



**AUDIT**

**OF**

**UNDP ZAMBIA**

**STRENGTHENING SUPPLY CHAIN MANAGEMENT IN HEALTH SECTOR IN ZAMBIA**

**(Directly Implemented Project No. 101751, Output No. 104048)**

**Report No. 1976**

**Issue Date: 26 July 2018**

**Report on the Audit of UNDP Zambia  
Strengthening Supply Chain Management in Health Sector in Zambia  
(Project No. 101751, Output No. 104048)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 28 May to 8 June 2018, conducted an audit of Strengthening Supply Chain Management in Health Sector in Zambia (Project No. 101751, Output No. 104048) (the Project), which is directly implemented and managed by the UNDP Country Office in Zambia (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 expenses for the period from 1 January to 31 December 2017 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2017. 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 held by 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 Expenses*	
Amount (in \$ '000)	Opinion
6,074	Unmodified**

\*Expenses recorded in the Combined Delivery Report were \$6,093,186. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$19,685).

\*\*Unmodified = unqualified or clean opinion.

**Key recommendations:** Total = 4, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address (i) a weakness in vendor set up, (ii) inadequate monitoring of individual contracts, (iii) prepayments incorrectly reported, and (iv) incomplete project activities.

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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.

The four recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	3	Medium
Effectiveness and efficiency of operations	1, 4	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2	Medium

### Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted all four recommendations and is in the process of implementing them.

Comments and/or additional information provided have been incorporated into the report, where appropriate.



Antoine Khoury  
Officer-in-Charge  
Office of Audit and Investigations



**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)**

**AUDIT REPORT**

**FINAL  
25 JULY 2018**

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

**Strengthening Supply Chain Management in Health  
Sector in Zambia**

<b>Ouput name:</b>	<b>Construction of MSL Warehouses</b>
<b>UNDP Country Office:</b>	<b>Zambia</b>
<b>Atlas Project ID:</b>	<b>00101751</b>
<b>Atlas Output ID:</b>	<b>00104048</b>
<b>Auditor:</b>	<b>Moore Stephens LLP</b>
<b>Period subject to audit:</b>	<b>1 January to 31 December 2017</b>

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## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of 'Strengthening Supply Chain Management in Health Sector in Zambia' (Project ID 00101751 and Output ID 00104048) (the project), directly implemented by UNDP Zambia for the year ended 31 December 2017. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

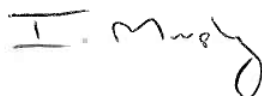
We have issued audit opinions as summarised in the table below and as detailed in the next section:

<b>Project Financial Position</b>	Unmodified
<b>Statement of Fixed Assets</b>	Not applicable
<b>Statement of Cash Position</b>	Not applicable

As a result of our audit, we have raised four audit findings with no financial impact as summarised below:

No.	Title	Priority	Net financial impact \$
1	Weakness in vendor set up	Medium	-
2	Inadequate monitoring of individual contracts	Medium	-
3	Prepayments incorrectly reported	Medium	-
4	Incomplete project activities	Medium	-
<b>Total</b>			-

The project was not audited in the prior year.



Ian Murphy  
Partner

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25 July 2018

MOORE STEPHENS

## THE AUDIT ENGAGEMENT

### Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the DIM project's financial position which includes:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2017 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2017 and the accounts receivable and accounts payable as at 31 December 2017 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, at net book value, presents fairly the balance of depreciated assets of the UNDP project as at 31 December 2017. This statement must include all assets available as at 31 December 2017 and not only those purchased in a given period.

Where a DIM project does not have any assets or equipment, it is not necessary to express such an opinion.

- Expressing an opinion on whether the Statement of Cash Position held by the project presents fairly the cash and bank balance of the UNDP project as at 31 December 2017.

In cases where the cash transactions of the audited DIM project 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), the 700 series. As applicable, the audit report provides the progress made in implementing the recommendations raised in the previous year's audit report.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 January and 31 December 2017. 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.

## AUDIT OPINIONS

### Independent Auditor's Report to UNDP – Strengthening Supply Chain Management in Health Sector in Zambia

#### Project Financial Position

#### To the Director of the Office and Audit and Investigations, United Nations Development Programme

We have audited the financial position of the UNDP project ID00101571, 'Strengthening Supply Chain Management in Health Sector Zambia' output ID 00104048, 'Construction of MSL Warehouses' for the period 1 January to 31 December 2017 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization statement ("the statement"); and (c) the project -related accounts receivable and accounts payable.

The CDR expenditure totalling \$ 6,093,185.91, is comprised of expenditure directly incurred by the UNDP Country Office in Zambia for an amount of \$ 6,073,501.30 and expenditure incurred by entities other than the Country Office for an amount of \$ 19,684.61. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Zambia of \$ 6,073,501.30.

#### **Unmodified opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 6,073,501.30 directly incurred by the UNDP Country Office in Zambia and charged to the project for the period 1 January to 31 December 2017 in accordance with UNDP accounting policies and 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.

#### **Basis for opinion**

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

We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management responsibilities**

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities**

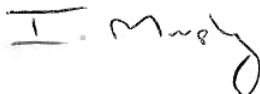
Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will 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 documents.

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 CDR and the Funds Utilization statement, 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ian Murphy  
Partner

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25 July 2018

**MOORE STEPHENS**

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## Independent Auditor's Report to UNDP – Strengthening Supply Chain Management in Health Sector in Zambia

### Statement of Fixed Assets

#### To the Director of the Office and Audit and Investigations, United Nations Development Programme

We noted that the UNDP project 'Strengthening Supply Chain Management in Health Sector in Zambia' had no assets and accordingly a Statement of Fixed Assets was not produced.

## Independent Auditor's Report to UNDP – Strengthening Supply Chain Management in Health Sector in Zambia

### Statement of Cash Position

### To the Director of the Office and Audit and Investigations, United Nations Development Programme

We noted that the UNDP project 'Strengthening Supply Chain Management in Health Sector in Zambia' 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

The audit findings and recommendations arising from the financial audit of the project are set out in our management letter below:

<b>Finding n°: 1</b>	<b>Title: Weakness in vendor set up</b>																					
<b>Observation:</b>  Section 3.0 of the UNDP POPP, Creating and Approving Vendors outlines the main procedures for the set-up of vendors. It is recommended that during the input of required vendor information in Atlas, 'the vendor's banking details be provided by the bank on the bank's letterhead to reduce the risk of error when making Electronic Fund Transfer (EFT) payments.  We noted that a number of payments that were not processed during the first attempt of payment as detailed in the table below:																						
<table><tr><th>Date</th><th>Reference</th><th>Amount</th></tr><tr><td>12/10/2017</td><td>0007189301</td><td>250,754.00</td></tr><tr><td>12/10/2017</td><td>0007189303</td><td>252,761.16</td></tr><tr><td>07/08/2017</td><td>7445</td><td>11,730.51</td></tr><tr><td>10/08/2017</td><td>7446</td><td>14,654.20</td></tr><tr><td>18/12/2017</td><td>7695</td><td>60,381.28</td></tr><tr><td>18/12/2017</td><td>7696</td><td>60,381.28</td></tr></table>		Date	Reference	Amount	12/10/2017	0007189301	250,754.00	12/10/2017	0007189303	252,761.16	07/08/2017	7445	11,730.51	10/08/2017	7446	14,654.20	18/12/2017	7695	60,381.28	18/12/2017	7696	60,381.28
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The failure to enter accurate banking details for vendors will result in the failure to process the payments and meet supplier payment obligations.																						
<b>Priority: Medium</b>																						
<b>Recommendation:</b>  We recommend that during the vendor set up process, the vendor's banking details are confirmed directly with the vendor's bank to ensure they are accurate.																						
<b>Management comments:</b>  We well noted the audit findings as well as the recommendations. The requester/requesting unit, ATLAS buyers as well as Vendor Approvers will follow the procedures described in the POPP and the Internal Control Framework to ensure proper and more solid vendor management.																						

<b>Finding n°: 2</b>	<b>Title: Inadequate monitoring of individual contracts</b>
<p><b>Observation:</b></p> <p>Article 163 of the Individual Contract Policy of the UNDP POPP states that 'Only active contracts may be amended. Expired contracts are no longer valid and the obligations of both parties to the other cease to exist, so that amending or extending the contract no longer serves any purpose. As such, monitoring and management of contracts are crucial to ensuring UNDP's best interests'.</p> <p>We noted that the contract amendments to extend the duration of the contracts for the Assistant Project Manager and Project Manager were signed on 31 January 2018 and 29 January 2018 respectively. Both contracts had expired on 15 January 2018 and therefore considered invalid in accordance to the UNDP regulations. This demonstrates inadequate monitoring of contracts by the Project Management team. The resulting consequence is that any payments made under the invalid contracts would be ineligible.</p>	
<b>Priority: Medium</b>	
<p><b>Recommendation:</b></p> <p>We recommend that the project management team ensure there is a review of the individual contracts, particularly at milestones where it has been identified that certain project deliverables cannot be met in planned timeframe. This would reduce the risk of invalid contract amendments being made.</p>	
<p><b>Management comments:</b></p> <p>We well noted the audit findings as well as the recommendations. Going forward the project management team ensures there is a review of the individual contracts, particularly at milestones where it has been identified that certain project deliverables cannot be met in planned timeframe.</p>	

<b>Finding n°: 3</b>	<b>Title: Prepayments incorrectly recorded</b>
<p><b>Observation:</b></p> <p>The UNDP POPP policy on Prepayments states that:</p> <p>8. To recover an advance payment, progress payments and the final payment shall be subject to a percentage deduction equal to the percentage that advance payment represents over the total price of the contract.</p> <p>The Office engaged three contractors to undertake the construction of four hubs in the Chipata, Choma, Mansa and Mpika areas. An advance payment was made to the contractors under each contract totalling \$ 948,859.</p> <p>We noted the following with respect to the treatment of the prepayments:</p> <p>i) each advance payment was treated as a separate milestone instead of being incorporated into each contract milestone. As a result, the purchase order at each milestone had differing amounts from the contract amount, certificate of completion and contractor invoice. As a consequence, the Project Manager was approving differing amounts to the purchase order value. A voucher was created for an amounting equalling the difference between the purchase order amount and the certified amount in order to release the prepayment; and</p> <p>ii) the amount advanced for each prepayment was equal to 15% of the contract value, however, each recovery equated to a 10% release contrary to the policy.</p> <p>The method used to record prepayments increases the risk of incorrect amounts being approved by the Project Manager as the invoice and purchase order values do not match, Further, there is a risk that the value of milestones attained and outstanding advances are misstated.</p>	
<b>Priority: Medium</b>	
<p><b>Recommendation:</b></p> <p>The Office should ensure that the contract payment schedule correctly reflects the milestones and that the advance payment is built into each contract milestone to facilitate that the correct amount is being authorised by the Project Manager, to allow a three way match between the purchase order, certificate of completion and contract. In addition, the amounts released at each milestone should be equal to the percentage that the advance payment represents.</p>	
<p><b>Management comments:</b></p> <p>We fully note the observations. During the Pre-contract negotiation meeting, the percentage of advance given was discussed and revised in view of the request from the contractors, but we kept the % within UNDP allowable limits as per the POPP which states as follows;</p> <p>If the contract calls for an advance payment exceeding USD 30,000, the supplier shall be asked to provide a bank guarantee (valid for the duration of the contract) or certified cheque. The advance payment, in all cases, should not exceed 20 percent of the total contract amount. Examples of activities that may justify an advance payment are (1) mobilization costs (civil works); (2) start-up costs (services); or (3) design costs.</p> <p>We understand according to the POPP that terms of payment may be negotiated. This may include assigning the appropriate percentage of payment per milestone output, advance payments, retention amounts, requirement for bank guarantee in exchange for advanced payment or retention amounts, lead time to settle invoices, and setting the conditions for disbursement of payment. In this case, the advance payment was negotiated as well as the payment milestone. The change to the originally proposed payment schedule was the trigger for the meeting to discuss on risks associated with removal of this milestone.</p> <p>Finally, however, we will follow the Audit Recommendations for the on-going contract for the civil work for the MSL Phase II project to ensure that the advance payment be built into</p>	



the contract milestone and 3-way matching.

**Audit response**

The finding is retained. The signed contracts for the constructions stipulated in Article 4. Special Conditions 4.2. "The advance referred to in the payment schedule shall be subject to a deduction of 10% of amounts accepted for payment until the cumulative amount of the deduction so effected shall equal the amount of the advance payment...". POPP stipulates that progress payments and the final payment shall be subject to a percentage deduction equal to the percentage that advance payment represents over the total price of the contract. The Office combined the 1<sup>st</sup> 5 percent deliverable that was included in the ITB as "Site Establishment" with the 10 percent advance payment in one disbursement (totalling 15 percent), but recovered only 10 percent of each subsequent milestone payment. This is contrary to the intention of the contract to recover the full advance by the time that 80 percent of the works are completed.

<b>Finding n°: 4</b>	<b>Title: Incomplete project activities</b>
<p><b>Observation:</b></p> <p>The Direct Implementation Modality policy of the POPP states that:</p> <p>7. Irrespective of whether a responsible party is selected, the Project Manager is responsible for:</p> <ol style="list-style-type: none"> <li>Managing the overall conduct of the project;</li> <li>Implementing activities by mobilizing goods and services</li> <li>Checking on progress and plan deviations;</li> <li>Ensuring that changes are controlled and problems addressed;</li> <li>Monitoring progress and risks;</li> <li>Reporting on progress including measures to address challenges and opportunities.</li> </ol> <p>We carried out a site visit to a Medical Stores hub that was constructed in Mpika. We noted that despite the project implementation period set in the construction contract ending on 15 December 2017, the installation of the cold room had not yet been completed. The contractor was still awaiting the relevant materials in order to complete the construction of the hub. It therefore means that the contract has overrun by close to six months. Further, the hub constructed by the same construction company at the Chipata hub had also overrun by close to six months.</p> <p>The cause of the delays amongst others included difficulties in installing power at the Mpika site, delays by the contractor in receiving materials and delays by the contractor to start construction works.</p> <p>A risk arises from the overrun of the works that there are delays in the handover not only to UNDP, but to Medical Stores Limited which in turn will result in postponement of their operations and achievement of the project objectives.</p>	
<b>Priority: Medium</b>	
<p><b>Recommendation:</b></p> <p>We recommend that an assessment of the liquidated damages related to delays should be done in accordance to the conditions of each contract, and a bill given to the construction company.</p>	
<p><b>Management comments:</b></p> <p>For all the four sites by 31 December 2017 the construction works had reached over 90 % actual completion (Choma 95%, Mansa 94%, Mpika 91% and Chipata 92%). Choma was partially handed over on 14 April 2018, Mansa on 18 May 2018. Both are remaining with installation of new air-conditioning systems, planned for 30 May 2018. Chipata was completely hand over on 31 May 2018. Mpika complete handover is planned for 26 June 2018.</p> <p>Due to various reasons the final completion and handover were delayed, some within the control of the contractor/UNDP, some outside of control contractor/UNDP:</p> <ul style="list-style-type: none"> <li>- During some of the final inspection visits in March 2018, it was noted that the floors or three warehouses were damaged during the construction and contractors were given instructions to apply additional epoxy coating to meet minimum standards (Chipata, Mansa, Mpika).</li> <li>- Installation of the Air Conditioning Equipment to the main warehouse area was delayed as the initial designs and equipment ordered was oversized beyond expected energy efficiency levels. Revised designs were reviewed by the Project Manager and MSL and were approved by 15th February 2018. New equipment was ordered and had to be brought in from China (Mansa, Choma).</li> <li>- Permanent ZESCO connection (to be arranged by MSL) for all the four hubs were severely delayed due to the delayed payment (payment to ZESCO for power connection was out of scope of the project) and problems at ZESCO.</li> </ul>	

The payments to ZESCO for power connection for 3 sites (Mansa, Chipata and Mpika) were made through GFATM SSF grant after the authorization for the same was granted by the GFATM.

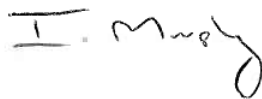
This connection is necessary to do final test of all electric systems and handover. Final ZESCO connection was completed as follows: Choma April 2018 , Mpika: 13th May 2018, Chipata: March 2018, Mansa 9th March 2018.

- Chiller rooms were found not to meet standards, local materials were found not of the appropriate quality and additional panels have to be brought in from South Africa (Mpika, Chipata).
- Client (MoH/MSL/CHAZ) requested for additional works to be done (Choma, Mansa).

As noted the Mpika site was most severely delayed, in addition to Chipata. In response:

- UNDP Zambia installed full time supervisors on site for both Mpika and Chipata back again at the start of April. Both supervisors are reporting progress by phone every 48 hours to our Program Manager and report immediately any issues/concerns they note. In addition, both supervisors submit written weekly and monthly progress reports against the agreed snag resolution schedule for both sites, that the contractor provided to UNDP.
- Four special meetings with the contractor Sunshare have taken place from April-June to address delays and quality concerns.
- Liquidated damages clause in the contract has been evoked for both Mpika and Chipata, as of 25 March 2018.

We feel that our actions have resulted in improved resolution for all the remaining snags by the contractor and we are close to final handover for the last remaining site (Mpika). Chipata was completely handed over on 31 May 2018, Mpika complete handover is now planned for early August 2018.



Ian Murphy  
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25 July 2018

MOORE STEPHENS

## **Annexes**

**Annex 1:    Combined Delivery Report**



UNDP UN Development Programme  
Report ID: unglcdrb

# Combined Delivery Report by Activity

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Run Time: 08-02-2018 10:02:22

## Selection Criteria :

Business Unit : ZMB10  
Period : Jan-Dec (2017)  
Selected Project Id : 00101751  
Selected Fund Code : 30000,30085  
Selected Dept. IDs : B0384  
Selected Outputs : 00104048

Project Id : 00101751 Strengthening Supply Chain in	Period :	Jan-Dec (2017)
Output # : 00104048 Construction of MSL warehouses	Impl. Partner :	99999 UNDP
	Location :	Zambia
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

## Activity : ACT1.LUANSHYA (Luanshya hub)

### Fund : 30085 (Programme cost sharing-GFTAM)

71205 - Intl Consultants-Sht Term-Tech	0.00	8,000.00	0.00	8,000.00
71211 - Intl Consult Security Charge	0.00	340.00	0.00	340.00
74210 - Printing and Publications	0.00	737.11	0.00	737.11
74510 - Bank Charges	0.00	20.00	0.00	20.00
75105 - Facilities & Admin - Implement	0.00	454.86	0.00	454.86
76135 - Realized Gain	0.00	- 5.80	0.00	- 5.80
<b>Total for Fund 30085</b>	<b>0.00</b>	<b>9,546.17</b>	<b>0.00</b>	<b>9,546.17</b>
<b>Total for Activity ACT1.LUANSHYA</b>	<b>0.00</b>	<b>9,546.17</b>	<b>0.00</b>	<b>9,546.17</b>

## Activity : ACT2.MANSA (Mansa hub)

### Fund : 30085 (Programme cost sharing-GFTAM)

71205 - Intl Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00
71305 - Local Consult.-Sht Term-Tech	0.00	26,111.54	0.00	26,111.54
71360 - Local Consult-Security	0.00	529.24	0.00	529.24
71620 - Daily Subsistence Allow-Local	0.00	9,274.12	0.00	9,274.12
71635 - Travel - Other	0.00	1,978.45	0.00	1,978.45
73216 - Construction Cost	0.00	1,322,238.18	0.00	1,322,238.18
74225 - Other Media Costs	0.00	100.16	0.00	100.16
75105 - Facilities & Admin - Implement	0.00	68,011.60	0.00	68,011.60
76135 - Realized Gain	0.00	- 40.35	0.00	- 40.35
<b>Total for Fund 30085</b>	<b>0.00</b>	<b>1,428,202.94</b>	<b>0.00</b>	<b>1,428,202.94</b>
<b>Total for Activity ACT2.MANSA</b>	<b>0.00</b>	<b>1,428,202.94</b>	<b>0.00</b>	<b>1,428,202.94</b>

## Activity : ACT3.MPIKA (Mpika hub)

### Fund : 30085 (Programme cost sharing-GFTAM)

71305 - Local Consult.-Sht Term-Tech	0.00	26,106.59	0.00	26,106.59
71360 - Local Consult-Security	0.00	529.24	0.00	529.24
71620 - Daily Subsistence Allow-Local	0.00	5,835.27	0.00	5,835.27
71635 - Travel - Other	0.00	1,479.59	0.00	1,479.59
73216 - Construction Cost	0.00	1,444,579.68	0.00	1,444,579.68
74225 - Other Media Costs	0.00	100.16	0.00	100.16
75105 - Facilities & Admin - Implement	0.00	73,931.54	0.00	73,931.54



Combined Delivery Report by Activity

Project Id : 00101751 Strengthening Supply Chain in	Period :	Jan-Dec (2017)
Output # : 00104048 Construction of MSL warehouses	Impl. Partner :	99999 UNDP
	Location :	Zambia

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
76135 - Realized Gain	0.00	- 273.07	0.00	- 273.07
<b>Total for Fund 30085</b>	<b>0.00</b>	<b>1,552,289.00</b>	<b>0.00</b>	<b>1,552,289.00</b>
<b>Total for Activity ACT3.MPIKA</b>	<b>0.00</b>	<b>1,552,289.00</b>	<b>0.00</b>	<b>1,552,289.00</b>

Activity : ACT4.CHIPATA (Chipata hub)

Fund : 30085 (Programme cost sharing-GFTAM)

71305 - Local Consult.-Sht Term-Tech	0.00	26,040.97	0.00	26,040.97
71360 - Local Consult-Security	0.00	529.24	0.00	529.24
71620 - Daily Subsistence Allow-Local	0.00	8,087.33	0.00	8,087.33
71635 - Travel - Other	0.00	2,953.37	0.00	2,953.37
73216 - Construction Cost	0.00	1,456,140.89	0.00	1,456,140.89
74225 - Other Media Costs	0.00	100.16	0.00	100.16
75105 - Facilities & Admin - Implement	0.00	74,692.61	0.00	74,692.61
76125 - Realized Loss	0.00	0.01	0.00	0.01
76135 - Realized Gain	0.00	- 224.30	0.00	- 224.30
<b>Total for Fund 30085</b>	<b>0.00</b>	<b>1,568,320.28</b>	<b>0.00</b>	<b>1,568,320.28</b>
<b>Total for Activity ACT4.CHIPATA</b>	<b>0.00</b>	<b>1,568,320.28</b>	<b>0.00</b>	<b>1,568,320.28</b>

Activity : ACT5.DIST STORE (District Stores)

Fund : 30085 (Programme cost sharing-GFTAM)

71205 - Intl Consultants-Sht Term-Tech	0.00	4,000.00	0.00	4,000.00
71211 - Intl Consult Security Charge	0.00	170.00	0.00	170.00
74210 - Printing and Publications	0.00	1,131.82	0.00	1,131.82
75105 - Facilities & Admin - Implement	0.00	265.09	0.00	265.09
76125 - Realized Loss	0.00	19.64	0.00	19.64
<b>Total for Fund 30085</b>	<b>0.00</b>	<b>5,586.55</b>	<b>0.00</b>	<b>5,586.55</b>
<b>Total for Activity ACT5.DIST STORE</b>	<b>0.00</b>	<b>5,586.55</b>	<b>0.00</b>	<b>5,586.55</b>

Activity : ACT6.CHOMA (Choma hub)

Fund : 30000 (PROGRAMME COST SHARING)

71305 - Local Consult.-Sht Term-Tech	0.00	26,463.28	0.00	26,463.28
71620 - Daily Subsistence Allow-Local	0.00	5,906.84	0.00	5,906.84
71635 - Travel - Other	0.00	1,307.80	0.00	1,307.80
73216 - Construction Cost	0.00	1,121,778.14	0.00	1,121,778.14
74225 - Other Media Costs	0.00	100.16	0.00	100.16
74725 - Other L.T.S.H.	0.00	7,190.63	0.00	7,190.63





Combined Delivery Report by Activity

Project Id : 00101751 Strengthening Supply Chain in		Period :	Jan-Dec (2017)	
Output # : 00104048 Construction of MSL warehouses		Impl. Partner :	99999 UNDP	
		Location :	Zambia	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	93,019.75	0.00	93,019.75
76135 - Realized Gain	0.00	- 62.68	0.00	- 62.68
Total for Fund 30000	0.00	1,255,703.92	0.00	1,255,703.92
Fund : 30085 (Programme cost sharing-GFTAM)				
71305 - Local Consult.-Sht Term-Tech	0.00	0.00	0.00	0.00
71360 - Local Consult-Security	0.00	372.72	0.00	372.72
71620 - Daily Subsistence Allow-Local	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	0.00	0.00	0.00
73216 - Construction Cost	0.00	0.00	0.00	0.00
74225 - Other Media Costs	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	29.80	0.00	29.80
76135 - Realized Gain	0.00	0.00	0.00	0.00
Total for Fund 30085	0.00	402.52	0.00	402.52
Total for Activity ACT6.CHOMA	0.00	1,256,106.44	0.00	1,256,106.44
Activity : ACT7.MSL PHASE2 (MSL Phase 2 - NFM)				
Fund : 30085 (Programme cost sharing-GFTAM)				
71305 - Local Consult.-Sht Term-Tech	0.00	9,299.40	0.00	9,299.40
72220 - Furniture	0.00	73,366.22	0.00	73,366.22
72405 - Acquisition of Communic Equip	0.00	86,378.70	0.00	86,378.70
72410 - Acquisition of Audio Visual Eq	0.00	6,868.00	0.00	6,868.00
73216 - Construction Cost	0.00	83,222.00	0.00	83,222.00
74210 - Printing and Publications	0.00	2,336.57	0.00	2,336.57
75105 - Facilities & Admin - Implement	0.00	13,073.55	0.00	13,073.55
76125 - Realized Loss	0.00	17.26	0.00	17.26
76135 - Realized Gain	0.00	- 1,427.17	0.00	- 1,427.17
Total for Fund 30085	0.00	273,134.53	0.00	273,134.53
Total for Activity ACT7.MSL PHASE2	0.00	273,134.53	0.00	273,134.53
Total for Output : 00104048	0.00	6,093,185.91	0.00	6,093,185.91



Project Id : 00101751 Strengthening Supply Chain in	Period : Jan-Dec (2017)
Output # : 00104048 Construction of MSL warehouses	Impl. Partner : 99999 UNDP
	Location : Zambia
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Project Total :	0.00	6,093,185.91	0.00	6,093,185.91
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I. Murphy

Ian Murphy  
Partner

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB  
25 July 2018

MOORE STEPHENS



Signed By : [Signature] Date : 12 Feb 2018

Signed By : [Signature] Date : 20/02/2018

NAME: KAZUHISA YOKOMIZO TITLE: FINANCE SPECIALIST  
NAME: MANOISA MASHOLOGU TITLE: COUNTRY DIRECTOR



Report ID: unqlcdrb

### Combined Delivery Report by Activity

Page 5 of 6  
Run Time: 08-02-2018 10:02:24

**Selection Criteria :**

Business Unit : ZMB10  
Period : Jan-Dec (2017)  
Selected Project Id : 00101751  
Selected Fund Code : 30000,30085  
Selected Dept. IDs : B0384  
Selected Outputs : 00104048

Project Id : ALL		Period : Jan-Dec (2017)	
Output # : ALL		Impl. Partner : Location :	
	Govt Exp	UNDP Exp	UN Agencies Exp
38406 -Zambia - HIV/AIDS	0.00	6,093,185.91	0.00
			6,093,185.91



**Funds Utilization**

Selection Criteria :

Business Unit : ZMB10  
Period : Jan-Dec (2017)  
Selected Project Id : 00101751  
Selected Fund Code : 30000,30085  
Selected Dept. IDs : B0384  
Selected Outputs : 00104048

Project/Award: 00101751 Strengthening Supply Chain in

Period : As Of Dec31,2017

Output #	00104048	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			2,024,172.82

## Annex 2: Audit finding priority ratings

The following categories of priorities are used:

<b>High (Critical)</b>	Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
<b>Medium (Important)</b>	Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
<b>Low</b>	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. <b>Therefore, low priority recommendations are not included in this report.</b>