



AUDIT

OF

UNDP KYRGYZSTAN

**ACTIVE CITIZENSHIP AND ACCOUNT,
PARLIAMENTARY DEMOCRACY**
(Directly Implemented Project No. 98320, Output No. 101685)

Report No. 1992
Issue Date: 6 August 2018

**Report on the Audit of UNDP Kyrgyzstan
Active Citizenship and Account, Parliamentary Democracy
(Project No. 98320, Output No. 101685)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Moore Stephens LLP (the audit firm), from 4 to 7 June 2018, conducted an audit of Active Citizenship and Account, Parliamentary Democracy (Project No. 98320, Output No. 101685) (the Project), which is directly implemented and managed by the UNDP Country Office in Kyrgyzstan (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 4 May¹ to 31 December 2017 and the accompanying Funds Utilization statement² as of 31 December 2017 as well as Statement of Cash Position as of 31 December 2017. The audit did not cover the Statement of Assets as no assets were held by 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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
194	Unmodified*	374	Unmodified

*Unmodified = unqualified or clean opinion

The audit did not result in any recommendations.

Management comments and action plan

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

Helge S. Osttveiten
Director
Office of Audit and Investigations

¹ This was the Project's start date.

² The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

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

**FINANCIAL AUDIT OF THE UNDP DIRECTLY
IMPLEMENTED (DIM) PROJECT
ACTIVE CITIZENSHIP AND ACCOUNT**

Output name:	Parliamentary Democracy
UNDP Country Office:	Kyrgyzstan
Atlas Project ID:	98320
Atlas Output ID:	101685
Auditor:	Moore Stephens LLP
Period subject to audit:	4 May to 31 December 2017

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EXECUTIVE SUMMARY

Moore Stephens LLP conducted the financial audit of the UNDP project ID 98320 'Active Citizenship and Account' - Output ID 101685 'Parliamentary Democracy' (the project), directly implemented by UNDP Kyrgyzstan for the year ended 31 December 2017. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

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

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

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

The output ID 101685 was not audited in the prior year.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

24 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 4 May 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement, are the mandatory and official statements. Other forms of statement of expenses that may be prepared by a project office are not accepted.
- Expressing an opinion on whether the Statement of Fixed Assets, at net book value, presents fairly the balance of depreciated assets of the UNDP project as at 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 3 May and 31 December 2017. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of "responsible parties; 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- Active Citizenship and Account 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 98320 'Active Citizenship and Account' output ID 101685 'Parliamentary Democracy' for the period 4 May 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.

Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 193,789.08 directly incurred by the UNDP Country Office in Kyrgyzstan and charged to the project for the period 4 May 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 (IESBA Code). 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.



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

24 July 2018

MOORE STEPHENS

Independent Auditor's Report to UNDP- Active Citizenship and Account

Statement of Fixed Assets

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

The UNDP project ID 98320 'Active Citizenship and Account' output ID 101685 'Parliamentary Democracy' had no fixed assets and accordingly a Statement of Fixed Assets was not produced.

Independent Auditor's Report to UNDP- Active Citizenship and Account

Statement of Cash Position

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

We have audited the accompanying Statement of Cash Position of the UNDP project ID 98320 'Active Citizenship and Account' output ID 101685 'Parliamentary Democracy' as at 31 December 2017.

Unmodified Opinion

In our opinion, the attached Statement of Cash Position presents fairly, in all material respects, the cash and bank balances of the UNDP project Active Citizenship and Account amounting to US\$ 373,696 (comprised of US\$ 274,957 and KGS 6,865,627) as at 31 December 2017 in accordance with UNDP accounting policies.

Basis for opinion

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

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

Management responsibilities

Management is responsible for the preparation of the Statement of Cash Position and other financial records for the project's activities and for such internal control as management determines is necessary to enable the preparation of the Statement of Cash Position to be 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 Cash Position 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 Cash Position.

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 Cash Position, 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 project's internal control.

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



Mark Henderson
Partner

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

24 July 2018

MOORE STEPHENS

Annexes

Annex 1: Combined Delivery Report



Combined Delivery Report By Project

UNDP UN Development Programme
Report ID: unglcdrp

Page 1 of 4
Run Time: 12-07-2018 13:07:25

Selection Criteria :

Business Unit : KGZ10
Period : May-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00101685

Project Id : 00098320 Active Citizenship and Account	Period : May-Dec (2017)
Output # : 00101685 Parliamentary Democracy	Impl. Partner : 99999 UNDP
	Location : UNDP CO Programme Unit
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Dept: 55601 (Kyrgyzstan - Central)

Fund : 30000 (PROGRAMME COST SHARING)

61105 - Salaries - NP Staff	0.00	1,789.36	0.00	1,789.36
61205 - Salaries - GS Staff	0.00	1,138.73	0.00	1,138.73
61305 - Salaries - IP Staff	0.00	16,379.47	0.00	16,379.47
61310 - Post Adjustment - IP Staff	0.00	3,415.60	0.00	3,415.60
62105 - Dependency Allowance-NP Staff	0.00	25.24	0.00	25.24
62110 - Contrib Joint Staff Pension-NP	0.00	349.61	0.00	349.61
62115 - Contrib to Med,SocIns-NP Staff	0.00	69.79	0.00	69.79
62140 - Annual Leave Expense - NO	0.00	27.07	0.00	27.07
62205 - Dependency Allow - GS Staff	0.00	25.24	0.00	25.24
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	222.23	0.00	222.23
62215 - Contrib. to Medical, social In	0.00	44.41	0.00	44.41
62240 - Annual Leave Expense - GS	0.00	97.63	0.00	97.63
62305 - Dependency Allowances-IP Staff	0.00	2,339.12	0.00	2,339.12
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	5,443.35	0.00	5,443.35
62315 - Contrib. to medical, social in	0.00	546.07	0.00	546.07
62320 - Mobility, Hardship, Non-remova	0.00	1,900.65	0.00	1,900.65
62330 - Rental Supplements - IP Staff	0.00	591.27	0.00	591.27
62340 - Annual Leave Expense - IP	0.00	387.72	0.00	387.72
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	6,597.29	0.00	6,597.29
63335 - Home Leave Trvl & Allow-IP Stf	0.00	727.24	0.00	727.24
63530 - Contribution to EOS Benefits	0.00	852.10	0.00	852.10
63535 - Contribution to Security	0.00	965.74	0.00	965.74
63540 - Contribution to Training	0.00	181.81	0.00	181.81
63545 - Contribution to ICT	0.00	340.84	0.00	340.84
63550 - Contributions to MAIP	0.00	56.82	0.00	56.82
63555 - Contribution to UN JFA	0.00	738.50	0.00	738.50
63560 - Contributions to Appendix D	0.00	56.80	0.00	56.80
64110 - Separations - NP Staff	0.00	35.79	0.00	35.79
64210 - Separations - GS Staff	0.00	22.78	0.00	22.78
64310 - Separations - IP Staff	0.00	277.15	0.00	277.15
65115 - Contributions to ASHI Reserve	0.00	2,204.15	0.00	2,204.15
65135 - Payroll Mgt Cost Recovery ATLA	0.00	187.07	0.00	187.07
66105 - Overtime & Night Differential	0.00	37.73	0.00	37.73
71305 - Local Consult.-Sht Term-Tech	0.00	4,818.00	0.00	4,818.00
71360 - Local Consult-Security	0.00	61.41	0.00	61.41
71405 - Service Contracts-Individuals	0.00	36,198.59	0.00	36,198.59
71410 - MAIP Premium SC	0.00	80.06	0.00	80.06
71415 - Contribution to Security SC	0.00	1,361.23	0.00	1,361.23
71605 - Travel Tickets-International	0.00	3,232.62	0.00	3,232.62
71610 - Travel Tickets-Local	0.00	333.12	0.00	333.12
71615 - Daily Subsistence Allow-Intl	0.00	3,366.64	0.00	3,366.64
71620 - Daily Subsistence Allow-Local	0.00	396.00	0.00	396.00
71635 - Travel - Other	0.00	510.96	0.00	510.96
72105 - Svc Co-Construction & Engineer	0.00	22,310.78	0.00	22,310.78

UN
DP

UN Development Programme

Report ID: unglcdrp

Combined Delivery Report By Project

Page 2 of 4

Run Time: 12-07-2018 13:07:25

Project Id : 00098320 Active Citizenship and Account	Period :	May-Dec (2017)		
Output # : 00101685 Parliamentary Democracy	Impl. Partner :	99999 UNDP		
	Location :	UNDP CO Programme Unit		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

72130 - Svc Co-Transportation Services	0.00	1,345.67	0.00	1,345.67
72140 - Svc Co-Information Technology	0.00	14.33	0.00	14.33
72165 - Svc Co-Social Svcs, Social Sci	0.00	8,084.00	0.00	8,084.00
72315 - Food & Textile Products	0.00	53.41	0.00	53.41
72325 - Chemical, Glass, NonMetallic Prd	0.00	116.75	0.00	116.75
72420 - Land Telephone Charges	0.00	295.02	0.00	295.02
72425 - Mobile Telephone Charges	0.00	145.46	0.00	145.46
72440 - Connectivity Charges	0.00	798.86	0.00	798.86
72505 - Stationery & other Office Supp	0.00	875.14	0.00	875.14
72810 - Acquis of Computer Software	0.00	947.61	0.00	947.61
73104 - Leased Building	0.00	20,000.00	0.00	20,000.00
73107 - Rent - Meeting Rooms	0.00	770.44	0.00	770.44
73120 - Utilities	0.00	185.87	0.00	185.87
73125 - Common Services-Premises	0.00	1,161.00	0.00	1,161.00
73405 - Rental & Maint-Other Office Eq	0.00	29.26	0.00	29.26
73410 - Maint, Oper of Transport Equip	0.00	2,575.52	0.00	2,575.52
74210 - Printing and Publications	0.00	9,668.71	0.00	9,668.71
74220 - Translation Costs	0.00	4,485.14	0.00	4,485.14
74225 - Other Media Costs	0.00	376.33	0.00	376.33
74510 - Bank Charges	0.00	88.73	0.00	88.73
74725 - Other L.T.S.H.	0.00	553.49	0.00	553.49
75105 - Facilities & Admin - Implement	0.00	14,356.08	0.00	14,356.08
75709 - Learning - training of counter	0.00	4,461.98	0.00	4,461.98
75710 - Participation of counterparts	0.00	1,674.58	0.00	1,674.58
76135 - Realized Gain	0.00	- 18.08	0.00	- 18.08
Total for Fund 30000	0.00	193,789.08	0.00	193,789.08
Total for Dept : 55601	0.00	193,789.08	0.00	193,789.08
Total for Output : 00101685	0.00	193,789.08	0.00	193,789.08

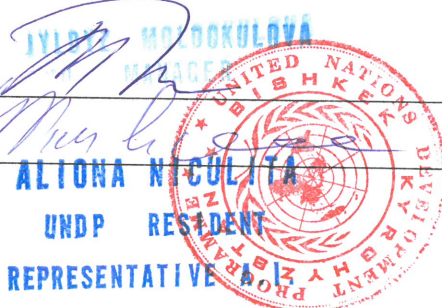
Project Total :	0.00	193,789.08	0.00	193,789.08
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Signed By :

Date :

Signed By :

Date :



13 JUL 2018



Combined Delivery Report By Project

UN
DP UN Development Programme
Report ID: unglcdrp

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Run Time: 12-07-2018 13:07:25

Selection Criteria :

Business Unit : KGZ10
Period : May-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00101685

Project Id : ALL	Period :	May-Dec (2017)		
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
55601 - Kyrgyzstan - Central	0.00	193,789.08	0.00	193,789.08



Combined Delivery Report By Project

UN
DP UN Development Programme
Report ID: unglcdrp

Page 4 of 4
Run Time: 12-07-2018 13:07:28

Funds Utilization

Selection Criteria :

Business Unit : KGZ10
Period : May-Dec (2017)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00101685

Project/Award: 00098320 Active Citizenship and Account

Period : As at Dec 31, 2017

Output # 00101685 Impl. Partner :99999 UNDP

UNDP AMOUNT

Outstanding NEX advances	0.00
Undepreciated Fixed Assets	0.00
Unamortized Intangible Assets	0.00
Inventory	572.99
Prepayments	0.00
Commitments	72,385.50

Annex 2: Statement of Cash Position

Statement of Cash Position as at 31 December 2017

UNDP Country Office: Kyrgyzstan
Atlas Project ID: 98320
Project Title: Active Citizenship and Account
Atlas Output ID: 101685
Output Title: Parliamentary Democracy

	KGS Account	USD Account
A Opening Fund Balance		
Cash in hand	0	0
Bank	10,430,000 *	0
Balance at Field Offices	0	0
Sub Total	10,430,000	0
B Advances received from donor during 2017		429,975
C Total funds available for 2017	10,430,000	429,975
D Payments/Expenditure for 2017	5,332,338	116,465
Less: Paid in 2018	(1,767,965)	
Exchanged into KGS in 2017		150,000 *
Home Leave Lucio Sarandrea (not included to CDR)		1,596
Less: Paid from non project specified account		(113,043)
E Exchange Gain/(Loss)	n/a	n/a
F Closing Fund Balance	6,865,627	274,957

* Note: Opening Fund Balance in KGS represents exchanged amount of USD.

Signed by UNDP DRR

Ms. Aliona Niculita

(date)

Certified by Auditor

(name, stamp)

(date)

Name the Audit firm

(date)



Handwritten signature in blue ink.

Annex 3: Audit finding priority ratings

The following categories of priorities are used:

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