



AUDIT

OF

APPUI SYSTEME SANTE COVID-19
(Directly Implemented Project No. 00126918, Output No. 00120844)

IN

UNDP MADAGASCAR

Report No. 2366
Issue Date: 17 September 2021

**Report on the Audit of Appui Systeme Sante Covid-19
implemented by UNDP Madagascar
Project No. 00126918, Output No. 00120844
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Deloitte and Touche LLP (the audit firm), from 10 to 28 May 2021, conducted an audit of *Appui systeme sante Covid-19* (Project No. 00126918, Output No. 00120844) (the Project), which is directly implemented and managed by UNDP Madagascar (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 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. 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) of other United Nations agencies. The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the Covid-19 pandemic, the audit was conducted remotely. This did not have an impact on the audit opinion.

Audit results

Based on the audit reports and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
1,411	Adverse

**Expenses recorded in the Combined Delivery Report were \$6,034,878. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$4,525,110). Also excluded were expenses incurred at the "responsible party" level (\$99,012).*

The audit firm qualified its opinion on project expenses due to project expenses of \$996,325 not corresponding to the activities defined in the project output and budget. The resulting financial impact was 71 percent of the project expenditures directly incurred by the Office as at 31 December 2020.

Key recommendation: Total = 3, high priority = 2

The three recommendations aim to ensure reliability and integrity of financial and operational information.

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

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

Missing distribution lists for the PDSPE program (Issue 3.1.1)

Signed distribution lists of the beneficiary totalling \$194,154.84 were not made available for review. These costs were included within the expenses of \$996,325 (refer to issue 3.1.3), which did not relate to the activities defined in the project.

Recommendation: All expenditures should be adequately supported by relevant documentation.


Expenses incurred not related to activities defined in the output and budget (issue 3.1.3)

Expenses amounting to \$996,325 did not relate to the activities defined in the project 00120844, output and budget.

Recommendation: Ensure that expenditures are charged to the correct project output.

Management comments and action plan

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


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Helge S. Osttveiten
Director
Office of Audit and Investigations

**REPORT ON THE FINANCIAL AUDIT OF THE
UNITED NATIONS DEVELOPMENT
PROGRAMME MADAGASCAR**

**DIRECTLY IMPLEMENTED PROJECT
“APPUI SYSTEME SANTE COVID-19”
PART OF THE PROGRAMME “REPOSE AU
COVID-19”**

PROJECT NUMBER 00126918

OUTPUT NUMBER 00120844

**FOR THE PERIOD 1 JANUARY 2020
TO 31 DECEMBER 2020**

ISSUED SEPTEMBER 2021

**REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME
DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19”
(PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918,
OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020**

LIST OF ABBREVIATIONS

CDR	Combined Delivery Report
DIM	Directly Implemented Project
GL	General Ledger
ISA	International Standards on Auditing
LOA	Letter of Agreement
OAI	Office of Audit and Investigations
OTIV	Ombona Tahiry Ifampisamborana Vola
PDSPE	Programme Planification du Développement Secteur Privé et Emploi
PMSU	Programme Management Support Unit
POPP	Programme and Operations Policies and Procedures
UNDP	United Nations Development Programme
US\$	United States Dollar

**REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT
PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19”
(PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918,
OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020**

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PART 1 EXECUTIVE SUMMARY

1.1 Audit engagement

Deloitte & Touche LLP, Kenya through Delta Audit Associés, Chartered Accountant of Madagascar conducted a financial audit of “Appui système santé Covid-19” (part of the programme “Réponse au Covid-19” (Project number 00126918, Output number 00120844) (‘the project’), directly implemented by UNDP Country Office Madagascar (‘the office’) for the year ended 31 December 2020. The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI).

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

Combined Delivery Report	Adverse opinion
Statement of Fixed Assets	Not applicable (the project does not have any fixed assets)
Statement of Cash	Not applicable (the project does not have a dedicated bank account)

The CDR expenditure for output number 00120844 totalling US\$ 6,034,878.32, is comprised of expenditure directly incurred by the UNDP Country Office in Madagascar for an amount of US\$ 1,410,756.02, expenditure incurred by entities other than the Country Office for an amount of US\$ 3,450,440.00, expenditure incurred by “responsible party” for an amount of US\$ 99,012.30 and expenses recorded at country level but processed and approved in locations outside the country for an amount of US\$ 1,074,670.00. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Madagascar.

The findings as a result of the audit are summarised below:

Finding 1: Missing distribution list for the PDSPE program (refer to section 2.1 and 3.1.1)

Finding 2: Expense charged to the wrong expense account (refer to section 3.1.2)

Finding 3: Expenses incurred do not relate to activities defined in the output and budget (refer to section 2.1 and 3.1.3)

This is the first year of audit of the project output.

Yours faithfully

Delta Audit Associés
Madagascar

15 September 2021


Justine RAHELIARINORO
Partner

Audit.Tax.Advisory

REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19” (PART OF THE PROGRAMME “REPONSE AU COVID-19”), PROJECT NUMBER 00126918, OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020

1.2 Audit objective

The objective of the financial audit is to express an opinion on the project’s financial statements. The specific objectives were to:

- Expressing an opinion on whether the financial expenses incurred by the project over a specified period and the funds utilization statement, the accounts receivable and accounts payable as at 31 December 2020 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 a given date. This statement must include all assets available as at 31 December 2020 and not only those purchased in a given period. The opinion is rendered on the net book value balance of the Assets. Where a DIM project does not have any assets or equipment it will not be necessary to express such an opinion; and
- Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at a given date. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

As may be applicable, reported on progress made in implementing the recommendations raised in the previous year audit report.

1.3 Audit scope

The audit covered all activities of project number 00126918 “Appui système santé Covid-19 ” (part of the programme “ Réponse au Covid-19 ” during the period from 1 January 2020 to 31 December 2020 as well as a review of project reports and records located at the UNDP country office in Madagascar.

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.
- Any out of scope expenditure determined, including the above, should be approved by the Audit Chief

REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19” (PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918, OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020

As such the summary of expenditure has been shown below:

		US\$
Total expenditure as per CDR		6,034,878.32
Expenses out of audit scope as per terms of reference	Responsible party expenses	(99,012.30)
	Expenses processed and approved in locations outside the country	(3,450,440.00)
	Expenses recorded at country level but processed and approved in locations outside the country **	(1,074,670.00)
UNDP country office expenditure covered under the scope of this audit		1,410,756.02

** These expenses were not subject to our audit because they were recorded at UNDP Madagascar (MDG 10) ledger made available for audit because the procurement process and the payment has been done at UNDP Copenhagen level, In addition, the supporting documents were not retained at UNDP Madagascar offices. The expenses related to purchase of 14 Toyota Land Cruiser Hardtop station wagon vehicles on behalf of another Organization amounting to US\$ 579,670.00 and purchase of medical kits made by UNDP Procurement Services Unit in Copenhagen amounting to US\$ 495,000.00.

The CDR expenditure for output number 00120844 totalling US\$ 6,034,878.32, is comprised of expenditure directly incurred by the UNDP Country Office in Madagascar for an amount of US\$ 1,410,756.02, expenditure incurred by entities other than the Country Office for an amount of US\$ 3,450,440.00, expenditure incurred by “responsible party” for an amount of US\$ 99,012.30 and expenses recorded at country level but processed and approved in locations outside the country for an amount of US\$ 1,074,670.00. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Madagascar.

1.4 Audit methodology

Our audit was carried out in accordance with International Standards on Auditing in so far as they are applicable to an engagement of this type and included such tests as we considered necessary to meet the audit objectives.

Director
Office of Audit and Investigations
United Nations Development Programme

Dear Sir,

PART 2: FINANCIAL AUDIT REPORTS

2.1 Report of independent auditors to UNDP on the financial position of “appui système sante Covid-19” (part of the programme “Reponse au Covid-19 ”

We have audited the financial position of the UNDP Project Number 00126918, “ Appui système santé Covid-19 ” (part of the programme “ Réponse au Covid-19 ” for the period from 1 January 2020 to 31 December 2020 which include (a) the accompanying Combined Delivery Report (CDR); (“the statement”); and (b) the project related accounts receivable and accounts payable.

The CDR expenditure for output number 00120844 totalling US\$ 6,034,878.32, is comprised of expenditure directly incurred by the UNDP Country Office in Madagascar for an amount of US\$ 1,410,756.02, expenditure incurred by entities other than the Country Office for an amount of US\$ 3,450,440.00, expenditure incurred by “responsible party” for an amount of US\$ 99,012.30 and expenses recorded at country level but processed and approved in locations outside the country for an amount of US\$ 1,074,670.00. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Madagascar

Adverse opinion

In our opinion, because of the significance of the matter discussed in the basis for adverse opinion section of our report, the accompanying CDR and Funds Utilisation statement do not present fairly the expenses of US\$ 1,410,756.02 directly incurred by the UNDP Country Office in Madagascar and charged to the project for the period from 1 January 2020 to 31 December 2020.

Basis for adverse 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 Utilisation 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 adverse opinion.

REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19” (PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918, OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020

PART 2: FINANCIAL AUDIT REPORTS (Continued)

2.1 Report of independent auditors to UNDP on the financial position of “appui systeme sante Covid-19” (part of the programme “Reponse au Covid-19 ” (Continued)

Basis for adverse opinion (Continued)

The description of the basis for the adverse opinion are provided below:

- Inadequately supported expenses: At the date of this report, signed distribution lists to the beneficiary for the “Programme planification du développement du secteur privé” to support the improvement of the living standards of the vulnerable population in the Androy region through the progressive approach, of amount US\$ 194,154.84 had not been made available for review. As such these expenses are inadequately supported. We were not able to ascertain whether the funds were disbursed to the beneficiaries.
- Expenses incurred do not relate to activities defined in the output and budget: based on the Annual Work Plan, expenses under the grant TOSIKA FAMENO project amounting to US\$ 996,324.70 do not relate to the activities defined in Output 00120844 “Renforcement du Système de santé” (Strengthening the Health System). These include the following:
 - 1) US\$ 369,821.73 (phase 1) and US\$ 432,348.13 (phase 2)
 - 2) US\$ 194,154.84 for Programme planification du développement secteur privé et emploi » (Private Sector Development and Employment Program) to support the improvement of the living standards of the vulnerable population in the Androy region through the progressive approach,

As such these expenses are ineligible under output 00120844.

The total amount of US\$ 996,324.70 represents 71% of the total expenses directly incurred by the UNDP Country Office in Madagascar.

Management responsibilities

Management is responsible for the preparation of the CDR of the project, and for such internal control as management determines is necessary to enable the preparation of a CDR 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 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:

REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19” (PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918, OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020

PART 2: FINANCIAL AUDIT REPORTS (Continued)

2.1 Report of independent auditors to UNDP on the financial position of “appui systeme sante Covid-19” (part of the programme “ Reponse au Covid-19 ” (Continued)

Auditor’s responsibilities (Continued)

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

Delta Audit Associés

Madagascar

15 September 2021


Justine RAHELIARINORO
Partner

Director
Office of Audit and Investigations
United Nations Development Programme

Dear Sir,

PART 3: MANAGEMENT LETTER

We audited the financial position of the UNDP Project Number 00126918 “Appui système santé Covid-19” (part of the programme “Réponse au Covid-19”) output number 00120844.

Based on the work carried out, we identified the following issues which we believe need to be brought to your attention.

1. Missing distribution list documents for the PDSPE program (refer to section 3.1.1);
2. Expense charged to the wrong expense account (refer to section 3.1.2);
3. Expenses incurred do not relate to activities defined in the output and budget (refer to section 3.1.3).

We would like to thank management and staff for their assistance and co-operation during the audit.

Yours faithfully,

Delta Audit Associés
Madagascar

15 September 2021



Justine RAHELIARINORO
Partner

PART 3: MANAGEMENT LETTER

3.1 FINDINGS

3.1.1 Missing distribution lists for the PDSPE program

Observation

According Article 3 of Select implementation partner, implementing partner accountability involves:

- Managing the project to achieve expected outputs and managing risks in accordance with the approved project document;
- Accurately and reliably reporting on the project's progress and risks against the agreed work plans and results frameworks in accordance with the reporting schedule in the project agreement; and
- Maintain documentation and evidence that describes the appropriate and prudent use of project resources in accordance with the Project Agreement and applicable regulations and procedures.

UNDP Madagascar entered into an agreement with OTIV for distribution of funds in the form of "cash for work" in Androy region. It was noted that Signed distribution lists of the beneficiary for the “Programme planification du développement du secteur privé” to support the improvement of the living standards of the vulnerable population in the Androy region through the progressive approach, of amount US\$ 194,154.84, were not made available for review. We were not able to ascertain whether the funds were disbursed to the beneficiaries.

Following the explanation received from UNDP Madagascar, the activity is currently being implemented in the Androy region and has been delayed due to the health situation and restrictions caused by the second phase of COVID- 19.

These costs are deemed unsupported, however were also determined as being incorrectly charged to output 00120844 (Refer to issue 3.1.3).

Priority

High

Recommendation

We recommend that UNDP Madagascar ensures that:

- a) All expenditures are adequately supported by relevant documentation which should be readily available for review on request.
- b) The project team develops and implements an action plan to address the delayed project activities.

REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19” (PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918, OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020

PART 3 MANAGEMENT LETTER (Continued)

3.1 Findings (Continued)

Management comments and action plan

Action plan	Implemented by	Implementation date
<p>The Country Office will implement a tracking dashboard to ensure timely submission of supporting documents and evidence in line with expenses incurred in the framework of signed Agreements and Grant.</p> <p>The Country Office shall ensure that transactions are recorded as expenses when the supporting documentation are submitted and properly accounted for.</p> <p>Following the above recommendation, a tracking dashboard is a proper alert tool to ensure close monitoring on the implementation of on-going agreements in terms of timeline and quality-assurance actions, such as progress report, submission of mandatory documentation and evidence). Following the Covid 19 pandemic restrictions, the CO has considered the contract amendment mechanism to review activities timeline</p>	PMSU	30/09/2021

3.1.2 Expense charged to the wrong expense account

Observation

As per the CDR procedure (POPP-11-2920) “Prior to issuing a final report, all advances and expenses should be carefully reviewed and final adjustments (rejections or corrections) made as necessary. Significant adjustments should be reviewed and cleared by UNDP senior management”.

After verifying the consistency of the nature of the expenses with the accounts identified in the CDR, we found that an expense related to the distribution of TOSIKA FAMENO (Voucher No. 3742/Journal ID AP08505478) was posted to GL code 72105 "SVC Co-Construction Engineer" instead of 72165 "SVC Co-Social SVCS" which amounted to US\$ 369,821.73.

This was due to lack of control over the allocation of expenditures in the CDR.

As a result, there is an accounting misstatement that may result in risks associated with the presentation of expenses in the CDR.

These amounts were also determined as being incorrectly charged to the output 00120844 (Refer to issue 3.1.3).

PART 3 MANAGEMENT LETTER (Continued)

3.1 Findings (Continued)

Priority

Medium

Recommendation

To avoid mis posted expenses, we recommend that UNDP Madagascar strengthen controls over the posting of expenditures in ATLAS and making corrections as necessary.

Management comments and action plan

Action plan	Implemented by	Implementation date
Recommendation accepted Necessary corrections will be made through journal entries. The Country Office will implement a mechanism to ensure that the existing quality control and oversight mechanism in line with the use of Chart of Account is strictly implemented through the following action: a formal communication (memorandum) to emphasize on the role and responsibilities throughout the quality control stages from the project to the Programme Management Support Unit	PMSU	15/08/2021

3.1.3 Expenses incurred do not relate to activities defined in the output and budget

Observation

According to Article 15 of DIM, when a CDR is generated, the UNDP office must verify that all financial information is complete and correct, and that the financial information is consistent with the approved annual work plan (AWP) and project budget in Atlas. Any necessary adjustments must be made in Atlas, if applicable, before the CDR is sent.

During the analysis of the budget monitoring and the Annual Work Plan, it was noted that expenses amounting to US\$ 996,324.70 under the grant TOSIKA FAMENO project did not relate to the activities defined in Output 00120844 “Renforcement du Système de santé” (Strengthening the Health System). These include the following:

- US\$ 369,821.73 (phase 1 which is the first distribution of funds to beneficiaries) and US\$ 432,348.13 (phase 2 which is the second distribution of funds to beneficiaries)
- US\$ 194,154.84 for Programme planification du développement secteur privé et emploi » (Private Sector Development and Employment Program) to support the improvement of the living standards of the vulnerable population in the Androy region through the progressive approach,

PART 3 MANAGEMENT LETTER (Continued)

3.1 Findings (Continued)

The expenses relate to distribution of funds to the vulnerable population and realization of works of public and community interest. The expenses were recorded in output 00120844, “*Renforcement du Système de santé*” (*Strengthening the Health System*) instead of output 00121105, *la gestion intégrée et inclusive de la crise*” (*Integrated and inclusive management of the crisis*) and output 00121106, *l'appui à la mitigation de l'impact socio-économique du COVID-19*”(for the mitigation of the socio-economic impact of COVID-19).

This was due to a delay in the creation of the last two outputs (output 00121105 and output 00121106);

- “la gestion intégrée et inclusive de la crise” (integrated and inclusive management of the crisis) ;
- “l'appui à la mitigation de l'impact socio-économique du COVID-19” (support for the mitigation of the socio-economic impact of COVID-19”.

Since these costs did not relate to output 00120844 they are deemed to be ineligible and form basis for the adverse opinion.

Priority

High

Recommendation

We recommend that UNDP Madagascar ensures that there is subsequent regularization of expenses charged to the wrong budget lines and outputs by finalizing the creation of the two outputs and reallocating these expenditures to the correct outputs and complying with the budget allocations detailed in the annual work plan.

Management comments and action plan

Action plan	Implemented by	Implementation date
<p>The office will make the necessary corrections to charge the expense to the appropriate output and budget line corresponding to the activity.</p> <p>The Country Office will implement a mechanism to ensure that the existing quality control and oversight mechanism in line with the consistency between the approved activities budget and AWP is strictly implemented through the following action: a formal communication (memorandum) to emphasize on the role and responsibilities throughout the quality control stages from the project to the Programme Management Support Unit</p>	PMSU	30/09/2021

**REPORT ON THE FINANCIAL AUDIT OF THE UNITED NATIONS DEVELOPMENT PROGRAMME
DIRECTLY IMPLEMENTED PROJECT “APPUI SYSTEME SANTE COVID-19”
(PART OF THE PROGRAMME “REPOSE AU COVID-19”), PROJECT NUMBER 00126918,
OUTPUT NUMBER 00120844 FOR THE PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020**

APPENDIX I PRIORITIES OF AUDIT RECOMMENDATIONS

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



Selection Criteria:

Business Unit : MDG10
Period : Jan-Dec (2020)
Selected Project Id : 00126918
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120844

Project Id : 00126918 Réponse au COVID 19	Period : Jan-Dec (2020)			
Output # : 00120844 Appui système santé • COVID-19	Impl. Partner : 99999 UNDP			
	Location : Madagascar			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 34818 (Madagascar - Finance)

Fund : 04000 (Core Programme, UNU Centre)

71305 - Local Consult.-Shr Term-Tech	0.00	18,314.27	0.00	18,314.27
71360 - Local Consult-Security	0.00	36.54	0.00	36.54
72105 - Svc Co-Construction & Engineer	0.00	537,811.48	0.00	537,811.48
72120 - Svc Co-Trade and Business Serv	0.00	0.00	0.00	0.00
72125 - Svc Co-Studies & Research Serv	0.00	- 520,287.83	0.00	- 520,287.83
72130 - Svc Co-Transportation Services	0.00	4,772.00	0.00	4,772.00
72160 - Svc Co-Education & Health Serv	0.00	0.00	0.00	0.00
72165 - Svc Co-Social Svcs, Social Sci	432,348.13	319,122.95	0.00	751,471.08
72210 - Machinery and Equipment	0.00	- 86,405.22	0.00	- 86,405.22
72215 - Transportation Equipment	0.00	500.52	0.00	500.52
72315 - Food & Textile Products	0.00	200,949.22	0.00	200,949.22
72320 - Wood & Paper Products	0.00	0.00	0.00	0.00
72325 - Chemical, Glass, NonMetallic Prd	0.00	232,744.30	0.00	232,744.30
72330 - Medical Products	0.00	204,965.72	0.00	204,965.72
72350 - Medical Kits	0.00	620,916.67	0.00	620,916.67
72805 - Acquis of Computer Hardware	0.00	99,012.30	0.00	99,012.30
72810 - Acquis of Computer Software	0.00	27,636.00	0.00	27,636.00
73505 - Reimb to UNDP for Supp Svcs	0.00	606.14	0.00	606.14
74205 - Audio Visual Productions	0.00	4,913.80	0.00	4,913.80
74210 - Printing and Publications	0.00	9,537.33	0.00	9,537.33
74215 - Promotional Materials and Dist	0.00	2,363.42	0.00	2,363.42
74505 - Insurance	0.00	3,120.60	0.00	3,120.60
74705 - Port Operation	0.00	10,830.45	0.00	10,830.45
74725 - Other L.T.S.H.	0.00	650.43	0.00	650.43
76110 - Foreign Exchange Translation Loss	0.00	422.20	0.00	422.20
76120 - Unrealized Loss	0.00	7,702.06	0.00	7,702.06
76125 - Realized Loss	0.00	2,769.18	0.00	2,769.18
76130 - Unrealized Gain	0.00	- 7,701.05	0.00	- 7,701.05
76135 - Realized Gain	0.00	- 2,775.72	0.00	- 2,775.72
Total for Fund 04000	432,348.13	1,692,527.78	0.00	2,124,875.91

Fund : 28644 (COVID Country Response)

72105 - Svc Co-Construction & Engineer	0.00	10,478.24	0.00	10,478.24
72120 - Svc Co-Trade and Business Serv	0.00	80.23	0.00	80.23
72130 - Svc Co-Transportation Services	0.00	20,290.00	0.00	20,290.00
72210 - Machinery and Equipment	0.00	41,790.63	0.00	41,790.63
72215 - Transportation Equipment	0.00	2,449.93	0.00	2,449.93
72320 - Wood & Paper Products	0.00	19,750.00	0.00	19,750.00
72325 - Chemical, Glass, NonMetallic Prd	0.00	77,500.00	0.00	77,500.00
72330 - Medical Products	0.00	56,047.20	0.00	56,047.20
74505 - Insurance	0.00	100.87	0.00	100.87
74705 - Port Operation	0.00	2,986.00	0.00	2,986.00

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Combined Delivery Report By Project

Project Id : 00120518 Réponse au COVID 19		Period :	Jan-Dec (2020)	
Output # : 00120544 Appui système santé x COVID-19		Impl. Partner :	00009 UNDP	
		Location :	Madagascar	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74725 - Other L.T.S.H.	0.00	1,864.20	0.00	1,864.20
75105 - Facilities & Admin - Implement	0.00	12,871.99	0.00	12,871.99
Total for Fund 20544	0.00	248,209.29	0.00	246,209.29
Fund : 30011 (Programme cost sharing WB1)				
72125 - Svs Co-Studies & Research Serv	0.00	955,647.40	0.00	955,647.40
72130 - Svs Co-Transportation Services	0.00	5,224.00	0.00	5,224.00
72210 - Machinery and Equipment	0.00	903,312.00	0.00	903,312.00
72215 - Transportation Equipment	0.00	597,060.00	0.00	597,060.00
72325 - Chemical,Glass,NonMetallic Pro	0.00	733,182.00	0.00	733,182.00
72330 - Medical Products	0.00	251,637.20	0.00	251,637.20
73105 - Leased office equip and furnit	0.00	0.00	0.00	0.00
74505 - Insurance	0.00	753.05	0.00	753.05
74705 - Port Operation	0.00	36,990.16	0.00	36,990.16
74725 - Other L.T.S.H.	0.00	5,272.50	0.00	5,272.50
75105 - Facilities & Admin - Implement	0.00	174,453.91	0.00	174,453.91
75125 - Realized Loss	0.00	260.90	0.00	260.90
Total for Fund 30011	0.00	3,663,793.12	0.00	3,663,793.12
Total for Dept : 34810	432,348.13	5,602,530.19	0.00	6,034,878.32
Total for Output : 00120544	432,348.13	5,602,530.19	0.00	6,034,878.32
Project Total :	432,348.13	5,602,530.19	0.00	6,034,878.32

Signed By : Henry Jean Drey Representant Resident Adjoint Date : 10-Aug-2021

Signed By : Prakash Date : _____

Justine RAHELIARINORO
Partner

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UN Development Programme
Report ID: unglodrp

Combined Delivery Report By Project

Page 3 of 4
Run Time: 06-08-2021 07:08:10

Selection Criteria :

Business Unit : MDG10
Period : Jan-Dec (2020)
Selected Project Id : 00126918
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120844

Project Id : ALL	Period : Jan-Dec (2020)			
Output # : ALL	Impl. Partner :			
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
34910 - Madagascar - Finance	432,348.13	5,602,530.19	0.00	6,034,876.32

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Funds Utilization

Selection Criteria:

Business Unit : MDG10
Period : Jan-Dec (2020)
Selected Project Id : 00120918
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120844

Project/Award: 00120818 Réponse au COVID 19

Period : As at Dec 31, 2020

Output #	00120844	Impl. Partner : 99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			016,083.30

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PAID EXPENDITURES, PAYABLES AND RECEIVABLES (AUXILIARY BALANCES) OF THE NATIONAL RESPONSE TO
COVID-19 AS AT 31st DECEMBER 2020

Institution	Project	Output	funding	Fund received	Funds to be received (receivables)	Commitments (payables)
Fonds TRAC	126918	120844	04000	2 785 400,00	0,00	545 982,47
Fonds UNFPA et BOA	126918	120844	28644	323 079,00	0,00	36 323,80
Fonds BANQUE MONDIALE	126918	120844	30011	4 205 481,00	0,00	233 777,03
TOTAL				7 313 960,00		816 083,30

Henry Rene Diouf
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Justine RAHELIARINORO
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Partner

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