

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP REPUBLIC OF MOLDOVA

CONSTRUCTION OF JOINTLY OPERATED BORDER CROSSING POINT AT PALANCA
(Directly Implemented Project No. 80744, Output No. 90325)

Report No. 2065

Issue Date: 24 July 2019

**Report on the Audit of UNDP Republic of Moldova
Construction of Jointly Operated Border Crossing Point at Palanca
(Project No. 80744, Output No. 90325)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 20 to 29 May 2019, conducted an audit of Construction of Jointly Operated Border Crossing Point at Palanca (Project No. 80744, Output No. 90325) (the Project), which is nationally implemented¹ with direct support services provided by the UNDP Country Office in the Republic of Moldova (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 2018 and the accompanying Funds Utilization statement² as of 31 December 2018. 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
5,771	Unmodified

The audit did not result in any recommendations.

¹ Nationally implemented projects, or NIM projects, are audited by the responsible unit in UNDP. However, this NIM project was audited by OAI due to significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expensed by UNDP.

² 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.

Management comments and action plan

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)

FINAL AUDIT REPORT

Financial audit of the UNDP directly implemented project ID 80744
“Construction of Jointly Operated Border Crossing Point at Palanca” -
output ID 90325 “Palanca JOBCP”

Moldova

IDENTIFICATION

Project name:	Construction of Jointly Operated Border Crossing Point at Palanca
Output name:	Palanca JOBCP
UNDP Country Office:	Moldova
Atlas Project ID:	80744
Atlas Output ID:	90325
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2018

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EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of Project ID 80744 “Construction of Jointly Operated Border Crossing Point at Palanca” - Output ID 90325 “Palanca JOBCP” (the project), directly implemented by UNDP Moldova for the year ended 31 December 2018. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

Audit opinions

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

Project Financial Position	Unmodified
Statement of Fixed Assets	Not applicable
Statement of Cash	Not applicable

Management letter summary

We have not raised any audit findings or recommendations as a result of our audit.

Prior year audit

The project ID 80744 “Construction of Jointly Operated Border Crossing Point at Palanca” - Output ID 90325 “Palanca JOBCP” was not audited in the prior year.



Mark Henderson
Partner

BDO LLP
150 Aldersgate Street
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19 July 2019



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 included:

- Expressing an opinion on whether the financial expenses incurred by the project over a specified period as well as the Fund Utilization statement, the accounts receivable and the accounts payable as at the end of a specified period 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official statements. Other forms of statement of expenses that may be prepared by a project office are not accepted.
- 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 a given date. This statement must include all assets available as at 31 December 2018 and not only those purchased in a given period. The opinion is rendered on the net book value balance of the Assets. 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 the UNDP project as at a given date. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. 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.

As applicable, the audit report provides the progress made in implementing the recommendations raised in the previous year's audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 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 2018. 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 - Construction of Jointly Operated Border Crossing Point at Palanca

Project Financial Position

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

Unmodified opinion

We have audited the financial position of the UNDP project ID 80744, "Construction of Jointly Operated Border Crossing Point at Palanca", output ID 90325, "Palanca JOBCP" for the period from 1 January to 31 December 2018 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.

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 5,771,488.62 directly incurred by the UNDP Country Office in Moldova and charged to the project for the period from 1 January to 31 December 2018 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 (ISAs). 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 (IESBA Code), 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.



Mark Henderson
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19 July 2019



Independent Auditor's Report to UNDP - Construction of Jointly Operated Border Crossing Point at Palanca

Statement of Fixed Assets

The UNDP project ID 80744 "Construction of Jointly Operated Border Crossing Point at Palanca" - Output ID 90325 "Palanca JOBCP" had no assets and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP - Construction of Jointly Operated Border Crossing Point at Palanca

Statement of Cash

The UNDP project ID 80744 "Construction of Jointly Operated Border Crossing Point at Palanca" - Output ID 90325 "Palanca JOBCP" did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash was not produced.

MANAGEMENT LETTER

We have not raised any audit findings or recommendations as a result of our audit.



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19 July 2019



Annexes

Annex 1: Combined Delivery Report (CDR) and Funds Utilization Statement



Combined Delivery Report By Project

UN Development Programme
Report ID: unglcdrp

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Run Time: 05-02-2019 14:02:43

Selection Criteria :

Business Unit : MDA10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00090325

Table with 2 columns: Project/Output details and Period/Impl. Partner/Location details.

Summary table with 4 columns: Govt Exp, UNDP Exp, UN Agencies Exp, Total Exp

Dept: 56404 (Moldova Rep- Dem. Governance)

Fund : 30071 (Programme Cost Sharing GOV1)

Table listing expenses for Fund 30071 with columns for description, Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.

Fund : 30079 (EUROPEAN COMMISSION)

Table listing expenses for Fund 30079 with columns for description, Govt Exp, UNDP Exp, UN Agencies Exp, and Total Exp.





Combined Delivery Report By Project

Project id : 00080744 Palanca Joint Border Crossing Output # : 00090325 Palanca JOBCP	Period :	Jan-Dec (2018)		
	Impl. Partner :	02127 Customs Service of the RM		
	Location :	Moldova, Republic of		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74725 - Other L.T.S.H.	0.00	28,153.84	0.00	28,153.84
74910 - Gain/Loss Disposal Fixed Asset	0.00	16,322.10	0.00	16,322.10
75105 - Facilities & Admin - Implement	0.00	275,720.36	0.00	275,720.36
75705 - Learning costs	0.00	957.91	0.00	957.91
75708 - Learning - subcontracts	0.00	120.40	0.00	120.40
76125 - Realized Loss	0.00	8.88	0.00	8.88
76135 - Realized Gain	0.00	-7,953.31	0.00	-7,953.31
77630 - Dep Exp Owned - ITC	0.00	330.66	0.00	330.66
77660 - Dep Exp Owned -Vehicle	0.00	1,492.70	0.00	1,492.70
Total for Fund 30079	0.00	4,206,638.11	0.00	4,206,638.11
Total for Dept : 56404	0.00	5,771,488.62	0.00	5,771,488.62
Total for Output : 00090325	0.00	5,771,488.62	0.00	5,771,488.62
Project Total :	0.00	5,771,488.62	0.00	5,771,488.62

Mark Henderson
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19 July 2019



Signed By:

Date: 6.02.19

Signed By: Valeria Ieseanu

Date: _____

VALERIA IESEANU
OFFICER IN CHARGE
UNDP MOLDOVA



Selection Criteria :

Business Unit : MDA10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00090325

Project Id : ALL	Period :	Jan-Dec (2018)			
Output # : ALL	Impl. Partner :				
	Location :				
		Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
56404 - Moldova Rep- Dem. Governance		0.00	5,771,488.62	0.00	5,771,488.62





Funds Utilization

Selection Criteria :

Business Unit : MDA10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00090325

Project/Award: 00080744 Palanca Joint Border Crossing

Period : As at Dec 31, 2018

Output #	00090325	Impl. Partner :02127 Customs Service of the RM	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00



FOR MORE INFORMATION:

BDO LLP International Institutions and Donor Assurance team

<https://www.bdo.co.uk/en-gb/services/advisory/consulting/international-institutions-and-donor-assurance>

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