



# ANNUAL PARTNER COMPLIANCE CHECKLIST WITH GUIDANCE

UPDATED:  
JANUARY 2021

Please provide your charity: water point of contact with the following documentation to support and demonstrate your organization’s internal controls. These documents must be provided before signature of any Grant Agreement. If any document from the list does not exist, please provide a clear written explanation and charity: water will provide further guidance. Please provide each document listed in the checklist at least 45 days prior to the start date for your grant.

If this is your organization’s first grant from charity: water, additional items may be requested. If this is not your first grant from charity: water, please provide the most recent audited financial statements (from the previous year) and re-submit any of the other documents from the list if there have been any updates or changes since your last grant.

## GOVERNANCE

### FOR US-BASED ORGANIZATIONS

- Articles of Incorporation (for U.S. HQ)  
.....
- By-laws (for U.S. HQ)  
.....
- List of all Board members including date the list is effective, and full names with position for each member (for U.S. HQ)  
.....
- Local Registration including expiration date (for country of implementation)  
.....
- IRS Determination Letter (for U.S. HQ)  
.....
- W-9 (for U.S. HQ)  
.....
- Most recent IRS Form 990 (U.S.-based organizations only)

### FOR NON-US-BASED ORGANIZATIONS

- Articles of Incorporation  
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- By-laws  
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- List of all Board members including date the list is effective, and full names with position for each member  
.....
- Local Registration including expiration date (for country of implementation)  
.....
- W-8EXP (Non-U.S.-based organizations only)

## INTERNAL CONTROL

### FOR US-BASED ORGANIZATIONS

*Submit all items in this list for the country office where work is implemented*

- Externally Audited Financial Statements (past 3 fiscal years must be on file with charity: water).
  - 20xx Audited Financial Statement
  - 20xx Audited Financial Statement
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 (\*See Guidance note for details)  
.....
- Approval Authorization Matrix

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## INTERNAL CONTROL

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### FOR US-BASED ORGANIZATIONS

Submit all items in this list for the country office where work is implemented

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- Organization Staffing Charts
    - Headquarters (for international NGO partners)
    - Country Office (for all partners)
- 

- Operations Manual (inclusive of procurement, stock/inventory management, and vehicle/fleet management policies)
- 

- Safeguarding Policy (or alternative policy such as Child Protection and/or Child and Vulnerable Adult Policies)
- 

- Code of Conduct and Conflict of Interest
- 

- Financial and Accounting Manual
- 

- Human Resources Manual or Employee Handbook
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- Human Resources Manual or Employee Handbook
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## FINANCIAL REPORTING

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### FOR US-BASED ORGANIZATIONS

Submit all items in this list for the country office where work is implemented

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- Accounting System
    - Accounting System (include software name)
    - Sample P&L Statement
- 

- Exchange Rate Policy
- 

- Allocation Policy
- 

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Submit all items in this list for the country office where work is implemented

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    - Accounting System (include software name)
    - Sample P&L Statement
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- Exchange Rate Policy
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- Allocation Policy
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# COMPLIANCE CHECKLIST GUIDANCE

Please confirm that you have provided each document listed in the checklist at least 45 days prior to the start date for your grant. If any document from the list does not exist, please provide a clear written explanation and charity: water will provide further guidance.

If this is your organization's first grant from charity: water, additional items may be requested. If this is not your first grant from charity: water, please provide the most recent audited financial statements (from the previous year) and re-submit any of the other documents from the list if there have been any updates or changes since your last grant.

## GOVERNANCE

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*These items 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/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 not-for-profit organization.

**By-laws** – Sets forth the mission and goals of the organization and provides information regarding the not-for-profit status.

**List of all Board members** – Necessary to meet the federally mandated U.S. Patriot Act requirements because charity: water is a United States-based not-for-profit. This list should include the date it was last updated, the full names and positions/titles for each active Board member.

**Local Registration** – Clear and convincing evidence that the Grantee 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. Please be sure the expiration date for registration is clearly legible.

**W-8EXP (Non-U.S.-based organizations only)** – Please submit a copy of this form available at <https://www.irs.gov/pub/irs-pdf/fw8exp.pdf>. If you would like to review detailed instructions to complete this document refer to <https://www.irs.gov/pub/irs-pdf/iw8exp.pdf> and <https://www.irs.gov/instructions/iw8exp>. This form only needs to be submitted to charity: water every three years. If the most recent W-8EXP form was submitted more than three years ago please submit an updated form. charity: water is required to have this form on file for foreign tax-exempt organizations as per U.S. Internal Revenue Service.

**IRS Determination Letter and W-9 (U.S. Organizations only)** – Clear and convincing evidence that the organization is a recognized charity. Please submit this document if the entity on your charity: water grant agreement is based in the United States.

## INTERNAL CONTROL

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*These items 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.*

**Externally Audited Financial Statements (past 3 fiscal years)** – Provide assurance that the organization is financially sound and will be sustainable over the life of a program or project. For international not-for-profit organizations, we request that audited financial statements are provided for both the headquarters office and the country office where charity: water funding will be utilized. If country office-level statements are not available, please provide an accompanying written statement from the country representative explaining the reason no audited statements are available for the country office and an explanation of audit procedures in-country. Note that all financial statements must be externally audited.

**Approval Authorization Matrix** – Provides assurance that the organization has different levels of review and approval, and that different people are approving and reviewing purchases, payments, and contractual obligations. The Approval Authorization Matrix is a country-specific list or table that documents sets out who can approve purchases, payments, and contractual obligations, and defines the cost limits/thresholds for each area of responsibility.



**Organization Staffing 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.

**Operations Manual (inclusive of procurement policy, stock/inventory management and vehicle/fleet management)** – Provides assurance that the organization has assessed and documented its policies and procedures around procurement, contracting, fixed assets, general expenditures functions, inventory management and fleet management. charity: water does not impose specific policies on partners; however, each recipient must adhere to its policies during the life of a grant. charity: water may conduct periodic audits to ensure compliance with the recipient's own guidelines.

**Financial and Accounting Manual** – Provides assurance that the organization has assessed and documented its policies and procedures around finance and accounting.

**Human Resources Manual or Employee Handbook** – Provides assurance that the organization has assessed and documented its policies and procedures for all staff and is compliant with local labor laws. For international not-for-profit partners this should be provided for the country program where charity: water funding will be utilized.

**Safeguarding Policy (or alternative such as 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 with Conflict of Interest Statement** – The Code of Conduct (or equivalent) provides assurance that the organization sets a high standard of ethical behavior for its staff, board members and volunteers. Each charity: water country partner will submit an example of the most current Code of Conduct statement or form used in-country, as well as a statement from the country representative documenting that all current Finance, Procurement, and Senior Management staff have reviewed and agreed to abide by the Code of Conduct. charity: water also requires assurance that the organization's management, finance and procurement staff will consider whether a relationship or situation creates the appearance of a conflict of interest as well as an actual conflict of interest. As such, if a Conflict of Interest point is not included in the organization's Code of Conduct, please also submit an example of the most current conflict of interest form used in-country and include in the statement from the country representative that all current Finance, Procurement, and Senior Management staff have also reviewed and signed the Conflict of Interest standard. (There is no longer a need to provide a copy of this document for each staff member.) If the Code of Conduct with Conflict of Interest statement or equivalent is included in the organization's Safeguarding Policy, Human Resources Manual, or other employee form, please indicate where it may be found.

**IRS Form 990 (U.S. Organizations only)** – Please submit if the entity on your forthcoming charity: water grant agreement is based in the United States.

## **FINANCIAL REPORTING**

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*These items 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. Organizations should be able to provide a sample profit and loss (P&L) statement by donor and by program.

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



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 orders 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:

<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**

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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 charity: water contact if you would like to access any of the tools we have available:

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

