

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP YEMEN

EMERGENCY MINE ACTION

(Directly Implemented Project No. 99753, Output No. 103025)

Report No. 2080

Issue Date: 1 August 2019

**Report on the Audit of UNDP Yemen
Emergency Mine Action (Project No. 99753, Output No. 103025)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu – Ghazaleh & Co. (the audit firm), from 1 to 16 May 2019, conducted an audit of Emergency Mine Action (Project No. 99753, Output No. 103025) (the Project), which is directly implemented and managed by the UNDP Country Office in the Republic of Yemen (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenses for the period from 1 January to 31 December 2018 and the accompanying Funds Utilization statement¹ as of 31 December 2018 as well as Statement of Assets as of 31 December 2018. 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
5,299	Qualified	226	11	Unmodified

* Expenses recorded in the Combined Delivery Report were \$6,053,222.21. Excluded from the audit scope were transactions that were processed and approved by other UNDP offices outside of the country \$754,064.53.

** NFM= Net Financial Misstatement

The audit firm qualified its opinion on project expenses due to project's expenditures incorrectly recorded during the audit period resulting in overstatement of the Combined Delivery Report (CDR) by \$226,157.52.

Key recommendation: Total = 1, high priority = 1

The recommendation aims to ensure the following: (a) reliability and integrity of financial and operational information and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 1).

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Project's expenditure recorded in the incorrect accounting period.
(Issue 1)

The office recorded expenditures for the amount of \$209,405.11 incurred in 2017 in the 2018 Combined Delivery Report (CDR), and as a consequence, the General Management Support expenses were overstated in \$16,752.41, resulting in a total overstatement of the 2018 CDR on \$226,157.52. The supporting documentation of the related transactions were received from third parties in 2018 and lacked relevant dates, thus, the audit could not trace and verify the actual dates of the transactions as well as the receipt of goods and services.

Recommendation: The Office should: (a) consult with UNDP Headquarters on proper recording of transactions given the unique development situation and country context of Yemen; (b) instruct third parties implementing project activities to timely report on the project expenditures; and (c) ensure supporting documentation includes dates, and record the actual date that goods and services are received.

Management comments and action plan

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

Helge S. Osttveiten
Director
Office of Audit and Investigations

**United Nations Development Programme
(UNDP)
Financial Audit of Directly Implemented Project Managed by
UNDP- Country Office in Yemen
“Emergency Mine Action”
(Project ID 99753 - Output ID 103025)
For the period from 1 January to 31 December 2018**

29 July 2019

Talal Abu – Ghazaleh & Co.
Certified Public Accountants



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1. PART I – EXECUTIVE SUMMARY

1.1. Executive Summary:

This report represents the results of the financial audit conducted by Talal Abu – Ghazaleh & Co. of the Project ID 99753– Output ID: 103025 “Emergency Mine Action Project” (the project), directly implemented by UNDP Yemen for the period from 1 January to 31 December 2018.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the Contract for Professional Services signed between UNDP and Talal Abu –Ghazaleh & Co. on 5 April 2019.

Audit opinions:

The following is the summary of the audit opinions provided:

Report on	Type of opinion	Note
Financial Position	Qualified	- The Combined Delivery Report (CDR) for the period from 1 January to 31 December 2018 included material expenses related to 2017. - The General Management Support (GMS) is overstated due to expenses related to FY2017 that were recorded in 2018 CDR.
Statement of Fixed Assets	Unqualified	None.
Statement of Cash	Not applicable	There was no separate bank account for the project under audit, therefore no audit opinion is provided on the Statement of Cash.

Audit Finding:

As a result of our audit, the following findings were included in the management letter:

Summary of Audit Finding	Priority	Net Financial Impact
The Combined Delivery Report (CDR) for the period from 1 January to 31 December 2018 includes material expenses related to FY2017 by an amount of US\$ 209,405.11.	High (Critical)	- Daily subsistence allowance local in current CDR are overstated by the amount of US\$ 158,830.14. - Fuel, petroleum and other oils in current CDR are overstated by the amount of US\$ 43,984.05. - Sundry expenditures. Item in current CDR are overstated by the amount of US\$ 6,590.92.
The General Management Support (GMS) is overstated due to the expenses related to FY2017 that was recorded in 2018 CDR.	High (Critical)	- (GMS) expenses (Facilities and Admin) in current CDR are overstated by US\$ 16,752.41.

Follow-up of Previous year audit recommendations:

The project ID 99753, output ID 103025 “Emergency Mine Action” was not audited in the previous years, accordingly, no follow up procedures were performed.

Sincerely yours,

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Talal Abu –Ghazaleh & Co.
License No. 251/1997
Ramallah - Palestine, 29 July 2019



Audit objectives

A. The objective of the financial audit is to express an opinion on the project’s financial position which include:

- 1) Expressing an opinion on whether the financial expenses incurred by the project for the period from 1 January to 31 December 2018 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2018 were 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 upon which the audit opinion should be expressed. Other forms of statement of expenses that may be prepared by a project office are not accepted.
- 2) 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 2018. This statement should include all assets available as at 31 December 2018 and not only those purchased in the year under audit. Where a DIM project does not have any assets or equipment it will not be necessary to express such an opinion, and
- 3) Expressing an opinion on whether the statement of cash held by the Project presents fairly the cash and bank balance of UNDP Project as at 31 December 2018. Disbursements made against directly implemented project, DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. It is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

B. Providing the progress made in implementing the recommendations raised in a previous year audit report (if any).

The financial audit was conducted in accordance with the International Standards on Auditing (ISA) the 700 series

1.2. Scope of Audit:

The scope of the audit relates only to transactions concluded and recorded against the “UNDP-DIM” project for the period from 1 January to 31 December 2018.

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.

2. PART II – FINANCIAL AUDIT REPORTS

2.1. Auditor's Report on Financial Position.

**Independent Auditor's Report on the Project Financial Position
of UNDP DIM Project ID 99753 – Output ID 103025
“Emergency Mine Action”**

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

We have audited the financial position of the UNDP project ID 99753 - output ID 103025 “Emergency Mine Action”, for the period from 1 January to 31 December 2018, which include: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization statement (the statement); and (c) the project-related accounts receivable and accounts payable.

The CDR expenditure totaling US\$ 6,053,222.21 is comprised of expenditure directly incurred by the UNDP Country Office in Yemen for an amount of US\$ 5,299,157.68 and expenditure incurred by entities other than the Office for an amount of US\$ 754,064.53. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Yemen of US\$ 5,299,157.68.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, attached Combined Delivery Report (CDR) and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 5,299,157.68 directly incurred by the UNDP Country Office in Yemen and charged to the project ID 99753 – output no.ID 103025 “Emergency Mine Action” for the period from 1 January to 31 December 2018 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Basis for Qualified Opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

- 1- The current Combined Delivery Report (CDR) for the period from 1 January to 31 December 2018 include material expenses related to 2017 (CDR) by total amount of US\$ 209,405.11 which led to overstate the current CDR by US\$ 209,405.11 finding #(1).
- 2- The current year's GMS expenses (Facilities and Admin) recorded in the FY2018 CDR were overstated by US\$ 16,752.41 due to recording expenses in the CDR that related to FY2017 (refer to finding # 1).

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 is 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization’s internal control.

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

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Talal Abu –Ghazaleh & Co.
License No. 251/1997
Ramallah - Palestine, 16 May 2019



Combined Delivery Report (CDR) and Fund Utilization:

“Emergency Mine action” (Project ID 99753 - Output ID 103025) for the period from 1 January to 31 December 2018

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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Selection Criteria :

Business Unit : YEM10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. Ids : ALL
Selected Outputs : 00103025

Project Id : 00099753 Emergency Mine Action	Period : Jan-Dec (2018)			
Output # : 00103025 Emergency Mine Action	Impl. Partner : 03474 UNDP (Direct Execution)			
	Location : UNDP			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 46401 (Rep of Yemen-Central)

Fund : 30000 (PROGRAMME COST SHARING)

62335 - Hazard Duty Station Allow-IP	0.00	14,743.80	0.00	14,743.80
63505 - Hazard Insurance	0.00	- 14,743.80	0.00	- 14,743.80
64397 - Services to projects -CO staff	0.00	310,031.70	0.00	310,031.70
74596 - Services to projects -GOE	0.00	119,076.54	0.00	119,076.54
75105 - Facilities & Admin - Implement	0.00	34,507.20	0.00	34,507.20
75709 - Learning - training of counter	0.00	2,231.65	0.00	2,231.65
Total for Fund 30000	0.00	465,847.09	0.00	465,847.09

Total for Dept : 46401

0.00 465,847.09 0.00 465,847.09

Dept: 46403 (Rep of Yemen-Crisis Prev & Rcvy)

Fund : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	273,112.65	0.00	273,112.65
61310 - Post Adjustment - IP Staff	0.00	81,368.84	0.00	81,368.84
61360 - Other payroll costs IP	0.00	8,178.00	0.00	8,178.00
62305 - Dependency Allowances-IP Staff	0.00	14,247.48	0.00	14,247.48
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	90,003.89	0.00	90,003.89
62315 - Contrib. to medical, social in	0.00	4,612.20	0.00	4,612.20
62320 - Mobility, Hardship, Non-remova	0.00	74,594.13	0.00	74,594.13
62335 - Hazard Duty Station Allow-IP	0.00	11,015.40	0.00	11,015.40
62340 - Annual Leave Expense - IP	0.00	9,081.43	0.00	9,081.43
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	34,090.00	0.00	34,090.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	2,697.92	0.00	2,697.92
63340 - Proc trips/Rest & Recup-IP Stf	0.00	8,178.00	0.00	8,178.00
63350 - Reimb of Income Tax-IP Staff	0.00	17,521.29	0.00	17,521.29
63365 - Special Oper Living Allow-IP	0.00	46,733.62	0.00	46,733.62
63505 - Hazard Insurance	0.00	15,751.34	0.00	15,751.34
63530 - Contribution to EOS Benefits	0.00	13,088.67	0.00	13,088.67
63535 - Contribution to Security	0.00	21,814.27	0.00	21,814.27
63540 - Contribution to Training	0.00	1,396.19	0.00	1,396.19
63545 - Contribution to ICT	0.00	5,235.55	0.00	5,235.55
63550 - Contributions to MAIP	0.00	349.10	0.00	349.10
63555 - Contribution to UN JFA	0.00	11,343.49	0.00	11,343.49
63560 - Contributions to Appendix D	0.00	872.58	0.00	872.58
64308 - Appointments-Lump Sum	0.00	20,294.11	0.00	20,294.11
64309 - Appointment-Shipments	0.00	15,740.00	0.00	15,740.00
64310 - Separations - IP Staff	0.00	4,886.46	0.00	4,886.46
65115 - Contributions to ASHI Reserve	0.00	33,855.73	0.00	33,855.73
65135 - Payroll Mgt Cost Recovery ATLA	0.00	2,317.68	0.00	2,317.68
71305 - Local Consult.-Sht Term-Tech	0.00	7,246.64	0.00	7,246.64

James J. McIlhenny
2019
Total Absence & Co.



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Combined Delivery Report By Project

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Project Id : 00099753 Emergency Mine Action	Period : Jan-Dec (2018)
Output # : 00103025 Emergency Mine Action	Impl. Partner : 03474 UNDP (Direct Execution)
	Location : UNDP

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71405 - Service Contracts-Individuals	0.00	114,990.73	0.00	114,990.73
71410 - MAIP Premium SC	0.00	49.76	0.00	49.76
71415 - Contribution to Security SC	0.00	3,112.33	0.00	3,112.33
71605 - Travel Tickets-International	0.00	23,994.75	0.00	23,994.75
71615 - Daily Subsistence Allow-Intl	0.00	45,831.75	0.00	45,831.75
71620 - Daily Subsistence Allow-Local	0.00	1,358,052.61	0.00	1,358,052.61
71625 - Daily Substist Allow-Mtg Partic	0.00	1,750.00	0.00	1,750.00
71635 - Travel - Other	0.00	2,275.00	0.00	2,275.00
72125 - Svc Co-Studies & Research Serv	0.00	100.00	0.00	100.00
72205 - Office Machinery	0.00	1,399.59	0.00	1,399.59
72210 - Machinery and Equipment	0.00	49,620.00	0.00	49,620.00
72215 - Transportation Equipment	0.00	233,311.03	0.00	233,311.03
72311 - Fuel, petroleum and other oils	0.00	198,623.85	0.00	198,623.85
72315 - Food & Textile Products	0.00	3,525.00	0.00	3,525.00
72330 - Medical Products	0.00	2,641.00	0.00	2,641.00
72399 - Other Materials and Goods	0.00	108.41	0.00	108.41
72405 - Acquisition of Communic Equip	0.00	13,722.00	0.00	13,722.00
72415 - Courier Charges	0.00	12.48	0.00	12.48
72420 - Land Telephone Charges	0.00	0.00	0.00	0.00
72425 - Mobile Telephone Charges	0.00	40.54	0.00	40.54
72505 - Stationery & other Office Supp	0.00	21,066.26	0.00	21,066.26
72510 - Publications	0.00	565.63	0.00	565.63
73105 - Rent	0.00	29,291.30	0.00	29,291.30
73120 - Utilities	0.00	4,527.95	0.00	4,527.95
73405 - Rental & Maint-Other Office Eq	0.00	2,950.00	0.00	2,950.00
73410 - Maint, Oper of Transport Equip	0.00	46,011.36	0.00	46,011.36
74220 - Translation Costs	0.00	952.49	0.00	952.49
74225 - Other Media Costs	0.00	-290.33	0.00	-290.33
74525 - Sundry	0.00	18,834.20	0.00	18,834.20
75105 - Facilities & Admin - Implement	0.00	240,545.25	0.00	240,545.25
75110 - Facilities & Admin - Services	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	0.82	0.00	0.82
76135 - Realized Gain	0.00	-2,076.68	0.00	-2,076.68
77630 - Dep Exp Owned - ITC	0.00	119.10	0.00	119.10
Total for Fund 30000	0.00	3,245,284.84	0.00	3,245,284.84
Total for Dept : 46403	0.00	3,245,284.84	0.00	3,245,284.84
Dept: 46404 (Rep of Yemen-Dem. Governance)				
Fund : 30000 (PROGRAMME COST SHARING)				
61305 - Salaries - IP Staff	0.00	0.00	0.00	0.00
61310 - Post Adjustment - IP Staff	0.00	328.19	0.00	328.19
61360 - Other payroll costs IP	0.00	13,630.00	0.00	13,630.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	-328.19	0.00	-328.19
62315 - Contrib. to medical, social in	0.00	0.00	0.00	0.00
62320 - Mobility, Hardship, Non-remova	0.00	0.00	0.00	0.00
62335 - Hazard Duty Station Allow-IP	0.00	13,066.80	0.00	13,066.80
62340 - Annual Leave Expense - IP	0.00	0.00	0.00	0.00
63305 - Installation Allowance-IP Stf	0.00	0.00	0.00	0.00
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	0.00	0.00	0.00

Janet J. McIlhenny
2019
Tobi Abu-Chenoud & Co.



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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 01-05-2019 10:05:47

Project ID : 00099753 Emergency Mine Action	Period :	Jan-Dec (2018)		
Output # : 00103025 Emergency Mine Action	Impl. Partner :	03474 UNDP (Direct Execution)		
	Location :	UNDP		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63335 - Home Leave Trvl & Allow-IP Stf	0.00	0.00	0.00	0.00
63340 - Proc trips/Rest & Recup-IP Stf	0.00	6,502.00	0.00	6,502.00
63350 - Reimb of Income Tax-IP Staff	0.00	0.00	0.00	0.00
63365 - Special Oper Living Allow-IP	0.00	0.00	0.00	0.00
63505 - Hazard Insurance	0.00	6,627.60	0.00	6,627.60
63530 - Contribution to EOS Benefits	0.00	0.00	0.00	0.00
63535 - Contribution to Security	0.00	0.00	0.00	0.00
63540 - Contribution to Training	0.00	0.00	0.00	0.00
63545 - Contribution to ICT	0.00	0.00	0.00	0.00
63550 - Contributions to MAIP	0.00	0.00	0.00	0.00
63555 - Contribution to UN JFA	0.00	0.00	0.00	0.00
63560 - Contributions to Appendix D	0.00	0.00	0.00	0.00
64308 - Appointments-Lump Sum	0.00	0.00	0.00	0.00
64310 - Separations - IP Staff	0.00	0.00	0.00	0.00
64397 - Services to projects -CO staff	0.00	0.00	0.00	0.00
65115 - Contributions to ASHI Reserve	0.00	0.00	0.00	0.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	0.00	0.00	0.00
71305 - Local Consult.-Sht Term-Tech	0.00	17,203.30	0.00	17,203.30
71405 - Service Contracts-Individuals	0.00	9,749.59	0.00	9,749.59
71410 - MAIP Premium SC	0.00	0.00	0.00	0.00
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	95.00	0.00	95.00
71615 - Daily Subsistence Allow-Intl	0.00	45,903.41	0.00	45,903.41
71620 - Daily Subsistence Allow-Local	0.00	1,859,913.63	0.00	1,859,913.63
71635 - Travel - Other	0.00	750.00	0.00	750.00
72205 - Office Machinery	0.00	5,505.00	0.00	5,505.00
72210 - Machinery and Equipment	0.00	5,400.00	0.00	5,400.00
72311 - Fuel, petroleum and other oils	0.00	27,886.32	0.00	27,886.32
72315 - Food & Textile Products	0.00	1,184.20	0.00	1,184.20
72330 - Medical Products	0.00	1,960.00	0.00	1,960.00
72350 - Medical Kits	0.00	4,537.49	0.00	4,537.49
72370 - Security related goods and mat	0.00	813.98	0.00	813.98
72399 - Other Materials and Goods	0.00	1,167.89	0.00	1,167.89
72401 - Prefab structure/other buildin	0.00	44,260.00	0.00	44,260.00
72420 - Land Telephone Charges	0.00	283.14	0.00	283.14
72425 - Mobile Telephone Charges	0.00	116.63	0.00	116.63
72505 - Stationery & other Office Supp	0.00	3,351.57	0.00	3,351.57
72520 - Electronic Media	0.00	450.00	0.00	450.00
72705 - Hospitality-Special Events	0.00	109.74	0.00	109.74
73105 - Rent	0.00	15,757.92	0.00	15,757.92
73120 - Utilities	0.00	0.00	0.00	0.00
73410 - Maint, Oper of Transport Equip	0.00	90,161.39	0.00	90,161.39
74210 - Printing and Publications	0.00	74.77	0.00	74.77
74510 - Bank Charges	0.00	20.00	0.00	20.00
74525 - Sundry	0.00	6,436.58	0.00	6,436.58
74596 - Services to projects -GOE	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	174,641.44	0.00	174,641.44
75705 - Learning costs	0.00	0.00	0.00	0.00
75706 - Learning - ticket costs	0.00	100.00	0.00	100.00
76110 - Foreign Exch Translation Loss	0.00	87.46	0.00	87.46
76125 - Realized Loss	0.00	7.76	0.00	7.76
76135 - Realized Gain	0.00	-20,013.28	0.00	-20,013.28
Total for Fund 30000	0.00	2,337,741.33	0.00	2,337,741.33

James J. McIlhenny
2019
Tahid Abu Ghazal & Co.



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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Run Time: 01-05-2019 10:05:47

Project Id : 00099753 Emergency Mine Action	Period :	Jan-Dec (2018)		
Output # : 00103025 Emergency Mine Action	Impl. Partner :	03474 UNDP (Direct Execution)		
	Location :	UNDP		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Dept : 46404	0.00	2,337,741.33	0.00	2,337,741.33
Dept: 46406 (Rep of Yemen-HIV/AIDS)				
Fund : 30000 (PROGRAMME COST SHARING)				
71620 - Daily Subsistence Allow-Local	0.00	1,200.00	0.00	1,200.00
75105 - Facilities & Admin - Implement	0.00	96.00	0.00	96.00
Total for Fund 30000	0.00	1,296.00	0.00	1,296.00
Total for Dept : 46406	0.00	1,296.00	0.00	1,296.00
Dept: 46410 (Rep of Yemen-Finance)				
Fund : 30000 (PROGRAMME COST SHARING)				
72430 - Postage and Pouch	0.00	2,826.81	0.00	2,826.81
75105 - Facilities & Admin - Implement	0.00	226.14	0.00	226.14
Total for Fund 30000	0.00	3,052.95	0.00	3,052.95
Total for Dept : 46410	0.00	3,052.95	0.00	3,052.95
Total for Output : 00103025	0.00	6,053,222.21	0.00	6,053,222.21
Project Total :	0.00	6,053,222.21	0.00	6,053,222.21

Signed By : Auke Lootsma, Resident Representative, UNDP Yemen

Date :

Signed By : Aleksander Mihailov, MAPMIS, UNDP Yemen

Date :

James J. McIlhenny
10-5-2019
Tolil Abu Ghazal & Co

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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Selection Criteria :

Business Unit : YEM10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00103025

Project Id : ALL	Period : Jan-Dec (2018)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
46401 - Rep of Yemen-Central	0.00	465,847.09	0.00	465,847.09
46403 - Rep of Yemen-Crisis Prev &Rcvy	0.00	3,245,284.84	0.00	3,245,284.84
46404 - Rep of Yemen-Dem. Governance	0.00	2,337,741.33	0.00	2,337,741.33
46406 - Rep of Yemen-HIV/AIDS	0.00	1,296.00	0.00	1,296.00
46410 - Rep of Yemen-Finance	0.00	3,052.95	0.00	3,052.95

Handwritten signature: Jamal J. Al-Kharrat
2019
Fateh Al-Kharrat & Co.



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UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Funds Utilization

Selection Criteria :

Business Unit : YEM10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00103025

Project/Award: 00099753 Emergency Mine Action Period : As at Dec 31, 2018

Output #	00103025	Impl. Partner :03474 UNDP (Direct Execution)	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			11,315.90
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			175,471.40

Jamal J. Alkham
2019
Total Abu Ghazal & Co.



2.3 Auditors Report on the Statement of Fixed Assets:

Independent Auditor's Report on the Statement of Fixed Assets of UNDP DIM Project ID 99753 – Output ID 103025 “Emergency Mine Action”

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

We have audited the accompanying statement of fixed assets of the UNDP project ID 99753 - output ID 103025 “Emergency Mine Action” as at 31 December 2018.

Unmodified Opinion

In our opinion, the accompanying statement of fixed assets presents fairly in all material respects the assets status of the UNDP project ID 99753 - output ID 103025 “Emergency Mine Action”, amounting to US\$ 11,315.90 as at 31 December 2018 in accordance with UNDP accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of fixed assets. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibilities

Management is responsible for the preparation of the Statement of fixed assets of the project and for such internal control as management determines is necessary to enable the preparation of the 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 these documents.

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

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

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Talal Abu –Ghazaleh & Co.
License No. 251/1997
Ramallah – Palestine, 16 May 2019



2.4. Statement of Fixed Assets:

“Emergency Mine Action” (Project ID 00099753 - Output ID 103025) as of 31 December 2018

AM In Service Report
UN Development Programme
Report ID: UNAM600
Business Unit: YEM10
Operating Unit: YEM
Category: In Service
Project: 00103025

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Model	Location	Acquisition Date	In Service Date	Cost, USD	Net Book Value	Qty	Department	Impl Agency	Donor	Project	Fund code
YEM10	YEM	000000003266	ITC1	A Notebook computers	000000003266	MP-1DPOVY		YEM0010111	04-12-18	04-12-18	2,287.00	\$ 2,263.18	1	46403	001981	11207	00103025	30000
YEM10	YEM	000000003270	ITC1	A Notebook computers	UNDP-ITC1630	MP-1DRE33		YEM0010111	04-12-18	04-12-18	2,287.00	\$ 2,263.18	1	46403	001981	11207	00103025	30000
YEM10	YEM	000000003271	ITC1	A Notebook computers	000000003271	SL10N17593		YEM0010111	04-12-18	04-12-18	2,287.00	\$ 2,263.18	1	46403	001981	11207	00103025	30000
YEM10	YEM	000000003278	ITC1	A Notebook computers	UNDP-ITC1633	MP-1DRG50		YEM0010111	04-12-18	04-12-18	2,287.00	\$ 2,263.18	1	46403	001981	11207	00103025	30000
YEM10	YEM	000000003279	ITC1	A Notebook computers	000000003279	MP1DRGMN		YEM0010111	04-12-18	04-12-18	2,287.00	\$ 2,263.18	1	46403	001981	11207	00103025	30000

\$11,315.90

Reviewed by:

Mohammed Khudshi
Project Associate

Certified by:

Stephen Bryant
CTA Mine Action



3. PART III: MANAGEMENT LETTER

3.1 Current year audit findings and recommendations

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

Introduction

Under International Standards on Auditing, auditors are encouraged to report various matters concerning an entity's internal control structure noted during their audit, and are required to report certain of those matters. Matters that are required to be reported are "significant deficiencies in the design or operation of the internal control structure that, in the auditor's judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements."

As part of our audit of the Project's financial position of the Project ID 99753, output ID 103025 "Emergency Mine Action" for the period from 1 January to 31 December 2018, we considered UNDP's internal control structure and compliance with its accounting policies in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. Our purpose was not to provide assurance on the internal control structure.

We emphasize that the responsibility for a sound system of internal controls rests with management and work performed by external audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery.

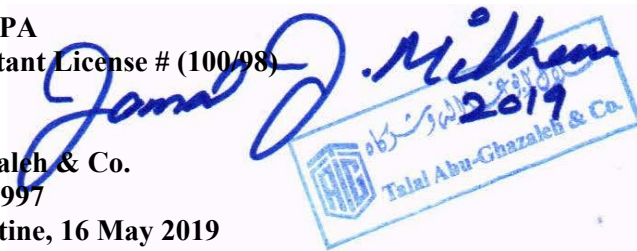
The matters raised in this part are those which came to our attention during the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be needed. Recommendations for improvements should be assessed by management for their full commercial impact before they are implemented. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Acknowledgment

We wish to express our appreciation for the courtesy and cooperation extended to our representatives during the course of their work.

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Talal Abu-Ghazaleh & Co.
License No. 251/1997
Ramallah – Palestine, 16 May 2019



Finding No. 1:

Title:

Not charging project’s expenditure in the correct accounting period.

Criteria:

In accordance with IPSAS, UNDP expenses policy follows the accrual basis of accounting, under which transactions and events are recognised as they occur (and not only when cash or its equivalent is received or paid). The transaction and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate when goods or services are received and accepted by UNDP and a corresponding liability to pay is created.

Observation

The office recorded the amount of US\$ 209,405.11 in 2018 CDR although this amount represents expenses that related to FY2017 CDR, which led to overstated the GMS (Facilities and Admin) included in the current CDR by US\$ 16,752.41

The transactions details are as follows:

- 1- Transaction “YEM10-00080316-1-1-ACCR-DST” of US\$ 158,830.14 which presents the Food Allowance of December 2017 for the National coordination and implementation body- Aden staff.
- 2- Transaction “UNDP1-0007372496-12-FEB-2018-2” of US\$ 43,984.05 which presents the covering of Mine Action Cost sharing for Aden from October to December 2017.
- 3- Transaction “YEM10-00080258-1-1-ACCR-DST” of US\$ 1,759.99 which presents the Purchase of spare parts from January to May 2017.
- 4- Transaction “YEM10-00080270-1-1-ACCR-DST” of US\$ 2,433.95 which presents the Purchase of spare parts from April to July 2017.
- 5- Transaction “YEM10-00080271-1-1-ACCR-DST” of US\$ 2,396.98 which presents the Purchase of Spare parts from January to April 2017.

No commitments or provision were made for above mentioned transactions during FY2017. Direct payments and non-purchase order accounts payable vouchers were processed and disbursed in FY2018 upon receipt and validation of the supporting documentation submitted by 3rd parties to UNDP in 2018.

The periods to which these transactions relate were captured in the transaction description field in Atlas by the Office, but the supporting documents provided to the audit had a weak audit trail of the relevant dates. Dates were left out on the request for direct payments, the Funding authorization and certificate of expenditure (FACE) forms as well as other memos and supporting documents. The actual dates goods and services were received and the liabilities passed to UNDP could not be verified for certain.

Not charging project’s expenditures to correct accounting period FY2017 led to overstatement of the expenses in the current CDR (FY2018). Since the FY2017 and 2018 books are already closed, adjustment entries entered after closing will not correct the wrong period.

Priority

High (critical)

Recommendation

We recommend the UNDP office should:

- a) Consult with UNDP Head Quarters, Office of Financial Resources Management, how best to process these type of transactions in future, given the unique development situation and country context of Yemen, to ensure UNDP complies with IPSAS and UNDP expenses policy that follows the accrual basis of accounting
- b) Instruct 3rd parties implementing project activities on behalf of UNDP to notify the UNDP Office more frequently and timely (e.g. monthly) when goods and services are delivered to specifications, since waiting between 6-9 months after delivery of the goods for the inspection confirmation is unacceptable.
- c) Ensure all dates are completed in full on supporting documentation like the request for direct payment, FACE forms, goods received notes and certification of services rendered. Record the actual receipt dates that goods and services are received and when the corresponding liability to pay pass to UNDP.

Management’s Response:

The Country Office explained they experienced the following specific challenges when processing these transactions:

- 1 - This transaction related to allowances paid to 900 field workers and deminers that were trained by UNDP in previous years in the South and North of Yemen for the month of December 2017. The amount per person is less than USD 200. Moreover, the number of individuals engaged in the project’s activities and the number of days worked varies significantly from month to month. The Office waits for verification and confirmation of actuals days and names of individuals who present on duty by the 3rd party coordinating the exercise at technical level. For the exception noted, such confirmation was only received in January 2018 when the Office received the supporting documents and the Office subsequently raised the voucher when all supporting documents were submitted, and verifications were completed. The suggested accrual process by the auditors cannot be done as the individual payments are non-PO related payment and individual amount is less than USD 200.
- 2 - This transaction relates to the project’s cost share of fuel and petroleum products under a common services arrangement with another United Nations agency supplying the United Nations in Yemen with fuel and petroleum products. The responsible United Nations agency occasionally failed in the past to supply to the Office on demand due to scarcity of oil products in the country, necessitating the Office to buy directly from the open market at higher cost. The common services amount could thus not be reasonably predicted. Hence the practice in the Country Office, as agreed by the Operations Management Group, is that the United Nations agency will raise bills after each quarter based on actual fuel and oil products supplied during the period. The bill for the period October to December 2017 was only received in 2018.

3 to 5- For the last five years Yemen has been under a trade embargo, and goods brought into the country destined for Sana’a and Aden face long delays because of desert terrain and limited access due to military activity. For all three exceptions noted, the National coordination and implementation body requesting UNDP to process the direct payments only notified UNDP on 17 January 2018 that these goods were received per specifications. Hence the Country Office could not honor these payments earlier, prior to receiving the confirmation of actual delivery and inspection of goods in accordance to specifications. Moreover, the payments are also less than USD 5,000 (non-PO payments).

Auditor’s Response:

The finding relates to the fairness of the expenses presented in the CDR in reflecting the expenses **incurred** within the given period of the report i.e. from 1 January to 31 December 2018. In this case the expenses shown in the report included expenses incurred out of the period of the report (FY2017); overstating the FY2018 expense. Therefore, the finding is retained and valid. The audit did not bring into question the eligibility of expenses for the transactions reported, just the period in which it was recorded and recognised in the CDR.

Note: Priorities of Audit Recommendations

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.