



AUDIT

OF

UNDP KYRGYZSTAN

**AUTOMATION OF VOTERS' IDENTIFICATION PROCESS
DURING THE ELECTORAL CYCLE IN 2015- 2017
(Directly Implemented Project No. 88842, Output No. 95323)**

Report No. 1637

Issue Date: 31 August 2016

Report on the Audit of UNDP Kyrgyzstan
Automation of Voters' Identification Process during the Electoral Cycle in 2015 – 2017
(Project No. 88842, Output No. 95323)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 18 to 22 July 2016, conducted an audit of Automation of Voters' Identification Process during the Electoral Cycle in 2015 – 2017 (Project No. 88842, Output No. 95323) (the Project), which is directly implemented and managed by the UNDP Country Office in Kyrgyzstan (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Assets as no assets were purchased for the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*	
Amount (in \$ '000)	Opinion
529	Unqualified

*Expenditures recorded in the Combined Delivery Report totalled \$6,690,000. Excluded from the audit scope were transactions that relate to expenditures processed and approved by other UNDP offices outside of the country totalling \$6,161,000.

The audit did not result in any recommendations.



Helge S. Osttveiten
Director
Office of Audit and Investigations

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

**UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

AUDIT REPORT

22 August 2016

**FINANCIAL AUDIT OF THE UNDP DIRECTLY
IMPLEMENTED (DIM) PROJECT**

**Automation of Voters' Identification Process
during the Electoral Cycles in 2015-2017**

UNDP Country Office:	Kyrgyzstan
Atlas Project ID:	88842
Atlas Output ID:	95323
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2015

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Automation of Voters' Identification Process during the Electoral Cycles in 2015-2017' (Project ID 88842 - Output ID 95323) (the project), directly implemented by UNDP Kyrgyzstan ('the Office') for the year ended 31 December 2015. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

We have issued audit opinions as summarised in the table below and as detailed in the next section:

Statement of Expenditure	Unqualified
Statement of Fixed Assets	Not applicable
Statement of Cash Position	Not applicable

As a result of our audit, we have not raised any audit findings.

The project was not audited in the prior year.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

22 August 2016

THE AUDIT ENGAGEMENT

Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the DIM project’s financial statements which include:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2015 and the funds utilization as at 31 December 2015 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at 31 December 2015. This statement must include all assets available as at 31 December 2015 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2015. In cases where the audited DIM project does not have a dedicated bank account for the project and the cash transactions are made through the country office bank accounts, this type of opinion is not required.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2015. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

Independent Auditor’s Report to UNDP - Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017

Statement of Expenditure

To the director of the Office of Audit and Investigations United Nations Development Programme

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$6,689,561 (the statement) of the UNDP output ID 95323 ‘Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017’ for the period from 1 January to 31 December 2015. CDR expenditure totalling \$6,160,778 not processed or approved by UNDP Country Office Kyrgyzstan, was not within the scope of our audit.

Management’s Responsibility for the Statement of Expenditure

Management is responsible for the preparation of the statement for the project ‘Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017’ and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project’s preparation of the statement 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 project’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement presents fairly, in all material respects, the expenses of \$528,783 incurred by the project Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017 for the period 1 January to 31 December 2015 in accordance with UNDP accounting policies and were i) in conformity with the approved budget; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB
22 August 2016

Independent Auditor’s Report to UNDP - Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017

Statement of Assets and Equipment

We noted that the UNDP output ID 95323 ‘Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017’ had no assets or equipment and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor’s Report to UNDP - Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017

Statement of Cash Position

We noted that the UNDP output ID 95323 ‘Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017’ did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

MANAGEMENT LETTER

As a result of our audit of UNDP Directly Implemented project ID 88842 - output ID 95323 ‘Automation of Voters’ Identification Process during the Electoral Cycles in 2015-2017’ for the period from 1 January to 31 December 2015, we have not raised any audit findings.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
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22 August 2016

Annexes

Annex 1: Combined Delivery Report



Selection Criteria :

Business Unit : KGZ10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095323

Project Id : 00088842 Automation of voters' identifi	Period : Jan-Dec (2015)
Output # : 00095323 Automation of voters' identifi	Impl. Partner : 99999 UNDP
	Location : UN Drivers' room

Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
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Dept: 55601 (Kyrgyzstan - Central)

Fund : 30000 (PROGRAMME COST SHARING)

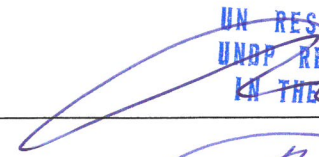
71305 - Local Consult.-Sht Term-Tech	20,908.10	11,035.51	0.00	31,943.61
71630 - Shipment	0.00	106,409.24	0.00	106,409.24
72215 - Transportation Equipment	0.00	1,584.44	0.00	1,584.44
72399 - Other Materials and Goods	0.00	317,832.57	0.00	317,832.57
72405 - Acquisition of Communic Equip	0.00	4,221,046.91	0.00	4,221,046.91
72505 - Stationery & other Office Supp	0.00	8,736.00	0.00	8,736.00
72810 - Acquis of Computer Software	0.00	195,226.97	0.00	195,226.97
72815 - Inform Technology Supplies	0.00	1,152,121.55	0.00	1,152,121.55
73505 - Reimb to UNDP for Supp Srvs	0.00	1,803.22	0.00	1,803.22
74205 - Audio Visual Productions	0.00	2,030.44	0.00	2,030.44
74210 - Printing and Publications	0.00	9,330.18	0.00	9,330.18
74220 - Translation Costs	0.00	2,256.25	0.00	2,256.25
74225 - Other Media Costs	0.00	54.81	0.00	54.81
74520 - Storage	0.00	4,089.02	0.00	4,089.02
74525 - Sundry	0.00	17.65	0.00	17.65
74725 - Other L.T.S.H.	0.00	165,375.73	0.00	165,375.73
75105 - Facilities & Admin - Implement	0.00	463,711.92	0.00	463,711.92
75709 - Learning - training of counter	0.00	200.27	0.00	200.27
76120 - Unrealized Loss	0.00	7,161.93	0.00	7,161.93
76125 - Realized Loss	0.00	13.08	0.00	13.08
76130 - Unrealized Gain	0.00	- 1,323.84	0.00	- 1,323.84
76135 - Realized Gain	0.00	- 60.64	0.00	- 60.64


Total for Fund 30000	20,908.10	6,668,653.21	0.00	6,689,561.31
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Total for Dept : 55601	20,908.10	6,668,653.21	0.00	6,689,561.31
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Total for Output : 00095323	20,908.10	6,668,653.21	0.00	6,689,561.31
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Project Total :	20,908.10	6,668,653.21	0.00	6,689,561.31
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Signed By :  **ALEXANDER AVANESSOV**
UN RESIDENT COORDINATOR
UNDP RESIDENT REPRESENTATIVE
IN THE KYRGYZ REPUBLIC Date : 24 FEB 2016

Signed By :  **JYLDYZ MOLDONKLOVA**
PRM - MANAGER Date : 24 FEB 2016



Mark Henderson

Partner

Moore Stephens LLP 22 August 2016



Selection Criteria :

Business Unit : KGZ10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095323

Project Id : ALL	Period : Jan-Dec (2015)
Output # : ALL	Impl. Partner : Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
55601 - Kyrgyzstan - Central	20,908.10	6,668,653.21	0.00	6,689,561.31



Funds Utilization

Selection Criteria :

Business Unit : KGZ10
Period : Jan-Dec (2015)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00095323

Project/Award: 00088842 Automation of voters' identifi

Period : As at Dec 31, 2015

Output #	00095323	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			6,290.81
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Annex 2: Audit finding priority ratings

The following categories of priorities are used:

- | | |
|-------------------------------|---|
| High
(Critical) | Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues. |
| Medium
(Important) | Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences. |
| Low | Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report. |