



**AUDIT**

**OF**

**UNDP TURKEY**

**DEMINING PHASE II**  
**(Nationally Implemented Project No. 89746, Output No. 95861)**

**Report No. 2263**  
**Issue Date: 28 July 2020**

## Report on the Audit of UNDP Turkey Demining Phase II (Project No. 89746, Output No. 95861) Executive Summary

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 2 to 30 June 2020, conducted an audit of Demining Phase II (Project No. 89746, Output No. 95861) (the Project), which is nationally implemented<sup>1</sup> with support services provided by the UNDP Country Office in Turkey (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA) the 700 series, 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 2019 and the accompanying Funds Utilization statement<sup>2</sup> as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. The audit did not include activities and 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 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
5,882	Unmodified	48	Unmodified

*\*Expenses recorded in the Combined Delivery Report were \$6,100,318. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$217,985).*

The audit did not result in any recommendations.

### Management comments and action plan

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

<sup>1</sup> The responsible units in UNDP facilitate the audits of nationally implemented (NIM) projects. However, this NIM project was audited by OAI due to the significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expended by UNDP.

<sup>2</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.



*Moncef Ghrib*

Moncef Ghrib  
Officer-in-Charge  
Office of Audit and Investigations



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on  
the United Nations Development Programme (UNDP)  
National Implemented (NIM) Project –  
with support services provided by UNDP  
Project ID 00089746 “Demining Phase II” – Output ID 00095861  
“Demining Phase II”  
- Ankara, Turkey -  
For the period from 1 January to 31 December 2019



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## Executive Summary

KPMG Geneva conducted the financial audit of UNDP Project ID 00089746 “Demining Phase II” – Output ID 00095861 “Demining Phase II” (the project), for which UNDP Turkey provides direct and significant support in its implementation, for the period from 1 January to 31 December 2019. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

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

**Financial Position**  
**Statement of Fixed Assets**  
**Statement of Cash**

**Unmodified**  
**Unmodified**  
**Not Applicable because the project**  
**did not have a separate bank account.**

There were no reportable findings with a medium or high priority rating and consequently we do not issue a management letter.

The Project ID 00089746 “Demining Phase II” – Output ID 00095861 “Demining Phase II”, was not audited in the prior year and therefore no recommendations to follow up on.

KPMG SA

Pierre-Henri Pigeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 21 July 2020

## **Audit Objectives and Scope**

The objective of the financial audit was to express an opinion on the project financial position which includes:

- Expressing an opinion on whether the financial expenses incurred by the project over a specified period as well as the Fund Utilization statement, the accounts receivable and the accounts payable as at the end of a specified period 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 2019. This Statement must include all assets available as at 31 December 2019 and not only those purchased in a given period. The opinion is rendered on the Net Book value balance of the Assets. Where a project does not have any assets or equipment, it will not be necessary to express such an opinion.
- Expressing an opinion on whether the Statement of Cash held by the project presents fairly the cash and bank balance of the project as at 31 December 2019. Disbursements made against a project are usually financed from regular country office bank accounts. Exceptionally, a dedicated account may be opened and used solely for the cash transactions of a project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the project has been established. In cases where the cash transactions of the audited project are made through the country office bank accounts this type of opinion is not required.
- As maybe applicable, provide the progress made in implementing the recommendations raised in previous year audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP project, between 1 January and 31 December 2019. 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.



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## **Independent Auditors' Report**

Opinion on Financial Position

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

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We have audited the financial position of the UNDP Project ID 00089746 "Demining Phase II" – Output ID 00095861 "Demining Phase II" for the period from 1 January to 31 December 2019 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 totaling USD 6,100,317.65, is comprised of expenditure directly incurred by the UNDP Country Office in Turkey for an amount of USD 5,882,332.91 and expenditure incurred by entities other than the Country Office for an amount of USD 217,984.74. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Turkey of USD 5,882,332.91.

### **Unmodified Opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of USD 5,882,332.91 directly incurred by the UNDP Country Office in Turkey and charged to the project for the period from 1 January to 31 December 2019 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 unmodified 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 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 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.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 21 July 2020



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## **Independent Auditors' Report**

### **Statement of Fixed Assets**

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

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We have audited the accompanying statement of fixed assets of the UNDP Project ID 00089746 "Demining Phase II" – Output ID 00095861 "Demining Phase II" as at 31 December 2019.

### **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 00089746 "Demining Phase II" – Output ID 00095861 "Demining Phase II" amounting to USD 48,357.91 as at 31 December 2019 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 a statement of fixed assets that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit**

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 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.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 21 July 2020

**Annexes:**

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output ID 00095861 (USD)



UN Development Programme  
Report ID: unglodrp

# Combined Delivery Report By Project

Page 1 of 4  
Run Time: 07-02-2020 13:02:49

## Selection Criteria :

Business Unit : TUR10  
Period : Jan-Dec (2019)  
Selected Project Id : 00089746  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095861

Project Id : 00089746 Demining Phase II		Period :	Jan-Dec (2019)	
Output # : 00095861 Demining Phase II		Impl. Partner :	03100 GOVT as Executing and Implem	
		Location :	UNDP-TURKEY	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 57801 (Turkey - Central)

Fund : 30079 (EUROPEAN COMMISSION)

71605 - Travel Tickets-International	0.00	234.17	0.00	234.17
71615 - Daily Subsistence Allow-Intl	0.00	1,791.76	0.00	1,791.76
71635 - Travel - Other	0.00	235.00	0.00	235.00
75105 - Facilities & Admin - Implement	0.00	158.27	0.00	158.27

<b>Total for Fund 30079</b>	<b>0.00</b>	<b>2,419.20</b>	<b>0.00</b>	<b>2,419.20</b>
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<b>Total for Dept : 57801</b>	<b>0.00</b>	<b>2,419.20</b>	<b>0.00</b>	<b>2,419.20</b>
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Dept: 57810 (Turkey - Finance)

Fund : 30079 (EUROPEAN COMMISSION)

61305 - Salaries - IP Staff	0.00	91,601.04	0.00	91,601.04
61310 - Post Adjustment - IP Staff	0.00	12,824.14	0.00	12,824.14
62305 - Dependency Allowances-IP Staff	0.00	15,052.48	0.00	15,052.48
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	32,119.53	0.00	32,119.53
62315 - Contrib. to medical, social in	0.00	2,915.66	0.00	2,915.66
62320 - Mobility, Hardship, Non-remova	0.00	10,156.20	0.00	10,156.20
62330 - Rental Supplements - IP Staff	0.00	6,233.62	0.00	6,233.62
62340 - Annual Leave Expense - IP	0.00	- 549.48	0.00	- 549.48
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	12,480.00	0.00	12,480.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	4,200.00	0.00	4,200.00
63350 - Reimb of Income Tax-IP Staff	0.00	4,699.17	0.00	4,699.17
63530 - Contribution to EOS Benefits	0.00	3,915.98	0.00	3,915.98
63535 - Contribution to Security	0.00	4,333.66	0.00	4,333.66
63540 - Contribution to Training	0.00	365.49	0.00	365.49
63545 - Contribution to ICT	0.00	1,566.38	0.00	1,566.38
63550 - Contributions to MAIP	0.00	52.19	0.00	52.19
63555 - Contribution to UN JFA	0.00	3,132.77	0.00	3,132.77
63560 - Contributions to Appendix D	0.00	261.06	0.00	261.06
64310 - Separations - IP Staff	0.00	1,461.96	0.00	1,461.96
65115 - Contributions to ASHI Reserve	0.00	10,390.33	0.00	10,390.33
65135 - Payroll Mgt Cost Recovery ATLA	0.00	772.56	0.00	772.56
71205 - Intl Consultants-Sht Term-Tech	0.00	24,550.00	0.00	24,550.00
71211 - Intl Consult Security Charge	0.00	630.80	0.00	630.80
71405 - Service Contracts-Individuals	0.00	85,817.79	0.00	85,817.79
71410 - MAIP Premium SC	0.00	37.78	0.00	37.78
71415 - Contribution to Security SC	0.00	3,134.58	0.00	3,134.58
71605 - Travel Tickets-International	0.00	1,539.66	0.00	1,539.66
71610 - Travel Tickets-Local	0.00	5,000.72	0.00	5,000.72
71615 - Daily Subsistence Allow-Intl	0.00	13,445.62	0.00	13,445.62
71620 - Daily Subsistence Allow-Local	0.00	7,057.31	0.00	7,057.31

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Combined Delivery Report By Project

Project Id : 00089746 Demining Phase II	Period :	Jan-Dec (2019)		
Output # : 00095861 Demining Phase II	Impl. Partner :	03100 GOVT as Executing and Implem		
	Location :	UNDP-TURKEY		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71625 - Daily Subsist Allow-Mtg Partic	0.00	528.93	0.00	528.93
71635 - Travel - Other	0.00	11,607.50	0.00	11,607.50
72105 - Svc Co-Construction & Engineer	0.00	5,178,717.33	0.00	5,178,717.33
72415 - Courier Charges	0.00	265.72	0.00	265.72
72425 - Mobile Telephone Charges	0.00	1,968.43	0.00	1,968.43
72505 - Stationery & other Office Supp	0.00	2,017.95	0.00	2,017.95
72515 - Print Media	0.00	44.81	0.00	44.81
73120 - Utilities	0.00	131.79	0.00	131.79
73405 - Rental & Maint-Other Office Eq	0.00	25.19	0.00	25.19
73410 - Maint, Oper of Transport Equip	0.00	4,529.31	0.00	4,529.31
74110 - Audit Fees	0.00	1,630.00	0.00	1,630.00
74205 - Audio Visual Productions	0.00	11,369.88	0.00	11,369.88
74210 - Printing and Publications	0.00	993.15	0.00	993.15
74220 - Translation Costs	0.00	772.80	0.00	772.80
74525 - Sundry	0.00	438.75	0.00	438.75
74596 - Services to projects -GOE	0.00	100,688.86	0.00	100,688.86
75105 - Facilities & Admin - Implement	0.00	398,929.28	0.00	398,929.28
75705 - Learning costs	0.00	19,342.52	0.00	19,342.52
76125 - Realized Loss	0.00	0.01	0.00	0.01
76135 - Realized Gain	0.00	- 20.60	0.00	- 20.60
77660 - Dep Exp Owned -Vehicle	0.00	4,717.84	0.00	4,717.84
Total for Fund 30079	0.00	6,097,898.45	0.00	6,097,898.45
Total for Dept : 57810	0.00	6,097,898.45	0.00	6,097,898.45
Total for Output : 00095861	0.00	6,100,317.65	0.00	6,100,317.65
Project Total :	0.00	6,100,317.65	0.00	6,100,317.65

Pierre-Henri Pigeon, Partner  
KPMG SA, Geneva  
21 July 2020

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
21 July 2020

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Signed By : [Signature] Date : 07.02.2020

Signed By : [Signature] Date : 25.02.2020

Sukrob Khojmatov

\* Proje kaptanindoki horecomador MATAN horefino b'ltipi uadimukhtin  
financial jomukubek UNDP'ga o'ttira.



Combined Delivery Report By Project

Selection Criteria :

Business Unit : TUR10  
Period : Jan-Dec (2019)  
Selected Project Id : 00089746  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095861

Project Id : ALL	Period : Jan-Dec (2019)
Output # : ALL	Impl. Partner :
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
57801 - Turkey - Central	0.00	2,419.20	0.00	2,419.20
57810 - Turkey - Finance	0.00	6,097,898.45	0.00	6,097,898.45



Funds Utilization

Selection Criteria :

Business Unit : TUR10  
Period : Jan-Dec (2019)  
Selected Project Id : 00089746  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095861

Project/Award: 00089746 Demining Phase II

Period : As at Dec 31, 2019

Output #	00095861	Impl. Partner :03100 GOVT as Executing and Implem	UNDP AMOUNT
	Outstanding NEX advances		0.00
	Undepreciated Fixed Assets		48,357.91
	Unamortized Intangible Assets		0.00
	Inventory		0.00
	Prepayments		0.00
	Commitments		0.00



## Annex 2: Statement of Fixed Assets

**Statement of Fixed-Assets for Project Output ID 00095861 - UNDP Turkey Country Office****AM In Service Report (ISR)**

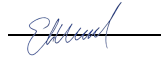
UN Development

 Programme Page 1 of 3  
 Report ID: UNAM600 Run Time: 12/05/2020 20:05


Business Unit: TUR10 Country: Category: In Service Project Type: All Amount &gt;= 1500 As of Date: 12/31/2019


Operating Unit:	Department:	Impl Agency:	Donor:	Fund Code:	Project:	Profile ID:												
Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Model	Location	Acquisition Da	In Service Date	Cost,USD	Net Book Valu	Quantity	Departme	Impl Agenc	Donor	Project	Fund code
TUR10	TUR	00000000377	MTRV4	Project Field Vehicle	UNDP PROJ-004	6FPPXXMJ2PHC19207	Ford	YT/-7G	04/04/2018	04/04/2018	28,307.07	24,178.96	1	57810	001981	10159	00095861	30079
TUR10	TUR	00000000378	MTRV4	Project Field Vehicle	UNDP PROJ-005	6FPPXXJ2PHC22666	Ford	YT/-7G	04/04/2018	04/04/2018	28,307.07	24,178.96	1	57810	001981	10159	00095861	30079
<b>Total:</b>												<b>\$ 56,614.14</b>	<b>\$ 48,357.92</b>	<b>2</b>				

 Prepared by Administrative Associate- Esra Tuncel Acikgoz  
 Asset Focal Point:

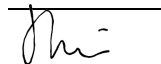


 Certified by ARR-Operations -  
 Asset Manager: Usame Yalcin


  
 Pierre-Henri Pigeon, Partner  
 KPMG SA, Geneva  
 21 July 2020

  
 Henri Mwaniki, Senior Manager  
 KPMG SA, Geneva  
 21 July 2020

Approved by Resident Representative: Claudio Tomasi



  
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