



AUDIT

OF

UNDP MALAWI

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

Report No. 2137

Issue Date: 7 August 2019

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

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 6 to 14 May 2019, conducted an audit of Malawi National Registration and 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). The last audit of the Project was conducted by OAI, through Moore Stephens LLP, 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 statement¹ as of 31 December 2018 as well as Statement of Assets as of 31 December 2018. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or 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	Amount (in \$ '000)	Opinion
6,433	Unmodified**	150	Unmodified

* Expenses recorded in the Combined Delivery Report were \$15,481,809.60. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$9,002,292.61). Also excluded were expenses incurred at the "responsible party" level (\$46,262.77).

** There was a Net Financial Misstatement of \$39,466 but it did not affect the audit opinion as it was not financially material.

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.

Key recommendations: Total = 3, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are three 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: lack of controls for the approval, usage and monitoring of mobile phones; lack of controls of allowances paid to beneficiaries; and inadequate supporting documents for the purchase and use of fuel.

The three recommendations aim to ensure the following: (a) safeguarding of assets (Recommendation 1); and (b) reliability and integrity of financial and operational information (Recommendations 2 and 3).

At the time this report was being issued, OAI was investigating complaints relating to parties involved with the Project. In addition, OAI's Social and Environmental Compliance Unit (SECU) was also investigating complaints relating to the Project. However, as these investigations were still ongoing at the time of the audit, OAI could not yet determine whether there was any financial impact on the Project.

Implementation status of previous OAI audit recommendations: Report No. 1966, 2 August 2018.

Total recommendations: 4

Implemented: 4

Management comments and action plan

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



Helge
Ostveiten
2019.08.07
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Helge S. Ostveiten
Director
Office of Audit and Investigations



UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

FINAL AUDIT REPORT

Financial audit of the UNDP directly implemented project
00100113 output 00103222

Malawi

IDENTIFICATION

Project name:	Malawi National Registration and Identification System
Output name:	National Identification System
UNDP Country Office:	Malawi
Atlas Project ID:	00100113
Atlas Output ID:	00103222
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2018

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EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of Malawi National Registration and Identification System (Project ID 00100113 and Output ID 00103222 (the project)), directly implemented by UNDP Malawi 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:

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

Management letter summary

As a result of our audit, we have raised three audit findings with a net financial impact totalling \$ 39,466 as summarised below:

No.	Title	Priority	Net financial impact \$
1	Lack of business justification and monitoring of costs related to UNDP issued mobile phones	Medium	12,570
2	Lack of proof of acknowledgement of paid allowances	Medium	26,896
3	Lack of adequate supporting documents for drawn and used fuels.	Medium	-
Total			39,466

Prior year audit

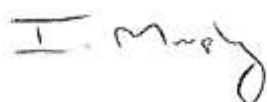
The project was audited in the prior year (Report no. 1966 issued on 2 August 2018) and the implementation status of the recommendations is as follows:

No.	Title	Summary of observation	Summary of recommendation	Recommendation implemented?
1	Cash advances treated as expenditure in CDR	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	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.	Implemented

No.	Title	Summary of observation	Summary of recommendation	Recommendation implemented?
		unspent as at 31 December 2017.		
2	Lack of agreed Terms of Reference "ToR" with supplier of banking services	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	Implemented

No.	Title	Summary of observation	Summary of recommendation	Recommendation implemented?
3	Control weaknesses regarding recording of assets on the asset register	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	Implemented

No.	Title	Summary of observation	Summary of recommendation	Recommendation implemented?
4	Errors in capturing the initial costs of assets	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	Implemented



Ian Murphy
Partner



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30 July 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 - Malawi National Registration and Identification System

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 output ID 00103222, National Identification System, 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 \$15,481,809.60, is comprised of expenditure directly incurred by the UNDP Country Office in Malawi for an amount of \$6,433,254.22 and expenditure incurred by entities other than the Country Office for an amount of \$9,048,555.38. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Malawi of \$6,433,254.22.

Unmodified opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$6,433,254.22 directly incurred by the UNDP Country Office in Malawi 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, 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.

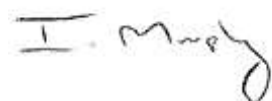
Auditor's responsibilities

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.



Ian Murphy
Partner



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30 July 2019

Independent Auditor's Report to UNDP - Malawi National Registration and Identification System

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 001001322 Malawi National Registration and Identification System (NRIS) output ID 00103222, National Identification System as at 31 December 2018.

Unmodified Opinion

In our opinion, the attached Statement of Fixed Assets presents fairly, in all material respects, the assets status of the UNDP project Malawi National Registration and Identification System amounting to \$150,126.19 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. 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.

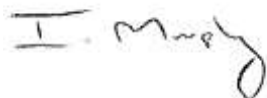
Auditor's responsibilities

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.



Ian Murphy
Partner



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30 July 2019

Independent Auditor's Report to UNDP - Malawi National Registration and Identification System

Statement of Cash

NO DEDICATED BANK ACCOUNT FOR AUDITED DIM PROJECT ACTIVITIES

We noted that the UNDP project ID 001001322 Malawi National Registration and Identification System (NRIS) output ID 00103222, National Identification System did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash 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: Lack of business justification and monitoring of costs related to UNDP issued mobile phones																																								
Observation:																																									
Article 11-1195 - Annex C: ‘Uses of Mobile Devices within UNDP’ of the UNDP Programme and Operations Policies and Procedures (POPP) lists the following guidelines for the use of UNDP issued mobile devices:																																									
“4.Issuance of any mobile device must be based on a UNDP business need, taking into consideration of cost efficiency, and within the parameter of available resources;																																									
5. Users are restricted to having up to two UNDP-paid mobile devices. Exceptions to this rule have to be approved by the Head of Office based on UNDP business need;																																									
6. Mobile devices must be configured to utilize a UNDP-approved version of Voice Over Internet Protocol (VOIP) as the first technology choice for long distance calling;																																									
7. UNDP does not pay any roaming charge unless it is justified and approved. Users are strongly encouraged to use local SIM cards when travelling internationally to limit roaming charges;																																									
8. UNDP-issued mobile devices may be employed for personal usage. However, if the monthly charges exceed the monthly plan or limits defined by an office for the device, the staff member must pay for all personal calls and text messages exceeding the plan or limits defined by the office.”																																									
The project’s AAA report for expenses in 2018 showed total expenditure on Acc 72425 (mobile telephone charges) were \$ 33,316.01. We observed four vouchers where payment for mobile communication charges was made to a service provider. These costs were then recharged to the project. We were not provided with evidence to support the issuance of mobile devices and thus we were unable to confirm that this was based on a UNDP business need and that cost efficiency and use of resources had been considered. We were also unable to confirm whether the mobile phone billing charges were allocated between different projects and if there were any restrictions in place related to cost allocation. We were also unable to confirm whether there had been any recoveries from any staff members who incurred roaming charges or exceeded monthly limits on voice calls defined by the office. As we were not provided with evidence of consideration and documentation of a business need for the use of the devices, or an analysis of mobile communication costs charged to the project, separating unrecovered mobile phone personal use, we cannot conclude that the costs charged to the project are fully eligible. In the absence of the above, we have classed the entire communication cost charged to the project as ineligible.																																									
The details of the affected vouchers are shown in the table below:																																									
<table><tr><th>Transaction Reference</th><th>Description</th><th>Date</th><th>Amount Local Currency MWK</th><th>Amount USD</th><th>Ineligible Amount</th></tr><tr><td>AP07418018</td><td>January 2018 bill-UNDP</td><td>11-Mar-18</td><td>1,637,443.94</td><td>2,249.23</td><td>2,249.23</td></tr><tr><td>AP07418018</td><td>December 2017 Bill-UNDP</td><td>11-Mar-18</td><td>2,249,757.13</td><td>3,090.32</td><td>3,090.32</td></tr><tr><td>AP07484552</td><td>March 2018 bill-UNDP</td><td>03-May-18</td><td>3,076,868.80</td><td>4,226.48</td><td>4,226.48</td></tr><tr><td>AP07419807</td><td>February 2018 bill-UNDP</td><td>20-Mar-18</td><td>2,186,825.43</td><td>3,003.87</td><td>3,003.87</td></tr><tr><td colspan="3">Total</td><td>9,150,895.30</td><td>12,569.90</td><td>12,569.90</td></tr></table>						Transaction Reference	Description	Date	Amount Local Currency MWK	Amount USD	Ineligible Amount	AP07418018	January 2018 bill-UNDP	11-Mar-18	1,637,443.94	2,249.23	2,249.23	AP07418018	December 2017 Bill-UNDP	11-Mar-18	2,249,757.13	3,090.32	3,090.32	AP07484552	March 2018 bill-UNDP	03-May-18	3,076,868.80	4,226.48	4,226.48	AP07419807	February 2018 bill-UNDP	20-Mar-18	2,186,825.43	3,003.87	3,003.87	Total			9,150,895.30	12,569.90	12,569.90
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Total			9,150,895.30	12,569.90	12,569.90																																				
On discussion with the project management team we were informed that there had been difficulties in capping the mobile telephone numbers for project staff due to the number of complaints from the public that staff were dealing with, for security reasons and due to the large number of staff working on the project. If mobile phone costs exceeding set limits are not monitored and personal use is not																																									

recovered, there is a risk that the project is incurring unqualifying expenditure as project costs for the period.

At the level of the Country Office, we also observed that the “Telephone” policy in use as guidelines on use of telephones was last reviewed and approved on 1 December 2016. The policy was adopted and applied for the project.

The POPP guidelines for UNDP issued mobile device are as follows:

“4. Issuance of any mobile device must be based on a UNDP business need, taking into consideration of cost efficiency, and within the parameter of available resources.”

The policy aimed to establish the allowed parameters for telephone costs for staff employed at the CO.

The following issues were not specifically addressed within the policy;

- The expected effective period of the policy;
- There were no guidelines related to data usage and limitations;
- There was no specific documentation requirement for staff allocated with UNDP mobile devices such as handling notes and sign off on usage policy compliance.

The policy guidelines are therefore considered insufficient for the specific risks associated with the use and accounting for costs for mobile devices at the project.

On discussion with the CO and project management team, we were informed that the project was unique and its requirements had not been anticipated. However, as a DIM project (directly executed by UNDP), the project should operate within the guidelines of all UNDP policies and procedures. Practices at project level should be aligned to the UNDP POPP and CO policies.

The risk of having an outdated policy is that it will not adequately address the changing needs of the organisation and it will not assist management of telephone use effectively since it will pass its relevance.

Priority: Medium

Recommendation:

We recommend that the project document the business case basis of issuance of talk-time and data to project personnel. This should be reviewed and authorised appropriately creating a basis on which to evaluate monthly bills. The talk-time and data plans for staff should be in line with the positions identified in the “Telephone” policy and allocations for DATA and talk time fall in line with UNDP policies and procedures.

We further recommend that all staff issued with UNDP mobile devices are presented with a detailed use policy and manual which should be signed and retained on file that explicitly explains that use and limitation, and consequences of failures to abide by the rules and guidelines. The Office and Project should put in place procedures to monitor usage against limitation set out in the policy, and ensure recovery of personal calls and data usage.

We also recommend the following in regard to the CO policy in place;

1. Projects should create specific guidelines on use of telephones, mobile devices and data use in line with the POPP guidelines and these should be approved by CO for use on the project;
2. The guidelines should ensure that there is sufficient documentation retained on staff files on conditions of use and consent of mobile devices;
3. The guidelines should establish limits of use based on business cases which should be documented and evidence for exceptional use filed such as approval for roaming costs, higher data costs approved for instances of increased traffic;
4. The guidelines should be evaluated and reviewed on a regular basis e.g. annually or based on project stages, to ensure they remain relevant at each stage of the project life cycle; and

The policy guideline should be written in conformity with the POPP to ensure that all expenditure subsequently incurred is in line with UNDP guidelines for qualifying costs.

Management comments:

The Management takes note of the Audit recommendation. Nevertheless, the Audit team should understand the scope of the project operations. In fact, registration and distribution of ID cards to over 9 million citizens required a very important coordination of the field activities which involved the management and organization of over 4,000 registration officers, the management of citizens claims, management of a daily fleet of over 100 cars and a daily reporting to the management. Therefore, an unlimited access to communication tools including internet was the only option to ensure a smooth coordination of the activities for the success of such important nationwide event.

Moving forward, the project team will review project communication needs in view to identify threshold as per rules and responsibilities of the project staff. In addition to that, it will ensure the guidelines are in strict adherence with POPP.

Completion Time: October 2019.

Finding n°: 2**Title: Lack of proof of acknowledgement of paid allowances****Observation:**

Best practice related to the payment of allowances to project participants is to ensure that the involvement of the participants in project activities is adequately documented and that participants confirm receipt of allowances.

We observed that the main project stakeholder, a Government entity's (NRB) government officers were involved in the distribution of identity cards within the districts and received local Daily Subsistence Allowances (DSAs) from the project. The districts identified the government officers whose involvement was required in the distribution process and prepared budgets for their allowances, noting the names and position of all officials that were to be involved. The budgets were approved by NRB and then submitted to the project for payment.

The project management officers contacted the local officials in the Districts who provided banking details of the participants. Using these details, the project management officers prepared and submitted a schedule for payment to the bank and payment was made to the officers before activities were undertaken. We were informed that payment was made on budgeted cost instead of actual cost, to expedite implementation.

We observed that the project management team did not obtain confirmations of receipt of payment from the NRB officers to whom the funds were disbursed. We also observed that the project management team did not obtain registers recording the names of officials involved in the distribution exercises and the dates that they carried out their tasks. Payment was made based on the budgets prepared by the Districts. We therefore could not confirm that the DSAs received are in line with the actual days working on the project.

Details of the affected transaction included in the financial report are included in the table below;

Transaction Reference	Description	Transaction ID/ Vendor ID	Date	Amount Local Currency MWK	Amount USD
AP07533015	3rd Round DRTF-1st Tranche	MWI10-00078209-1-1-ACCR-DST	12-Jun-18	19,580,000.00	26,895.60
Total					26,895.60

On discussion with the project management team and the CO, we were informed that bank transfers were introduced to mitigate the risks associated with handling cash. We were also informed that the only report the CO was able to receive from the bank was one confirming the fund transfers out of the UNDP account. Due to the volume of transfers it would be difficult to trace each individual payment and receive confirmation. Furthermore, we were informed (and viewed supporting email correspondence) that the CO had contacted the bank and requested transfer confirmation but this request was rejected.

The lack of confirmation controls exposes the payment process to external manipulation from third parties who may divert payments from the rightful recipient. In addition, DSA payments made without a review of evidence to support the number of days claimed lead to the risk that payment of allowance is made for days when project participants have not carried out project activities, or payment is made for too many or too few days worked. We also note that bank account details are provided by local officials on behalf of the participants which gives rise to the risk that these details are incorrect or do not correspond to the right recipient.

Priority: Medium

Recommendation:

We recommend that moving forward, payment of DSAs should be made based on actual days worked by government officials and not budgeted days submitted by NRB. The project management team should prepare a register listing the government officials working on distribution and recording in the field. Officials should sign this on the days that they are working on project activities. This register should be reviewed prior to payment being made to the officials

We also recommend that the project obtain written confirmation from the government officials confirming the date and amount of funds received. This confirmation should be maintained by the project as proof of receipt. As banking details are not provided by the government officials directly, we also recommend that the payment process incorporates a control where an independent person in UNDP (e.g. a Finance Officer) contacts recipients directly and confirm their bank account details before transfers are made.

Management comments:

UNDP Senior Management has decided to discontinue the practice of payments through bank electronic transfers with immediate effect, and, until further notice, and it has reverted to the default option of using Standard Bank Cash in Transit services for all payments for officers, meeting participants and other recipients. In parallel, DRR-O will continue to pursue discussion with the banks and UNDP HQ to identify other secure and efficient ways of the transfer of funds, with a view to further minimizing the risk and improve on financial controls and safeguards.

Auditors' response:

We note Management's comments above in relation to bank electronic transfers and reaffirm our recommendation that payment of DSAs is made on actual days worked and not budgeted days submitted by NRB. These payments should be made through approved secure means as noted above.

Finding n°: 3**Title: Lack of adequate supporting documents for drawn and used fuels****Observation:**

Best practice related to the payment for cost of fuel and use of motor vehicles in undertaking project activities requires that adequate documentation is maintained to support usage of fuel and vehicles on project activities.

The project procured fuel for use in government vehicles used in the distribution of identity cards to various collection posts in the country.

The project engaged an energy firm based in Lilongwe as the sole supplier of third-party fuel drawings. The fuel management system was centrally managed at the project office in Lilongwe. All NRB approved distribution plans were submitted to NRIS and funds were loaded onto project fuel cards in line with the distribution plans, for subsequent draw-down at any service stations. The contract with the energy firm allowed a user to withdraw fuel on credit using the fuel cards. Payment was then made to the energy supplier following verification of usage by the NRIS logistics and finance team. The energy firm issued periodic drawing statements for reconciliation and invoices to the project.

The project required all the district coordinators who were issued with fuel cards to submit supporting documents such as trip tickets and pump receipts to allow the project team to verify the drawing statements issued by the energy firm. This was done prior to accepting the invoice and authorising payment.

We observed inconsistencies in the supporting documentation submitted by the district coordinators such as trip tickets which indicate the locations and distances covered versus the corresponding energy firm's receipts showing the amount of fuels drawn. We also observed that some of the energy firm's receipts were too faint for validation. It was therefore not possible to fully reconcile the invoiced fuel drawings to the acknowledged drawings by users based on receipts from the pump stations.

We reviewed the fuel vouchers on a sample basis as part of our testing. The table below summarises the exceptions observed within our testing;

Voucher number	Fuel Card Number	Invoice No.	Fuel card number	Location	Invoice Amount (MWK)	Verified Receipt Amount (MWK)	Variance
MWI10-00076597	20764	INV201 8/1 NRIS	20764	From Mulanje BOMA to Mulanje South, East, Limbuli	651,850	541,780	110,070
MWI10-00076597	20799	INV201 8/1 NRIS	20799	From Lilongwe to DC office	124,338	19,338	105,000
MWI10-00076597	20838	INV201 8/1 NRIS	20838	From Lilongwe to DC office	624,743	284,743	340,000
MWI10-00078764-1-1-ACCR-DST	20751	INV201 8/6 NRIS	20751	Mzimba South and Mzimba BOMA	823,218	612,738	210,480

Where insufficient or inadequate evidence is held to support the fuel costs, there is a risk that the amounts invoiced are not directly linked to the fuel drawn by project users or that payment is made for fuel used for non-project activities.

Priority: Medium**Recommendation:**

We recommend that the project ensures that supporting documentation submitted by fuel card users is clear and legible and fully supports the amount of fuel withdrawn. Project managers should advise fuel card users on the type of supporting documentation that is required (such as receipts from the fuel station) and follow up if these are not submitted.

We further recommend that all issued cards are reconciled in a three match which would include checking that the drawing on the statement submitted by the energy supplier reconciles to the details of the trip summary sheet completed by the users and is accompanied by an approved trip ticket and verifiable pump receipt. This three-way match should be reviewed by an appropriate member of the project team.

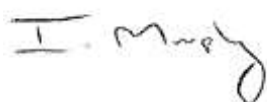
Management comments:

The National Registration and Identification System (NRIS) Project has been issuing fuel cards to the Government entity (NRB) District Registration Offices for implementation of ID distribution activities. Challenges have been faced regarding collection of fuel receipts and quality of supporting documents such as faint fuel receipts which cannot be read. This is so because ID distribution activities are done simultaneously in all the 28 Districts of Malawi whereby Fuel cards are issued at once to all District offices and collection of receipts and supporting documents are done after a month when the activity has been completed.

The main challenge faced is the quality of receipts received which are faint and cannot be clearly read. It is noted that Fuel receipts from the pump station get faint after keeping them for more than a week. NRIS Project office advised the District Registration Offices to be making copies of the fuel receipts immediately after getting them from the pump station. It was however noted that, some district offices could not manage to make copies as they indicated that they do not have access to photocopiers that are always functional.

To resolve this challenge, the NRIS project office has communicated to NRB that the NRIS Project will no longer be providing fuel to the NRB District Registration Offices for ID card distribution, with immediate effect. The NRIS Project management has discussed with NRB Management to take the responsibility of issuance of fuel for all ID distribution related activities in the districts.

Action: Implemented.



Ian Murphy
Partner



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30 July 2019

Annexes

Annex 1: Combined Delivery Report



Combined Delivery Report By Project

Selection Criteria :

Business Unit : MWI10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00103222

Project Id : 00100113 Malawi National Registration a		Period :	Jan-Dec (2018)	
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
Total for Fund 00001	0.00	0.00	0.00	0.00

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
Total for Fund 30000	0.00	14.47	0.00	14.47

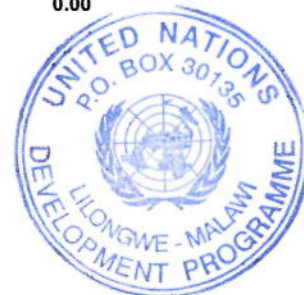
Total for Dept : 35001 **0.00** **14.47** **0.00** **14.47**

Dept: 35004 (Malawi - Dem. Governance)

Fund : 04000 (Core Programme, UNU Centre)

71620 - Daily Subsistence Allow-Local	0.00	506,174.92	0.00	506,174.92
72130 - Svc Co-Transportation Services	0.00	28,931.36	0.00	28,931.36
72215 - Transporation Equipment	0.00	- 147,080.30	0.00	- 147,080.30
72311 - Fuel, petroleum and other oils	0.00	15,275.54	0.00	15,275.54
72370 - Security related goods and mat	0.00	1,053.38	0.00	1,053.38
72405 - Acquisition of Communic Equip	0.00	101,029.71	0.00	101,029.71
72445 - Common Services-Communications	0.00	36,035.96	0.00	36,035.96
72505 - Stationery & other Office Supp	0.00	0.00	0.00	0.00
72815 - Inform Technology Supplies	0.00	20,073.00	0.00	20,073.00
73115 - Moving Expenses	0.00	- 740.00	0.00	- 740.00
73125 - Common Services-Premises	0.00	3,977.01	0.00	3,977.01
74105 - Management and Reporting Srvs	0.00	149,431.00	0.00	149,431.00
74210 - Printing and Publications	0.00	9,800.15	0.00	9,800.15
74505 - Insurance	0.00	- 226.00	0.00	- 226.00
74710 - Land Transport	0.00	5,762.71	0.00	5,762.71
74725 - Other L.T.S.H.	0.00	77,105.26	0.00	77,105.26
75705 - Learning costs	0.00	- 258.57	0.00	- 258.57
76125 - Realized Loss	0.00	0.01	0.00	0.01
76135 - Realized Gain	0.00	- 0.02	0.00	- 0.02
77630 - Dep Exp Owned - ITC	0.00	1,199.38	0.00	1,199.38
77660 - Dep Exp Owned -Vehicle	0.00	22,470.60	0.00	22,470.60
Total for Fund 04000	0.00	830,015.10	0.00	830,015.10

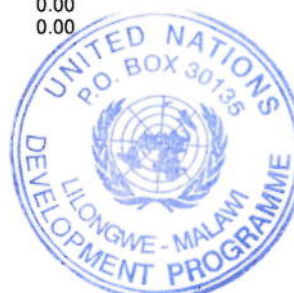
Fund : 30000 (PROGRAMME COST SHARING)





Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a		Period :	Jan-Dec (2018)	
Output # : 00103222 National Identification System		Impl. Partner :	99999 UNDP	
		Location :	RES. REP' OFFICE	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61105 - Salaries - NP Staff	0.00	30,113.56	0.00	30,113.56
61205 - Salaries - GS Staff	0.00	65,125.25	0.00	65,125.25
61305 - Salaries - IP Staff	0.00	628,146.54	0.00	628,146.54
61310 - Post Adjustment - IP Staff	0.00	212,695.52	0.00	212,695.52
62105 - Dependency Allowance-NP Staff	0.00	240.05	0.00	240.05
62110 - Contrib Joint Staff Pension-NP	0.00	4,814.52	0.00	4,814.52
62115 - Contrib to Med,SocIns-NP Staff	0.00	1,938.45	0.00	1,938.45
62140 - Annual Leave Expense - NO	0.00	1,719.23	0.00	1,719.23
62205 - Dependency Allow - GS Staff	0.00	5,937.57	0.00	5,937.57
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	12,757.83	0.00	12,757.83
62215 - Contrib. to Medical, social In	0.00	4,475.67	0.00	4,475.67
62240 - Annual Leave Expense - GS	0.00	5,659.44	0.00	5,659.44
62305 - Dependency Allowances-IP Staff	0.00	68,653.21	0.00	68,653.21
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	207,746.91	0.00	207,746.91
62315 - Contrib. to medical, social in	0.00	22,821.49	0.00	22,821.49
62320 - Mobility, Hardship, Non-remova	0.00	58,929.03	0.00	58,929.03
62330 - Rental Supplements - IP Staff	0.00	1,041.59	0.00	1,041.59
62340 - Annual Leave Expense - IP	0.00	21,335.01	0.00	21,335.01
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	97,400.00	0.00	97,400.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	23,433.26	0.00	23,433.26
63350 - Reimb of Income Tax-IP Staff	0.00	42,210.33	0.00	42,210.33
63515 - Security-related Costs	0.00	8,200.00	0.00	8,200.00
63520 - Personal Security Measures	0.00	38,302.06	0.00	38,302.06
63530 - Contribution to EOS Benefits	0.00	35,103.02	0.00	35,103.02
63535 - Contribution to Security	0.00	39,783.64	0.00	39,783.64
63540 - Contribution to Training	0.00	3,744.26	0.00	3,744.26
63545 - Contribution to ICT	0.00	14,041.27	0.00	14,041.27
63550 - Contributions to MAIP	0.00	936.06	0.00	936.06
63555 - Contribution to UN JFA	0.00	30,422.80	0.00	30,422.80
63560 - Contributions to Appendix D	0.00	2,340.20	0.00	2,340.20
64110 - Separations - NP Staff	0.00	602.30	0.00	602.30
64210 - Separations - GS Staff	0.00	1,302.64	0.00	1,302.64
64306 - Appointment-Ticket Costs	0.00	1,972.74	0.00	1,972.74
64307 - Appointment-Subsistence Allow	0.00	8,277.80	0.00	8,277.80
64309 - Appointment-Shipments	0.00	5,000.00	0.00	5,000.00
64310 - Separations - IP Staff	0.00	11,771.82	0.00	11,771.82
65115 - Contributions to ASHI Reserve	0.00	90,800.15	0.00	90,800.15
65135 - Payroll Mgt Cost Recovery ATLA	0.00	8,653.74	0.00	8,653.74
66105 - Overtime & Night Differential	0.00	2,299.23	0.00	2,299.23
71205 - Intl Consultants-Sht Term-Tech	0.00	29,422.60	0.00	29,422.60
71211 - Intl Consult Security Charge	0.00	1,250.46	0.00	1,250.46
71305 - Local Consult.-Sht Term-Tech	0.00	8,834.61	0.00	8,834.61
71360 - Local Consult-Security	0.00	175.14	0.00	175.14
71405 - Service Contracts-Individuals	0.00	-422,852.79	0.00	-422,852.79
71505 - UN Volunteers-Stipend & Allow	0.00	49,369.36	0.00	49,369.36
71515 - UNV-Security Allowance	0.00	13,409.42	0.00	13,409.42
71520 - UNV-Language Allowance	0.00	995.16	0.00	995.16
71535 - UNV-Medical Insurance	0.00	5,395.34	0.00	5,395.34
71540 - UNV-Global Charges	0.00	2,801.24	0.00	2,801.24
71541 - UNVs-Contribution to security	0.00	1,796.17	0.00	1,796.17
71545 - UNV-Home Leave Travel & Allowa	0.00	169.18	0.00	169.18
71550 - UNV-Resettlement Allowance	0.00	3,980.65	0.00	3,980.65
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	9,500.00	0.00	9,500.00
71590 - UNV Development Effectiveness	0.00	11,922.04	0.00	11,922.04





Combined Delivery Report By Project

Project Id : 00100113 Malawi National Registration a		Period : Jan-Dec (2018)		
Output # : 00103222 National Identification System		Impl. Partner : 99999 UNDP		
		Location : RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71605 - Travel Tickets-International	0.00	28,017.64	0.00	28,017.64
71610 - Travel Tickets-Local	0.00	1,696.15	0.00	1,696.15
71615 - Daily Subsistence Allow-Intl	0.00	23,945.37	0.00	23,945.37
71620 - Daily Subsistence Allow-Local	0.00	1,189,132.27	0.00	1,189,132.27
71630 - Shipment	0.00	52,423.00	0.00	52,423.00
71635 - Travel - Other	0.00	5,591.35	0.00	5,591.35
72125 - Svc Co-Studies & Research Serv	0.00	15,469.64	0.00	15,469.64
72130 - Svc Co-Transportation Services	0.00	142,041.28	0.00	142,041.28
72135 - Svc Co-Communications Service	0.00	1,151.85	0.00	1,151.85
72220 - Furniture	0.00	3,171.45	0.00	3,171.45
72310 - Minerals,Mining & Metal Prdcts	0.00	425.53	0.00	425.53
72311 - Fuel, petroleum and other oils	0.00	34,239.29	0.00	34,239.29
72399 - Other Materials and Goods	0.00	371,305.39	0.00	371,305.39
72402 - Building Maintenance	0.00	412.35	0.00	412.35
72405 - Acquisition of Communic Equip	0.00	17,029.93	0.00	17,029.93
72415 - Courier Charges	0.00	35.25	0.00	35.25
72425 - Mobile Telephone Charges	0.00	33,219.86	0.00	33,219.86
72440 - Connectivity Charges	0.00	10,835.68	0.00	10,835.68
72445 - Common Services-Communications	0.00	- 4,185.41	0.00	- 4,185.41
72505 - Stationery & other Office Supp	0.00	56,019.29	0.00	56,019.29
72510 - Publications	0.00	1,118.01	0.00	1,118.01
72515 - Print Media	0.00	661.50	0.00	661.50
72520 - Electronic Media	0.00	2,057.14	0.00	2,057.14
72615 - Micro Capital Grants-Other	0.00	- 6,364.43	0.00	- 6,364.43
72705 - Hospitality-Special Events	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	4,021.59	0.00	4,021.59
72815 - Inform Technology Supplies	0.00	187,777.15	0.00	187,777.15
73104 - Leased Building	0.00	29,700.00	0.00	29,700.00
73105 - Rent	0.00	1,089.97	0.00	1,089.97
73106 - Leased premises alterations	0.00	62,336.66	0.00	62,336.66
73110 - Custodial & Cleaning Services	0.00	20,653.28	0.00	20,653.28
73115 - Moving Expenses	0.00	1,250.00	0.00	1,250.00
73120 - Utilities	0.00	7,847.19	0.00	7,847.19
73205 - Premises Alternations	0.00	22,246.04	0.00	22,246.04
73310 - Maint & Licencing of Software	0.00	500.16	0.00	500.16
73406 - Maintenance of Equipment	0.00	2,457.95	0.00	2,457.95
73410 - Maint, Oper of Transport Equip	0.00	21,901.71	0.00	21,901.71
73420 - Leased Vehicles	0.00	13,935.66	0.00	13,935.66
73505 - Reimb to UNDP for Supp Srvs	0.00	13,232.64	0.00	13,232.64
74110 - Audit Fees	0.00	46,701.00	0.00	46,701.00
74115 - Legal Fees	0.00	37.35	0.00	37.35
74120 - Capacity Assessment	0.00	101,944.20	0.00	101,944.20
74205 - Audio Visual Productions	0.00	25,784.84	0.00	25,784.84
74210 - Printing and Publications	0.00	260,939.72	0.00	260,939.72
74225 - Other Media Costs	0.00	26,655.68	0.00	26,655.68
74505 - Insurance	0.00	440.93	0.00	440.93
74525 - Sundry	0.00	5,106.39	0.00	5,106.39
74599 - UNDP cost recovery chrgs-Bills	0.00	30,472.18	0.00	30,472.18
74710 - Land Transport	0.00	53,205.73	0.00	53,205.73
74725 - Other L.T.S.H.	0.00	94,475.04	0.00	94,475.04
75105 - Facilities & Admin - Implement	0.00	365,810.94	0.00	365,810.94
75705 - Learning costs	0.00	14,428.94	0.00	14,428.94
75709 - Learning - training of counter	0.00	4,535.03	0.00	4,535.03
75710 - Participation of counterparts	0.00	2,558.17	0.00	2,558.17





Combined Delivery Report By Project

UN Development Programme

Report ID: unglcdrp

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Run Time: 15-07-2019 18:07:57

Project Id : 00100113 Malawi National Registration a		Period : Jan-Dec (2018)		
Output # : 00103222 National Identification System		Impl. Partner : 99999 UNDP		
		Location : RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
76110 - Foreign Exch Translation Loss	0.00	1.35	0.00	1.35
76125 - Realized Loss	0.00	4.91	0.00	4.91
76135 - Realized Gain	0.00	- 0.73	0.00	- 0.73
77630 - Dep Exp Owned - ITC	0.00	35.64	0.00	35.64
77640 - Dep Exp Owned - F&F	0.00	0.00	0.00	0.00
Total for Fund 30000	0.00	4,938,453.46	0.00	4,938,453.46
Fund : 30071 (Programme Cost Sharing GOV1)				
71620 - Daily Subsistence Allow-Local	15,717.83	73,386.31	0.00	89,104.14
72125 - Svc Co-Studies & Research Serv	0.00	209,151.51	0.00	209,151.51
72145 - Svc Co-Training and Educ Serv	0.00	1,672.39	0.00	1,672.39
72311 - Fuel, petroleum and other oils	8,372.04	480.00	0.00	8,852.04
72370 - Security related goods and mat	0.00	2,553.04	0.00	2,553.04
72399 - Other Materials and Goods	0.00	5,144,135.21	0.00	5,144,135.21
72405 - Acquisition of Communic Equip	0.00	5,757.00	0.00	5,757.00
72505 - Stationery & other Office Supp	1,533.00	120.02	0.00	1,653.02
72815 - Inform Technology Supplies	0.00	140.00	0.00	140.00
74210 - Printing and Publications	0.00	447,834.56	0.00	447,834.56
74510 - Bank Charges	205.70	0.00	0.00	205.70
74525 - Sundry	0.00	703.40	0.00	703.40
75105 - Facilities & Admin - Implement	0.00	177,965.91	0.00	177,965.91
75710 - Participation of counterparts	20,434.20	0.00	0.00	20,434.20
76120 - Unrealized Loss	0.00	78.28	0.00	78.28
76130 - Unrealized Gain	0.00	- 0.01	0.00	- 0.01
Total for Fund 30071	46,262.77	6,063,977.62	0.00	6,110,240.39
Fund : 30079 (EUROPEAN COMMISSION)				
61105 - Salaries - NP Staff	0.00	9,299.78	0.00	9,299.78
61205 - Salaries - GS Staff	0.00	30,308.38	0.00	30,308.38
61305 - Salaries - IP Staff	0.00	8,374.80	0.00	8,374.80
61310 - Post Adjustment - IP Staff	0.00	2,843.28	0.00	2,843.28
62105 - Dependency Allowance-NP Staff	0.00	171.90	0.00	171.90
62110 - Contrib Joint Staff Pension-NP	0.00	1,488.51	0.00	1,488.51
62115 - Contrib to Med,Soclns-NP Staff	0.00	674.22	0.00	674.22
62140 - Annual Leave Expense - NO	0.00	588.13	0.00	588.13
62205 - Dependency Allow - GS Staff	0.00	843.82	0.00	843.82
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	5,972.58	0.00	5,972.58
62215 - Contrib. to Medical, social In	0.00	2,025.73	0.00	2,025.73
62240 - Annual Leave Expense - GS	0.00	396.89	0.00	396.89
62305 - Dependency Allowances-IP Staff	0.00	585.84	0.00	585.84
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	2,791.81	0.00	2,791.81
62315 - Contrib. to medical, social in	0.00	266.30	0.00	266.30
62320 - Mobility, Hardship, Non-remova	0.00	1,562.79	0.00	1,562.79
62330 - Rental Supplements - IP Staff	0.00	1,647.34	0.00	1,647.34
62340 - Annual Leave Expense - IP	0.00	131.37	0.00	131.37
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	1,168.80	0.00	1,168.80
63335 - Home Leave Trvl & Allow-IP Stf	0.00	369.96	0.00	369.96
63350 - Reimb of Income Tax-IP Staff	0.00	563.14	0.00	563.14
63530 - Contribution to EOS Benefits	0.00	1,905.94	0.00	1,905.94
63535 - Contribution to Security	0.00	2,160.17	0.00	2,160.17





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Report ID: unglcdrp

Project Id : 00100113 Malawi National Registration a		Period : Jan-Dec (2018)		
Output # : 00103222 National Identification System		Impl. Partner : 99999 UNDP		
		Location : RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63540 - Contribution to Training	0.00	203.31	0.00	203.31
63545 - Contribution to ICT	0.00	762.35	0.00	762.35
63550 - Contributions to MAIP	0.00	50.83	0.00	50.83
63555 - Contribution to UN JFA	0.00	1,651.86	0.00	1,651.86
63560 - Contributions to Appendix D	0.00	127.05	0.00	127.05
64110 - Separations - NP Staff	0.00	185.98	0.00	185.98
64210 - Separations - GS Staff	0.00	606.12	0.00	606.12
64310 - Separations - IP Staff	0.00	157.04	0.00	157.04
65115 - Contributions to ASHI Reserve	0.00	4,930.25	0.00	4,930.25
65135 - Payroll Mgt Cost Recovery ATLA	0.00	588.24	0.00	588.24
66105 - Overtime & Night Differential	0.00	1,633.24	0.00	1,633.24
71405 - Service Contracts-Individuals	0.00	802,912.49	0.00	802,912.49
71605 - Travel Tickets-International	0.00	576.37	0.00	576.37
71615 - Daily Subsistence Allow-Intl	0.00	7,863.77	0.00	7,863.77
71620 - Daily Subsistence Allow-Local	0.00	17,657.44	0.00	17,657.44
71630 - Shipment	0.00	7,235.80	0.00	7,235.80
72125 - Svc Co-Studies & Research Serv	0.00	34,996.95	0.00	34,996.95
72399 - Other Materials and Goods	0.00	856,007.97	0.00	856,007.97
72405 - Acquisition of Communic Equip	0.00	24,486.00	0.00	24,486.00
72445 - Common Services-Communications	0.00	2,016.54	0.00	2,016.54
72505 - Stationery & other Office Supp	0.00	417,890.00	0.00	417,890.00
72805 - Acquis of Computer Hardware	0.00	84,756.00	0.00	84,756.00
72815 - Inform Technology Supplies	0.00	42,650.00	0.00	42,650.00
73115 - Moving Expenses	0.00	18,084.00	0.00	18,084.00
73120 - Utilities	0.00	99.59	0.00	99.59
74105 - Management and Reporting Srvs	0.00	27,479.89	0.00	27,479.89
74115 - Legal Fees	0.00	24.03	0.00	24.03
74120 - Capacity Assessment	0.00	319,257.22	0.00	319,257.22
74210 - Printing and Publications	0.00	532,054.95	0.00	532,054.95
74510 - Bank Charges	0.00	25.00	0.00	25.00
74710 - Land Transport	0.00	122.25	0.00	122.25
75105 - Facilities & Admin - Implement	0.00	233,594.33	0.00	233,594.33
75705 - Learning costs	0.00	3,165.17	0.00	3,165.17
75709 - Learning - training of counter	0.00	50,663.08	0.00	50,663.08
76110 - Foreign Exch Translation Loss	0.00	0.01	0.00	0.01
76125 - Realized Loss	0.00	147.37	0.00	147.37
76135 - Realized Gain	0.00	- 808.69	0.00	- 808.69
Total for Fund 30079	0.00	3,569,995.28	0.00	3,569,995.28
Total for Dept : 35004	46,262.77	15,402,441.46	0.00	15,448,704.23
Dept: 35005 (Malawi - Energy & Envirnmnt)				
Fund : 30000 (PROGRAMME COST SHARING)				
72815 - Inform Technology Supplies	0.00	5,692.00	0.00	5,692.00
75105 - Facilities & Admin - Implement	0.00	455.36	0.00	455.36
Total for Fund 30000	0.00	6,147.36	0.00	6,147.36
Fund : 30079 (EUROPEAN COMMISSION)				





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Report ID: unglcdrp

Project Id : 00100113 Malawi National Registration a		Period : Jan-Dec (2018)		
Output # : 00103222 National Identification System		Impl. Partner : 99999 UNDP		
		Location : RES. REP' OFFICE		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71405 - Service Contracts-Individuals	0.00	13,054.33	0.00	13,054.33
75105 - Facilities & Admin - Implement	0.00	913.80	0.00	913.80
Total for Fund 30079	0.00	13,968.13	0.00	13,968.13
Total for Dept : 35005	0.00	20,115.49	0.00	20,115.49
Dept: 35008 (Malawi - Poverty Reduction)				
Fund : 04000 (Core Programme, UNU Centre)				
77630 - Dep Exp Owned - ITC	0.00	749.00	0.00	749.00
Total for Fund 04000	0.00	749.00	0.00	749.00
Fund : 30000 (PROGRAMME COST SHARING)				
64306 - Appointment-Ticket Costs	0.00	4,994.86	0.00	4,994.86
71630 - Shipment	0.00	- 1,370.00	0.00	- 1,370.00
72210 - Machinery and Equipment	0.00	- 8,822.00	0.00	- 8,822.00
72805 - Acquis of Computer Hardware	0.00	14,615.38	0.00	14,615.38
74599 - UNDP cost recovery chrgs-Bills	0.00	13.40	0.00	13.40
75105 - Facilities & Admin - Implement	0.00	842.88	0.00	842.88
77670 - Dep Exp-Hvy Mac & Equip	0.00	1,104.13	0.00	1,104.13
Total for Fund 30000	0.00	11,378.65	0.00	11,378.65
Total for Dept : 35008	0.00	12,127.65	0.00	12,127.65
Dept: 35009 (Malawi - Service Center)				
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
Total for Fund 30000	0.00	14.47	0.00	14.47
Total for Dept : 35009	0.00	14.47	0.00	14.47
Dept: 35014 (Malawi - General Services)				
Fund : 04000 (Core Programme, UNU Centre)				
71620 - Daily Subsistence Allow-Local	0.00	- 259.62	0.00	- 259.62
Total for Fund 04000	0.00	- 259.62	0.00	- 259.62
Fund : 30000 (PROGRAMME COST SHARING)				
72402 - Building Maintenance	0.00	15.11	0.00	15.11





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Report ID: unglcdrp

Project Id : 00100113 Malawi National Registration a		Period :	Jan-Dec (2018)	
Output # : 00103222 National Identification System		Impl. Partner :	99999 UNDP	
		Location :	RES. REP' OFFICE	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72425 - Mobile Telephone Charges	0.00	96.15	0.00	96.15
72505 - Stationery & other Office Supp	0.00	151.65	0.00	151.65
74525 - Sundry	0.00	735.65	0.00	735.65
74599 - UNDP cost recovery chrgs-Bills	0.00	13.40	0.00	13.40
75105 - Facilities & Admin - Implement	0.00	80.95	0.00	80.95
Total for Fund 30000	0.00	1,092.91	0.00	1,092.91
Total for Dept : 35014	0.00	833.29	0.00	833.29
Total for Output : 00103222	46,262.77	15,435,546.83	0.00	15,481,809.60
Project Total :	46,262.77	15,435,546.83	0.00	15,481,809.60

I. Murphy

Ian Murphy
Partner



BDO LLP
150 Aldersgate Street
London EC1A 4AB
30 July 2019



Signed By : [Signature] Date : 15/07/2019

Signed By : [Signature] Date : 15/07/2019



UN
DP

UN Development Programme
Report ID: unglcdp

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Selection Criteria :

Business Unit : MW110
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00103222

Project Id : ALL		Period : Jan-Dec (2018)		
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
35004 - Malawi - Dem. Governance	46,262.77	15,402,441.46	0.00	15,448,704.23
35005 - Malawi - Energy & Environmnt	0.00	20,115.49	0.00	20,115.49
35008 - Malawi - Poverty Reduction	0.00	12,127.65	0.00	12,127.65
35009 - Malawi - Service Center	0.00	14.47	0.00	14.47
35014 - Malawi - General Services	0.00	833.29	0.00	833.29





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UNDP UN Development Programme
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Funds Utilization

Selection Criteria :

Business Unit : MWI10
Period : Jan-Dec (2018)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00103222

Project/Award: 00100113 Malawi National Registration a

Period : As at Dec 31, 2018

Output #	00103222	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			56,969.36
Undepreciated Fixed Assets			150,126.19
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			496,284.15



Annex 2: Statement of Fixed Assets

NRIS ASSET REGISTER 31 DECEMBER 2018

Business Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	LOCATION	Acquisition Date	COST USD	NET BOOK VALUE	Qty	OP Unit	Dept	Donor	Project	Fund Code
MWI10	000000000913	MTRV4	Toyota Land cruisers	000000000913	JTEEB71J607035032	NRIS Project	15-Mar-17	36,770.08	31,152.43	1.0	MWI	35004	0012	00103222	30000
MWI10	000000000914	MTRV4	Toyota Land cruisers	000000000914	JTEEB71J707035072	NRIS Project	15-Mar-17	36,770.08	31,152.43	1.0	MWI	35004	0012	00103222	30000
MWI10	000000000915	MTRV4	Toyota Land cruisers	000000000915	JTEEB71J707035069	NRIS Project	15-Mar-17	36,770.08	31,152.42	1.0	MWI	35004	0012	00103222	30000
MWI10	000000000916	MTRV4	Toyota Land cruisers	000000000916	JTEEB71J607035077	NRIS Project	15-Mar-17	36,770.08	31,152.42	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000858	HYMEI	Diesel Generator	000000000858	FGWPEP38JSB04217	NRIS Project	14-Feb-17	12,740.00	11,519.09	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000859	ITC4	Printer, HP Laserjet Enterpr	000000000859	CNDVJC910Z	NRIS Project	14-Feb-17	1,882.00	1,521.28	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000861	ITC4	Printer, HP Laserjet Enterpri	000000000861	CNHTJCN0KB	NRIS Project	24-Feb-17	3,860.00	3,120.17	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000860	ITC10	ector, Sony 5000Lm WUJ	000000000860	S017006263A	NRIS Project	24-Feb-17	1,748.00	1,412.97	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000919	ITC1	Microsoft Surface Pro 4	000000000919	007204170853	NRIS Project	31-May-17	2,878.50	2,278.81	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000920	ITC1	Microsoft Surface Pro 4	000000000920	006858170853	NRIS Project	31-May-17	2,878.00	2,278.81	1.0	MWI	35004	0012	00103222	30000
MWI 10	000000000961	ITC1	Notebook Computer	000000000961	011729182154	NRIS Project	13-Dec-18	3,421.00	3,385.36	1.0	MWI	35004	0012	00103222	30000
								176,487.82	150,126.19						
Total Value															

Signed By

Longbo Justice V.

Name

[Signature]

Signature

DRB/O

Position



I. Murphy

Ian Murphy
Partner



BDO LLP
150 Aldersgate Street
London EC1A 4AB
30 July 2019

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.

FOR MORE INFORMATION:

BDO LLP International Institutions and Donor Assurance team

<https://www.bdo.co.uk/en-gb/services/advisory/consulting/international-institutions-and-donor-assurance>

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