

**UNITED NATIONS HIGH COMMISSIONER FOR  
REFUGEES  
("UNHCR")**

**Management Letter**

**for:**

**Charitable foundation ROKADA**

**Partner Code: 1272033**

**Ukraine**

**For the project period ended 31 December 2023**

## Management Letter

<b>Project Identification</b>		
<b>Country</b>	Ukraine	
<b>Auditor</b>	LLC AF PricewaterhouseCoopers (Audit)	
<b>Period covered by the audited Project Financial Report submitted by the Partner ("PFR") : (DD/MM/YYYY to end of liquidation period DD/MM/YYYY)</b>	Project Period: 01 January 2023 – 31 December 2023  End of Liquidation Period: 31 January 2024	
<b>Project Title</b>	PSS for IDPs and the affected population in Western and Central Ukraine	
<b>Partnership Agreement ("PA") Symbol to identify the Project Financial Report</b>	UKR01/2023/0000000310/000	
<b>Final PA Amendment [ Date DD/MM/YYYY and Symbol]</b>	24/11/2023 UKR01/2023/0000000310/001 (21141Y23M013240)	
<b>Partnership Agreement Type ( )</b>	BILATERAL PROJECT PARTNERSHIP AGREEMENT	
<b>Name of Partner</b>	Charitable foundation ROKADA	
<b>Partner Code</b>	1272033	
<b>Location (s) of PA/PFR records</b>	Lviv, Ukraine	
<b>Total Project Budget (in local currency)</b>	UAH 400,220,146.33	
<b>Total Audited PFR Expenditure (in local currency)</b>	UAH 400,220,146.33	
<b>Total Project Budget (in hard currency) in case the Project has this currency</b>	N/A	
<b>Total Audited PFR Expenditure (in hard currency), in case Project has this currency</b>	N/A	
<b>Total Audited PFR in US\$ Equivalent (using UN FX rate provided by IPMS)</b>	8,007,164.68	
<b>Audit Opinion</b>	Unmodified	
<b>Financial Findings</b>	<b>Number</b>	-
	<b>Financial Impact Currency of the PFR</b>	-
	<b>% of Total Expenditures</b>	-
<b>Key Control Weaknesses (Refer to Management Letter)</b>	<b>Number of High risks</b>	-
	<b>Number of Significant risks</b>	1
	<b>Number of Moderate risks</b>	1

## Management Letter

United Nations High Commissioner for Refugees (“UNHCR”)

To: UNHCR Representative/ Head of Office / Ukraine

cc: UNHCR Country Office focal Person/ Kateryna Kuritsyna / Ukraine

cc: Charitable foundation ROKADA / Head of the Board / Natalia Gourjii / Ukraine

### Report on the audit of the Project Financial Report

Dear Sirs/Madams,

In connection with our audit of the Project Financial Report for the Project “PSS for IDPs and the affected population in Western and Central Ukraine” prepared by Charitable foundation ROKADA (the “Partner”) for the period from 1 January 2023 to 31 January 2024, including the liquidation period (hereinafter – the “Project Financial Report”, or the “financial statement”), we have a pleasure in presenting our report concerning the internal control, accounting and reporting matters to the UNHCR.

Our audit work was designed to enable us to form an audit opinion on the respective financial statement and was carried out in accordance with International Standards on Auditing.

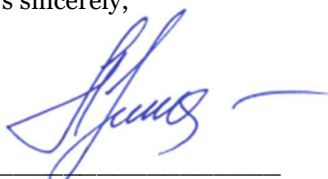
The matters included in this report came to our attention during the normal course of our audit work. As such, this report does not contain all those weaknesses and recommendations, which would be identified by a comprehensive review of the Partner’s internal controls and procedures. Based on the nature of this work, we focused our attention on those areas, which may be subject to further improvement from the audit point of view.

This report is intended solely for the information and use of the UNHCR and the Partner’s management and should not be used for any other purpose.

We would like to acknowledge the considerable help and co-operation from everyone within the Partner we have come into contact with. We would like to take this opportunity to express our appreciation of this assistance.

Naturally, we would be pleased to discuss any of our recommendations in more detail and, if appropriate, assist with the implementation of those recommendations.

Yours sincerely,



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Lyudmyla Pakhucha,  
Partner, PwC Ukraine

26 April 2024  
Kyiv, Ukraine

## Section 1:

### EXECUTIVE SUMMARY:

#### Audit Objectives:

The objective of the audit is to express our opinion on whether the Project Financial Report (PFR) is prepared, in all material respects, in accordance with the modified cash basis of accounting described in the Project Partnership Agreement (PPA).

#### Scope of work:

The scope of work includes the following:

- The audit of the Project Financial Report of the Partner for the period from 1 January 2023 to 31 December 2023, carried out in accordance with the International Standards on Auditing (ISA).

## Section 2: Major Financial Findings Audit

### Opinion

Opinion on Project Financial Report	Unmodified
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## Section 3: Management Letter

We noted the following weaknesses, and made the following recommendations to address the risks identified, financial management capacity, and compliance with the terms of Partnership Agreement, summarized below:

#	Description	Finding category	Financial finding category	Priority	Net financial impact [UAH]	Net financial impact US\$
1	As a follow up on the UNHCR findings provided in PMC Report dated 27/02/2024, we checked if the issue relates to the transactions in our audit sample. We noted that the advertisement for the bidding process ITB (Invitation to bid) regarding transactions with reference numbers #20737, 29038, 6532 and 2323 was posted only on the Organization's website. The number of financial offers received can be limited due to the above, which may lead to selection of a supplier with not the	Compliance	Reimbursement is not required	Low	■	■

#	Description	Finding category	Financial finding category	Priority	Net financial impact [UAH]	Net financial impact US\$
	best price offer on the market or selecting specific predetermined pool of suppliers that offer goods/services with higher prices.					
2	<p>As a follow up on the UNHCR findings provided in PMC Report dated 27/02/2024, we checked if the issue relates to the transactions in our audit sample. We noted the following:</p> <p>1) The IP entered into agreement with a supplier as a result of selection process "Invitation to Bid" (ITB) for the transactions with reference numbers #33141, 30824, 35242 and 27512. The contract amount was totaling UAH 18.5 mln or USD 500k, which is higher than the tender amount (UAH 13.8 mln or USD 368k). Subsequently, the annex was issued on 22 December 2023 (close to the end of the project period) to increase the contract amount further by UAH 3 mln. According to the Procurement procedures p.7.3.2.1, procurement methods are prescribed up to the ceiling of USD 500k and it is not clear what should be the course of action in case if the need exceeds this amount.</p> <p>2) The contract amounts for the transactions with reference numbers #36959, 12302, 29225, and 2314 deviate from the amounts stated in the respective biddings concluded for the above transactions.</p>	Compliance	Reimbursement is not required	Medium	-	-
<b>Total</b>					-	-

**Note 1** Financial/internal control/compliance/other.

**Note 2** 'Reimbursement required' or 'further review' or 'reimbursement not required' - refer to Annex 3 for definitions. Not applicable for internal control, compliance or other findings.

**Note 3** As per management letter.

**Note 4** Leave a dash if not a financial finding.

#### **Section 4: Overall Assessment of Partner's & Financial Management Capacity**

Our assignment has not included completing an internal controls questionnaire. Thus, this section is not applicable.

#### **Section 5: Follow-up on previous audit recommendations**

The Partner was audited in the prior year at the request of UNHCR, with no recommendations raised as a result of our audit.

## ANNEXES

### ANNEX 1 Priorities of audit recommendations

Criticality	Description
<b>High (critical)</b>	Prompt action is required to ensure UNHCR is not exposed to high risks. Failure to take action could result in major negative consequence for UNHCR.
<b>Medium (important)</b>	Action is required to ensure that UNHCR is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNHCR.
<b>Low</b>	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if dealt with during the exit meeting, should not be included in the audit report.

### ANNEX 2 Definition of ratings used in the internal controls assessment/questionnaire.

Risk rating	Definition
<b>Low risk</b>	Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan.
<b>Moderate risk</b>	Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
<b>Significant risk</b>	Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
<b>High risk</b>	Indicates an underdeveloped financial management system and control framework with a high likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

### ANNEX 3 Categories of financial findings

Category	Definition
<b>Reimbursement required</b>	Findings that will require the recovery of funds from the Partner because the reported expenditures are not justified and not in accordance with the PPA.
<b>Further review</b>	Findings that in exceptional circumstances could not be unresolved and or classified as reimbursement required or reimbursement not required, hence needs further reviews and consideration by UNHCR.
<b>Reimbursement not required</b>	Findings which relate to budget compliance, timing of expenditure recording and similar issues where expenditure is justified and otherwise in accordance with the PPA.

#### **ANNEX 4 Internal controls questionnaire**

Our assignment has not included completing an internal controls questionnaire. Thus, this section is not applicable.

#### **ANNEX 5 Management letter**

Submitted separately as an Excel file.

**Note:**

The Management Letter & ICA/ICQ should be submitted in excel-sheet (electronic format for enabling and assisting UNHCR to collect, collate and analysis all the reports from all auditors.