



**AUDIT**

**OF**

**UNDP PAPUA NEW GUINEA**

**ENHANCING ADAPTIVE CAPACITY OF COMMUNITIES TO CLIMATE CHANGE-RELATED  
FLOODS IN THE NORTH COAST AND ISLANDS REGION OF PAPUA NEW GUINEA  
(Project No. 59799, Output No. 74956)**

**Report No. 1960**

**Issue Date: 17 July 2018**

**Report on the Audit of UNDP Papua New Guinea  
Enhancing Adaptive Capacity of Communities to Climate Change-Related Floods in the North Coast and  
Islands Region of Papua New Guinea (Project No. 59799, Output No. 74956)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 27 April to 11 May 2018, conducted an audit of Enhancing Adaptive Capacity of Communities to Climate Change-Related Floods in the North Coast and Islands Region of Papua New Guinea (Project No. 59799, Output No. 74956) (the Project), which is nationally implemented<sup>1</sup> with direct support services by the UNDP Country Office in Papua New Guinea (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>2</sup> as of 31 December 2017. 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
2,184	Unmodified*

\*Unmodified = unqualified or clean opinion

**Key recommendation:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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." This recommendation includes actions to address insufficient controls on the capitalization and disposal of fixed assets. The attached KPMG audit report noted a history of shortcomings in respect to the capitalization and recording of fixed assets, the net effect of which is an understatement of fixed assets by an amount of \$33,377 as of 31 December 2017.

<sup>1</sup> The responsible units in UNDP facilitate the audit of nationally implemented (NIM) projects. However, this NIM project was audited by OAI due to the significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expended by UNDP.

<sup>2</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.

In OAI's opinion, the shortcomings would have warranted a modified audit opinion on the Statement of Assets as of 31 December 2017. However, considering that the project activities ended on 31 December 2017, the relatively low value of this issue (only 1.5 percent of audited expenditure), and the Office's management stating that they are addressing this matter, no audit opinion on the Statement of Assets as of 31 December 2017 has been issued.

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

### **Management comments and action plan**

The UNDP Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, appearing to read 'Antoine Khoury', is enclosed within a rectangular box. The signature is fluid and cursive.

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



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on  
the United Nations Development Programme (UNDP)  
Directly Implemented (DIM) Project ID 00059799 – Output no.  
00074956

“Enhancing adaptive capacity of communities to climate change-  
related floods in the North Coast and Islands Region of Papua New  
Guinea”

- Port Moresby, Papua New Guinea -  
For the year ended 31 December 2017



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**KPMG SA**  
**Audit Western Switzerland**  
111 Rue de Lyon  
CH-1203 Geneva

PO Box 347  
CH-1211 Geneva 13

Telephone +41 58 249 25 15  
Fax +41 58 249 25 13  
www.kpmg.ch

## Executive Summary

KPMG Geneva conducted the financial audit of UNDP project number 00059799 “Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea – Output no. 00074956” (the project) for the period 1 January to 31 December 2017. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

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

<b>Statement of Financial Position*</b>	<b>Unmodified</b>
<b>Statement of Fixed Assets</b>	<b>Not Applicable</b>
<b>Statement of Cash Position</b>	<b>Not Applicable</b>

\* Statement of Financial Position 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.

Based on our audit procedures, we identified reportable findings with a Medium or High priority rating. For further discussion on the findings refer to our management letter at page 6.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 June 2018



## **Audit Objectives and Scope**

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

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2017 as well as the Fund Utilization statement, the accounts receivable and the 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official Statements. Other forms of Statements of expenses that may be prepared by a project office are not accepted. The CDR and the Funds Utilization statement should be duly signed by authorized representatives of both the audit firm and the UNDP country office.
- Expressing an opinion on whether the Statement of Fixed Assets, at Net Book Value, presents fairly the balance of 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. 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 project as at 31 December 2017. Disbursements made against a DIM project are usually financed from regular country office bank accounts. Exceptionally, a dedicated 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 maybe applicable, provide the progress made in implementing the recommendations raised in previous year 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 2017. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, or other UN agencies, 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 Offices and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.



**KPMG SA**  
**Audit Western Switzerland**  
111 Rue de Lyon  
CH-1203 Geneva

PO Box 347  
CH-1211 Geneva 13

Telephone +41 58 249 25 15  
Fax +41 58 249 25 13  
www.kpmg.ch

## **Independent Auditors' Report**

### Opinion on Financial Position

To: The Director of the Office of Audit and Investigations (OAI)  
United Nations Development Programme (UNDP)

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We have audited the financial position of the UNDP project No. 00059799 “Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea – Output no. 00074956” 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 totaling US\$ 2,183,960.53 is directly incurred by the UNDP Country Office in Papua New Guinea.

### **Unmodified Opinion**

In our opinion, the attached CDR and the Funds Utilization statement presents fairly, in all material respects, the expenses of US\$ 2,183,960.53 directly incurred by the UNDP Country Office in Papua New Guinea 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 (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the CDR and Funds Utilisation section of our 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 Utilisation 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 Utilisation 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and 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.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 June 2018



## Management Letter

To: National Project Director and Resident Representative

The Director of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP)

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We noted the following findings in relation to the project as a result of our audit;

### Finding 1: Insufficient controls on capitalization and disposal of fixed assets

- **Observation**

According to version 28 of UNDP POPP, Property Plant and Equipment (PPE) is deemed to be a tangible or physically verifiable item that meets **ALL** the following five criteria:

- a) Provides future economic or service benefits to UNDP – i.e. the PP&E item is held for use in the implementation of UNDP Programmes or for administrative purposes;
- b) Is expected to be used during more than one reporting period, which, is 12 months;
- c) Has a value of US\$1,500 (US\$ 2,500 for UNCDF1) or more (New Capitalization Threshold effective 1.1.2014);
- d) Is used and controlled by UNDP; and
- e) Has a cost that can be reliably determined.

During our testing over the fixed asset register, we identified the following matters:

1. During 2017, assets worth US\$ 19,670 were disposed from the fixed asset register. Upon further inquiry around the validity of these disposals, we noted that these assets had been incorrectly capitalized in 2014 and were removed from the fixed assets register during 2017.
2. We also noted that there four (4) laptops and one (1) vehicle were erroneously omitted from being capitalized and therefore not recorded in the fixed assets register. The cost of these assets was US\$ 43,363. Details are as follows:
  - a. Vehicle worth US\$ 36,774 purchased in 2015
  - b. Laptops worth US\$ 6,589 purchased in 2016

The written down values of these assets as at 31 December 2017 would have been US\$ 33,377 had they been capitalized and depreciated correctly.

We noted that the project ended officially in Dec 2017 and these assets should have been transferred by end of 2017 if they had been capitalized in the system. As per our discussion with management, these would be transferred to GoPNG in 2018.

This project Fixed Asset Register reflects a nil balance as at year ended 31 December 2017.

- **Priority**

Medium



- **Recommendation**

We recommend that appropriate processes and procedures be implemented to manage fixed assets. Specifically, management should implement robust controls that would ensure the proper checks are performed before assets are either capitalized or expensed by UNDP.

- **Management Comment and Action Plan**

1. In 2017 UNDP took action by disposing of the assets that were supposed to be expensed as the assets were under the "use and control of the Government."
2. UNDP is in the process of capitalising these assets and then will dispose by transferring the assets to Government.

- **Auditor's response (if applicable)**

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 29 June 2018

**Annexes:**

Annex 1: Combined Delivery Report and Funds Utilization Statement – output 00074956



**Selection Criteria :**

Business Unit : PNG10  
Period : Jan-Dec (2017)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00074956

Project Id : 00059799 AF - 4390 - Enhanc. adapt. cap	Period : Jan-Dec (2017)
Output # : 00074956 PNG AF 4552:Climate Resilience	Impl. Partner : 02509 National Execution Location : Papua New Guinea
	Govt Exp UNDP Exp UN Agencies Exp Total Exp

Dept: 42604 (Papua New Gu - Dem. Governance)

Fund : 62040 (GEF COST SHARING ACTIVITIES)

71625 - Daily Subsist Allow-Mtg Partic	0.00	384.46	0.00	384.46
76135 - Realized Gain	0.00	-0.01	0.00	-0.01

Total for Fund 62040 0.00 384.45 0.00 384.45

Total for Dept : 42604 0.00 384.45 0.00 384.45

Dept: 42605 (Papua New - Energy & Envirnmnt)

Fund : 04000 (Core Programme, UNU Centre)

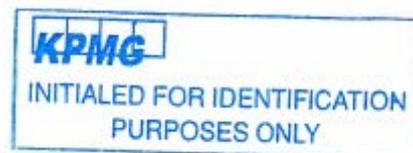
71205 - Intl Consultants-Sht Term-Tech	0.00	104,786.00	0.00	104,786.00
71305 - Local Consult.-Sht Term-Tech	0.00	12,578.60	0.00	12,578.60
71360 - Local Consult-Security	0.00	471.70	0.00	471.70
71605 - Travel Tickets-International	0.00	3,471.02	0.00	3,471.02
71615 - Daily Subsistence Allow-Intl	0.00	8,402.46	0.00	8,402.46
71620 - Daily Subsistence Allow-Local	0.00	1,257.85	0.00	1,257.85
71635 - Travel - Other	0.00	998.41	0.00	998.41
74210 - Printing and Publications	0.00	4,449.69	0.00	4,449.69
75705 - Learning costs	0.00	11,214.57	0.00	11,214.57
75712 - TrnWrkshp&Conf - Honorariums	0.00	51.89	0.00	51.89
76135 - Realized Gain	0.00	-7.00	0.00	-7.00

Total for Fund 04000 0.00 147,675.19 0.00 147,675.19

Fund : 30000 (PROGRAMME COST SHARING)

71205 - Intl Consultants-Sht Term-Tech	0.00	13,868.00	0.00	13,868.00
71605 - Travel Tickets-International	0.00	5,554.08	0.00	5,554.08
71610 - Travel Tickets-Local	0.00	2,664.25	0.00	2,664.25
71615 - Daily Subsistence Allow-Intl	0.00	2,831.21	0.00	2,831.21
71625 - Daily Subsist Allow-Mtg Partic	0.00	1,058.76	0.00	1,058.76
71635 - Travel - Other	0.00	304.00	0.00	304.00
72105 - Svc Co-Construction & Engineer	0.00	158,845.01	0.00	158,845.01
72405 - Acquisition of Communic Equip	0.00	2,869.48	0.00	2,869.48
72605 - Grants to Instit & other Benef	0.00	124,770.06	0.00	124,770.06
72615 - Micro Capital Grants-Other	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	14,680.24	0.00	14,680.24
75712 - TrnWrkshp&Conf - Honorariums	0.00	1,952.83	0.00	1,952.83
76135 - Realized Gain	0.00	-1.06	0.00	-1.06
77630 - Dep Exp Owned - ITC	0.00	0.00	0.00	0.00

Total for Fund 30000 0.00 329,396.86 0.00 329,396.86





**Combined Delivery Report By Project**

Project Id : 00059799 AF - 4390 - Enhanc. adapt. cap	Period :	Jan-Dec (2017)
Output # : 00074956 PNG AF 4552:Climate Resilience	Impl. Partner :	02509 National Execution Papua New Guinea
	Location :	
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

**Fund : 30079 (EUROPEAN COMMISSION)**

71615 - Daily Subsistence Allow-Intl	0.00	10,678.00	0.00	10,678.00
75105 - Facilities & Admin - Implement	0.00	747.46	0.00	747.46

<b>Total for Fund 30079</b>	<b>0.00</b>	<b>11,425.46</b>	<b>0.00</b>	<b>11,425.46</b>
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**Fund : 62040 (GEF COST SHARING ACTIVITIES)**

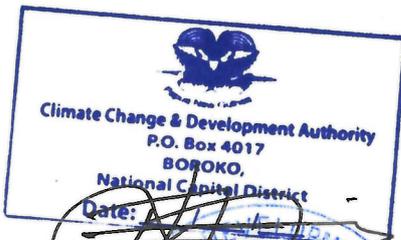
61305 - Salaries - IP Staff	0.00	66,711.18	0.00	66,711.18
61310 - Post Adjustment - IP Staff	0.00	56,809.80	0.00	56,809.80
62305 - Dependency Allowances-IP Staff	0.00	12,006.94	0.00	12,006.94
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	22,178.74	0.00	22,178.74
62315 - Contrib. to medical, social in	0.00	837.00	0.00	837.00
62320 - Mobility, Hardship, Non-remova	0.00	12,771.50	0.00	12,771.50
62340 - Annual Leave Expense - IP	0.00	1,047.14	0.00	1,047.14
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	19,931.54	0.00	19,931.54
63335 - Home Leave Trvl & Allow-IP Stf	0.00	1,541.70	0.00	1,541.70
63340 - Proc trips/Rest & Recup-IP Stf	0.00	1,869.00	0.00	1,869.00
63530 - Contribution to EOS Benefits	0.00	4,632.02	0.00	4,632.02
63535 - Contribution to Security	0.00	7,720.10	0.00	7,720.10
63540 - Contribution to Training	0.00	988.18	0.00	988.18
63545 - Contribution to ICT	0.00	1,852.82	0.00	1,852.82
63550 - Contributions to MAIP	0.00	308.78	0.00	308.78
63555 - Contribution to UN JFA	0.00	4,014.44	0.00	4,014.44
63560 - Contributions to Appendix D	0.00	308.78	0.00	308.78
64310 - Separations - IP Staff	0.00	1,729.30	0.00	1,729.30
64397 - Services to projects -CO staff	0.00	316.88	0.00	316.88
64398 - Direct Project Cost-Staff	0.00	- 4.39	0.00	- 4.39
65115 - Contributions to ASHI Reserve	0.00	11,981.56	0.00	11,981.56
65135 - Payroll Mgt Cost Recovery ATLA	0.00	643.80	0.00	643.80
71205 - Intl Consultants-Sht Term-Tech	0.00	27,720.00	0.00	27,720.00
71211 - Intl Consult Security Charge	0.00	2,800.95	0.00	2,800.95
71405 - Service Contracts-Individuals	0.00	118,861.36	0.00	118,861.36
71410 - MAIP Premium SC	0.00	150.18	0.00	150.18
71415 - Contribution to Security SC	0.00	3,752.88	0.00	3,752.88
71605 - Travel Tickets-International	0.00	10,013.76	0.00	10,013.76
71610 - Travel Tickets-Local	0.00	39,622.52	0.00	39,622.52
71615 - Daily Subsistence Allow-Intl	0.00	45,811.59	0.00	45,811.59
71620 - Daily Subsistence Allow-Local	0.00	5,504.56	0.00	5,504.56
71625 - Daily Subsist Allow-Mtg Partic	0.00	18,034.01	0.00	18,034.01
71630 - Shipment	0.00	384.18	0.00	384.18
71635 - Travel - Other	0.00	29,647.59	0.00	29,647.59
72105 - Svc Co-Construction & Engineer	0.00	709,503.57	0.00	709,503.57
72311 - Fuel, petroleum and other oils	0.00	1,488.10	0.00	1,488.10
72399 - Other Materials and Goods	0.00	8,200.59	0.00	8,200.59
72405 - Acquisition of Communic Equip	0.00	16,800.74	0.00	16,800.74
72415 - Courier Charges	0.00	73.55	0.00	73.55
72420 - Land Telephone Charges	0.00	2,115.18	0.00	2,115.18
72425 - Mobile Telephone Charges	0.00	33.02	0.00	33.02
72430 - Postage and Pouch	0.00	49.50	0.00	49.50
72440 - Connectivity Charges	0.00	576.66	0.00	576.66
72505 - Stationery & other Office Supp	0.00	1,507.70	0.00	1,507.70





<b>Project Id :</b> 00059799 AF - 4390 - Enhanc. adapt. cap	<b>Period :</b> Jan-Dec (2017)
<b>Output # :</b> 00074956 PNG AF 4552:Climate Resilience	<b>Impl. Partner :</b> 02509 National Execution <b>Location :</b> Papua New Guinea

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72605 - Grants to Instit & other Benef	0.00	324,806.34	0.00	324,806.34
72615 - Micro Capital Grants-Other	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	127.05	0.00	127.05
74210 - Printing and Publications	0.00	3,130.39	0.00	3,130.39
74215 - Promotional Materials and Dist	0.00	3,555.90	0.00	3,555.90
74225 - Other Media Costs	0.00	2,456.72	0.00	2,456.72
74505 - Insurance	0.00	14.15	0.00	14.15
74596 - Services to projects -GOE	0.00	64.91	0.00	64.91
74598 - Direct Project Costs - GOE	0.00	-1.88	0.00	-1.88
74705 - Port Operation	0.00	5,390.79	0.00	5,390.79
74710 - Land Transport	0.00	723.89	0.00	723.89
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
75705 - Learning costs	0.00	66,957.77	0.00	66,957.77
75707 - Learning - subsistence allowan	0.00	1,607.18	0.00	1,607.18
75709 - Learning - training of counter	0.00	1,654.77	0.00	1,654.77
75710 - Participation of counterparts	0.00	1,321.24	0.00	1,321.24
75711 - TrnWrkshp&Conf - Stipends	0.00	1,016.78	0.00	1,016.78
75712 - TrnWrkshp&Conf - Honorariums	0.00	8,465.16	0.00	8,465.16
76125 - Realized Loss	0.00	0.05	0.00	0.05
76135 - Realized Gain	0.00	-44.92	0.00	-44.92
77630 - Dep Exp Owned - ITC	0.00	0.00	0.00	0.00
<b>Total for Fund 62040</b>	<b>0.00</b>	<b>1,694,095.29</b>	<b>0.00</b>	<b>1,694,095.29</b>
<b>Total for Dept : 42605</b>	<b>0.00</b>	<b>2,182,592.80</b>	<b>0.00</b>	<b>2,182,592.80</b>
<b>Dept: 42650 (Papua New Gui-UN Sister Agency)</b>				
<b>Fund : 62040 (GEF COST SHARING ACTIVITIES)</b>				
71635 - Travel - Other	0.00	984.83	0.00	984.83
76135 - Realized Gain	0.00	-1.55	0.00	-1.55
<b>Total for Fund 62040</b>	<b>0.00</b>	<b>983.28</b>	<b>0.00</b>	<b>983.28</b>
<b>Total for Dept : 42650</b>	<b>0.00</b>	<b>983.28</b>	<b>0.00</b>	<b>983.28</b>
<b>Total for Output : 00074956</b>	<b>0.00</b>	<b>2,183,960.53</b>	<b>0.00</b>	<b>2,183,960.53</b>
<b>Project Total :</b>	<b>0.00</b>	<b>2,183,960.53</b>	<b>0.00</b>	<b>2,183,960.53</b>



JACOB EKINYE  
Director - Adaptive

Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
29 June 2018

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
29 June 2018

Signed By : \_\_\_\_\_

Date : 08/05/2018

Signed By : \_\_\_\_\_

Date : 9/5/18



Tray Vienings  
DRR



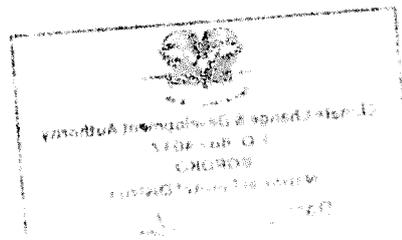


Selection Criteria :

Business Unit : PNG10  
 Period : Jan-Dec (2017)  
 Selected Project Id : ALL  
 Selected Fund Code : ALL  
 Selected Dept. IDs : ALL  
 Selected Outputs : 00074956

Project Id : ALL	Period : Jan-Dec (2017)
Output # : ALL	Impl. Partner : Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
42604 - Papua New Gu - Dem. Governance	0.00	384.45	0.00	384.45
42605 - Papua New - Energy & Envirmnt	0.00	2,182,592.80	0.00	2,182,592.80
42650 - Papua New Gui-UN Sister Agency	0.00	983.28	0.00	983.28





Funds Utilization

Selection Criteria :

Business Unit : PNG10  
 Period : Jan-Dec (2017)  
 Selected Project Id : ALL  
 Selected Fund Code : ALL  
 Selected Dept. IDs : ALL  
 Selected Outputs : 00074956

Project/Award: 00059799 AF - 4390 - Enhanc. adapt. cap

Period : As at Dec 31, 2017

Output # 00074956 Impl. Partner :02509 National Execution

	UNDP AMOUNT
Outstanding NEX advances	0.00
Undepreciated Fixed Assets	0.00
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	803,711.98



## Annex 2: Audit Findings Priority Ratings

The following categories of priorities are used:

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