



**AUDIT**

**OF**

**UNDP PHILIPPINES**

**Development Support Services 2016 K to 12 Basic Education Program,  
the Philippine Department of Education  
(Directly Implemented Project No. 95022, Output No. 99082)**

**Report No. 2105**  
**Issue Date: 16 August 2019**

**Report on the Audit of UNDP Philippines  
Development Support Services 2016 K to 12 Basic Education Program,  
the Philippine Department of Education  
(Project No. 95022, Output No. 99082)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 13 to 23 May 2019, conducted an audit of Development Support Services 2016 K to 12 Basic Education Program, the Philippine Department of Education (Project No. 95022, Output No. 99082) (the Project), which is directly implemented and managed by the UNDP Country Office in Philippines (the Office). The last audit of the Project was conducted by OAI, through Deloitte in 2018, and covered project expenses from 1 January to 31 December 2017.

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 statement<sup>1</sup> 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 Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Audit results**

Based on the audit report submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
21,083	Unmodified

\*Expenses recorded in the Combined Delivery Report were \$21,233,567.06. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$150,358.45).

The audit did not result in any recommendations.

The previous audit (Report No. 1959, issued on 23 July 2018) also did not result in any recommendations.

<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.

### Management comments and action plan

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

A handwritten signature in blue ink, which appears to read 'H. Osttveiten', is written over a large, stylized blue checkmark.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations



UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

## **FINAL AUDIT REPORT**

Financial audit of the UNDP directly implemented Project 95022 Output 99082 “Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education”

The Philippines

## IDENTIFICATION

<b>Project name:</b>	Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education
<b>UNDP Country Office:</b>	The Philippines
<b>Atlas Project ID:</b>	95022
<b>Atlas Output ID:</b>	99082
<b>Auditor:</b>	BDO LLP
<b>Period subject to audit:</b>	1 January to 31 December 2018

## Table of Contents

<b>IDENTIFICATION .....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
AUDIT OPINIONS .....	4
MANAGEMENT LETTER SUMMARY .....	4
PRIOR YEAR AUDIT .....	4
<b>THE AUDIT ENGAGEMENT .....</b>	<b>5</b>
<b>AUDIT OPINIONS.....</b>	<b>6</b>
PROJECT FINANCIAL POSITION .....	6
STATEMENT OF FIXED ASSETS .....	8
STATEMENT OF CASH POSITION.....	8
<b>MANAGEMENT LETTER.....</b>	<b>9</b>
<b>ANNEXES.....</b>	<b>10</b>
ANNEX 1: COMBINED DELIVERY REPORT .....	10

## EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of “Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education” (Project ID 95022 and Output ID 99082) (the project), directly implemented by UNDP Philippines for the year ended 31 December 2018. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

### Audit opinions

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>	Not applicable
<b>Statement of Cash Position</b>	Not applicable

### Management letter summary

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

### Prior year audit

No audit findings were raised in the prior year audit.



Mark Henderson  
Partner

BDO LLP  
150 Aldersgate Street  
London EC1A 4AB  
8 August 2019



## 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 2018 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2018 and the accounts receivable and accounts payable as at 31 December 2018 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 2018. This statement must include all assets available as at 31 December 2018 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 2018.

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 2018. 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 - Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education

#### 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 95022, Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education output ID 99082 for the period 1 January to 31 December 2018 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 \$ 21,233,567.06, is comprised of expenditure directly incurred by the UNDP Country Office in the Philippines for an amount of \$ 21,083,208.55 and expenditure incurred by entities other than the Country Office for an amount of \$ 150,358.45. Our audit only covered the expenditure directly incurred by the UNDP Country Office in the Philippines of \$ 21,083,208.55.

#### Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 21,083,208.55 directly incurred by the UNDP Country Office in the Philippines and charged to the project for the period 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 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. 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

BDO LLP  
150 Aldersgate Street  
London EC1A 4AB  
8 August 2019



## Independent Auditor's Report to UNDP - Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education

### Statement of Fixed Assets

We noted that the UNDP project Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education had no assets

## Independent Auditor's Report to UNDP - Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education

### Statement of Cash Position

We noted that the UNDP project Development Support Services (DSS) 2016 K to 12 Basic Education Program, the Philippine Department of Education, the Philippine Department of Education 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

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



Mark Henderson  
Partner

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8 August 2019



## Annex 1: Combined Delivery Report

**Selection Criteria :**

Business Unit : PHL10  
Period : Jan-Dec (2018)  
Selected Project Id : 00095022  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00099082

Project Id : 00095022 DSS 2016 K to 12 Basic Educati	Period :	Jan-Dec (2018)
Output # : 00099082 K to 12 Basic Education Progra	Impl. Partner :	99999 UNDP
	Location :	Philippines
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Activity : **ACTIVITY 1** (Procurement of IT packages)

Fund : 30071 (Programme Cost Sharing GOV1)

71305 - Local Consult.-Sht Term-Tech	0.00	1,526.16	0.00	1,526.16
71605 - Travel Tickets-International	0.00	16,781.81	0.00	16,781.81
71615 - Daily Subsistence Allow-Intl	0.00	25,459.38	0.00	25,459.38
71635 - Travel - Other	0.00	15,397.11	0.00	15,397.11
72401 - Prefab structure/other buildin	0.00	20,195,166.08	0.00	20,195,166.08
72425 - Mobile Telephone Charges	0.00	124.03	0.00	124.03
72505 - Stationery & other Office Supp	0.00	6.86	0.00	6.86
73125 - Common Services-Premises	0.00	30.41	0.00	30.41
75105 - Facilities & Admin - Implement	0.00	609,274.50	0.00	609,274.50
75705 - Learning costs	0.00	54,658.91	0.00	54,658.91
76110 - Foreign Exch Translation Loss	0.00	1.16	0.00	1.16
76125 - Realized Loss	0.00	201.51	0.00	201.51
76135 - Realized Gain	0.00	-313.61	0.00	-313.61

Total for Fund 30071	0.00	20,918,314.31	0.00	20,918,314.31
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<b>Total for Activity ACTIVITY 1</b>	<b>0.00</b>	<b>20,918,314.31</b>	<b>0.00</b>	<b>20,918,314.31</b>
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Activity : **ACTIVITY 2** (PFM Diagnostics& Capacity Bldg)

Fund : 30071 (Programme Cost Sharing GOV1)

71405 - Service Contracts-Individuals	0.00	2,578.80	0.00	2,578.80
71410 - MAIP Premium SC	0.00	2.06	0.00	2.06
71415 - Contribution to Security SC	0.00	87.38	0.00	87.38
71635 - Travel - Other	0.00	16.06	0.00	16.06
74110 - Audit Fees	0.00	14,964.00	0.00	14,964.00
75105 - Facilities & Admin - Implement	0.00	785.13	0.00	785.13
75705 - Learning costs	0.00	7,855.93	0.00	7,855.93

Total for Fund 30071	0.00	26,269.36	0.00	26,269.36
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Total for Activity ACTIVITY 2	0.00	26,269.36	0.00	26,269.36
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Activity : **ACTIVITY 4** (Project Management)

Fund : 30071 (Programme Cost Sharing GOV1)

61305 - Salaries - IP Staff	0.00	4,136.03	0.00	4,136.03
61310 - Post Adjustment - IP Staff	0.00	1,749.55	0.00	1,749.55



UN Development Programme  
Report ID: unglcdrb

## Combined Delivery Report by Activity

Page 2 of 5  
Run Time: 27-02-2019 10:02:57

Project Id : 00095022 DSS 2016 K to 12 Basic Educati		Period : Jan-Dec (2018)		
Output # : 00099082 K to 12 Basic Education Progra		Impl. Partner : 99999 UNDP		
		Location : Philippines		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
62305 - Dependency Allowances-IP Staff	0.00	353.14	0.00	353.14
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	1,341.10	0.00	1,341.10
62315 - Contrib. to medical, social in	0.00	149.57	0.00	149.57
62340 - Annual Leave Expense - IP	0.00	7,417.45	0.00	7,417.45
63330 - Ed Grl Incl Trvl&Allow-IP Stf	0.00	974.00	0.00	974.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	154.16	0.00	154.16
63350 - Reimb of Income Tax-IP Staff	0.00	295.46	0.00	295.46
63530 - Contribution to EOS Benefits	0.00	220.71	0.00	220.71
63535 - Contribution to Security	0.00	250.15	0.00	250.15
63540 - Contribution to Training	0.00	23.54	0.00	23.54
63545 - Contribution to ICT	0.00	88.29	0.00	88.29
63550 - Contributions to MAIP	0.00	5.89	0.00	5.89
63555 - Contribution to UN JFA	0.00	191.28	0.00	191.28
63560 - Contributions to Appendix D	0.00	14.72	0.00	14.72
64306 - Appointment-Ticket Costs	0.00	2,048.00	0.00	2,048.00
64307 - Appointment-Subsistence Allow	0.00	5,625.00	0.00	5,625.00
64308 - Appointments-Lump Sum	0.00	3,507.16	0.00	3,507.16
64309 - Appointment-Shipments	0.00	9,000.00	0.00	9,000.00
64310 - Separations - IP Staff	0.00	82.40	0.00	82.40
64397 - Services to projects -CO staff	0.00	63,222.17	0.00	63,222.17
65115 - Contributions to ASHI Reserve	0.00	570.89	0.00	570.89
65135 - Payroll Mgt Cost Recovery ATLA	0.00	64.38	0.00	64.38
71305 - Local Consult.-Sht Term-Tech	0.00	3,246.03	0.00	3,246.03
71405 - Service Contracts-Individuals	0.00	124,671.06	0.00	124,671.06
71410 - MAIP Premium SC	0.00	113.52	0.00	113.52
71415 - Contribution to Security SC	0.00	4,822.92	0.00	4,822.92
71610 - Travel Tickets-Local	0.00	494.74	0.00	494.74
71615 - Daily Subsistence Allow-Intl	0.00	181.48	0.00	181.48
72415 - Courier Charges	0.00	26.71	0.00	26.71
72425 - Mobile Telephone Charges	0.00	330.06	0.00	330.06
72505 - Stationery & other Office Supp	0.00	284.07	0.00	284.07
73105 - Rent	0.00	25,228.00	0.00	25,228.00
73440 - Lease Heavy equip/other equip	0.00	544.68	0.00	544.68
74525 - Sundry	0.00	224.83	0.00	224.83
74596 - Services to projects -GOE	0.00	13,992.93	0.00	13,992.93
74725 - Other L.T.S.H.	0.00	55.47	0.00	55.47
75105 - Facilities & Admin - Implement	0.00	8,416.56	0.00	8,416.56
75705 - Learning costs	0.00	4,574.72	0.00	4,574.72
75707 - Learning - subsistence allowan	0.00	276.17	0.00	276.17
76125 - Realized Loss	0.00	82.86	0.00	82.86
76135 - Realized Gain	0.00	-68.46	0.00	-68.46
Total for Fund 30071	0.00	288,983.39	0.00	288,983.39
Total for Activity ACTIVITY 4	0.00	288,983.39	0.00	288,983.39
Total for Output : 00099082	0.00	21,233,567.06	0.00	21,233,567.06



UN Development Programme  
Report ID: unglodib

Combined Delivery Report by Activity

Page 3 of 5  
Run Time: 27-02-2019 10:02:57

Project Id : 00095022 DSS 2016 K to 12 Basic Educati	Period :	Jan-Dec (2018)		
Output # : 00099082 K to 12 Basic Education Progra	Impl. Partner :	99999 UNDP		
	Location :	Philippines		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Project Total :	0.00	21,233,567.06	0.00	21,233,567.06
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Mark Henderson  
Partner

BDO LLP  
150 Aldersgate Street  
London EC1A 4AB  
8 August 2019



Signed By : EDWARD GACUSANA, Project Manager

Date : February 20, 2019

Signed By : ENRICO GAVEGLIA, OIC

Date : February 20, 2019



UN Development Programme  
Report ID: unglodrb

# Combined Delivery Report by Activity

Page 4 of 5  
Run Time: 27-02-2019 10:02:57

## Selection Criteria :

Business Unit : PHL10  
Period : Jan-Dec (2018)  
Selected Project Id : 00095022  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00099082

Project Id : ALL	Period : Jan-Dec (2018)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
42801 - Philippines - Central	0.00	500.38	0.00	500.38
42804 - Philippines - Dem. Governance	0.00	21,233,066.68	0.00	21,233,066.68





UN Development Programme  
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 5 of 5  
Run Time: 27-02-2019 10:02:59

Funds Utilization

Selection Criteria :

Business Unit : PHL10  
Period : Jan-Dec (2018)  
Selected Project Id : 00095022  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00099082

Project/Award: 00095022 DSS 2018 K to 12 Basic Educati

Period : As Of Dec31,2018

Output #	00099082	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			1,676,235.14

Mark Henderson  
Partner

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8 August 2019



Signed By : EDWARD GACUSANA, Project Manager

Date : February 20, 2019

Signed By : ENRICO GAVEGLIA, OIC

Date : February 20, 2019

#### FOR MORE INFORMATION:

BDO LLP International Institutions and Donor Assurance team

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