

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP INDIA

IMPROVING EFFICIENCY OF VACCINATION SYSTEMS IN MULTIPLE STATES OF INDIA
(Directly Implemented Project No. 78163, Output No. 88568)

Report No. 1958

Issue Date: 26 July 2018

**Report on the Audit of UNDP India
Improving Efficiency of Vaccination Systems in Multiple States of India
(Project No. 78163, Output No. 88568)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 30 April to 18 May 2018, conducted an audit of Improving Efficiency of Vaccination Systems in Multiple States of India (Project No. 78163, Output No. 88568) (the Project), which is directly implemented and managed by the UNDP Country Office in India (the Office). The last audit of the Project was conducted by OAI through Deloitte Haskins & Sells LLP in 2017 and covered project expenses from 1 January to 31 December 2016.

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 statement¹ as of 31 December 2017 as well as Statement of Assets 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). 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*			Project Assets	
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)	Amount (in \$ '000)	Opinion
10,935	Qualified	1,216	13	Unmodified***

*Expenses recorded in the Combined Delivery Report were \$10,937,746. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$3,040).

**NFM= Net Financial Misstatement

*** Unmodified = unqualified or clean opinion

The audit firm qualified its opinion on project expenses due to: (i) incorrect recording of prepayments to a contractor; and (ii) payments made not in accordance with contract terms.

Key recommendations: Total = 2, high priority = 2

The audit firm made two recommendations and assessed them as medium (important) priority. However, the two audit issues identified resulted in a qualification of the audit firm's opinion on the Combined Delivery Report

¹ 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.

and a Net Financial Misstatement totalling \$1.2 million. Therefore, OAI assessed the corresponding recommendations as high (critical) priority.

The two recommendations aim to ensure the reliability and integrity of financial and operational information, and compliance with legislative mandates, regulations and rules, policies and procedures.

For high (critical) priority recommendations, 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. Both high (critical) priority recommendations are presented below:

Incorrect recording of prepayments (Issue 1)

The Office made advance payments to a software company totalling \$1,082,436 but reported the payments as expenses in the Combined Delivery Report for 2017.

Recommendation: The Office should ensure that only amounts that have been liquidated are recorded as expenses in the Combined Delivery Report.

Payments made in excess of contract terms (Issue 2)

The Office signed a contract with a supplier of laboratory equipment. However, the Office made payments to the supplier before the training services were provided, which was not in accordance with the contract terms and which resulted in over-reporting of expenses amounting to \$133,813.

Recommendation: The Office should ensure that payments are made in accordance with the terms and conditions of the contract. The Office should also take measures to recover the excess amount paid to the supplier.

The previous audit (Report No. 1848, issued on 22 August 2017) did not result in any recommendations.

Management comments and action plan

The UNDP Resident Representative accepted both recommendations and is in the process of implementing them.

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



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

**UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)
AUDIT REPORT**

Final

**FINANCIAL AUDIT OF THE UNDP DIRECTLY
IMPLEMENTED (DIM) PROJECT
'IMPROVING EFFICIENCY OF VACCINATION SYSTEMS
IN MULTIPLE STATES OF INDIA'**

Output name:	Improving Efficiency of Vaccination Systems in Multiple States of India
UNDP Country Office:	India
Atlas Project ID:	78163
Atlas Output ID:	88568
Auditor:	Moore Stephens LLP
Period subject to audit:	1 January to 31 December 2017

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of Implementation of the Improving Efficiency of Vaccination Systems in Multiple States of India (Project ID 78163 and Output ID 88568) (the project), directly implemented by UNDP India 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:

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

As a result of our audit, we have raised two audit findings with a net financial impact totalling \$ 1,216,249 as summarised below:

No.	Title	Priority	Net financial impact \$
1	Prepayments reported as expenditure	Medium	1,082,436
2	Payments made in excess of contract terms	Medium	133,813
Total			1,216,249

The project was audited in the prior year. However, there were no audit findings raised.



Mark Henderson
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17 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 position 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 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 - Improving Efficiency of Vaccination Systems in Multiple States of India

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 ID 78163 output ID 88568 'Implementation of the Improving Efficiency of Vaccination Systems in Multiple States of India', 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 \$ 10,937,746 is comprised of expenditure directly incurred by the UNDP Country Office in India for an amount of \$ 10,934,706 and expenditure incurred by entities other than the Country Office for an amount of \$ 3,040. Our audit only covered the expenditure directly incurred by the UNDP Country Office in India of \$ 10,934,706.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the accompanying CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 10,934,706 directly incurred by the UNDP Country Office in India 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 qualified opinion

We have made financial findings totalling \$ 1,216,249 as set out in the Management Letter section of our report, which represent amounts included in the Combined CDR and Funds Utilization statement presented to us for audit which, in our opinion, were either (i) not in conformity with the approved budget; (ii) not for the approved purposes of the project; (iii) not in compliance with the relevant regulations and rules, policies and procedures of UNDP; or (iv) not supported by properly approved vouchers and other supporting documents. These findings represent 11.1% of the total expenditure amount reported and are therefore considered material in the context of our audit.

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.



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Independent Auditor's Report to UNDP - Improving Efficiency of Vaccination Systems in Multiple States of India

Statement of Fixed Assets

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

We have audited the accompanying Statement of Fixed Assets of the UNDP project ID 78163, , output ID 88568 'Implementation of the Improving Efficiency of Vaccination Systems in Multiple States of India' as at 31 December 2017.

Unmodified Opinion

In our opinion, the attached Statement of Fixed Assets presents fairly, in all material respects, the assets status of the UNDP project 'Implementation of the Improving Efficiency of Vaccination Systems in Multiple States of India' amounting to \$ 12,604 as at 31 December 2017 in accordance with UNDP accounting policies.

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 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 Statement of Fixed Assets of the project, and for such internal control as management determines is necessary to enable the preparation of a Statement of Fixed Assets that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Statement of Fixed Assets 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 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 the Statement of Fixed Assets.

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 Statement of Fixed Assets, 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.

Financial Audit report of the UNDP DIM project ID 78163 output ID 88568 'Improving efficiency of vaccination systems in multiple states of India'

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.



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17 July 2018

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Independent Auditor's Report to UNDP - Improving Efficiency of Vaccination Systems in Multiple States of India

Statement of Cash Position

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

We noted that the UNDP project ID 78163 output ID 88568 'Improving Efficiency of Vaccination Systems in Multiple States of India' did not have a dedicated bank account for the 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:

Finding n°: 1	Title: Prepayments reported as expenditure
<p>Observation:</p> <p>Prepayment section 1 of the Programme and Operations Policies and Procedures (POPP) Expenses Management Section states that "A prepayment is used when a supplier requires partial or full payment for goods or services prior to the delivery/provision of the goods or services. When paid, prepayments reflect as amounts due to UNDP and are recorded in the asset account 16065 (Prepaid Voucher Modality)".</p> <p>Section 5 of the Financial Resources Management (FRM) Expense Management policy for Prepayment states that "If an advance payment is agreed to, all reasons therefore shall be documented. If the contract calls for an advance payment exceeding \$ 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."</p> <p>UNDP Country Office in India entered into two contracts (contract no. #2016/253 for INR 26,000,000 and #2017/159 for INR 58,099,691) with a software company (vendor ID 24928) for "provision of eVIN application hosting infrastructure and SMS gateway" covering 2017 and 2018.</p> <p>Clause 3.1 of each contract states that "Payment will be made on full consideration for the complete and satisfactory performance of the services under this contract; UNDP shall pay the contract not to exceed the amount mentioned in Annex III".</p> <p>Clause 3.2 states that "The amount mentioned in Annex III is the maximum total amount of reimbursable costs under this contract. The contractor shall reflect in his invoices the amount of the actual reimbursable cost incurred in the performance of the services".</p> <p>Contract #2016/253</p> <p>UNDP Country Office in India made an advance payment of INR 26,000,000 (\$ 381,791) on 11 January 2017 against contract no. #2016/253 with the software company. The advance was utilized by the software company for hosting infrastructure and a SMS gateway for the year 2017 through a service contract. The software company received a monthly utilization invoice from third party service providers and then submitted a combined invoice on monthly basis to UNDP.</p> <p>At the end of 2017, the software company submitted a liquidation statement to the UNDP Country Office in India and reported expenditure of INR 16,852,145 (\$ 247,789) as the total amount utilized for the above-mentioned service. It refunded the remaining amount advanced of INR 9,147,855 (\$ 134,002) to UNDP Country Office in India in 2018.</p> <p>Contract #2017/159</p> <p>UNDP Country Office in India made an advance payment of INR 56,448,531 (\$ 877,620) on 30 December 2017 against contract no #2017/159 and reported this as expenditure in the CDR for the year 2017. The advance was to be utilized by the software company for the same purposes and by the same processes as stated above, but for the year 2018.</p> <p>We noted the following issues with regards to the service contracts with the software company:</p> <ul style="list-style-type: none"> • The amount paid in 2017 included INR 9,147,855 (\$ 134,002) which was unutilized and refunded to the UNDP Country Office in India, but was recorded in the 2017 CDR. • There was no clause for advance payments in either of the two contracts entered into with the software company. • Per the UNDP POPP rules for prepayment, the payment of INR 26,000,000 (\$ 381,791) on 11 January 2017 should have been booked as a prepayment in the CDR at the date of payment and should have been adjusted accordingly upon the receipt of the monthly invoices received from the software company. 	

- A further payment of INR 56,448,531 (\$ 877,620) was made on 30 December 2017 as an advance for the year 2018, and has been included in the CDR for 2017. This amount should also have been booked as a prepayment in the CDR.
- The payment of INR 56,448,531 (\$ 877,620) was made to the software company to book a space for hosting the infrastructure with online server company. There were no supporting documents provided by the UNDP Country Office in India to support this payment.

As a result of these issues, we consider there to have been an over-reporting of expenditure in the CDR for 2017 of \$1,011,622 (\$ 877,620 + \$134,002). In addition, General Management Support service costs were charged at 7% of the amount, totalling \$ 70,814. Therefore, the total over-reporting of expenditure amounts to \$ 1,082,436.

Priority: Medium

Recommendation:

- UNDP Country Office in India should ensure that only amounts which have been liquidated based on invoices/ deliverables are reported as expenditure in the CDR. Advance payments should be reported as prepayments in the Fund Utilization Report attached to the CDR in accordance with Prepayment section 1 of the POPP Expenses Management Section. These prepayments should be adjusted on receipt of invoices received.
- Where prepayments are made, all the conditions of the UNDP POPP rules for prepayments (i.e. requirement of bank guarantees where advance payments exceed \$ 30,000, and advance payment should not exceed 20% of the total contract amount) should be strictly followed.

Management comments:

UNDP has engaged a software supplier (contract # 2016/253 & 2017/159) to provide services for hosting eVIN application on a cloud infrastructure and SMS gateway, initially for 12 states till 2017 and subsequently, additional 5 states were included in the later part of 2017. e-VIN application has a huge database covering 27,000 cold-chain points, 40,000 refrigerators and approx. 24,00,000 average monthly incoming SMSs.

Contract #2016/253

The vendor has refunded the balance amount of INR 9,147,855 (\$ 134,002) vide D/D dated 26th December 2017 received during January 2018 which was credited in the project account in January 2018 itself. The refund was made from the payment of INR 26,000,000 made to the software supplier in Jan 2017. Please note that refund was made due to control mechanism built in by the project to ensure that no overcharging should happen in case the full dedicated space is not utilized by the project. However, while this ensures prudent control on the project funds, a situation can occur, as in this case, where the refund is received after the financial year-end leading to over-recording of expenditure till adjustments are made.

Contract #2017/159

An amount of INR 56,448,531 was made in December 2017 to a software supplier to secure server infrastructure for eVIN application hosting for the year 2018. The nature of the contract envisages release of payment to:

1. Secure *dedicated* space in the server for hosting of the application as there could be strong possibilities of shifting of data across servers based on space availability, which could have compromised data security and continuity of services of e-VIN application hosting. Please note that UNDP is implementing this project on behalf of the Government of India with strict instructions to undertake actions to address any vulnerabilities on data security and ensure that the data is safe and secure from any external threats/breaches during the transition and subsequent functioning.
2. Ensure uninterrupted functioning of the eVIN application hosted on the cloud server space in view of increasing data load and supporting the increased number of concurrent eVIN users as well as support additional backups and server space availability for Disaster

Recovery server. Booking of dedicated server space thus is an essential requirement for safety of the government data and uninterrupted functioning.

3. Payment was only released to the software supplier on receiving communication on their undertaking to reserve dedicated server space for hosting data at competitive rates with upfront payment for 1 year. Communication attached for ready reference (annexure I). No advance was mentioned in contract since this was not seen as an advance or pre-payment. The payment was for ensuring that the project gets dedicated space-else we could continue to pay on a monthly basis and continuously run the risk of the government data getting compromised. Receiving monthly utilization invoice from the vendor is a control mechanism built in by the project to ensure that in case the full dedicated space is not utilized, the project should not be overcharged and receive a refund of what has been paid to secure dedicated space.
4. Also to be noted, for the contract # 2017/159, the management fee for providing the services were being paid on monthly basis based on actual usage of the server space. In addition, reserving server space on annual basis with AWS resulted in getting discount rate for eVIN application hosting.

However, the point made by the auditors is well noted. Going forward the CO will ensure that the payments of the kind identified above will be recorded as a pre-payment in line with POPP.

Finding n°: 2	Title: Payments made in excess of contract terms
<p>Observation:</p> <p>The contractual terms with a supplier stated that “UNDP Country Office in India shall pay the remaining 5% of the amount from Phase I after the satisfactory completion of installation and training of the devices for Phase II”.</p> <p>These terms were issued for Contract No. # 23136 with a supplier of laboratory equipment (vendor ID 24507) which was entered into for the purchase, installation and training to use temperature loggers. They mean that the remaining 5% from Phase I may not be billed until Phase 2 is completed.</p> <p>The payment terms for Phase II (amount \$ 188,002) were:</p> <ul style="list-style-type: none"> • 40% due upon sign off for shipping loggers from UNDP warehouse; • 40% due upon submission of inception report for Phase II including installation calendar and acceptance of the same by UNDP authority; • 20% due upon successful completion of training of selected Core-technical group. <p>We noted that the last activity of Phase II, training of selected Core-technical group, was not completed during 2017. On completion of the first two deliverables of Phase II, the UNDP Country Office in India made a payment of \$ 174,155, which is greater than the payment due (80% i.e. \$ 150,401). Therefore, we consider there to have been an over-payment of \$ 23,754.</p> <p>In addition, UNDP Country Office in India included the payment of the remaining 5% (of the total amount due for Phase I of \$ 2,026,090) for \$ 101,305 to the contractor without completion of all the deliverables as required by the contract.</p> <p>Therefore, we consider the amount of expenditure over-reported in the CDR for 2017 to total \$ 125,059 (\$ 23,754 + \$ 101,305) as the payments were made outside of the revised contractual payment terms.</p> <p>General Management Support service costs were charged at 7% of the above amount totalling \$ 8,754. The total over-reporting of expenditure for these transactions therefore amounts to \$ 133,813.</p>	
Priority: Medium	
<p>Recommendation:</p> <p>UNDP Country Office in India should ensure that the payments are in accordance with the terms and conditions of the contract entered into.</p> <p>Contract monitoring procedures should be developed and followed as necessary to ensure that only the amounts due are paid to contractors.</p> <p>The CO should take measures to recover the excess amount paid to the vendor.</p>	
<p>Management comments:</p> <ol style="list-style-type: none"> 1. UNDP has signed contract with a supplier which has three components - <i>supply, install</i> and conduct <i>training</i> in use of temperature loggers. 2. As per the initial contract of \$ 2,026,090 (Phase I) – <i>90% was payable upon delivery of temperature loggers</i> and remaining upon satisfactory installation and training as and when it happens upon receipt of invoices from vendor. 3. Accordingly, \$ 1,823,481 (90% of the contract value) was paid on delivery of 15,000 temperature loggers in Jan 2016 and \$ 93,333 (4.6% of the contract value) upon completion of installation of temperature loggers and training in Dec 2016. Please note that installation and training of cold chain handlers (both UNDP technicians as well as government officials) were simultaneously held at the sites during installation process. 4. Subsequently, the contract was amended (Phase II) in March 2017 by additional amount of \$ 188,002.86 (\$ 174,155.71 for <i>installation</i> & \$ 13,846.15 for training in 8 states in phase II). In addition, payment term of Phase I (for the balance payable) was also amended as – 	

5% upon satisfactory installation and training of devices for Phase I and remaining 5% from Phase I to be paid after the satisfactory completion of installation and training for Phase II.

5. **All the agreed deliverables under the contract (delivery of 15000 temperature, installation of temperature loggers and training for cold chain handlers in phase I and Phase II) were completed by Dec 2017 with only two trainings left from Phase II.**
6. Please note that 'remaining 5% to be paid after the satisfactory completion of installation and training for Phase II' has **two components – installation and training**. The vendor has completed the installation for all the temperature loggers from Phase II. **As only partial training programmes were yet to be conducted, an amount of \$ 13,846.15 from the phase II was retained by UNDP.** This amount on account of training has been derived from the price schedule detailed below:

Attachment 5

Price schedule for additional activities for Phase II

#	Line Items	Unit Price	Qty	Original Budget	Additional Budget for Phase II (8 states)
1	Temperature Logger	\$62.18	15000	\$932,653.50	
2	Installation	\$39.40	15000	\$590,983.50	\$174,155.71
(a)	Logger installation	\$18.04		\$270,597	\$172,074.35
(b)	Service warranty	\$21.36		\$320,386	\$2,081.36
3	Training (technicians and UNDP staff)	\$12.91	15000	\$193,703.00	\$13,846.15
4	Management Fee	\$20.58	15000	\$308,750	
	TOTAL	\$135.07		\$2,026,090.00	\$188,001.86
	Rounded Off			\$2,026,090.00	\$188,002.00

Grand Total : USD 2,214,092.00

7. However, the point made by the auditors is well noted. Going forward the CO will ensure that the payments are aligned to the contractual terms or necessary amendments to the contracts are made, if required.



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17 July 2018

MOORE STEPHENS

Annexes

Annex 1: Combined Delivery Report



Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0406
Selected Outputs : 00083568

Project Id : 00078163 Service delivery of government	Period :	Jan-Dec (2017)
Output #: 00083568 Improving vaccination systems	Impl. Partner :	03836 Direct Implementation
	Location :	India
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Dept: 40601 (India - Central)

Fund : 30000 (PROGRAMME COST SHARING)

71605 - Travel Tickets-International	0.00	478.27	0.00	478.27
75105 - Facilities & Admin - Implement	0.00	33.48	0.00	33.48
Total for Fund 30000	0.00	511.75	0.00	511.75
Total for Dept : 40601	0.00	511.75	0.00	511.75

Dept: 40606 (India - HIV/AIDS)

Fund : 30000 (PROGRAMME COST SHARING)

63150 - Reimb For Med Costs (LNO)	0.00	225.30	0.00	225.30
71205 - Int'l Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00
71305 - Local Consult.-Sht Term-Tech	0.00	11,946.76	0.00	11,946.76
71310 - Local Consult.-Short Term-Supp	0.00	10,849.49	0.00	10,849.49
71360 - Local Consult-Security	0.00	229.35	0.00	229.35
71405 - Service Contracts-Individuals	0.00	2,963,060.71	0.00	2,963,060.71
71410 - MAIP Premium SC	0.00	6,985.69	0.00	6,985.69
71415 - Contribution to Security SC	0.00	118,775.88	0.00	118,775.88
71505 - UN Volunteers-Stipend & Allow	0.00	761.32	0.00	761.32
71520 - UNV-Language Allowance	0.00	61.67	0.00	61.67
71535 - UNV-Medical Insurance	0.00	252.89	0.00	252.89
71540 - UNV-Global Charges	0.00	63.45	0.00	63.45
71541 - UNVs-Contribution to security	0.00	32.35	0.00	32.35
71550 - UNV-Resettlement Allowance	0.00	63.48	0.00	63.48
71590 - UNV Development Effectiveness	0.00	307.10	0.00	307.10
71605 - Travel Tickets-International	0.00	1,703.05	0.00	1,703.05
71610 - Travel Tickets-Local	0.00	78,714.11	0.00	78,714.11
71615 - Daily Subsistence Allow-Int'l	0.00	17,130.51	0.00	17,130.51
71620 - Daily Subsistence Allow-Local	0.00	393,888.21	0.00	393,888.21
71625 - Daily Subsist Allow-Mtg Partic	0.00	47,417.37	0.00	47,417.37
71635 - Travel - Other	0.00	104,978.00	0.00	104,978.00
72105 - Svc Co-Construction & Engineer	0.00	48,151.15	0.00	48,151.15
72120 - Svc Co-Trade and Business Serv	0.00	0.00	0.00	0.00
72125 - Svc Co-Studies & Research Serv	0.00	0.00	0.00	0.00
72135 - Svc Co-Communications Service	0.00	0.00	0.00	0.00
72140 - Svc Co-Information Technology	0.00	738.33	0.00	738.33
72160 - Svc Co-Education & Health Serv	0.00	4,724.93	0.00	4,724.93
72165 - Svc Co-Social Svcs, Social Sci	0.00	105,571.46	0.00	105,571.46
72210 - Machinery and Equipment	0.00	284,527.98	0.00	284,527.98
72220 - Furniture	0.00	5,890.40	0.00	5,890.40
72315 - Food & Textile Products	0.00	4,092.34	0.00	4,092.34
72350 - Medical Kits	0.00	0.00	0.00	0.00



Dr. Manish Pant
Sr. National Programme Manager

23.02.2018



Project Id : 00078163 Service delivery of government	Period :	Jan-Dec (2017)
Output# : 00088558 Improving vaccination systems	Impl. Partner :	03836 Direct Implementation
	Location :	India

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72399 - Other Materials and Goods	0.00	502.55	0.00	502.55
72405 - Acquisition of Communic Equip	0.00	980,704.32	0.00	980,704.32
72410 - Acquisition of Audio-Visual Eq	0.00	301.50	0.00	301.50
72415 - Courier Charges	0.00	79,941.34	0.00	79,941.34
72425 - Mobile Telephone Charges	0.00	445,275.19	0.00	445,275.19
72440 - Connectivity Charges	0.00	530,438.13	0.00	530,438.13
72445 - Common Services-Communications	0.00	16,445.72	0.00	16,445.72
72505 - Stationery & other Office Supp	0.00	25,946.17	0.00	25,946.17
72805 - Acquis of Computer Hardware	0.00	449.95	0.00	449.95
72810 - Acquis of Computer Software	0.00	13,548.91	0.00	13,548.91
72815 - Inform Technology Supplies	0.00	1,562.40	0.00	1,562.40
73105 - Rent	0.00	1,724.24	0.00	1,724.24
73125 - Common Services-Premises	0.00	-9,425.97	0.00	-9,425.97
73205 - Premises Alternations	0.00	1,568.33	0.00	1,568.33
73305 - Maint & Licencing of Hardware	0.00	17.99	0.00	17.99
73310 - Maint & Licencing of Software	0.00	1,407,672.99	0.00	1,407,672.99
73315 - Leasing of Hardware	0.00	0.00	0.00	0.00
74105 - Management and Reporting Srvs	0.00	5,283.31	0.00	5,283.31
74110 - Audit Fees	0.00	14,593.53	0.00	14,593.53
74120 - Capacity Assessment	0.00	1,796,188.18	0.00	1,796,188.18
74205 - Audio Visual Productions	0.00	-229.39	0.00	-229.39
74210 - Printing and Publications	0.00	79,740.87	0.00	79,740.87
74215 - Promotional Materials and Dist	0.00	13,864.45	0.00	13,864.45
74220 - Translation Costs	0.00	39.35	0.00	39.35
74225 - Other Media Costs	0.00	11,642.03	0.00	11,642.03
74230 - Audio & Visual Equipment	0.00	179.88	0.00	179.88
74725 - Other L.T.S.H.	0.00	8,133.43	0.00	8,133.43
75105 - Facilities & Admin - Implement	0.00	682,193.42	0.00	682,193.42
75110 - Facilities & Admin - Services	0.00	-850.07	0.00	-850.07
75705 - Learning costs	0.00	105,455.26	0.00	105,455.26
75709 - Learning - training of counter	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	2,172.04	0.00	2,172.04
76135 - Realized Gain	0.00	-2,045.22	0.00	-2,045.22
77630 - Dep Exp Owned - ITC	0.00	2,912.95	0.00	2,912.95
Total for Fund 30000	0.00	10,427,091.08	0.00	10,427,091.08
Total for Dept : 40606	0.00	10,427,091.08	0.00	10,427,091.08
Dept: 40608 (India - Poverty Reduction)				
Fund : 30000 (PROGRAMME COST SHARING)				
64397 - Services to projects -CO staff	0.00	280,452.00	0.00	280,452.00
71405 - Service Contracts-Individuals	0.00	1,000.00	0.00	1,000.00
72445 - Common Services-Communications	0.00	100,000.00	0.00	100,000.00
73310 - Maint & Licencing of Software	0.00	816.23	0.00	816.23
74210 - Printing and Publications	0.00	-50,839.00	0.00	-50,839.00
74596 - Services to projects -GOE	0.00	145,340.00	0.00	145,340.00
75105 - Facilities & Admin - Implement	0.00	33,373.86	0.00	33,373.86
Total for Fund 30000	0.00	510,143.09	0.00	510,143.09



Dr. Manish Pant
Sr. National Programme Manager

23.02.2018

Combined Delivery Report By Project



UN
UN Development Programme
Report ID: unglcdrp

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Project Id : 00078163 Service delivery of government	Period :	Jan-Dec (2017)		
Output # : 00088568 Improving vaccination systems	Impl. Partner :	03836 Direct Implementation		
	Location :	India		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Total for Dept : 40608	0.00	510,143.09	0.00	510,143.09
Total for Output : 00088568	0.00	10,937,745.92	0.00	10,937,745.92

Project Total :	0.00	10,937,745.92	0.00	10,937,745.92
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Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

17 July 2018

MOORE STEPHENS

Signed By :

Date :

23.02.2018

Signed By :

Date :

Dr. Manish Pant
Sr. National Programme Manager

23.02.2018





UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

Page 4 of 5
Run Time: 23-02-2018 05:02:28

Selection Criteria :

Business Unit : IND10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0406
Selected Outputs : 00083562

Project Id : ALL	Period : Jan-Dec (2017)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
40601 - India - Central	0.00	511.75	0.00	511.75
40606 - India - HIV/AIDS	0.00	10,427,091.08	0.00	10,427,091.08
40608 - India - Poverty Reduction	0.00	510,143.09	0.00	510,143.09

Dr. Manish Pant
Sr. National Programme Manager

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Funds Utilization

Selection Criteria :

Business Unit: IND10
Period : Jan-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : B0406
Selected Outputs : 00083568

Project/Award: 00078163 Service delivery of government

Period : As at Dec 31, 2017

Output # 00083568 Impl. Partner :03836 Direct Implementation

UNDP AMOUNT

Outstanding NEX advances	0.00
Undepreciated Fixed Assets	12,604.38
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	-0.01
Commitments	440,374.08


Dr. Manish Pant
Sr. National Programme Manager
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Annex 2: Statement of Assets and Equipment

Statement of Fixed Assets as at 31 December 2017
 Improving Efficiency of Vaccination Systems in Multiple States of India; Project ID 78163; Output 88568

Asset ID	Description	TAG Number	Serial Number	Location	Acquisition Date	In Service Date	Cost, USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
00000000794	A Notebook computers	INDITC257	FBGMD02	INDRAIPUR	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000795	A Notebook computers	INDITC258	7HFM02	INDJABALPU	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000797	A Notebook computers	INDITC260	H8GMD02	INDBAREILY	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000799	A Notebook computers	INDITC262	5HFM02	INDIMPHAL	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000800	A Notebook computers	INDITC263	6HFM02	INDJODHPUR	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000803	A Notebook computers	INDITC266	CHFM02	INDLUCK	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000806	A Notebook computers	INDITC269	8HFM02	INDLOB15	4/7/2014	4/7/2014	1,792.93	952.49	1	40606	001981	12149	00088568	30000
00000000810	A Notebook computers	INDITC273	46NHQ12	INDRANCHI	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000
00000000811	A Notebook computers	INDITC274	36NHQ12	INDLUCKNOW	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000
00000000812	A Notebook computers	INDITC275	86NHQ12	INDLOB015	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000
00000000813	A Notebook computers	INDITC276	76NHQ12	INDLOB015	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000
00000000814	A Notebook computers	INDITC277	56NHQ12	INDLOB015	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000
00000000815	A Notebook computers	INDITC278	66NHQ12	INDLOG103	6/12/2014	6/12/2014	1,792.27	989.49	1	40606	001981	12149	00088568	30000

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Mark Henderson
Partner

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17 July 2018

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Dr. Manish Pant
Sr. National Programme Manager

23.02.2018



Annex 3: Audit finding priority ratings

The following categories of priorities are used:

High (Critical)	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.
Medium(Important)	Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.
Low	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. Therefore, low priority recommendations are not included in this report.