out in section 1.3 below.

Tested subject area	Risk assessment*	Comments
1. Implementing partner	<p style="text-align: center;">Moderate</p> 	<p>The IP was legally registered as a charitable organization on 21 May 2018 and has complied with its reporting requirements. The IP has received UN funding previously but faced issues with the implementation of project activities due to delays in the decision-making process. The IP does not have policies to ensure appropriate oversight and monitoring of implementation by subgrantees, but they do have an anti-corruption policy that informs employees about the need to prevent corruption, and the protection measures for whistleblowers.</p> <p>The Cabinet of Ministers of Ukraine established that, until the termination of martial law in Ukraine, various financial activities are prohibited, such as accrual and collection of penalties, inflation charges, and the termination of the provision of housing and communal services to the population in case of non-payment or incomplete payment.</p>
2. Programme management	<p style="text-align: center;">Low</p> 	<p>The IP does not have policies, procedures or tools for the development of programmes and plans, but instead relies upon previous experience. The workplans include sufficient detail, such as the activities, timeframe and budget. The organization adequately identifies potential risks and mechanisms to mitigate them.</p> <p>The IP's monitoring and evaluation policy is currently being developed. The IP carries out and documents regular monitoring activities.</p>
3. Organisational structure and staffing	<p style="text-align: center;">Low</p> 	<p>The organizational structure and competence of the personnel correspond to the activities of the IP. The program and finance department are well staffed to ensure sufficient controls are in place.</p> <p>Job descriptions are developed for all personnel. The IP does not have training policies, but employees improve their qualifications through training.</p>

<p>4. Accounting policies and procedures</p>	<p style="text-align: center;">Low</p> 	<p>The IP keeps records of its business activities in the Entrepreneur 4 accounting software. Monthly bank reconciliations are prepared by the accountant, who is also responsible for payments. There is insufficient segregation of duties in the transaction process.</p> <p>Budgets are prepared using price analysis and feedback, and then compared to actual expenditures every two weeks. Invoice details are matched to purchase documents before payment.</p> <p>We found that the IP does not have a policies and procedures manual, and there is no separate internal audit unit.</p>
<p>5. Fixed assets and inventory</p>	<p style="text-align: center;">Low</p> 	<p>Inventory and fixed asset records are updated and reconciled with control accounts weekly, and periodic physical inspection and counting of fixed assets and inventory are carried out once a quarter.</p> <p>Those responsible for material resources are responsible for receiving and issuing goods and materials. The accountant is responsible for updating inventory records, and we were informed that warehouse facilities have adequate physical security.</p>
<p>6. Financial reporting and monitoring</p>	<p style="text-align: center;">Low</p> 	<p>The IP does not have documented, established financial reporting procedures; however, the required external statements are prepared in accordance with the relevant standards and requirements. Independent audits are carried out annually.</p> <p>The IP uses Entrepreneur 4 software for financial management, which can generate the necessary reports.</p>
<p>7. Procurement and contract administration</p>	<p style="text-align: center;">Low</p> 	<p>The procurement thresholds are determined by the Law of Ukraine and are clearly defined in the policy for assessing the risks of procurement and the reliability of counterparties. Exceptions to the policy are not permitted.</p> <p>The IP has a computerized procurement system, which can generate reports, and a register of suppliers to record their performance.</p>
<p>Overall risk assessment</p>	<p style="text-align: center;">Low</p> 	

* High, Significant, Moderate, Low

1.3. DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

No.	Description of finding	Recommendation	Partner comments
1	<p>Previous issues with managing UN funds</p> <p>The partner indicated that there have been previous issues with managing UN funds. The issues include delays in project implementation, which has resulted in the need to change work plans / timeframes for the implementation of activities.</p> <p>The nature of the programme they implemented involved social partnerships and interaction between a number of partners, including local government, NGOs and donors. We understand that delays were caused by the demand on officers and management of the partners involved in implementation, which slowed decision making processes.</p> <p>Resultantly, activities then ran behind the planned schedule and the IP needed to adjust the work plans accordingly.</p>	<p>The partner should take action to address the issues identified. Specifically, the partner should:</p> <ul style="list-style-type: none"> • Identify procedures which will mitigate against the issues encountered, and document these in a procedures manual which is distributed to all relevant staff and partners. • Monitor partners to ensure the activities are implemented as planned, and any need for changes is flagged early and addressed appropriately. 	<p>Measures to eliminate deficiencies will be taken during July-August 2023.</p> <p>We intend to formally request the partner to provide us with the necessary references to enable us to familiarize ourselves with all relevant UN standards, procedures and policies on this matter. After that, we will adapt these framework documents to our activities, try to agree on such a version of these documents with a partner, approve them as a local regulatory act of the Foundation by order of the Foundation's management and implement them in our current work, conduct training events with the staff of the Foundation to study these documents (politician, standards, etc.) and will undoubtedly apply them in our activities.</p> <p>We will carry out a clear and understandable distribution of functional responsibilities among key responsible employees in the main areas (financial, accounting, procurement of goods, works and services, legal, general planning, implementation control, security issues, etc.), organize specialized training events (courses, trainings, etc.) for such employees in these areas of activity in order to reach a fundamentally new level of professionalism and effectiveness of our work.</p>

<p>2</p>	<p>Inadequate oversight and monitoring over funds transferred to partner organisations</p>	
<p>The partner delegates aspects of project implementation to sub-partners and transfers funds to cover these activities. However, it does not have documented policies and procedures in place for the sub-partners to submit reports and provide supporting documentation to account for the use of the funds.</p> <p>There is therefore an increased risk that funds transferred to sub-partners are not properly monitored and may not be spent in line with the project's objectives.</p>	<p>The partner is accountable for all funds received from UN agencies, including those it transfers to sub-partners. It should therefore establish written policies and procedures for partner organisations to submit reports and supporting documentation to evidence how they have spent UN funds. The partner should review these reports and documentation before consolidating them into the financial reports submitted to the UN.</p> <p>We emphasise also that a transfer to a sub-partner cannot be considered as expenditure until relevant supporting documents are provided to the main partner.</p>	<p>After the implementation of UN standards, policies and procedures, in particular, on the procurement of goods, works and services and relations with sub-grantees and their control, we will make the necessary constructive changes in this part during August 2023 (in the part of relations with sub-grantees and their control) to the Procurement Policy and Risk Assessment Policy of counterparties and procurement of goods, works and services of Foundation.</p> <p>It should be noted that the mentioned two Policies were adopted by us in November 2022 based on the recommendations of the partner. These Policies are strictly enforced.</p> <p>There is one such sub-grantee (sub-partner) in the Foundation on the basis of the sub-grant agreement dated November 30, 2022. This contract contains sufficient control options for us over the process of spending funds. These opportunities are constantly used by us, namely, we approve each procurement procedure from its very beginning until the approval of the winner of the procurement procedure, we receive from the sub-partner financial operational and final reports on the expenditure of funds, compliance with the approved budget and deadlines for its implementation, the employees of the Fund are in a state of permanent dialogue with the sub-partner, we made repeated program visits to the sub-grantee, etc. As a control mechanism for the effectiveness and timeliness of spending the allocated funds, we applied such a measure as the obligation to return to our current account part of the funds allocated to the sub-partner that were not spent on time (388 thousand UAH). There were cases where we fully controlled the agreement on the redistribution of funds allocated to a sub-partner from one direction to another (due to objective circumstances and needs). All these measures regarding the sub-partner and working interaction with it take place with the participation of our partner (UNICEF).</p> <p>Taking into account the comments, we will clearly formulate and systematize the mechanisms of interaction and control over the process of spending funds by sub-partners. Necessary changes will be made to our current and prospective Policies and Procedures within the specified time frame.</p>

<p>3</p>	<p>Inadequate policies, procedures and tools to develop new programmes</p>	
<p>The partner does not have sufficiently detailed written policies and procedures to inform the development of project plans. In the absence of policies in this area, there is an increased risk that projects are not designed in the most effective way, and that the impact of donor funds is limited.</p>	<p>The partner should develop written policies, procedures and other tools that can be used in the project development and planning process. These can be developed internally or prepared with the support of donors.</p>	<p>In order to eliminate this gap in the organization of our work, by August 30, 2023, with the support of a key partner and donor (UNICEF), to whom we intend to officially address this issue, we will develop, approve and implement in the current and prospective work binding written policies, procedures and other tools (according to UN standards) on the development, planning and implementation of projects.</p>
<p>4</p>	<p>Weaknesses in monitoring and evaluation</p>	
<p>We identified weaknesses in respect of the partner’s capacity to monitor and evaluate the implementation of its programmes. Specifically:</p> <ul style="list-style-type: none"> • The partner does not have written policies relating to monitoring and evaluation. Lack of adequate M&E policies increases the risk that programmes are not as effective as they might be, as the partner is not in a position to identify programme strengths and weaknesses. • Any monitoring and evaluation activity undertaken is informal and not documented. There are no frameworks or structures for M&E, and no established process to ensure consistency. As a result, the partner is not able to demonstrate lessons learned from its M&E activity, and how this influences future plans. 	<p>Effective monitoring and evaluation procedures are a key part of successful project implementation. The partner should therefore address the weaknesses identified, by setting out its M&E policies in writing, ensuring that M&E activities take place regularly and consistency, and that these are documented.</p>	<p>Based on the constructive remark, by August 10, 2023, we will develop a Monitoring and Evaluation Policy based on UN standards, and immediately implement it in current and prospective work as an integral lever of control and efficiency. The policy will be thoroughly formulated, will establish requirements for each stage of monitoring and evaluation, will determine the circle of persons responsible for its implementation, all steps related to monitoring and evaluation will be appropriately documented with the necessary conclusions, etc.</p> <p>Monitoring of compliance with this Policy will be ensured directly by the Head of the Fund or the head of a separate project.</p>

5	Lack of adequate training/training policies	
<p>The partner does not have training policies for accounting / finance / programme management staff.</p> <p>Without regular training, there is a risk that staff are not up to date with recent changes in regulations or operating practices. Over time, their competence to perform their roles may diminish.</p>	<p>The partner should implement a training policy, which sets out timescales and training activities to be completed and should ensure these are undertaken as planned. Training requirements should be identified and discussed as part of each staff member’s performance appraisal.</p>	<p>To eliminate this remark, the Fund, based on UN standards and the latest trends of Ukrainian practices in this field, will develop and implement in its work the Policy of professional training and professional development of accounting and finance specialists of the Fund by August 15, 2023. The plan of such exercises will be approved. Reports on the completion of such exercises, courses, trainings, etc., will be added to the personal files of these specialists (or to contracts with them). This will become a mandatory condition for working with such specialists.</p> <p>In addition, all other employees will also, according to the Policy, be involved in general information about changes in legislation and rules of accounting and financial policy.</p> <p>Changes will be made to the contract with accounting and finance specialists, according to which the latter will undertake to improve their professional level (according to the established plan), take periodic training courses and trainings, etc.</p>

<p>6</p>	<p>Lack of segregation of duties relating to transactions</p>		
<p>We found that there is insufficient segregation of duties within the partner’s finance department. Specifically, the same staff member, is responsible for making and approving payments, as well as recording expenditure in the accounting system.</p> <p>Segregation of duties is an important financial control. By involving several key staff in financial operations, the risk of fraud or error is reduced, as each transaction requires the scrutiny of more than one individual.</p>	<p>The partner should ensure there is sufficient segregation of duties between the units or individuals that (a) authorise the execution a transaction, (b) record the transaction and (c) have custody over any assets involved in the transaction.</p> <p>Specifically, the partner should assign some of the duties currently undertaken to other staff, such as the project manager or project assistant. For example, the project manager could take responsibility for authorising transactions, and the project assistant could handle the receipt of goods and services.</p>	<p>By August 15, 2023, the Foundation, implementing these recommendations, will distribute responsibilities between key employees (project manager, his assistant, assistant, specialist in accounting, finance, legal service, etc.) with changes to functional duties and labour (or other) contracts. Segregation of duties will aim to ensure that one person is involved at each stage of the process to minimize errors and potential abuse or negligence. The overall control over the entire process and its final result will be entrusted to the project manager and his assistant. This process will be clearly regulated.</p>	
<p>7</p>	<p>Lack of segregation of duties when performing bank</p>		
<p>Although the partner prepares bank reconciliations, these are carried out by the accountant, who is also responsible for making payments.</p> <p>This combination of duties represents a weakness in financial control, as the bank reconciliation is a means of identifying any fraud or errors in the payment process.</p>	<p>The partner should separate the tasks of making and approving payments from that of preparing and reviewing bank reconciliations.</p>	<p>Until August 15, 2023, in order to organize quality control over the process of planning, making and approving payments, and further checks of bank statements, functional responsibilities will be clearly divided between accounting and finance specialists, the project manager and his assistant (with making the necessary changes to employment or other contracts with these specialists).</p> <p>We will eliminate the possibility of the same specialist making payments and checking their correctness.</p> <p>It is also considered appropriate to involve the Fund's legal department in this process - at the stage of checking bank statements and compliance with the legality of the process as a whole by all its participants.</p>	

<p>8</p>	<p>Lack of policies and procedures manual</p>		
<p>The partner does not have an accounting and finance policies and procedures manual. Without a manual, staff may not be clear as to their responsibilities or the organisation’s key financial controls, which may have an adverse impact on the accuracy and integrity of both funds and financial records.</p>	<p>The partner should have detailed, written finance / accounting policies and procedures, in which the key controls and processes are set out, as well as the responsibilities of each role for these processes. The manual should be readily available, distributed to all staff and kept up to date.</p>	<p>By August 20, 2023, the Fund, based on advanced standards, will develop financial and accounting policies that will regulate all processes and stages, determine the necessary specialists and employees and provide for their duties in the areas of activity, control and responsibility.</p>	
<p>9</p>	<p>There is no internal auditor in the company's structure.</p>		
<p>The partner has no separate internal audit department. Management may therefore not have adequate information regarding the design and function of their internal control system.</p>	<p>The partner should appoint an employee or department responsible for internal audit or develop and unify forms of internal control.</p>	<p>To eliminate this shortcoming, by August 20, 2023, the Foundation, based on modern standards, will develop and implement the Internal Audit Policy in its daily work, and the person responsible for this line of work will be appointed. Also, the Fund will engage a third-party auditing company to conduct an independent financial audit (such audits will be conducted periodically).</p>	

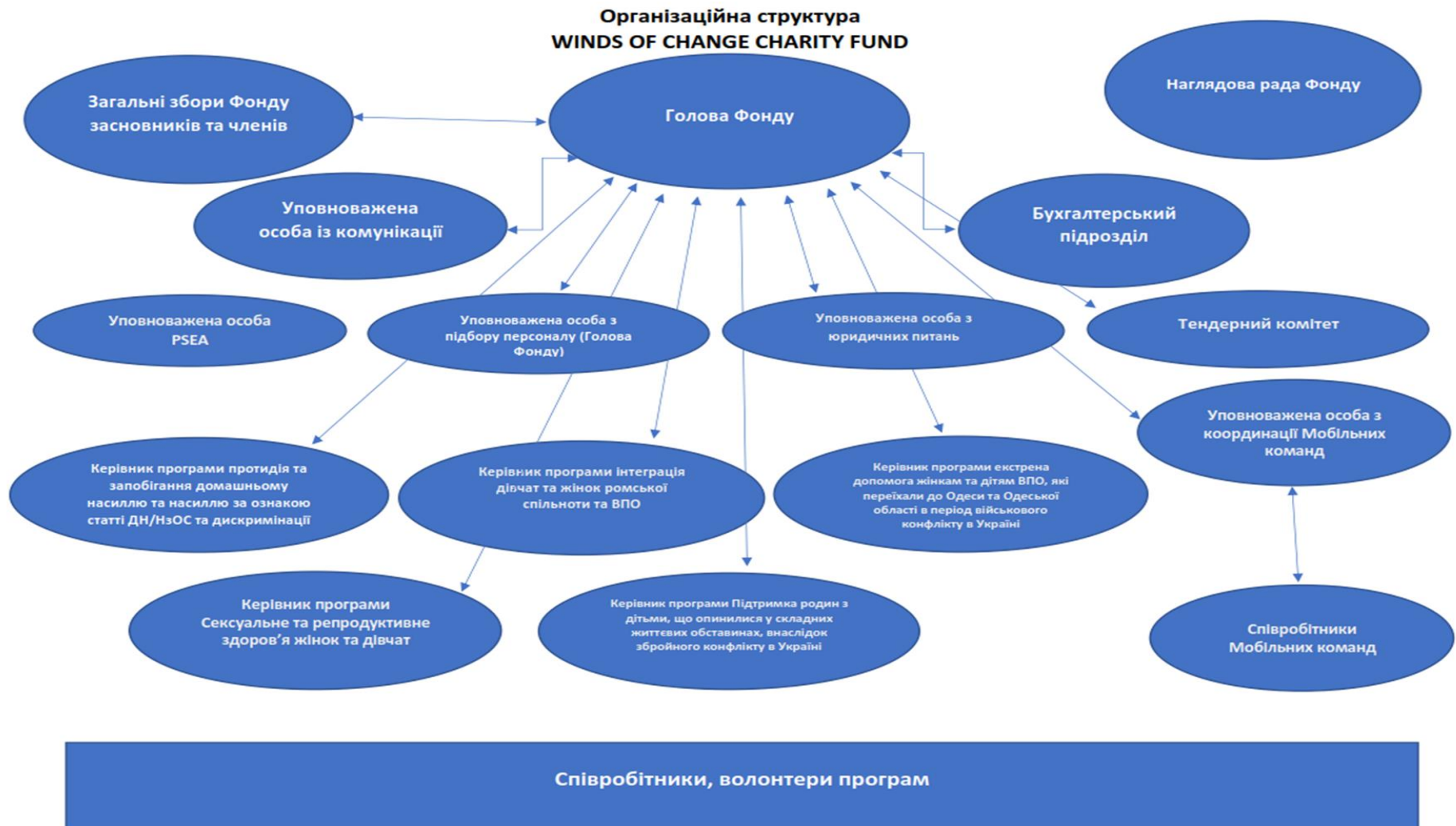
10	Lack of formal financial reporting procedures	
<p>The partner does not have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used.</p> <p>Regular internal financial reporting, such as the preparation of monthly management accounts, allows the management of an organisation to have an accurate and up to date view of its performance and current financial position, and therefore informs decision-making. External financial reporting allows the partner to meet its obligations to donors and to relevant authorities and provides key stakeholders with a view of the organisation’s financial standing.</p>	<p>The partner should have documented financial reporting procedures which specify the following:</p> <ul style="list-style-type: none"> • what reports are to be prepared - such as management accounts, FACE forms or financial statements. • the source system for key reports - the accounting or financial management system, or other records. • the frequency of preparation - some reports will need to be prepared monthly or annually, others on an ad hoc basis or to meet other obligations. • what they are to contain - reporting may include qualitative elements as well as financial data, and the level of detail will vary depending on the intended recipient. • how they are to be used. 	<p>By August 20, 2023, the Foundation will develop financial reporting procedures that specify which reports must be prepared, the source system for key reports, the frequency of preparation, what they must contain and how they should be used.</p>

ANNEXES

ANNEX I: IMPLEMENTING PARTNER AND PROGRAMME INFORMATION

Implementing partner name:	WINDS OF CHANGE CHARITY FUND
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	UKR/PCA 2022112
Implementing partner contact details (contact name, email address and telephone number)	Pylypenko Tetiana windsofchanges.od@gmail.com
Main programmes implemented with the applicable UN agency/ies	№UKR/PCA 2022112/HPD2022222 Support for families with children who find themselves in difficult life circumstances as a result of armed conflict and martial law
Key official in charge of the UN agency/ies' programme(s)	Natalia Vegrian
Programme location(s)	Odesa, Mykolaiv, Kherson regions
Location of records related to the UN Agency/ies' programme(s)	Head Office Where are the accounting documents: Odesa, str. Velika Arnautska, bldg. 76, office 26, Ukraine
Currency of records maintained	UAH
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$)	474,769
Cash transfer modality/ies used by the UN agency/ies to the implementing partner	Bank transfers
Intended start date of micro assessment	June 12, 2023
Number of days to be spent for visit to implementing partner	Remotely
Any special requests to be considered during the micro assessment	N/A

ANNEX II: IMPLEMENTING PARTNER ORGANISATIONAL CHART



ANNEX III: LIST OF PERSONS MET

Name	Unit / organisation	Position
Tetyana Volodymyrivna Pylypenko	Complex emergency response in Odesa region, Mykolaiv region and government - control areas of Kherson region to cater to the needs of children, parents and caregivers affected by the armed conflict in Ukraine	Assistant project coordinator

ANNEX IV: MICRO ASSESSMENT QUESTIONNAIRE

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The IP was legally registered as a charitable organization on 21 May 2018.
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			Significant	6	Due to the burden on the officers and management bodies of the partners/donors, the decision-making process is delayed, which leads to the consequences of lagging behind the planned project activities, correction of these schedules in time, coordination of tender procedures in the selection of suppliers and the purchase of goods and material values. Refer to internal control finding 1.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	According to the Tax Code of Ukraine, on the part of non-profit organizations, the organization submits a report on non-profitability to the state tax service.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The IP's management bodies are general meetings, the chairman, and supervisory board. Meetings are held at least once a year, and extraordinary meetings can be held as needed. The executive body of the organization is the head of the IP, Nataliya Vegriyan. The structure of the foundation does not provide for a board, which fully corresponds to the requirements of the legislation of Ukraine.

<p>1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?</p>		No		Significant	6	<p>An external organization participated in the project implementation, which implemented the project on the basis of a sub-grant agreement. The subgrantee was guided by the policies and procedures of CF Winds of Change, for example their procurement policy, code of ethics, PSEA. Also, once a month, monitoring visits are carried out at the places of service provision, which relate to the maintenance of primary documentation and the quality of services provided. However, the IP does not have policies to ensure appropriate oversight and monitoring of implementation.</p> <p>Refer to internal control finding 2.</p>																																								
<p>1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.</p>	Yes			Low	1	<p>000, UAH</p> <table border="1"> <thead> <tr> <th>year</th> <th>Costs</th> <th>Income</th> <th>Assets</th> </tr> </thead> <tbody> <tr> <td>Liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2020</td> <td>1,120.6</td> <td>1,120.6</td> <td></td> </tr> <tr> <td>-</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>2021</td> <td>1,969.4</td> <td>1,969.4</td> <td></td> </tr> <tr> <td>460.0</td> <td></td> <td>460.0</td> <td></td> </tr> <tr> <td>2022</td> <td>9,330.0</td> <td>9,330.0</td> <td></td> </tr> <tr> <td>13,611.8</td> <td></td> <td>13,611.8</td> <td></td> </tr> <tr> <td>2023 (I)</td> <td>5,243.3</td> <td>5,243.3</td> <td>3,078.7</td> </tr> <tr> <td>3,078.7</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	year	Costs	Income	Assets	Liabilities				2020	1,120.6	1,120.6		-	-			2021	1,969.4	1,969.4		460.0		460.0		2022	9,330.0	9,330.0		13,611.8		13,611.8		2023 (I)	5,243.3	5,243.3	3,078.7	3,078.7			
year	Costs	Income	Assets																																											
Liabilities																																														
2020	1,120.6	1,120.6																																												
-	-																																													
2021	1,969.4	1,969.4																																												
460.0		460.0																																												
2022	9,330.0	9,330.0																																												
13,611.8		13,611.8																																												
2023 (I)	5,243.3	5,243.3	3,078.7																																											
3,078.7																																														
<p>1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?</p>	Yes			Low	1	<p>Funds are received exclusively on the organization's settlement accounts (hryvnia, dollar, euro, pound) from national and international partners/donors. The delay of funds is possible due to the passage of all procedures related to the policies of partners / donors.</p> <p>The organization has not received and does not receive funding from state institutions.</p>																																								

<p>1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? <i>If so, provide details and actions taken by the IP to resolve the legal action.</i></p>		No		Low	1	<p>The IP does not have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors.</p>
<p>1.9 Does the IP have an anti-fraud and corruption policy?</p>	Yes			Moderate	2	<p>The Foundation does not have a separate anti-fraud and corruption policy, but the rules of conduct of the "Winds of Change" BF reflect the essence of the Foundation's key policies and contain clear guidelines on the standards of conduct that all NGO employees must adhere to. The Winds of Change Code of Conduct and all key Winds of Change policies listed below are considered together.</p> <ul style="list-style-type: none"> • Security and protection policy • Security policy • Anti-corruption policy • Conflict of interest policy • Child protection policy • Sexual Exploitation and Violence Prevention Policy • Breach notification policy • Procurement policy <p>Unless otherwise specified in individual policies, the following rules apply to the Winds of Change BF Code of Conduct and key policies of the Winds of Change BF.</p>
<p>1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?</p>	Yes			Moderate	2	<p>The Foundation informs employees of the need to report cases of fraud or other illegal activities to law enforcement, regardless of who committed them. Special Ukrainian legislation is in place to ensure the safety of persons who report such crimes.</p>

<p>1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. <i>Examples: foreign exchange risk; cash receipts.</i></p>	<p>Yes</p>			<p>Significant</p>	<p>3</p>	<p>On February 24, 2022 in connection with the military aggression of the Russian Federation against Ukraine, the President of Ukraine issued an order on the introduction of martial law in Ukraine from 05:30 on February 24, 2022 for a period of 30 days. This term has been extended several times. At the time of writing the report, martial law in Ukraine has been extended until May 20, 2023. (Order №2915-IX dated February 7, 2023 "On approval of the Decree of the President of Ukraine "On extending the period of martial law in Ukraine"). In addition, by Resolution №206 dated March 5, 2022 "On some issues of payment of housing and communal services during the period of martial law" the Cabinet of Ministers of Ukraine established that until the termination or cancellation of martial law in Ukraine, the following are prohibited: accrual and collection of penalties (fines, penalties), inflation charges, annual interest accrued on debt, formed due to untimely and/or incomplete payment by the population of fees for housing and communal services; termination of the provision of housing and communal services to the population in case of non-payment or incomplete payment.</p>
--	------------	--	--	--------------------	----------	--

Total number of questions in subject area:	11
Total number of applicable questions in subject area:	11
Total number of applicable key questions in subject area:	5
Total number of risk points:	25
Risk score	2.27
Area risk rating	Moderate

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2. Programme management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?		No		Significant	3	There are no policies, procedures or tools for the development of programmes and plans. Refer to internal control finding 3.
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	Work plans identify the deliverables and activities that need to be completed to achieve the deliverables, with time frames and budgets for those activities.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	Risk analysis is an important step in the decision-making process. By understanding and evaluating the risks associated with a particular choice, we can make more informed decisions that are more likely to lead to a positive outcome. Periodic risk assessment is carried out and a plan is implemented to mitigate potential disruptions. The organization uses two main types of risk analysis: quantitative and qualitative. Quantitative risk analysis uses mathematical and statistical methods to calculate the likelihood and potential impact of risks. Qualitative risk analysis uses expert judgment to assess the likelihood and potential impact of risks.

<p>2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?</p>		No		Significant	3	<p>The IP's M&E policy is currently being developed. Internal monitoring and evaluation documents include the work schedule, electronic database, primary customer questionnaires, case management documents, reports on the work of project centres, acts of writing off consumables, logs of accounts and services provided to project clients.</p> <p>Refer to internal control finding 4.</p>
<p>2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?</p>	Yes			Low	1	<p>"Winds of Change" BF has a M&E framework for its programs with indicators, baselines and goals for monitoring the achievement of program results.</p>
<p>2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.</p>	Yes			Low	1	<p>The IP carries out and documents regular monitoring activities. These activities include working meetings with staff/volunteers, partners, stakeholders; on-site monitoring visits; customer surveys; and the preparation of quarterly and annual reports on project activity, its results and lessons learned. All activities are recorded in the report notes of the responsible employees who conducted such events.</p>

<p>2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>The collection and analysis of current statistics of coverage and provided services are carried out monthly, in accordance with the following indicators: Maintaining an electronic database of customers and services (Excel). Data related to the provision of services and coverage of clients by the project, program are entered into the electronic database daily. All units of the project keep daily records of customers and services and provide data to the documenter, who enters them into the database. Managers directly conduct surveys, observations, and interviews regarding satisfaction and quality of services. Documenting the work of the forwarding system and case management is carried out by case managers, and the analysis of the client's problem and needs and steps to resolve the situation are determined. The ME specialist evaluates and prepares reports on the socio-demographic profile of the covered clients and the number of services provided.</p>
<p>2.8 Is it evident that the IP followed up on independent evaluation recommendations?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>After an independent assessment, authorized persons implement the recommendations, and monitoring of implementation is provided. A report is provided with recommendations.</p>

Total number of questions in subject area:	8
Total number of applicable questions in subject area:	8
Total number of applicable key questions in subject area:	2
Total number of risk points:	12
Risk score	1.5
Area risk rating	Low

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3. Organizational structure and staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	The procedure for attracting employees is stipulated by the personnel policy, which is based on the principles of transparency and competitiveness of personnel selection, and the professionalism of applicants. Interviews, testing of applicants, their reputation, educational level, experience, reviews of previous employers and partners, etc. are studied. The Fund is responsible for selection of personnel and contractors. The policy is based on the labour legislation of Ukraine and modern practice of personnel selection.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	The procedure for concluding contracts with FOP and CPC contracts is used for all areas of work. The functional duties of employees are determined by these contracts. In addition, the functional duties of the head of the Organization are determined by the Organization's Charter. The functional responsibilities of procurement procedure commissioners are determined by Chapter II of the Organization's Procurement Policy. The functional responsibilities of the PSEA Policy Officer are defined separately in the Anti-Sexual Exploitation Policy and currently.

<p>3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.</p>	<p>Yes</p>		<p>Low</p>	<p>1</p>	<p>Head of the organization, Vegrian Natalia, has experience in project management of projects supported by UNICEF, Caritas Germany, World Childhood Foundation, and others. Participant of the Open World Exchange Program at the Library of Congress. From 2022 to 2023, she is the coordinator of the UNICEF project ""Complex emergency response in Odesa region, Mykolaiv region and government - control areas of Kherson region to cater to the needs of children, parents and caregivers affected by the armed conflict in Ukraine", has certificates PSEA, HACT, FACE.</p> <p>Assistant project manager, Tetyana Pylypenko, has higher education from I. I. Mechnikov Odesa National University, specialty Sociologist, and 17 years of experience. She has been working as an M&E Specialist since 2012 (individual entrepreneur), participated in projects supported by the Ursula Joshi Foundation, UNICEF, Kymonix, Caritas Germany. From 2022 to 2023, she was an assistant to the UNICEF project coordinator Complex emergency response in Odesa region, Mykolaiv region and government - control areas of Kherson region to cater to the needs of children, parents and caregivers affected by the armed conflict in Ukraine. From 2022 to 2023, she was an assistant to the UNICEF project coordinator ""Complex emergency response in Odesa region, Mykolaiv region and government - control areas of Kherson region to cater to the needs of children, parents and caregivers affected by the armed conflict in Ukraine.</p>
--	------------	--	------------	----------	---

						<p>Lawyer of the organization, Oparenko Oleg, graduated from the Yaroslav Mudryi National Law Academy of Ukraine in Kharkiv with an honors degree. Work experience includes senior assistant prosecutor of Leninsky District of Donetsk; senior assistant prosecutor of Donetsk; head of the department for supervision over the observance and application of laws of the prosecutor's office of Kherson Region. In 2020, he successfully passed the bar exam. The accountant, Natalia Cherkizova, has sufficient experience, including working as tax inspector, VAT consultant, assistant accountant, and accountant at the IP for 4 years.</p>
<p>3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?</p>	Yes			Low	1	<p>The accounting/financial function of "Winds of Change" BF is adequately staffed to ensure sufficient control for managing the agency's funds. There are separate accounts for each agency, the accounts are protected by an individual user key.</p>
<p>3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?</p>		No		Significant	3	<p>The IP doesn't have training policies, but accountants, project managers, management personnel constantly improve their qualifications, attend trainings and improve their professional qualifications.</p> <p>Refer to internal control finding 5.</p>

3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	When being accepted into the Organization for the position of accountant or for management issues on the basis of a contract with the FOP or CPC, a thorough check of previous work experience, resumes, letters of recommendation, documents on education, on professional development is carried out, and an interview is conducted on the subject of possessing the relevant skills and knowledge.
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	There has been no staff turnover in such positions over the past five years.
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	Yes			Low	1	The Organization has a Policy regarding the norms of behaviour of employees of CF "WINDS OF CHANGE" (which defines requirements for employees and restrictions on abuses and offenses, prohibition of conflict of interests, fraud, violence, etc.), which is made public and available to every employee (counterparty).
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	10					
Risk score	1.25					
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/ A	Risk Assessment	Risk points	Remarks/comments
4. Accounting policies and procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Low	1	The IP uses the accounting software Entrepreneur 4, where all financial and economic operations are displayed with the distribution of costs according to the relevant components, categories of payments and sources of funds, which occurs with the use of appropriate analytics. There are analytical reports that take into account the circulation of funds, settlements with counterparties.
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Low	1	"Winds of Change" BF has an algorithm for allocating costs between different sources of financing in accordance with the budget of the agreements, and the names of the cost items.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	Accounting documents and records are stored in the Entrepreneur 4 software complex with a separate server with closed online access for storing information. All accounting employees are authorized in this software and have different levels of access (input, viewing, editing, etc.). The original paper forms of primary documents are kept in the accounting department. A separate storage room is allocated for the storage of cases at the enterprise. Access to primary financial documents is limited. Access is restricted to a limited number of persons, and only with the approval of management.

4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	The IP financial department reconciles the main and subsidiary ledgers once a month.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?		No		Significant	6	(a) Authorization to execute a transaction - head of the Fund, accountant. (b) Recording of the transaction - accountant (c) Custody of the assets - head of the Fund, accountant Refer to internal control finding 6.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	The accounting department is responsible for accounting and payment. The project manager and procurement specialist are responsible for the functions of ordering and receiving goods and services. The person responsible for the storage and issuance of goods and material values performs his functions.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?		No		Significant	6	The accountant prepares bank reconciliations once a month or as needed and requested by the partner/donor. The accountant is also responsible for payments. Refer to internal control finding 7.
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	Budgets are prepared for all activities and in sufficient detail. Project budgets are drafted using price analysis, needs assessment based on feedback, collection of information, and a request in social networks.

4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	Actual expenditures are compared to the budget every two weeks.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	The budget is compiled by the program manager and accountant and approved by the head of the fund. Adjustment and approval of the budget take place in accordance with the financial procedures of the partner/donor organization, approved by signatures and seals on a bilateral basis.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	The budgets are officially approved between the partners and "Winds of Change" BF, according to the law of Ukraine, the bank is provided with a scanned copy of the agreement for the implementation of project activities
4d. Payments						
4.12 Do invoice processing procedures provide for: · Copies of purchase orders and receiving reports to be obtained directly from issuing departments? · Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? · Checking the accuracy of calculations?	Yes			Low	1	According to the budget item, counterparties provide an invoice issued on the basis of a contract for the supply of goods / provision of services. The accountant processes the task received on the basis of the originals of the received financial and business documents: contract, specification, invoice, acts of acceptance and transfer, etc. After making sure that the documents provided in full and in their content correspond to the purpose of the payment, only after that the payment is made.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Moderate	4	The head of the fund authorizes payments. There is not a table of payment approval thresholds.

4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	Yes			Low	1	There is a stamp "PAID" and marked by the project partner on invoices.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	There are contracts and acts of work performed to pay for the services of contractors approved by the budget. The accountant prepares the relevant information and project manager approves it. All changes are agreed with the donor and approved by the president upon submission of the project manager.
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Low	1	Each employee involved has a percentage employment in the project, the internal order of the fund approves the project staff, which corresponds to the distribution of costs for each project.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	Control is carried out by providing primary documentation (accommodation receipt, food receipt, etc.).
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Moderate	2	In the past they used the cash basis, now they have introduced the accrual method.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?		No		High	4	All employees of the organization are familiar with the existing procedures of the fund, but there is no manual on policies and procedures. Refer to internal control finding 8.

4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Low	1	There are 2 signatories in the Foundation. Names are not added/removed. The authorized people are Vegriyan Natalia (Head of the Fund) and Cherkizova Natalia (accountant). Within the framework of the UNICEF project, the authorized person is Vegriyan Natalia - Head of the Fund.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	The IP fixes on daily basis transactions in an appropriate module on the bank.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?	Yes			Low	1	There are controls for collection, timely deposit and registration of receipts - bank statement, the fund works only on a non-cash basis.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	Bank balances and the cash book are reconciled daily by the accountant and duly approved by the head of the PE. Explanations are provided for important, unusual, and obsolete reconciliation items.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		No		Low	1	The IP does not use cash to make payments.
4.25 Does the IP carry out a regular petty cash reconciliation?			N/A	N/A	-	Expenses are not paid in cash.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Low	1	The organization has no cash. The primary accounting organization is kept secure with limited access. The bank accounts are protected with an individual user key.

4.27 Are their adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure / encrypted networks?	Yes			Low	1	All payments go through the client's bank, encrypted channels, certificates using an electronic digital key, the code of which changes once a year.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes			Low	1	Budget expenditures correspond to the work plan on the basis of the sub-grant agreement. The sub-grantee coordinates purchases and expenses, submits financial and program reports on a weekly/monthly basis based on the requirements of the partner/donor.
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?		No		Significant	3	The organization does not have an internal audit function. The organization has a system of internal monitoring and evaluation. Internal M&E is accountable to the founders and head of the Foundation. Refer to internal control finding 9.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			N/A	N/A	-	The organization does not have an internal audit function.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			N/A	N/A	-	The organization does not have an internal audit function.
4.32 Does the IP act on the internal auditor's recommendations?			N/A	N/A	-	The organization does not have an internal audit function.

Total number of questions in subject area:	32
Total number of applicable questions in subject area:	28
Total number of applicable key questions in subject area:	19
Total number of risk points:	47
Risk score	1.68
Area risk rating	Low

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5. Fixed assets and inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	In accordance with the legislation on accounting, appropriate accounting of assets and control over their use and write-off is constantly carried out, which is confirmed by accounting records. A safeguard against fraud in the organization is the policy for assessing the risks of procurement and the reliability of counterparties (which obliges law enforcement officers to immediately inform all facts of abuse and fraud) and the policy on the norms of employee behaviour (which obliges to report all cases of violations and abuses, conflicts of interest, fraud, etc.).
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	Fixed assets and inventory records are reconciled to control accounts once a week.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	Physical verifications are carried out on 1 January of each year. There is an inventory log. Commodity-material assets according to the order are brought to the balance of the fund. When transferring inventory items to the balance sheet of a utility company, an agreement and an act of acceptance of the transfer are concluded.
5.4 Are fixed assets and inventory adequately covered by insurance policies?		No		Moderate	2	The IP does not have significant assets to be covered by insurance policies.

5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	1	The IP takes all measures to prevent the creation of dangerous conditions in warehouses (fire alarms, video surveillance, reliable door locks, etc.).
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	1	The organization complies with the requirements of the legislation of Ukraine regarding inventory accounting. The person responsible for accounting and monitoring compliance with such discipline has been identified. Accounting forms have been developed, which are maintained and controlled.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	Yes			Low	1	Accounting of all assets and stocks of tangible assets is carried out in accordance with the requirements of accounting legislation. Stock posting and spending occur according to each receipt/expenditure fact - according to the accounting registers. A responsible person in the organization has been identified for this direction.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Low	1	The storekeeper is responsible for receiving and issuing inventory. The accountant is responsible for updating the inventory records.
5.9 Are regular physical counts of inventory carried out?	Yes			Low	1	Annual physical counts of inventory are carried out on 1 January.

Total number of questions in subject area:	9
Total number of applicable questions in subject area:	9
Total number of applicable key questions in subject area:	2
Total number of risk points:	10
Risk score	1.11
Area risk rating	Low

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6. Financial reporting and monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?		No		Significant	3	Tax reporting is prepared in accordance with the Tax Code of Ukraine. Management reports are prepared as needed and at the request of management. The IP is guided by Law of Ukraine "On Accounting and Financial Reporting in Ukraine" that details the reports that Ukrainian entities have to prepare. However, the IP does not have internal, established financial reporting procedures. Refer to internal control finding 10.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	The IP prepares annual financial statements.
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	Yes			Low	1	Two independent audits were conducted in 2021, on the basis of which audit reports were drawn up for the project and for the organization as a whole. An audit of the organization is planned for 2023.
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?		No		Low	1	There were no significant problems, there were recommendations that related to accounting policies and changes in the organization's statute regarding the payment of the head of the Fund. All recommendations were implemented, the documents were brought into line.
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	1	Changes were made to the statute and accounting policy of the Fund.

6.6 Is the financial management system computerized?	Yes			Low	1	Financial management is carried out through the Entrepreneur 4 software complex for accounting and the ME. Doc software complex, which is used for submitting tax and statistical reports, registering tax invoices, and exchanging electronic primary accounting documents.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	The financial management system can produce the necessary financial reports.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? <i>E.g. password access controls; regular data back-up.</i>	Yes			Low	1	The IP protects financial data by access control with a password and regular data backup.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	10					
Risk score	1.25					
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and contract administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	In the process of procurement of goods, works and services with the funds of the organization and donors, the organization is governed by the legislation of Ukraine, the procurement policy of the CF "WINDS OF CHANGE" and the policy for assessing the risks of procurement and the reliability of counterparties.
7.2 Are exceptions to procurement procedures approved by management and documented?			N/A	N/A	-	All purchases are made in accordance with the Procurement Policy, Section III.I. Procurement policies - initiating the procurement process. The most simplified procurement procedure - "direct procurement" (that is, no auction, tender, etc.) is used if the expected purchase price does not exceed UAH 100,000. There are no exceptions. The procedure of competitive procurement of goods, works and services is applied in any case, which is required by the criterion of the purchase price.

<p>7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>BF "Winds of Change" has a computerized procurement system with proper access control and division of responsibilities between entering purchase orders, approving and receiving goods. Procurement is carried out by the authorized person(s) (hereinafter - "UO", "UO group"), or a group of authorized persons of up to five people.</p> <p>When using the electronic procurement system, the UO enters personal data into the electronic procurement system, gives consent to their processing and updates such data in case of changes. Personal data entered by the UO into the electronic procurement system are not made public. During the organization and conduct of procurement procedures, the UO must ensure the objectivity and impartiality of the process of organization and implementation of procurement procedures/simplified procurement in the interests of the Management Board.</p> <p>The UO carries out its activities on the basis of the labour, economic or FOP contract concluded with the Management Board and in accordance with the relevant order of the Head of the Management Board. The UO must have experience in the field of competitive procurement of goods, works and services, and can undergo training on the organization and implementation of public procurement.</p> <p>For the preparation of tender documentation for procurement, the UO may involve other employees of the Board of Directors. The initiator of procurement can be the Head of the IP or the manager of a specific project, for the implementation of which procurement is required, in agreement with the Head of the IP.</p>
--	------------	--	--	------------	----------	---

						Initiation of purchases occurs by notifying the UO about the need to conduct the purchase. All documents for procurement (tender documents) are prepared by the UO with the involvement of the necessary technical specialists, managers and lawyer, if necessary.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	Procurement reports are created, reviewed and approved during competitive procurement of goods, works and services according to the budget of the agreement. Before the announcement of the tender, the partner approves the tender documentation with the relevant characteristics of the goods and services. The partner also approves the protocol for the selection of the supplier of goods and services.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	"Winds of Change" BF has a composition of authorized persons for procurement, approved by order. The functional responsibilities of the group are defined. The group is guided by policies, principles and procedures for procurement.
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the IP's procurement rules and regulations?	Yes			Moderate	2	The group has qualified personnel who are trained, certified and considered experts in procurement. Staff are familiar with UN/World Bank/EU procurement requirements, but do not hold certification.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	1	There were no procurement recommendations made by the auditors in the previous five audit reports and/or management letters over the past five years that have not yet been implemented

<p>7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>In the process of procurement, the organization is guided by the requirements of the procurement policy, within which the following threshold amounts are established for the application of the relevant procedure: Up to UAH 100,000. - direct purchases. From 100 to 250 thousand UAH. - request for price offers (competitive procedure). From UAH 250,000. - if the expected value exceeds this amount, a tender is applied using electronic competitive platforms. In special cases, according to the Procurement Policy, a negotiation procedure may be used.</p>
<p>7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria. The grounds for refusal to participate in the tender are clearly stated in the tender documentation</p>
<p>7.10 Does the IP obtain sufficient approvals before signing a contract?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>"Winds of Change" BF obtains approvals by the head of the IP before signing the contract.</p>

<p>7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>This issue is resolved by applying the procurement policy and the procurement risk assessment and counterparty reliability policy. Politicians provide for the exclusion of any conflict of interest, and in the event of its existence, the responsible person is tasked with immediately reporting it and taking measures to avoid it. The procurement practice and the regulated procedure clearly prohibit any informal communication with potential participants and current participants, any illegal communication and agreements that may negatively affect the organization's reputation are excluded. The guarantee of compliance with the principle of avoiding conflicts of interest is the complete transparency of procurement procedures and reporting applied by the organization.</p>
<p>7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>All procurement procedures are carried out through open electronic platforms - "PRO Procurement", "Gurt Prostir". The relevant notice on the start of the procedure for the procurement of goods, work or services is published (tender documentation is published). The tender documentation contains requirements for all potential participants in the procurement and for the product, work or service (technical task). The procedure is regulated by Sections II and III of the Procurement Policy.</p>
<p>7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>There is a register of suppliers with whom the IP previously had legal relations, and records of the productivity and effectiveness of implemented contracts are kept.</p>

<p>7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>The process of choosing the winner in the procurement procedure is determined, first of all, by the criterion of the lowest price offered. In addition, the offer of the participant (potential winner) must meet the customer's technical requirements for the product, work or service. Also, the participant must meet all other formal requirements formulated by the customer: work experience, reputation, license (if available), etc.</p> <p>At the end of the time for the participants to submit their proposals (in paper or electronic form), a group of authorized persons in charge of procurement opens the envelopes (e-mails) with the proposals, draws up the corresponding protocol for the evaluation of the proposals, carries out a technical analysis (comparison) and a financial one.</p> <p>The winner is determined by the participant who offered the most economically advantageous offer and meets all the requirements of the customer specified in the tender documentation.</p> <p>The criteria for determining the winner are formulated in the tender documentation and outlined in the organization's procurement policy.</p>
<p>7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>Only proposals that meet the technical requirements and/or specifications specified in the ITB will be considered for commercial evaluation. Commercial valuation should be based on the lowest price (in ITB).</p> <p>In the RFP, after the technical and commercial evaluation, the purchasing department calculates a total score. The winner is determined and a contract is signed.</p>

7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	The IP is not managing major contracts.
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	The IP is not managing major contracts.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	The IP is not managing major contracts.
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	The IP is not managing major contracts.
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	The IP is not managing major contracts.
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	14					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	15					
Risk score	1.07					
Area risk rating	Low					

Totals	
Total number of questions:	96
Total number of applicable questions:	86
Total number of applicable key questions:	39
Total number of risk points:	129
Total risk score	1.5
Overall risk rating	Low

