

FINANCIAL AUDIT REPORT

**AS TO THE FINANCIAL INFORMATION ON THE PROJECT
«UKRAINE WAR TRAUMA REHABILITATION: AFFECTED
POPULATION ASSISTANCE»**

Period: 01.06.2022-31.05.2023

TABLE OF CONTENTS

BACKGROUND INFORMATION.....3

 Background of the mandated organization 3

 Project objectives..... 3

 Auditor 4

 Audit Methodology applied for the Project 5

INDEPENDENT AUDITOR’S REPORT6

 Opinion 6

 Basis for opinion 6

 Emphasis of Matter..... 6

 Management’s responsibility for the financial information..... 7

 Auditor’s responsibilities for the audit of the financial information 7

PROJECT FINANCIAL REPORT

ANNEX 1. QUESTIONNAIRE

ANNEX 2. MANAGEMENT LETTER

BACKGROUND INFORMATION

Organization: Charity organization «Charity Fund «Patients of Ukraine»
04073, Kyiv, Syretska str., 38

Project: UKRAINE WAR TRAUMA REHABILITATION: AFFECTED
POPULATION ASSISTANCE

Audited period: 01.06.2022-31.05.2023

Background of the mandated organization

The Charitable Foundation «Patients of Ukraine» is a non profit organization representing the interests of the patients' community in Ukraine for almost 11 years. Currently the Charitable Foundation «Patients of Ukraine» unites 44 member organizations and represents the interests of over 1.5 million patients with various diseases from all over the country. The partner has an operational background, and a proven track record of successful project implementation supported by USAID, NED, International Renaissance Foundation, PACT, World Bank, UNDP etc. The Charitable Foundation «Patients of Ukraine» occupies a unique niche, covering three core areas:

- advocacy for implementing the healthcare reform in the interests of a patient and preventing a rollback;
- implementation (development and advocacy) of specific initiatives identified as priorities within our Strategy: improvement of the public pharmaceutical procurement system, deregulation of the pharmaceutical sector, mitigating corruption in hospitals, an increase of state budget expenditures on healthcare sector;
- mobilizing and developing the patients' community to better advocate for patients' rights.

In the early March 2022 as a response to Russian aggression in Ukraine, the Humanitarian Hub was established by The Charitable Foundation «Patients of Ukraine». The main task of the Humanitarian Hub is to provide emergency support to healthcare facilities all over Ukraine enabling them to provide Ukrainians with life-saving treatment and services during the war. During 2 months of work our Humanitarian Hub managed to:

- to ensure procurement and delivery of over 40 000 packages of medications, almost 2000 units of medical supplies, over 400 units of medical equipment – for the total amount of 580 000 USD
- to gain over 130 000 packages of medications as donations
- to support the MoH with delivery of over 1 200 tones of medications for HCFs all over Ukraine

Project objectives

Outcome 1 (rapid equipment procurement/supply and service delivery):
Rehabilitation service provision is strengthened in selected partner facilities, which can

serve as a scientific and training facility for other service providers by providing trauma rehabilitation training and rehabilitation equipment provision;

Outcome 2 (workforce): Physical rehabilitation service providers deliver modern evidence-based services, adequate to the patient's needs and relevant to war conditions, which are accessible and coordinated across different sectors and levels of care by developing educational programs and conducting training for using International Classification of Functionality and ICF based rehabilitation module in eHealth system and war-trauma rehabilitation programs:

- Created educational courses and webinars for multidisciplinary rehabilitation teams and other health care professionals on using the ICF and rehabilitation module in eHealth system in rehabilitation units published on the NHSU Academy;
- Creating intensive educational programs for war-trauma rehabilitation

Outcome 3 (policy): Physical rehabilitation services governance and leadership improved. (National and local authorities provide an adequate legal framework, institutional support, coordination and leadership for rehabilitation service provision)

- eliminated contradiction in the Ukrainian legislation between different rehabilitation systems in order to create a clear rehabilitation path for all targeted groups and serve as a background for modernization of rehabilitation infrastructure in Ukraine, that includes reduction of sanatorium treatment and of the medical-social expertise commissions;
- adjusted rehabilitation services within the National Health Service list and develop additional rehabilitation services within the authority of other agencies and coordinate them into a clear rehabilitation path, including community-based rehabilitation;
- created a rehabilitation documentation in eHealth system to ensure fixation of preand post-rehabilitation level of functionality based on the ICF as well as fixate rehabilitation plan (goals and intervention) and to create a background for reduction of the medical-social expertise commissions;
- Increased awareness among targeted groups on the evidence-based rehabilitation and the philosophy of the biopsychosocial approach to rehabilitation services.

Auditor

ACCOUNT Auditing & Consulting LLC, independent auditing firm entered into the register of auditing firms under the decision of the Chamber of Auditors of Ukraine with registration No. 2319¹

Address: 03150, Velyka Vasylykivska street, 97 office 3, Kyiv, Ukraine

Independent auditing firm was founded and entered into the register of independent auditing firms and has been conducting professional services on the territory of Ukraine since 2000.

Independent auditing activity in Ukraine is performed in compliance with the Law of Ukraine on Audit of the financial statements and auditing activity² and International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).

The firm has in-depth auditing experience with projects of international financial assistance in Ukraine implemented with the funding of international organizations from Switzerland (FDFA,

¹ https://www.apob.org.ua/?page_id=4787

² <https://zakon.rada.gov.ua/laws/show/2258-19#Text>

SDC), Sweden (SIDA, Swiss Embassy), Great Britain (Embassy of the UK), USA (DRF, USAID etc.) and European Union (Joined Operational Programmes on Cross Border Cooperation) since 2007.

Audit Methodology applied for the Project

Auditors performed auditing procedures in compliance to the ISAs and exercised professional judgement in order to obtain assurance and auditing documentation in the process of the audit.

For the purpose of verification of expenditures we have approached the requirements and internal documentation of the organization on the internal control system of the organization and its partners, we reviewed instructions and manual and enforcement of such instructions for the activity implemented under the project.

Expenditures were verified with procedures of observation, testing, analytical procedures and auditing sampling for compliance to the requirements of the legislation of Ukraine, the Mandate agreement and terms of reference for financial reporting.

Among the procedures applied by the auditors the most significant positions of expenditures such as procurement and installation of the rehabilitation equipment was tested with physical inventory of the selected sampling of equipment conducted via videocall and communication with the rehabilitation centers.

INDEPENDENT AUDITOR'S REPORT

*Swiss Agency of Development and Cooperation
The Swiss Federal Department of Foreign Affairs
Project Management*

**UKRAINE WAR TRAUMA REHABILITATION:
AFFECTED POPULATION ASSISTANCE PROJECT**

Audited organization:

Charity organization «Charity Fund «Patients of
Ukraine»
04073, Kyiv, Syretska str., 38

Responsible person:

Inna Ivanenko

Opinion

Based on the FDFA's Terms of Reference, we have audited the financial information for the Ukraine War Trauma Rehabilitation: affected population assistance Project, which comprises the balance sheet as at May, 31 2023 and the statements of income and expenditure for the period from June 1, 2022 to May 31, 2023;

In our opinion, the accompanying financial information on the project for the period from June 1, 2022 to May 31, 2023 have been prepared, in all material respects, in accordance with the Project mandate agreement and comply with the requirements of the FDFA's Terms of Reference (Version 2022).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities for the audit of the financial information section of our report.

We are independent of the entity in accordance with the requirements of the IESBA Code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The balance of funds for the project as of May 31, 2023 is 1'255'695 CHF. This balance includes:

- balance on the foreign currency bank account on account - 1'170'985 CHF;
- balance on a hryvnia bank account – 56'837 CHF;

Amount not included in the report as expenditures includes advances paid out to vendors in amount of – 27'873 CHF. These amounts shall be reported as expenditures in the following reporting period in accordance to the accrual-based accounting.

We did not modify our opinion for this matter.

Management's responsibility for the financial information

Management is responsible for the preparation and fair presentation of the financial information. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Auditor

Independent auditing company ACCOUNT Auditing & Consulting LLC entered in the single electronic registry of independent auditing entities³ by the decision of the Auditing Chamber of Ukraine No.2319.

Company state registration and individual taxpayer code: 30778330

Legal address: 97 Velyka Vasylkivska office 3, Kyiv 03150, Ukraine

The Engagement Partner for this review engagement is Julia Kapustina, certified auditor entered in the Registry of Independent auditors No.101915.

July 13, 2023

Julia Kapustina
Managing Director

ACCOUNT Auditing & Consulting
97 Velyka Vasylkivska street, office 3
03150 Kyiv, Ukraine



³ https://www.apob.org.ua/?page_id=4787

Financial statement for Mandate Agreement for Project Implementation (MPI)

Ref. DMS:
Ref. of Mandate War Trauma Rehabilitation Ukraine

Name/Company: Patients of Ukraine CF

Intended duration of mandate:

Period of the financial statement:

from: 01.03.2022

to: 31.05.2023

Date: 20.05.2022

from: 01.06.2022

to: 31.08.2023

Code	Function/ Designation	in CHF						Balance phase per actual date in %
		Budget Phase	Budget actual period	Costs actual period	Balance actual period	Cost phase per actual date	Balance phase per actual date	
PART 1: Services Headquarters [HQ] [short-term]								
1,1	Fees HQ staff of Contractor (SAP-Number: 363 200 2100)	-	-	-	-	-	-	-
1,2	Reimbursable costs HQ staff (SAP-Number: 363 200 2110)	-	-	-	-	-	-	-
TOTAL Part 1		-	-	-	-	-	-	-
PART 2: Local Office [LO] of Contractor					0,00		0,00	
2,1	Fees local office staff of contractor (SAP-Number: 363 200 2100)	44 560	44 560	23 607	20 953	23 607	20 953	47%
2,2	Reimbursable costs (SAP-Number: 363 200 2110)	1 600	1 600	2 243	-643	2 243	-643	-40%
TOTAL Part 2		46 160	46 160	25 850	20 310	25 850	20 310	44%
PART 3a: Long-term experts					0,00		0,00	
3,1	Fees Professionals (expat and national) (SAP-Number: 363 200 2200)	109 410	109 410	73 088	36 322	73 088	36 322	33%
3,2	Travel expenses of resident expatriates and dependants (SAP-Number: 363 200 2200)	-	-	-	-	-	-	-
3,3	Expenses of foreign residence (SAP-Number: 363 200 2200)	-	-	-	-	-	-	-
TOTAL Part 3a		109 410	109 410	73 088	36 322	73 088	36 322	33%
PART 3b: Short-term experts (Consultants)								
3,4	Fees international and national short-term experts (SAP-Number: 363 200 2200)	81 300	81 300	67 803	13 497	67 803	13 497	17%
3,5	Reimbursable costs (SAP-Number: 363 200 2200)	-	-	-	-	-	-	-
TOTAL Part 3b		81 300	81 300	67 803	13 497	67 803	13 497	17%
PART 3c: Local support								
3,6	Remuneration of national support staff (SAP-Number: 363 200 2200)	38 900	38 900	14 982	23 918	14 982	23 918	61%
3,7	Reimbursable costs (SAP-Number: 363 200 2200)	-	-	-	-	-	-	-
3,8	Total Purchase of equipment for PIU (SAP-Number: 363 200 2300)	-	-	-	-	-	-	-
3,9	Total operating costs PIU (SAP-Number: 363 200 2400)	24 470	24 470	3 822	20 648	3 822	20 648	84%
TOTAL Part 3c		63 370	63 370	18 805	44 565	18 805	44 565	70%
PART 4 Administrated Project funds								
Outcome 1 (SAP-Number: 363 200 2500)		1 424 000	1 424 000	622 983	801 017	622 983	801 017	56%
Outcome 2 (SAP-Number: 363 200 2500)		310 760	310 760	93 367	217 393	93 367	217 393	70%
Outcome 3 (SAP-Number: 363 200 2500)		465 000	465 000	242 409	222 591	242 409	222 591	48%
<i>Insert additional rows as per project document</i>								
TOTAL Part 4		2 199 760	2 199 760	958 759	1 241 001	958 759	1 241 001	56%
GRAND TOTAL		0,00	2 500 000	1 144 305	1 355 695	1 144 305	1 355 695	54%

Transfer of funds SDC

Balance of funds as per 01.06.2022 0,00

payments received:

Date: 16.06.2022 Amount: 750 000,00
Date: 26.10.2022 Amount: 675 000,00
Date: 06.12.2022 Amount: 800 000,00
Date: 05.04.2023 Amount: 175 000,00

Total funds 2 400 000,00

expenditures for this period: 1 144 304,91

Balance of funds as per 31.05.2023 1 255 695,09

Date: Signature:



Inna Ivanenko
Executive Director



QUESTIONNAIRE

Instruction to the auditor: If the answer is “no“ to one of these questions, further explanation is required in the form of a management letter point.

Questions	Yes	No	n/a	Comments
<i>Existence, adequacy and effectiveness of the Internal Control System (ICS) – Principle 2.2</i>				
1. Is the internal organization (structures, functions, tasks, competencies, responsibilities, methods, procedures, segregation of duties etc.), based on your impression, adequate to the size and operations of the partner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Are duties for vital functions and processes sufficiently segregated (e.g. entering commitments, entering and signing of contracts/agreements, authorizing and accounting of expenditures, reconciliation of cash on hand and in banks, follow-up on long outstanding debtors and creditors, etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Do you obtain comfort that the ICS of the organization is in adequacy with its size and type of activities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Is the ICS known, applied and documented?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Do you obtain comfort on compliance with applicable laws, regulations and instructions (e.g. taxes, salaries, social contributions etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Is an Organization Manual with local context specific regulations (threshold in amount and number of offers to be solicited for local procurements of goods and services, cash limit, etc.) in place and are they followed? Are they in line with local legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Did you obtain an understanding of the design of the information and financial reporting system?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Has the Partner advised staff, beneficiaries etc. to whom to report any suspect of fraud, misuse, or waste of resources or property?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Conformity with the project objectives and adherence to the contract conditions – Principle 2.3</i>				
9. Is it ensured that signed project agreements (FDFA with partner and/or partner with subcontractor/s) exist before any payments are made?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. Are the payments within your audit / review scope in accordance with the contract conditions and the agreed budget?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Payments are within the contractual budget
11. Is the classification of expenses and income in accordance with the agreed contractual budget?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Are approvals for variations from the budget/work plan required in advance of commitment of expenditure?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

13. Is the financial reporting in accordance with the project agreement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14. Is the financial reporting of the period under audit / review in line with the reporting timetable?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
15. Do project responsible (operational and finance staff) visit field activities and are the findings of these visits documented?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
16. Is a written confirmation of the balance of the FDFA advances available at project year end?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
17. Are the management letter points by the project auditor brought up in past years resolved adequately and/or properly monitored by the management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
18. Is it ensured that any significant issues (e.g. fraud, management override of controls, etc.) noted in a review / audit report has been communicated to FDFA?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	We didn't note any cases of fraud, management override of controls, etc.
19. Are the partner and any subcontractor/s familiar with regard to VAT and any other tax regulation procedures on the procurement of material and services for the activities funded by FDFA?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VAT exemption was applicable fully in accordance with requirements of current legislation
20. Are there instructions on the approval of expenses (e.g. 4 eyes principle) and are they followed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
21. Is the correct application of fees and allowances as per contract ensured (e.g. fees, rent, travel expenses, hotel accommodation, per diem and other allowances for project experts/consultants)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Questions	Yes	No	n/a	Comments
22. Are control procedures in place to match labor costs (hours) charged to the project with time sheets of the relevant personnel?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Control procedures are included in the Operations manual
23. Is it ensured that the partner has correctly accounted for his hours on the project (effectively rendered services) in order to avoid double-charging of expenses (e.g. to different projects)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
24. Are all items (fixed assets) representing property of the project maintained and safeguarded?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No fixed assets purchased by the Project
Economical conduct of business and effective use of financial resources – Principle 2.4				
25. Is it ensured that project specific financial resources are only utilized for the particular activities and projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
26. Do adequate measures and procedures in the ICS exist, to ensure economical and effective utilization of committed resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
27. Is it ensured that prices and rates for material, services and overheads are subject to regular verification?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

28. Is the calculation of fees (charged for services to FDFA) transparent and documented?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
29. Are all expenditures of expatriate employees reviewed and substantiated (rent, travel expenses, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
30. Are all expenditures related to local staff reviewed and substantiated (gross salary, social and pension contributions, income taxes, travel expenses, rent, etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
31. Are there instructions on the non-use of project/program vehicles for private purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No project vehicles available
32. Are there instructions for the use of equipment after the end of the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No equipment purchased by the Project
33. Are there instructions on the non-use of mobile and fix net phones for private purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<i>Any other issues</i>				
34.				
35.				

MANAGEMENT LETTER

**AS TO THE FINANCIAL INFORMATION ON THE
PROJECT «UKRAINE WAR TRAUMA REHABILITATION:
AFFECTED POPULATION ASSISTANCE»**

**FOR THE PERIOD
JUNE 1, 2022 TO MAY 31, 2023**

Project:	Ukraine War Trauma Rehabilitation: affected population assistance
Partner:	Charity organization «Charity Fund «Patients of Ukraine»
Year-end:	May 31, 2023
Currency:	Swiss Francs (CHF)
To:	Management of Patients of Ukraine
Date of preparation:	July 12, 2023

Scope of Audit

The auditor was required to assess with the enclosed questionnaire (Annex 1) whether the partner has adequate policies and procedures in place relating to the following matters:

- **Existence, adequacy and effectiveness of the Internal Control System (ICS)**
(principle 2.2 as mentioned in the standard ToR)
- **Conformity with the project objectives and adherence to the contract conditions**
(principle 2.3 as mentioned in the standard ToR)
- **Economical conduct of business and effective use of financial resources**
(principle 2.4 as mentioned in the standard ToR)

All questions answered with a “no”, are included in the table below as a Management Letter Point, risk rated by the auditor and followed up by the partner.

Risk rating of Management Letter Points

- Matters of **large or significant importance** regarding control environment, accounting policies or practices, which might entail a material loss or material reporting error are rated by the auditor as a **high Priority**;
- Matters of **medium importance** regarding control environment, accounting policies or practices, which would unlikely entail a material financial loss or reporting error shall be rated by the auditor as a **medium Priority**;
- Matters of **low importance** regarding control environment, accounting policies or practices or comments relating solely to local reporting matters shall be rated by the auditor as a **low Priority**.

Conclusions and Recommendations

No.	Findings	Recommendations	Priority	Management comments and proposed actions	Deadline for implementation
Existence, adequacy and effectiveness of the Internal Control System (principle 2.2)					
Conformity with the project objectives and adherence to the contract conditions (principle 2.3)					
1.	<p>Instructions for using the fixed assets</p> <p>We didn't obtain instructions on the non-use or conditions attached to the use of project/programme fixed assets, and equipment (vehicles, equipment, use of mobile phones, etc.) for the time of project implementation and instructions for the use of equipment after the end of a project</p>	<p>Recommendation:</p> <p>We recommend developing such instructions for their further use in the process of project implementation and coordinate these instructions with the Donor.</p>	Medium	<p>Response:</p> <p>The project budget does not include costs for the purchase of fixed assets for project/program implementation. However, in the future, if such costs are included in the budget, instructions on the conditions for the use of project/program fixed assets and equipment (vehicles, equipment, use of mobile phones, etc.) during the project implementation, as well as instructions on the use of equipment after the project completion will be developed.</p>	31/12/2023
Economical conduct of business and effective use of financial resources (principle 2.4)					
2.	<p>VAT</p> <p>VAT exemption is not applied in full scale. There are Vendors of the Project which did not apply VAT tax exemption in contradiction to the Tax Code of Ukraine clause 197.11 of article 197.</p> <p>The total value of VAT paid by the project is 1 521 UAH</p>	<p>Recommendation:</p> <p>We recommend to apply VAT tax exemption according to the Tax Code of Ukraine.</p>	Low	<p>Response:</p> <p>The VAT exemption applies to purchases included in the procurement plan for goods, works and services purchased with international technical assistance funds. Expenditures for office needs are insignificant in volume and were not included in the procurement plan for goods, works and services when registering international technical assistance. Therefore, such project suppliers did not apply for VAT exemption.</p>	31/12/2023