

Partner Compliance Checklist and Guidance Document



Please provide your c:w point of contact with the following documentation to support and demonstrate your organizations internal controls. These documents must be provided before the first Grant Agreement is signed. Please provide explanations for any documents that are not available. This document is to be prepared by the partner and review with charity: water.

GOVERNANCE

- Articles of Incorporation
- By-laws
- List of all Board members
- IRS Determination Letter (U.S. Organizations only) or equivalent
- Local Registration(s)
 - COUNTRY** (Expiration date: xx/xx/xxx)
- W-9 (U.S. Organizations only)

INTERNAL CONTROL

- Audited Financial Statements (3 years) International NGOs can submit financial audits from HQ country
 - 20xx Audited Financial Statement
 - 20xx Audited Financial Statement
 - 20xx Audited Financial Statement
- IRS Form 990 (U.S. Organizations only)
- Conflict of Interest Statement signed by management, finance and procurement teams
- Approval Authorization Matrix
- Procurement Policy
- Child Protection Policy/Child and Vulnerable Adult Policy
- Code of Conduct (Please note if included within a different policy)
- Financial and Accounting Manual
- HR Manual
- Organization Charts
 - HEADQUARTERS
 - COUNTRY** OFFICE

FINANCIAL REPORTING

- Accounting System
 - Accounting System: **SOFTWARE NAME**
 - Sample P&L provided

- Exchange Rate Policy
- Allocation Policy
- Program Budgeting & Reporting Process
 - Policy / Process provided
 - Sample provided

COMPLIANCE CHECKLIST GUIDANCE

Please confirm that your documentation meets the following criteria prior to submission:

GOVERNANCE

These indicators confirm that the organization's use of funds is in accordance with its tax-exempt purpose and that its work is performed in accordance with relevant local and and/or U.S. law.

Articles of Incorporation – Proves that the organization is a legally recognized, non-profit entity. Must contain a clause identifying the organization as a non-profit organization.

By-laws – Sets forth the mission and goals of the organization and provides information regarding their non-profit status.

List of all Board members – Necessary to meet the federally mandated Patriot Act requirements.

IRS Determination Letter and W-9 (U.S. Organizations only) – Clear and convincing evidence that the organization is a recognized charity.

Local Registration(s) – Clear and convincing evidence that the Grantee, including implementing partners, is legally registered in countries where work is performed. Local registrations should be provided for each country in which charity: water projects may be implemented.

INTERNAL CONTROL

These indicators provide an understanding of the accounting, administrative and financial management capabilities of the organization.

Audited Financial Statements (3 years) – Provide assurance that the organization is financially sound and will be sustainable over the life of a program or project.

IRS Form 990 (U.S. Organizations only)

Conflict of Interest - Provides assurance that the organization's management, finance and procurement staff will not engage in any activity, practice or act which conflicts with the interests of the organization.

Approval Authorization Matrix - Provides assurance that the organization has different levels of approvals and review and that different people are approving and reviewing purchases and payments.

Procurement Policy – Provides assurance that the organization has assessed and documented its policies and procedures around procurement, contracting, fixed assets, and general expenditures functions. To note, charity: water does not impose a procurement policy on partners; however, each recipient must adhere to its procurement policy during the life of a grant. charity: water may conduct periodic audits to ensure compliance with the recipient's own guidelines.

Child and Vulnerable Adult Protection Policy – Provides assurance that the organization is committed to protect all children and vulnerable adults from discrimination, harm, abuse and exploitation.

Code of Conduct – Provides assurance that the organization sets a high standard of ethical behavior for its staff, board members and volunteers.

Organization Charts – Provide assurance that the organization and implementing partners have the organizational structure appropriate for the level of financial and operational volume, including appropriate segregation of duties. These should be provided for headquarters as well as country offices relevant to charity: water projects.

FINANCIAL REPORTING

These indicators help develop a solid understanding of the organization's capacity to produce reliable, timely, and accurate financial reports in accordance with charity: water's requirements.

Accounting System – Shows the organization maintains an accounting system that tracks program revenue and expense as well as maintains project-based accounting and reporting. Organization should be able to provide a sample profit and loss (P&L) statement by donor and by program.

Accounting Estimates – Proves the organization has documented its position and methodology around relevant accounting estimates. Of particular interest is the organization's methodology for making personnel and overhead allocations. This may be submitted in the form of a memo on company letterhead, as part of a Accounting Manual, or embedded in the audited financial statements.

Exchange Rate Policy – Shows the organization monitors exchange rates in a realistic manner. This may be submitted in the form of a memo on company letterhead or as part of an Accounting Manual.

Allocation Policy – Shows the methodology followed to allocate shared costs to various programs and donors.

Program Budgeting & Reporting Process – Organization must be able to demonstrate its capacity to report in a manner consistent with charity: water's donor reporting requirements, that is, to establish a reasonable cost for each completed water project. This typically implies that the organization be able (please provide sample report (s):

- Budget costs by intervention type (e.g. shallow borehole, hand-dug well, etc.) as well as by status (i.e. new or rehabilitated),
- Account for expenses in a cost accounting software system,
- Effectively link expenses incurred directly from accounting system to completion reports.

Additionally, charity: water does not require the submission of anti-terrorism policy but it is the policy of charity: water to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, our partners must use reasonable efforts to ensure that none of the charity: water funds provided are used to support individuals or entities associated with terrorism. We require all partners to maintain policies and procedures to ensure compliance with these requirements, and maintain contemporaneous documentation to support its reasonable efforts in ensuring compliance.

Our partners are notified that U.S. executive order and U.S. law prohibits transactions with and the provision of resources and support to individuals and organizations associated with terrorism. It is the legal responsibility of our partners to ensure compliance with these executive order and laws. This provision must be included in all sub-contracts/sub-agreements issued under our programs. In addition to relying on locally available resources, our partners may use resources available online to review established lists published by the U.S. government. These may be located at:

<http://www.treas.gov/offices/enforcement/ofac/programs/>
<https://sanctionssearch.ofac.treas.gov/>
<http://www.state.gov/j/ct/rls/other/des/123085.htm>

Transactions with individuals, organizations, or any other entities including sanctioned governments on the above lists are prohibited.

TOOLS OFFERED TO STRENGTHEN INTERNAL CONTROLS

charity: water has developed tools to help you strengthen your internal controls and develop policies to meet our requirements in case that is necessary. Please get in touch with your c:w contact if you would like to access any of the tools we have available:

- Allocation policy examples
- Exchange rate guidance
- Program consumables repair guidance