

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP MALAWI**

**NATIONAL REGISTRATION IDENTIFICATION SYSTEM**  
**(Directly Implemented Project No. 100113, Output No. 103222)**

**Report No. 1966**

**Issue Date: 1 August 2018**

**Report on the Audit of UNDP Malawi  
National Registration Identification System  
(Project No. 100113, Output No. 103222)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 10 to 25 May 2018, conducted an audit of National Registration Identification System (Project No. 100113, Output No. 103222) (the Project), which is directly implemented and managed by the UNDP Country Office in Malawi (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 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). 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	NFM*** (in \$ '000)
15,543	Unmodified**	363	124	Qualified	141

\*Expenses recorded in the Combined Delivery Report were \$30,509,539. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$14,966,440).

\*\*Unmodified = unqualified or clean opinion

\*\*\*NFM= Net Financial Misstatement

The audit firm qualified its opinion on project assets due to financial findings totalling \$140,989 relating to project assets that were not recorded (four vehicles valued at \$130,798) or improperly recorded (value of generator understated by \$10,192) in the assets register.

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

<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 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) cash advances recorded as expenditure, (ii) the lack of agreed terms of reference with supplier of banking services, (iii) control weaknesses regarding recording of assets on the asset register, and (iv) errors in capturing the initial cost of an asset.

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	1	Medium
Safeguarding of assets	3 and 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, UNDP Malawi, 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.

  
**Helge S. Osttveiten**  
 2018.08.02  
 Director  
 Office of Audit and Investigations  
 10:22:48  
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**UNITED NATIONS DEVELOPMENT PROGRAMME  
(UNDP)**

**AUDIT REPORT**

**30 July 2018**

**FINANCIAL AUDIT OF THE UNDP DIRECTLY  
IMPLEMENTED (DIM) PROJECT  
NATIONAL REGISTRATION IDENTIFICATION SYSTEM  
(NRIS)**

<b>Output name:</b>	National Registration Identification System
<b>UNDP Country Office:</b>	Malawi
<b>Atlas Project ID:</b>	00100113
<b>Atlas Output ID:</b>	00103222
<b>Auditor:</b>	Moore Stephens LLP
<b>Period subject to audit:</b>	1 January to 31 December 2017

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## EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of National Registration Identification System (NRIS) (Project ID 00100113 and Output ID 00103222 (the project), directly implemented by UNDP Malawi for the year ended 31 December 2017. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

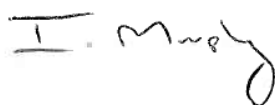
We have issued audit opinions as summarised in the table below and as detailed in the next section:

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

As a result of our audit, we have raised four audit findings with a net financial impact totalling \$363,290.76 as summarised below:

No.	Title	Priority	Net financial impact \$
1	Cash advances treated as expenditure in CDR	Medium	222,301.08
2	Lack of agreed Terms of Reference "ToR" with supplier of banking services	Medium	-
3	Control weaknesses regarding recording of assets on the asset register	Medium	130,797.68
4	Errors in capturing the initial costs of assets	Medium	10,192.00
<b>Total</b>			<b>363,290.76</b>

The project was not audited in the prior year.



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30 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 - National Registration Identification System (NRIS)

#### 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 00100113, "Malawi National Registration and Identification System Project (NRIS)" output ID 00103222, 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 \$30,509,539.27, is comprised of expenditure directly incurred by the UNDP Country Office in Malawi, for an amount of \$15,543,099.38 and expenditure incurred by entities other than the Country Office for an amount of \$ 14,966,439.89. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Malawi of \$ 15,543,099.38.

#### **Unmodified opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 15,543,099.38 directly incurred by the UNDP Country Office in Malawi 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

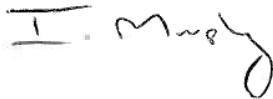


or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

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.



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30 July 2018

MOORE STEPHENS

## Independent Auditor's Report to UNDP - National Registration Identification System (NRIS)

### 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 00100113, "Malawi National Registration and Identification System Project (NRIS)" output ID 00103222 as at 31 December 2017.

#### **Qualified opinion**

In our opinion, the attached Statement of Fixed Assets, except for the effects of the matter described in the basis for qualified opinion paragraph, presents fairly in all material respects the assets status of the UNDP project Malawi National Registration and Identification System Project amounting to \$ 123,706.95 as at 31 December 2017 in accordance with UNDP accounting policies.

#### **Basis for qualified opinion**

We have made financial findings totalling \$140,989.68, as set out in the Management Letter section of our report, which represents the excess of the total recorded in the Statement of Fixed Assets presented to us for audit over the total of assets held by the project as at 31 December 2017. These findings represent 113.97% of the total assets reported by the project 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 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.

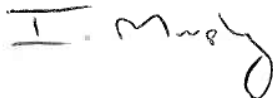
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.

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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30 July 2018

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## Independent Auditor's Report to UNDP - National Registration Identification System (NRIS)

### Statement of Cash Position

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

#### **NO DEDICATED BANK ACCOUNT FOR AUDITED DIM PROJECT ACTIVITIES**

We noted that the UNDP project National Registration Identification System (NRIS) 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:

Finding n°: 1	Title: Cash advances treated as expenditure in CDR				
<p><b>Observation:</b></p> <p>Article 26 on Accounting, Regulation 26.01 of the UNDP Programme and Operations Policies and Procedures (POPP) states that:</p> <p>The Administrator shall annually submit financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), including a regular resources account and another resources account. Separate financial statements will be submitted annually for all funds and programmes administered by UNDP.</p> <p>The IPSAS dictates that expenditure should only be recognised once it can be established that economic benefit or value has passed or accrued to the entity or a service has been rendered. Based on this criteria for recognising expenditure, cash advanced to organisations does not constitute expenditure until the final value of the transaction is established and accepted.</p> <p>Best practice requires that cash management calls for the performing of independent checks through reconciliations that are periodically validated and approved by the responsible personnel. The reconciliations act as a mitigating and corrective control, as such, must be performed in a timely manner to ensure its relevance, effectiveness and efficiency in safeguarding the assets of UNDP.</p> <p>We observed that there were a number of cash transfers made to various entities during the period. Year-end reconciliations revealed that the cash advances had not been fully spent and there were unspent cash balances. The advances were treated as expenditure in the CDR and thus the expenditure recorded in the CDR was overstated by the amounts remaining unspent as at 31 December 2017.</p> <p>Details of the transactions are in the table below:</p>					
Supplier	Transaction ID	Disbursed Amount MWK	Disbursed Amount USD	Reconciled Expenditure USD	Ineligible Amount USD
1	MWI10-00071307-1	47,312,642.32	64,723.18	63,707.42	1,015.76
1	MWI10-00072034-1	41,980,495.90	57,665.52	57,177.51	488.01
1	MWI10-00072750-1	36,495,146.58	50,199.65	48,543.55	1,656.10
1	MWI10-00073016-1	35,834,297.45	49,290.64	47,291.77	1,998.87
1	MWI10-00073487-1	34,901,590.87	48,007.69	46,823.54	1,184.15
2	MWI10-00074906-1	512,400,000.00	704,814.31	685,926.06	18,888.25
2	MWI10-00075746-1	512,400,000.00	703,846.15	693,074.30	10,771.85
2	MWI10-00075750-1	512,400,000.00	703,846.15	641,256.72	62,589.43
2	MWI10-00075771-1	512,400,000.00	703,846.15	609,894.04	93,952.11



2	MWI10-00073744-1	231,000,000.00	317,744.15	287,804.31	29,939.84
2	MWI10-00073810-1	42,200,000.00	58,046.77	62,847.99	-4,801.22
2	MWI10-00075746-2	42,200,000.00	57,967.03	60,243.46	-2,276.43
2	MWI10-00075750-2	42,200,000.00	57,967.03	54,176.50	3,790.53
2	MWI10-00075011-1	100,067,250.00	137,644.09	134,540.26	3,103.83
<b>Total</b>					<b>222,301.08</b>

On discussion with the project finance team, we were told that the Country Office (CO) was aware of the unspent cash balances and that since the project was still ongoing and the reconciliations not concluded, the net position would be adjusted at the time the project shall close in 2018 once all activity was concluded.

The lack of adjustments for costs currently not reconciled or accepted as expenditure by the project overstates the CDR reported expenditure in the period under audit. The costs though relevant and chargeable to the project, do not fall in the period reported, hence a financial adjustment to the reported expenditure is required.

**Priority: Medium**

**Recommendation:**

We recommend that going forward, year-end reconciliations are performed of cash advances to adjust expenditure recorded in the CDR to reflect actual incurred and accepted costs.

This will ensure that the CDR is complete and accurate, as it will be a true reflection of the reconciled position of expenditure on the project.

**Management comments:**

Payments made to Supplier 1 (vouchers 00071307,00072034, 00072750,00073016 and 00073487) are subsequent to a Micro Grant agreement signed between UNDP and an NGO during the Mass campaign. Micro Capital Grant payments are expensed in terms of the UNDP policy on Micro Capital Grants. However, the grant agreement still requires a report and final reconciliation of expenditure. Because the NGO reported that they spent less on the civic education, it was justified to return unspent balances to UNDP. Reconciliation of those payments have been made and a refund of MK 4,633,306.80 equivalent to US\$ 6,264.43 has been deposited to UNDP on 11 of July 2018.

Disbursements to Supplier 2 (vouchers 00074906, 00075746, 00075750, 00075771, 00073744, 00073810, 00075746 and 00075750) are prepayments made to Supplier 2 for the HR and Payroll management for 4200 Registrations officers during a period of six months in 5 phases. As an approximate number of 63,000 transactions through Bank EFTs were processed, there were some abnormalities that were noticed given the complexity of the task. In fact, some overpayments and underpayments were recorded causing the reconciliation very difficult to do during the campaign. Phases overlapped during the registration process. UNDP received reports from Supplier 2 for phases 1 & 2 during phases 3 and 4. Underpayment mistakes related to earlier phases 1 and 2 were corrected during later phases 4 and 5. In fact, it would be very difficult to process another prepayment if the reconciliation is conducted for phase 1 and claims on phase 1 arose during phase 4. Therefore, the Project Management and Supplier 2 agreed to use temporary reports (programmatic, logistical and financial) to revert prepayments and wait until the end of the process to conduct a comprehensive review and process final cost adjustments.

The reconciliation is ongoing and should be ready by August. Note that Management fees for an approx. amount of US\$250K is still pending until the final reconciliation and refund into UNDP bank account.

**Auditors' response:**

The refunds are subsequent to the period cut off of the audit, as such the finding remains relevant.

<b>Finding n°: 2</b>	<b>Title: Lack of agreed Terms of Reference “ToR” with supplier of banking services</b>
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**Observation:**

The Contract Management section of the POPP Contract & Procurement Section states that “contract management is the effective and efficient monitoring of contract activities to ensure that goods, services and/or works contracted by UNDP are delivered in a timely manner, at the agreed cost and to the specified requirements, which shall be clearly established in the Terms of Reference or Specifications at the pre-award stage of the procurement process”.

Contract Management encompasses all post-award tasks including, performance monitoring, relationship management, risk management, contract administration and dispute resolution. The nature and extent of contract management shall vary between contracts depending on the nature, value and complexity of each contract.

We observed that during the implementation phase, the project engaged a bank in Malawi, with whom an existing UNDP global Long Term Agreement (LTA) was in place that was used by the CO in Malawi. The project used the bank’s cash payment system to pay agents who had been hired by the project to conduct National Identity Card distributions, but the UNDP global LTA does not specifically provide for cash distribution services.

We observed that the project paid out funds to the bank, which subsequently engaged a third party to make the payments on behalf of the project to the agents. The bank advanced funds to the contractor, who then paid the agents. The agents confirmed that they had received the payment and this was submitted by the contractor to the bank as proof of payment. The contractor also submitted a breakdown of any outstanding cash from the advance. Following this, the bank invoiced the project a management fee based on the total amount issued out to agents.

We further observed that there were no contractual conditions or agreements in place between the project and a local bank to regulate and provide guidance on the obligatory conditions of either party in the transactions.

The transactions below were payments advanced to the local bank to distribute to agents of the project:

Accounting Date	Account Description	Transaction ID	Local Currency MWK	Amount USD
8/22/2017	DSA	Mwi10-00073260-1	27,075,000.00	37,242.09
10/14/2017	DSA	Mwi10-00074304-1	30,062,500.00	41,351.44
11/17/2017	DSA	Mwi10-00075011-1	100,067,250.00	137,644.09
11/30/2017	DSA	Mwi10-00075243-1	69,957,000.00	96,226.96
12/7/2017	DSA	Mwi10-00075457-1	29,569,250.00	40,617.10
<b>Total</b>			<b>256,731,000.00</b>	<b>353,081.68</b>

On discussion with the project finance team, we were informed that the CO was aware of the issue and could not enter into any local contractual agreements with the local bank as it was a global contract which required HQ action. The lack of an existing TOR exposes the CO to risks associated with poor contract management, particularly where the obligations of each party are not clearly set out. It also exposes the CO to risk should any disputes between the parties arise, as there would be a lack of legal support that could be provided by a contract.

**Priority: Medium**

**Recommendation:**

We recommend that the CO/project comply with the UN contract management policies which give guidelines on all post-award tasks including, performance monitoring, relationship management, risk management, contract administration and dispute resolution in contracts.

Establishing Terms of Reference and having them agreed and signed off by both parties will ensure effective and efficient monitoring of contract activities leading to goods, services and/or works contracted by UNDP to be delivered in a timely manner, at the agreed cost and to the specified requirements.

**Management comments:**

UNDP have awarded a global LTA contract to the bank. Any amendments to this contract are to be made by UNDP Treasury.

The Office initiated negotiations with the local bank to formalise the rendering of cash distribution services. In January 2018 the Office requested authorisation from UNDP Treasury division, Office of Financial Resources Management, Bureau for Management Services. UNDP Treasury referred the request for contract amendment of the global banking agreement to UNDP legal office for review and clearance. The proposed amendment to the banking agreement is under review between UNDP legal and the bank's legal departments.

UNDP Malawi regularly follows up on this amendment however it is not yet finalised.

**Auditors' response:**

The finding remains relevant until such steps are taken to implement the recommendation.

<b>Finding n°: 3</b>	<b>Title: Control weaknesses on recording of assets on the asset register</b>
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**Observation:**

Section 1 of the UNDP POPP, Furniture and Equipment: Property Plant and Equipment policy states that;

“...Property Plant and Equipment refers to a tangible or physically verifiable items that meet the following five criteria: Part (c) has a value of \$1,500 or more (New Capitalization Threshold effective 1.1.2014) ”.

We observed that the project procured four motor vehicles during the audited period. The motor vehicles acquired were of the Toyota Landcruiser make with a total value of \$ 130,797.68. The procurement was recorded on 1 March 2017 and the cost was recorded on the CDR. We however observed that the vehicles were not recorded on the signed 2017 asset register presented for the audit review.

The 2017 asset register was therefore understated by the value of the motor vehicles excluded from the register.

We observed that the asset register was subsequently amended to include the motor vehicles in 2018 as shown in the May 2018 asset register.

The assets purchased in 2017 and recorded on the CDR but not on the asset register are detailed below:

Transaction ID	Accounting Date	Account Description	Amount USD
MW110-00070561-1	01-Mar-17	STATION WAGONS	130,797.68
<b>Total</b>			<b>130,797.68</b>

On discussion with the project finance team, we were told that the CO was aware of the issue that arose out of human error, and was taking steps to rectify the matter by including the assets on the most current asset register.

The omission of the assets therefore understates the stated position of assets as at 31 December 2017.

An asset register is an important tool for any organisation as it allows management to track their fixed assets and ensure that they have not been mislaid or misappropriated. It also allows the project to monitor their use, assess how long they will last and whether future expenditure is necessary. If the register is not regularly reviewed and updated, there is the risk that this tracking and monitoring does not occur, and that assets are not appropriately safeguarded.

<b>Priority: Medium</b>
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**Recommendation:**

We recommend that as part of effective asset management procedures, that the project management review the assets register maintained by the CO on a regular and consistent basis. The review should involve a thorough check through to ensure that all qualifying assets purchased in a period are included in the register.

There is need to include a formalised request procedure for the inclusion of assets to the register. The request should include the necessary controls to ensure the recognition criteria is met before addition to the register. The request should also include adequate sign off procedures to ensure a complete audit and responsibility trail should there be any issues identified in future.



The control will reduce the risk of the assets not being recorded in the register and therefore misstating the asset register at the year end.

**Management comments:**

The Project has decided to conduct a review the assets register on a quarterly basis. In addition, access to the Asset module was granted to the Project Asset Associate in order to prevent any human errors.

**Auditors' response:**

The recommendations remain valid as action is being taken subsequent to the period end.

<b>Finding n°: 4</b>	<b>Title: Errors in capturing the initial costs of assets</b>
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**Observation:**

The general practice in asset management is to recognise assets value on the basis of unit costs and the cost of arrangements made to bring the asset to its current location and condition at point of recognition. Such costs will include the costs of delivery and handling, installation and related professional fees for freight and taxes.

We observed that during the year to 31 December 2017 a diesel generator was purchased and appropriately recognised as an asset in the register for the year. The recognised value on the assets register was stated as \$ 2,548.00. Based on our review of the source documents, it was discovered that the value as indicated on the invoice was in fact \$ 12,740.00.

The recorded value of the asset was therefore understated by the difference between the recorded value and the cost as per invoice. The net difference by which the asset register was understated by was \$ 10,192.00.

We further observed that at the time of our audit, no subsequent adjustment had been made to the asset register in 2018 to correct the misstatement.

We highlight below the details of the understated item on the 2017 asset register:

Asset ID	Description	TAG Number	Serial Number	Acquisition date	Cost Amount USD
858	Diesel Generator	858	FGWPEP38JSB04217	14-Feb-17	2,548.00
<b>Total</b>					<b>2,548.00</b>

On discussion with the project finance team, we were informed that this understatement arose in error and that the CO was aware of the issue and was taking steps to rectify the matter in 2018.

The misstatement understates the stated position of assets as at 31 December 2017. As noted in Finding no. 3, if the register is not regularly reviewed and updated, there is the risk that tracking and monitoring of fixed assets does not occur, and that assets are not appropriately safeguarded.

<b>Priority: Medium</b>
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**Recommendation:**

We recommend that as part of effective asset management procedures, that the project management review the assets register maintained by the CO on a regular and consistent basis. This can be done either on monthly, quarterly, bi-annual or annual basis based on management discretion. The review should involve a thorough check through to ensure that all qualifying assets purchased in a period are included in the register at the correct cost in USD on recognition.

There is need to include a formalised request procedure for the inclusion of assets to the register. The request should include the necessary controls to ensure the recognition criteria is met before addition to the register. The request should also include adequate sign off procedures to ensure a complete audit and responsibility trail should there be any issues identified in future. These could be incorporated into existing controls present in the Atlas system regarding users taking asset actions.

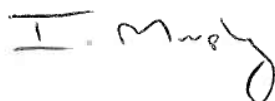
The control will reduce the risk of the assets being recorded at the incorrect cost in the register and therefore misstating the asset register at the year end.

**Management comments:**

The Project has decided to conduct a review the assets register on a quarterly basis. In addition, access to the Asset module was granted to the Project Asset Associate in order to prevent any human errors.

**Auditors' response:**

The recommendations remain valid as action is being taken subsequent to the period end.



Ian Murphy  
Partner  
Moore Stephens LLP  
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London EC1A 4AB

30 July 2018

MOORE STEPHENS

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## **Annexes**

**Annex 1: Combined Delivery Report**



**Selection Criteria :**

Business Unit : MW10  
Period : Jan-Dec (2017)  
Selected Project Id : 00100113  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00103222

Project id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output# : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 35001 (Malawi - Central)

Fund : 00001 (Investments Fund)

76125 - Realized Loss	0.00	0.00	0.00	0.00
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<b>Total for Fund 00001</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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Fund : 30000 (PROGRAMME COST SHARING)

74599 - UNDP cost recovery chrgs-Bills	0.00	13.40	0.00	13.40
75105 - Facilities & Admin - Implement	0.00	1.07	0.00	1.07

<b>Total for Fund 30000</b>	<b>0.00</b>	<b>14.47</b>	<b>0.00</b>	<b>14.47</b>
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<b>Total for Dept : 35001</b>	<b>0.00</b>	<b>14.47</b>	<b>0.00</b>	<b>14.47</b>
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Dept: 35002 (Malawi - UN Dev Coord)

Fund : 30000 (PROGRAMME COST SHARING)

72425 - Mobile Telephone Charges	0.00	35.26	0.00	35.26
74599 - UNDP cost recovery chrgs-Bills	0.00	26.80	0.00	26.80
75105 - Facilities & Admin - Implement	0.00	4.96	0.00	4.96
76125 - Realized Loss	0.00	0.05	0.00	0.05

<b>Total for Fund 30000</b>	<b>0.00</b>	<b>67.07</b>	<b>0.00</b>	<b>67.07</b>
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<b>Total for Dept : 35002</b>	<b>0.00</b>	<b>67.07</b>	<b>0.00</b>	<b>67.07</b>
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Dept: 35004 (Malawi - Dem. Governance)

Fund : 04000 (Core Programme, UNU Centre)

63520 - Personal Security Measures	0.00	2,278.50	0.00	2,278.50
71205 - Intl Consultants-Sht Term-Tech	0.00	10,546.47	0.00	10,546.47
71210 - Intl Consultants-Sht Term-Supp	0.00	34,850.12	0.00	34,850.12
71305 - Local Consult.-Sht Term-Tech	0.00	2,940.63	0.00	2,940.63
71360 - Local Consult-Security	0.00	58.38	0.00	58.38
71405 - Service Contracts-Individuals	0.00	10,794.83	0.00	10,794.83
71605 - Travel Tickets-International	0.00	418.34	0.00	418.34
71620 - Daily Subsistence Allow-Local	0.00	448,761.79	0.00	448,761.79
71630 - Shipment	0.00	19,627.11	0.00	19,627.11
72105 - Svc Co-Construction & Engineer	0.00	48,850.00	0.00	48,850.00
72130 - Svc Co-Transportation Services	0.00	204,048.79	0.00	204,048.79
72205 - Office Machinery	0.00	718.19	0.00	718.19





Combined Delivery Report By Project

<b>Project Id :</b> 00100113 Malawi National Registration a	<b>Period :</b> Jan-Dec (2017)
<b>Output # :</b> 00103222 National Identification System	<b>Impl. Partner :</b> 99999 UNDP
	<b>Location :</b> RES. REP' OFFICE

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
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72215 - Transporation Equipment	0.00	130,797.68	0.00	130,797.68
72220 - Furniture	0.00	14,156.07	0.00	14,156.07
72311 - Fuel, petroleum and other oils	0.00	136,760.15	0.00	136,760.15
72399 - Other Materials and Goods	0.00	6,210.00	0.00	6,210.00
72402 - Building Maintenance	0.00	397.12	0.00	397.12
72405 - Acquisition of Communic Equip	0.00	61,360.00	0.00	61,360.00
72425 - Mobile Telephone Charges	0.00	164.84	0.00	164.84
72440 - Connectivity Charges	0.00	3,079.37	0.00	3,079.37
72505 - Stationery & other Office Supp	0.00	18,419.08	0.00	18,419.08
72515 - Print Media	0.00	41.27	0.00	41.27
72805 - Acquis of Computer Hardware	0.00	6,160.18	0.00	6,160.18
72810 - Acquis of Computer Software	0.00	17,970.97	0.00	17,970.97
72815 - Inform Technology Supplies	0.00	6,103.75	0.00	6,103.75
72966 - Licenses and other	0.00	50.00	0.00	50.00
73105 - Rent	0.00	77,792.54	0.00	77,792.54
73106 - Leased premises alterations	0.00	15,150.53	0.00	15,150.53
73110 - Custodial & Cleaning Services	0.00	29,106.21	0.00	29,106.21
73115 - Moving Expenses	0.00	630.00	0.00	630.00
73120 - Utilities	0.00	31,732.90	0.00	31,732.90
73405 - Rental & Maint-Other Office Eq	0.00	4,998.83	0.00	4,998.83
73406 - Maintenance of Equipment	0.00	812.58	0.00	812.58
74210 - Printing and Publications	0.00	112,367.50	0.00	112,367.50
74505 - Insurance	0.00	3,925.23	0.00	3,925.23
74520 - Storage	0.00	9,499.81	0.00	9,499.81
74525 - Sundry	0.00	1,761.52	0.00	1,761.52
74599 - UNDP cost recovery chrgs-Bills	0.00	174.20	0.00	174.20
74696 - PP&E Expensed Items	0.00	19,318.00	0.00	19,318.00
74710 - Land Transport	0.00	162.93	0.00	162.93
74725 - Other L.T.S.H.	0.00	382,846.10	0.00	382,846.10
75705 - Learning costs	0.00	1,841.34	0.00	1,841.34
75709 - Learning - training of counter	0.00	880.33	0.00	880.33
76110 - Foreign Exch Translation Loss	0.00	0.33	0.00	0.33
76125 - Realized Loss	0.00	46.83	0.00	46.83
76135 - Realized Gain	0.00	- 148.57	0.00	- 148.57
77630 - Dep Exp Owned - ITC	0.00	5,469.47	0.00	5,469.47
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>1,883,932.24</b>	<b>0.00</b>	<b>1,883,932.24</b>

**Fund : 30000 (PROGRAMME COST SHARING)**

61105 - Salaries - NP Staff	0.00	23,059.56	0.00	23,059.56
61305 - Salaries - IP Staff	0.00	247,988.60	0.00	247,988.60
61310 - Post Adjustment - IP Staff	0.00	79,895.73	0.00	79,895.73
62110 - Contrib Joint Staff Pension-NP	0.00	3,682.62	0.00	3,682.62
62115 - Contrib to Med.SocIns-NP Staff	0.00	788.45	0.00	788.45
62140 - Annual Leave Expense - NO	0.00	1,124.50	0.00	1,124.50
62305 - Dependency Allowances-IP Staff	0.00	29,162.84	0.00	29,162.84
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	82,305.27	0.00	82,305.27
62315 - Contrib. to medical, social in	0.00	11,182.30	0.00	11,182.30
62320 - Mobility, Hardship, Non-remova	0.00	38,839.51	0.00	38,839.51
62330 - Rental Supplements - IP Staff	0.00	11,100.91	0.00	11,100.91
62340 - Annual Leave Expense - IP	0.00	23,466.88	0.00	23,466.88
63135 - Special Education Grant(LNO)	0.00	193.14	0.00	193.14
63335 - Home Leave Trvl & Allow-IP Stf	0.00	9,095.78	0.00	9,095.78



Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a		Period :		Jan-Dec (2017)	
Output # : 00103222 National Identification System		Impl. Partner :		99999 UNDP	
		Location :		RES. REP. OFFICE	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp	
63360 - Medical Exams(incl Pre-empl)	0.00	880.21	0.00	880.21	
63515 - Security-related Costs	0.00	3,600.00	0.00	3,600.00	
63520 - Personal Security Measures	0.00	19,841.85	0.00	19,841.85	
63530 - Contribution to EOS Benefits	0.00	12,790.94	0.00	12,790.94	
63535 - Contribution to Security	0.00	14,915.11	0.00	14,915.11	
63540 - Contribution to Training	0.00	2,728.69	0.00	2,728.69	
63545 - Contribution to ICT	0.00	5,116.37	0.00	5,116.37	
63550 - Contributions to MAIP	0.00	852.71	0.00	852.71	
63555 - Contribution to UN JFA	0.00	11,085.44	0.00	11,085.44	
63560 - Contributions to Appendix D	0.00	852.71	0.00	852.71	
64110 - Separations - NP Staff	0.00	461.19	0.00	461.19	
64306 - Appointment-Ticket Costs	0.00	43,300.68	0.00	43,300.68	
64307 - Appointment-Subsistence Allow	0.00	16,740.00	0.00	16,740.00	
64308 - Appointments-Lump Sum	0.00	15,362.91	0.00	15,362.91	
64309 - Appointment-Shipments	0.00	33,716.54	0.00	33,716.54	
64310 - Separations - IP Staff	0.00	4,452.46	0.00	4,452.46	
64321 - Reassignment-Ticket Costs	0.00	309.55	0.00	309.55	
64322 - Reassignments-Subsistence Allow	0.00	2,790.00	0.00	2,790.00	
64324 - Reassignments-Shipment	0.00	861.40	0.00	861.40	
64340 - Staff related Cost-Others	0.00	308.86	0.00	308.86	
65115 - Contributions to ASHI Reserve	0.00	33,085.88	0.00	33,085.88	
65135 - Payroll Mgt Cost Recovery ATLA	0.00	2,413.02	0.00	2,413.02	
66105 - Overtime & Night Differential	0.00	220.52	0.00	220.52	
71205 - Intl Consultants-Sht Term-Tech	0.00	136,182.79	0.00	136,182.79	
71211 - Intl Consult Security Charge	0.00	5,707.34	0.00	5,707.34	
71305 - Local Consult-Sht Term-Tech	0.00	42,414.79	0.00	42,414.79	
71360 - Local Consult-Security	0.00	982.96	0.00	982.96	
71405 - Service Contracts-Individuals	0.00	30,823.25	0.00	30,823.25	
71505 - UN Volunteers-Stipend & Allow	0.00	98,677.16	0.00	98,677.16	
71510 - UNV Settling-In-Grant	0.00	18,952.92	0.00	18,952.92	
71515 - UNV-Security Allowance	0.00	12,286.13	0.00	12,286.13	
71520 - UNV-Language Allowance	0.00	2,004.83	0.00	2,004.83	
71535 - UNV-Medical Insurance	0.00	7,566.87	0.00	7,566.87	
71540 - UNV-Global Charges	0.00	5,240.50	0.00	5,240.50	
71541 - UNVs-Contribution to security	0.00	3,580.70	0.00	3,580.70	
71545 - UNV-Home Leave Travel & Allowa	0.00	320.77	0.00	320.77	
71550 - UNV-Resettlement Allowance	0.00	8,019.35	0.00	8,019.35	
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	9,000.00	0.00	9,000.00	
71590 - UNV Development Effectiveness	0.00	24,017.95	0.00	24,017.95	
71605 - Travel Tickets-International	0.00	84,280.89	0.00	84,280.89	
71610 - Travel Tickets-Local	0.00	3,210.13	0.00	3,210.13	
71615 - Daily Subsistence Allow-Intl	0.00	48,675.70	0.00	48,675.70	
71620 - Daily Subsistence Allow-Local	0.00	299,925.19	0.00	299,925.19	
71630 - Shipment	0.00	46,674.97	0.00	46,674.97	
71635 - Travel - Other	0.00	14,077.11	0.00	14,077.11	
72105 - Svc Co-Construction & Engineer	0.00	12,448.41	0.00	12,448.41	
72125 - Svc Co-Studies & Research Serv	0.00	3,096.00	0.00	3,096.00	
72130 - Svc Co-Transportation Services	0.00	28,559.95	0.00	28,559.95	
72205 - Office Machinery	0.00	109.18	0.00	109.18	
72210 - Machinery and Equipment	0.00	6,644.97	0.00	6,644.97	
72215 - Transportation Equipment	0.00	168,924.00	0.00	168,924.00	
72220 - Furniture	0.00	2,470.88	0.00	2,470.88	
72311 - Fuel, petroleum and other oils	0.00	756,836.13	0.00	756,836.13	
72315 - Food & Textile Products	0.00	123.71	0.00	123.71	



## Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72320 - Wood & Paper Products	0.00	8,131.05	0.00	8,131.05
72370 - Security related goods and mat	0.00	625.00	0.00	625.00
72399 - Other Materials and Goods	0.00	3,898,779.90	0.00	3,898,779.90
72402 - Building Maintenance	0.00	8,042.32	0.00	8,042.32
72405 - Acquisition of Communic Equip	0.00	87.27	0.00	87.27
72415 - Courier Charges	0.00	124.20	0.00	124.20
72425 - Mobile Telephone Charges	0.00	27,619.70	0.00	27,619.70
72430 - Postage and Pouch	0.00	175.92	0.00	175.92
72440 - Connectivity Charges	0.00	13,914.45	0.00	13,914.45
72445 - Common Services-Communications	0.00	97,280.86	0.00	97,280.86
72505 - Stationery & other Office Supp	0.00	13,667.57	0.00	13,667.57
72510 - Publications	0.00	1,558.73	0.00	1,558.73
72515 - Print Media	0.00	6,477.32	0.00	6,477.32
72615 - Micro Capital Grants-Other	0.00	269,886.68	0.00	269,886.68
72705 - Hospitality-Special Events	0.00	4,539.84	0.00	4,539.84
72710 - Hospitality-Vouchered Expenses	0.00	575.01	0.00	575.01
72805 - Acquis of Computer Hardware	0.00	1,497.69	0.00	1,497.69
72810 - Acquis of Computer Software	0.00	9,258.52	0.00	9,258.52
72815 - Inform Technology Supplies	0.00	44,533.00	0.00	44,533.00
72966 - Licenses and other	0.00	-7,320.54	0.00	-7,320.54
73104 - Leased Building	0.00	32,436.99	0.00	32,436.99
73105 - Rent	0.00	66,803.97	0.00	66,803.97
73107 - Rent - Meeting Rooms	0.00	0.00	0.00	0.00
73110 - Custodial & Cleaning Services	0.00	14,998.50	0.00	14,998.50
73115 - Moving Expenses	0.00	294.81	0.00	294.81
73120 - Utilities	0.00	14,891.36	0.00	14,891.36
73205 - Premises Alterations	0.00	830.71	0.00	830.71
73405 - Rental & Maint-Other Office Eq	0.00	4,711.16	0.00	4,711.16
73406 - Maintenance of Equipment	0.00	1,169.24	0.00	1,169.24
73410 - Maint Oper of Transport Equip	0.00	21,517.12	0.00	21,517.12
73420 - Leased Vehicles	0.00	1,447.54	0.00	1,447.54
73505 - Reimb to UNDP for Supp Srvs	0.00	37,597.73	0.00	37,597.73
74110 - Audit Fees	0.00	2,747.26	0.00	2,747.26
74120 - Capacity Assessment	0.00	1,264,375.53	0.00	1,264,375.53
74205 - Audio Visual Productions	0.00	38,218.91	0.00	38,218.91
74210 - Printing and Publications	0.00	12,625.48	0.00	12,625.48
74215 - Promotional Materials and Dist	0.00	72,979.48	0.00	72,979.48
74225 - Other Media Costs	0.00	50,672.86	0.00	50,672.86
74505 - Insurance	0.00	6,046.73	0.00	6,046.73
74520 - Storage	0.00	178.60	0.00	178.60
74525 - Sundry	0.00	5,905.49	0.00	5,905.49
74599 - UNDP cost recovery chrgs-Bills	0.00	14,407.26	0.00	14,407.26
74710 - Land Transport	0.00	13,269.19	0.00	13,269.19
74725 - Other L.T.S.H.	0.00	40,341.00	0.00	40,341.00
75105 - Facilities & Admin - Implement	0.00	746,062.39	0.00	746,062.39
75705 - Learning costs	0.00	524,614.84	0.00	524,614.84
75707 - Learning - subsistence allowan	0.00	7,257.96	0.00	7,257.96
75709 - Learning - training of counter	0.00	4,820.47	0.00	4,820.47
75710 - Participation of counterparts	0.00	552.17	0.00	552.17
76120 - Unrealized Loss	0.00	38.00	0.00	38.00
76125 - Realized Loss	0.00	1,632.51	0.00	1,632.51
76135 - Realized Gain	0.00	-160.47	0.00	-160.47
77630 - Dep Exp Owned - ITC	0.00	98.18	0.00	98.18
77640 - Dep Exp Owned - F&F	0.00	105.79	0.00	105.79



Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Total for Fund 30000 0.00 10,073,351.91 0.00 10,073,351.91

Fund : 30071 (Programme Cost Sharing GOV1)

71620 - Daily Subsistence Allow-Local	0.00	46,211.91	0.00	46,211.91
71630 - Shipment	0.00	2,139.51	0.00	2,139.51
72125 - Svc Co-Studies & Research Serv	0.00	277,120.04	0.00	277,120.04
72210 - Machinery and Equipment	0.00	53,280.50	0.00	53,280.50
72311 - Fuel, petroleum and other oils	0.00	5,493.82	0.00	5,493.82
72320 - Wood & Paper Products	0.00	23,855.67	0.00	23,855.67
72399 - Other Materials and Goods	0.00	11,598,990.84	0.00	11,598,990.84
72405 - Acquisition of Communic Equip	0.00	23,370.00	0.00	23,370.00
72425 - Mobile Telephone Charges	0.00	1,127.92	0.00	1,127.92
72445 - Common Services-Communications	0.00	5,000.00	0.00	5,000.00
72505 - Stationery & other Office Supp	0.00	12,112.34	0.00	12,112.34
72705 - Hospitality-Special Events	0.00	2,468.42	0.00	2,468.42
72805 - Acquis of Computer Hardware	0.00	5,092.00	0.00	5,092.00
72810 - Acquis of Computer Software	0.00	50,000.00	0.00	50,000.00
72815 - Inform Technology Supplies	0.00	62,460.00	0.00	62,460.00
72966 - Licenses and other	0.00	10,938.59	0.00	10,938.59
73107 - Rent - Meeting Rooms	0.00	48.08	0.00	48.08
74120 - Capacity Assessment	0.00	339,814.00	0.00	339,814.00
74205 - Audio Visual Productions	0.00	1,415.85	0.00	1,415.85
74210 - Printing and Publications	0.00	126,859.58	0.00	126,859.58
74505 - Insurance	0.00	1,766.98	0.00	1,766.98
74599 - UNDP cost recovery chrgs-Bills	0.00	26.80	0.00	26.80
74710 - Land Transport	0.00	850.65	0.00	850.65
75105 - Facilities & Admin - Implement	0.00	379,627.27	0.00	379,627.27
75705 - Learning costs	0.00	2,205.84	0.00	2,205.84
75707 - Learning - subsistence allowan	0.00	1,593.50	0.00	1,593.50
76125 - Realized Loss	0.00	36.68	0.00	36.68
76135 - Realized Gain	0.00	-207.97	0.00	-207.97

Total for Fund 30071 0.00 13,033,698.82 0.00 13,033,698.82

Fund : 30079 (EUROPEAN COMMISSION)

71405 - Service Contracts-Individuals	0.00	3,334,571.25	0.00	3,334,571.25
71615 - Daily Subsistence Allow-Intl	0.00	2,623.63	0.00	2,623.63
71620 - Daily Subsistence Allow-Local	0.00	218,451.12	0.00	218,451.12
71635 - Travel - Other	0.00	1,921.87	0.00	1,921.87
72205 - Office Machinery	0.00	776.48	0.00	776.48
72311 - Fuel, petroleum and other oils	0.00	2,814.57	0.00	2,814.57
72425 - Mobile Telephone Charges	0.00	7,094.28	0.00	7,094.28
72445 - Common Services-Communications	0.00	39,124.00	0.00	39,124.00
72505 - Stationery & other Office Supp	0.00	2,563.30	0.00	2,563.30
72515 - Print Media	0.00	367.44	0.00	367.44
74120 - Capacity Assessment	0.00	318,818.68	0.00	318,818.68
74210 - Printing and Publications	0.00	1,063.45	0.00	1,063.45
74510 - Bank Charges	0.00	25.00	0.00	25.00
74525 - Sundry	0.00	-24.62	0.00	-24.62
74599 - UNDP cost recovery chrgs-Bills	0.00	1,264.76	0.00	1,264.76
74710 - Land Transport	0.00	24,992.10	0.00	24,992.10



Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	276,951.31	0.00	276,951.31
76110 - Foreign Exch Translation Loss	0.00	0.07	0.00	0.07
76125 - Realized Loss	0.00	6,580.88	0.00	6,580.88
76135 - Realized Gain	0.00	-5,842.91	0.00	-5,842.91
<b>Total for Fund 30079</b>	<b>0.00</b>	<b>4,234,136.66</b>	<b>0.00</b>	<b>4,234,136.66</b>
<b>Total for Dept : 35004</b>	<b>0.00</b>	<b>29,225,119.63</b>	<b>0.00</b>	<b>29,225,119.63</b>
<b>Dept: 35008 (Malawi - Poverty Reduction)</b>				
<b>Fund : 04000 (Core Programme, UNU Centre)</b>				
61305 - Salaries - IP Staff	0.00	46,843.59	0.00	46,843.59
61310 - Post Adjustment - IP Staff	0.00	15,164.50	0.00	15,164.50
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	15,705.36	0.00	15,705.36
62320 - Mobility, Hardship, Non-remova	0.00	6,683.79	0.00	6,683.79
62340 - Annual Leave Expense - IP	0.00	6,830.42	0.00	6,830.42
63335 - Home Leave Trvl & Allow-IP Stf	0.00	462.48	0.00	462.48
63530 - Contribution to EOS Benefits	0.00	2,694.75	0.00	2,694.75
63535 - Contribution to Security	0.00	2,635.32	0.00	2,635.32
63540 - Contribution to Training	0.00	574.90	0.00	574.90
63545 - Contribution to ICT	0.00	1,077.91	0.00	1,077.91
63550 - Contributions to MAIP	0.00	179.67	0.00	179.67
63555 - Contribution to UN JFA	0.00	2,335.46	0.00	2,335.46
63560 - Contributions to Appendix D	0.00	179.67	0.00	179.67
64310 - Separations - IP Staff	0.00	1,006.04	0.00	1,006.04
65115 - Contributions to ASHI Reserve	0.00	6,970.50	0.00	6,970.50
65135 - Payroll Mgt Cost Recovery ATLA	0.00	450.66	0.00	450.66
71620 - Daily Subsistence Allow-Local	0.00	-519.89	0.00	-519.89
71630 - Shipment	0.00	3,638.00	0.00	3,638.00
72425 - Mobile Telephone Charges	0.00	2,312.66	0.00	2,312.66
72505 - Stationery & other Office Supp	0.00	14,136.00	0.00	14,136.00
72805 - Acquis of Computer Hardware	0.00	21,988.00	0.00	21,988.00
72815 - Inform Technology Supplies	0.00	200.00	0.00	200.00
74505 - Insurance	0.00	370.00	0.00	370.00
74599 - UNDP cost recovery chrgs-Bilis	0.00	21,794.01	0.00	21,794.01
77630 - Dep Exp Owned - ITC	0.00	686.58	0.00	686.58
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>174,400.38</b>	<b>0.00</b>	<b>174,400.38</b>
<b>Fund : 30000 (PROGRAMME COST SHARING)</b>				
61205 - Salaries - GS Staff	0.00	32,683.90	0.00	32,683.90
61305 - Salaries - IP Staff	0.00	253,727.00	0.00	253,727.00
61310 - Post Adjustment - IP Staff	0.00	82,127.88	0.00	82,127.88
62205 - Dependency Allow - GS Staff	0.00	3,335.61	0.00	3,335.61
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	6,397.69	0.00	6,397.69
62215 - Contrib. to Medical, social In	0.00	2,365.93	0.00	2,365.93
62240 - Annual Leave Expense - GS	0.00	3,619.83	0.00	3,619.83
62305 - Dependency Allowances-IP Staff	0.00	21,489.06	0.00	21,489.06
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	82,911.03	0.00	82,911.03
62315 - Contrib. to medical, social in	0.00	6,320.99	0.00	6,320.99



Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
62320 - Mobility, Hardship, Non-remova	0.00	47,420.66	0.00	47,420.66
62340 - Annual Leave Expense - IP	0.00	19,708.47	0.00	19,708.47
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	13,359.74	0.00	13,359.74
63335 - Home Leave Trvl & Allow-IP Stf	0.00	9,866.62	0.00	9,866.62
63408 - Learning-Sub Contracts	0.00	11,160.00	0.00	11,160.00
63530 - Contribution to EOS Benefits	0.00	13,820.27	0.00	13,820.27
63535 - Contribution to Security	0.00	15,662.89	0.00	15,662.89
63540 - Contribution to Training	0.00	2,948.28	0.00	2,948.28
63545 - Contribution to ICT	0.00	5,527.98	0.00	5,527.98
63550 - Contributions to MAIP	0.00	921.38	0.00	921.38
63555 - Contribution to UN JFA	0.00	11,977.56	0.00	11,977.56
63560 - Contributions to Appendix D	0.00	921.38	0.00	921.38
64210 - Separations - GS Staff	0.00	653.78	0.00	653.78
64306 - Appointment-Ticket Costs	0.00	19,572.85	0.00	19,572.85
64307 - Appointment-Subsistence Allow	0.00	61,560.54	0.00	61,560.54
64308 - Appointments-Lump Sum	0.00	49,240.92	0.00	49,240.92
64309 - Appointment-Shipments	0.00	78,500.00	0.00	78,500.00
64310 - Separations - IP Staff	0.00	4,701.94	0.00	4,701.94
64340 - Staff related Cost-Others	0.00	209.32	0.00	209.32
65115 - Contributions to ASHI Reserve	0.00	35,748.38	0.00	35,748.38
65135 - Payroll Mgt Cost Recovery ATLA	0.00	4,191.06	0.00	4,191.06
66105 - Overtime & Night Differential	0.00	5,208.42	0.00	5,208.42
71505 - UN Volunteers-Stipend & Allow	0.00	0.00	0.00	0.00
71510 - UNV Settling-In-Grant	0.00	5,531.95	0.00	5,531.95
71520 - UNV-Language Allowance	0.00	0.00	0.00	0.00
71535 - UNV-Medical Insurance	0.00	0.00	0.00	0.00
71540 - UNV-Global Charges	0.00	0.00	0.00	0.00
71541 - UNVs-Contribution to security	0.00	0.00	0.00	0.00
71545 - UNV-Home Leave Travel & Allowa	0.00	0.00	0.00	0.00
71550 - UNV-Resettlement Allowance	0.00	0.00	0.00	0.00
71560 - UNV-Intl Appoin/Sep incl Trvl	0.00	0.00	0.00	0.00
71590 - UNV Development Effectiveness	0.00	0.00	0.00	0.00
71615 - Daily Subsistence Allow-Intl	0.00	908.94	0.00	908.94
71620 - Daily Subsistence Allow-Local	0.00	2,030.36	0.00	2,030.36
71630 - Shipment	0.00	1,370.00	0.00	1,370.00
72205 - Office Machinery	0.00	417.93	0.00	417.93
72210 - Machinery and Equipment	0.00	15,504.76	0.00	15,504.76
72220 - Furniture	0.00	13,101.50	0.00	13,101.50
72311 - Fuel, petroleum and other oils	0.00	555.55	0.00	555.55
72405 - Acquisition of Communic Equip	0.00	109.52	0.00	109.52
72425 - Mobile Telephone Charges	0.00	641.94	0.00	641.94
72505 - Stationery & other Office Supp	0.00	3,458.60	0.00	3,458.60
73120 - Utilities	0.00	689.66	0.00	689.66
73505 - Reimb to UNDP for Supp Svcs	0.00	388.60	0.00	388.60
74210 - Printing and Publications	0.00	863.98	0.00	863.98
74510 - Bank Charges	0.00	45.00	0.00	45.00
74525 - Sundry	0.00	456.56	0.00	456.56
74599 - UNDP cost recovery chrgs-Bills	0.00	227.82	0.00	227.82
75105 - Facilities & Admin - Implement	0.00	76,660.25	0.00	76,660.25
75705 - Learning costs	0.00	2,838.83	0.00	2,838.83
75710 - Participation of counterparts	0.00	1,133.46	0.00	1,133.46
76125 - Realized Loss	0.00	1.40	0.00	1.40
76135 - Realized Gain	0.00	-6.43	0.00	-6.43
77670 - Dep Exp-Hvy Mac & Equip	0.00	116.78	0.00	116.78



Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>1,034,908.32</b>	<b>0.00</b>	<b>1,034,908.32</b>
<b>Fund : 30079 (EUROPEAN COMMISSION)</b>				
61105 - Salaries - NP Staff	0.00	7,251.41	0.00	7,251.41
61205 - Salaries - GS Staff	0.00	19,895.17	0.00	19,895.17
61305 - Salaries - IP Staff	0.00	7,500.72	0.00	7,500.72
61310 - Post Adjustment - IP Staff	0.00	2,419.42	0.00	2,419.42
62105 - Dependency Allowance-NP Staff	0.00	147.91	0.00	147.91
62110 - Contrib Joint Staff Pension-NP	0.00	1,158.92	0.00	1,158.92
62115 - Contrib to Med,SocIns-NP Staff	0.00	525.74	0.00	525.74
62140 - Annual Leave Expense - NO	0.00	580.52	0.00	580.52
62205 - Dependency Allow - GS Staff	0.00	603.66	0.00	603.66
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	3,917.00	0.00	3,917.00
62215 - Contrib. to Medical, social In	0.00	1,357.97	0.00	1,357.97
62240 - Annual Leave Expense - GS	0.00	1,310.67	0.00	1,310.67
62305 - Dependency Allowances-IP Staff	0.00	186.30	0.00	186.30
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	2,487.54	0.00	2,487.54
62315 - Contrib. to medical, social in	0.00	106.16	0.00	106.16
62320 - Mobility, Hardship, Non-remova	0.00	2,123.10	0.00	2,123.10
62330 - Rental Supplements - IP Staff	0.00	640.11	0.00	640.11
62340 - Annual Leave Expense - IP	0.00	-264.73	0.00	-264.73
63335 - Home Leave Trvl & Allow-IP Stf	0.00	231.26	0.00	231.26
63530 - Contribution to EOS Benefits	0.00	1,390.01	0.00	1,390.01
63535 - Contribution to Security	0.00	1,575.37	0.00	1,575.37
63540 - Contribution to Training	0.00	296.51	0.00	296.51
63545 - Contribution to ICT	0.00	555.96	0.00	555.96
63550 - Contributions to MAIP	0.00	92.60	0.00	92.60
63555 - Contribution to UN JFA	0.00	1,204.58	0.00	1,204.58
63560 - Contributions to Appendix D	0.00	92.60	0.00	92.60
64110 - Separations - NP Staff	0.00	145.03	0.00	145.03
64210 - Separatations - GS Staff	0.00	397.93	0.00	397.93
64310 - Separations - IP Staff	0.00	138.88	0.00	138.88
65115 - Contributions to ASHI Reserve	0.00	3,595.49	0.00	3,595.49
65135 - Payroll Mgt Cost Recovery ATLA	0.00	458.50	0.00	458.50
66105 - Overtime & Night Differential	0.00	1,504.53	0.00	1,504.53
75105 - Facilities & Admin - implement	0.00	4,453.89	0.00	4,453.89
<b>Total for Fund 30079</b>	<b>0.00</b>	<b>68,080.73</b>	<b>0.00</b>	<b>68,080.73</b>
<b>Total for Dept : 35008</b>	<b>0.00</b>	<b>1,277,389.43</b>	<b>0.00</b>	<b>1,277,389.43</b>
<b>Dept: 35009 (Malawi - Service Center)</b>				
<b>Fund : 30000 (PROGRAMME COST SHARING)</b>				
74599 - UNDP cost recovery chrgs-Bills	0.00	13.40	0.00	13.40
75105 - Facilities & Admin - Implement	0.00	1.07	0.00	1.07
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>14.47</b>	<b>0.00</b>	<b>14.47</b>



Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a	Period :	Jan-Dec (2017)		
Output # : 00103222 National Identification System	Impl. Partner :	99999 UNDP		
	Location :	RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
<b>Total for Dept : 35009</b>	<b>0.00</b>	<b>14.47</b>	<b>0.00</b>	<b>14.47</b>
<b>Dept: 35014 (Malawi - General Services)</b>				
<b>Fund : 30000 (PROGRAMME COST SHARING)</b>				
71620 - Daily Subsistence Allow-Local	0.00	299.86	0.00	299.86
72405 - Acquisition of Communic Equip	0.00	1,039.50	0.00	1,039.50
72425 - Mobile Telephone Charges	0.00	91.88	0.00	91.88
72445 - Common Services-Communications	0.00	261.13	0.00	261.13
73120 - Utilities	0.00	139.69	0.00	139.69
74525 - Sundry	0.00	596.72	0.00	596.72
74599 - UNDP cost recovery chrgs-Bills	0.00	13.40	0.00	13.40
75105 - Facilities & Admin - Implement	0.00	205.08	0.00	205.08
75708 - Learning - subcontracts	0.00	121.42	0.00	121.42
76125 - Realized Loss	0.00	0.67	0.00	0.67
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>2,769.35</b>	<b>0.00</b>	<b>2,769.35</b>
<b>Fund : 30071 (Programme Cost Sharing GOV1)</b>				
72311 - Fuel, petroleum and other oils	0.00	4,043.54	0.00	4,043.54
75105 - Facilities & Admin - Implement	0.00	121.31	0.00	121.31
<b>Total for Fund 30071</b>	<b>0.00</b>	<b>4,164.85</b>	<b>0.00</b>	<b>4,164.85</b>
<b>Total for Dept : 35014</b>	<b>0.00</b>	<b>6,934.20</b>	<b>0.00</b>	<b>6,934.20</b>
<b>Total for Output : 00103222</b>	<b>0.00</b>	<b>30,509,539.27</b>	<b>0.00</b>	<b>30,509,539.27</b>
<b>Project Total :</b>	<b>0.00</b>	<b>30,509,539.27</b>	<b>0.00</b>	<b>30,509,539.27</b>

*I. Murphy*

Ian Murphy  
Partner  
Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

30 July 2018

MOORE STEPHENS

Signed By :

*Katarzyna Hawienka*  
*K. Hawienka*

Date :

*6 June 2018*

Signed By :

Date :







Selection Criteria :

Business Unit : MWI10  
 Period : Jan-Dec (2017)  
 Selected Project Id : 00100113  
 Selected Fund Code : ALL  
 Selected Dept. IDs : ALL  
 Selected Outputs : 00103222

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

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
35001 - Malawi - Central	0.00	14.47	0.00	14.47
35002 - Malawi - UN Dev Coord	0.00	67.07	0.00	67.07
35004 - Malawi - Dem. Governance	0.00	29,225,119.63	0.00	29,225,119.63
35008 - Malawi - Poverty Reduction	0.00	1,277,389.43	0.00	1,277,389.43
35009 - Malawi - Service Center	0.00	14.47	0.00	14.47
35014 - Malawi - General Services	0.00	6,934.20	0.00	6,934.20



Funds Utilization

Selection Criteria :

Business Unit : MWI10  
Period : Jan-Dec (2017)  
Selected Project Id : 00100113  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00103222

Project/Award: 00100113 Malawi National Registration a Period : As at Dec 31, 2017

Output #	Impl. Partner	UNDP AMOUNT
00103222	99999 UNDP	
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		123,706.95
Unamortized Intangible Assets		0.00
Inventory		0.00
Prepayments		1,140,165.07
Commitments		8,655,114.98

**Annex 2: Statement of Fixed Assets**

### NRIS ASSET REGISTER 2017

Business Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	LOCATION	Acquisition Date	COST USD	NET BOOK VALUE	Qty	Operating Unit	Department	Donor	Project	Fund Code
MWI 10	00000000858	HYMEI	Diesel Generator	00000000858	SWPEP38JSB042	MWI1234567	14-Feb-17	2,548.00	2,431.22	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000859	ITC4	Printer,HP Laserjet Enterpr	00000000859	CNDVJC910Z	MWI1234567	14-Feb-17	1882.00	1,709.48	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000861	ITC4	inter,HP Laserjet Enterpri	00000000861	CNHTJCN0KB	MWI1234567	24-Feb-17	3860.00	3,506.17	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000860	ITC10	ector, Sony 5000Lm WUJ	00000000860	S017006263A	MWI1234567	24-Feb-17	1748.00	1,587.77	1.0	MWI	35004	0012	00103222	04000
MWI10	00000000878	FURNS	Tables	00000000878	N/A	MWI1234567	16-May-17	2380.00	2,274.51	1.0	MWI	35004	0012	00103222	04000
MWI10	00000000867	ITC14	Network Hub	00000000867	102F6F2	MWI1234567	4-Apr-17	1598.00	1,538.90	1.0	MWI	35004	0012	00103222	04000
MWI10	00000000879	ITC9	Computer Servers	00000000879	202F6F2	MWI1234567	2-Feb-17	15000.00	14,270.83	1.0	MWI	35004	0012	00103222	04000
MWI10	00000000880	ITC9	Computer Servers	00000000880	302F6F2	MWI1234567	2-Feb-17	4675.00	4,447.74	1.0	MWI	35004	0012	00103222	04000
MWI10	00000000883	ITC9	Computer Servers	00000000883	502F6F2	MWI1234567	6-Feb-17	3181.00	3,026.37	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000884	ITC9	Computer Servers	00000000884	602F6F2	MWI1234567	6-Feb-17	2141.00	2,036.92	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000886	ITC9	Computer Servers	00000000886	702F6F2	MWI1234567	6-Feb-17	13642.00	12,978.85	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000888	ITC9	Computer Servers	00000000888	902F6F6	MWI1234567	6-Feb-17	45673.00	43,452.78	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000889	ITC9	Computer Servers	00000000889	1002F6F2	MWI1234567	6-Feb-17	5152.00	4,901.56	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000892	ITC9	Computer Servers	00000000892	11002F6F2	MWI1234567	6-Feb-17	4028.18	4,028.18	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000894	ITC9	Computer Servers	00000000894	CZ37061DKM	MWI1234567	6-Feb-17	3419.00	3,252.80	1.0	MWI	35004	0012	0010322	04000
MWI10	00000000897	ITC 8	Uninterrupted Power Suppl	00000000897	2X7767287273LA	MWI1234567	29-Jun-17	2524.59	2,426.41	1.0	MWI	35004	0012	0010322	040000
MWI 10	00000000905	ITC1	Notebook Computers	00000000905	'034810572554	MWI1234567	26-Sep-17	3265.00	3,128.96	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000902	ITC1	Notebook Computers	00000000902	'043988372553	MWI1234567	26-Sep-17	2652.00	2,541.50	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000903	ITC1	Notebook Computers	00000000903	043660272553	MWI1234567	26-Sep-17	2652.00	2,541.50	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000904	ITC1	Notebook Computers	00000000904	043820472553	MWI1234567	26-Sep-17	2652.00	2,541.50	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000906	ITC1	Notebook Computers	00000000906	04367267553	MWI1234567	26-Sep-17	2652.00	2,541.50	1.0	MWI	35004	0012	00103222	04000
MWI 10	00000000908	ITC1	Notebook Computers	00000000908	043736572553	MWI1234567	26-Sep-17	2652.00	2,541.50	1.0	MWI	35004	0012	00103222	04000
<b>Total Value</b>								<b>129,976.77</b>	<b>123,706.95</b>						

Signed by..... *K. Haniemia* ..... Name *Katarzyna Haniemia* Position..... *DRR(o)* 06/06/18 ..... Signature *K. Haniemia*

*I. Murphy*

Ian Murphy  
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30 July 2018  
**MOORE STEPHENS**



### Annex 3: 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>