



AUDIT

OF

INFRASTRUCTURES AND EQUIPMENTS
(Directly Implemented Project No. 105760, Output No. 106856)

IN

UNDP TOGO

Report No. 2368

Issue Date: 9 July 2021

**Report on the Audit of UNDP Togo
Infrastructures and Equipments
(Project No. 105760, Output No. 106856)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 3 to 11 May 2021, conducted an audit of 'Infrastructures & Equipments' (Project No. 105760, Output No. 106856) (the Project), which is directly implemented and managed by the UNDP Country Office in Togo (the Office). The last audit of the Project was conducted by OAI through KPMG SA in 2019 and covered project expenses from 1 January to 31 December 2018.

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 (CDR), 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). The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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

Audit results

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

Project Expenses*	
Amount (in \$ '000)	Opinion
1,341	Unmodified**

*Expenses recorded in the CDR were \$6,624,068. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$5,258,821). Also excluded were expenses incurred at the "responsible party" level (\$23,761).

**There was a Net Financial Misstatement (understatement) of \$27,531 but it did not affect the audit opinion as it was not financially material.

Key recommendation: Total = 1, high priority = 1

The recommendation aims to ensure the reliability and integrity of financial and operational information.

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. The recommendation is presented below:

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.

Inaccurate
presentation of the
statement of
expenditures
(Issue 1)

Expenses incurred in 2020 were recorded in 2021, resulting in an understatement of the CDR in the amount of \$27,531 that represented approximately 2 percent of the audited expenditures.

Recommendation: The Office should implement robust control processes to ensure that all expenses recorded in the CDR relate to the reporting period.

The previous audit (Report No. 2160, issued on 26 June 2019) did not result in any recommendations.

Management comments and action plan

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



Brett Simpson
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)
Directly Implemented (DIM) Project ID 00105760
"Infrastructures & Equipments"
Output ID 00106856
Togo
For the period from 01 January to 31 December 2020



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KPMG SA
Esplanade de Pont-Rouge 6
PO Box 1571
CH-1211 Geneva 26

+41 58 249 25 15
kpmg.ch

Executive Summary

KPMG Geneva conducted the financial audit of UNDP Project ID 00105760 "Infrastructures & Equipments" – Output ID 00106856, directly implemented by UNDP Togo for the period from 01 January to 31 December 2020. 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	Unmodified
Statement of Fixed Assets	Not Applicable because the project did not have fixed assets
Statement of Cash	Not Applicable because the project did not have a separate bank account

There was one reportable finding with a high priority rating identified during our audit. For further detailed discussions on the finding, refer to our management letter at page 13.

The Project ID 00105760 "Infrastructures & Equipment" – Output ID 00106856" was not audited in the prior year and therefore no recommendations for follow up.

KPMG SA

Pierre-Henri Pingeon
Partner

Henri Mwaniki
Senior Manager

Geneva, 30 June 2021



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 between 01 January and 31 December 2020 as well as the Fund Utilization statement, 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 31 December 2020. 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.
- 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 2020. Disbursements made against a DIM 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 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 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 DIM project, between 01 January and 31 December 2020. 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.



KPMG SA
Esplanade de Pont-Rouge 6
PO Box 1571
CH-1211 Geneva 26

+41 58 249 25 15
kpmg.ch

Independent Auditors' Report
Opinion on Financial Position

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

We have audited the financial position of the UNDP Project ID 00105760 – Output ID 00106856 "Infrastructures & Equipments" for the period from 01 January to 31 December 2020 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 6,624,067.60 is comprised of expenditure directly incurred by the UNDP Country Office in Togo for an amount of USD 1,341,485.95 and expenditure incurred by entities other than the Country Office for an amount of USD 5,282,581.65. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Togo of USD 1,341,485.95.

Unmodified Opinion

In our opinion, the attached CDR and the Funds Utilization statement present fairly, in all material respects, the expenses of USD 1,341,485.95 directly incurred by the UNDP Country Office in Togo and charged to the project for the period from 01 January to 31 December 2020, 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 Statement that is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization Statement 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 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.

KPMG SA

Pierre-Henri Pigeon
Partner

Henri Mwaniki
Senior Manager

Geneva, 30 June 2021

Annexes:

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output ID 00106856 (USD)



UN Development Programme
Report ID: unglodrb

Combined Delivery Report by Activity

Page 1 of 6
Run Time: 18-02-2021 08:02:47

Selection Criteria :

Business Unit : TGO10
Period : Jan-Dec (2020)
Selected Project Id : 00105760
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00106856

Project Id : 00105760 PUDC Togo	Period : Jan-Dec (2020)
Output # : 00106856 Infrastructures & Equipements	Impl. Partner : 99999 UNDP
	Location : TGOBAP2001-RESREP

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Activity : ()				
Fund : 30071 (Programme cost sharing - GOV1)				
76120 - Unrealized Loss	0.00	1,470.62	0.00	1,470.62
76130 - Unrealized Gain	0.00	- 2,225.30	0.00	- 2,225.30
Total for Fund 30071	0.00	- 754.68	0.00	- 754.68
Total for Activity	0.00	- 754.68	0.00	- 754.68

Activity : AGRICULTURE (Agriculture)

Fund : 30071 (Programme cost sharing - GOV1)

72105 - Svc Co-Construction & Engineer	0.00	22,139.52	0.00	22,139.52
75105 - Facilities & Admin - Implement	0.00	664.19	0.00	664.19
Total for Fund 30071	0.00	22,803.71	0.00	22,803.71
Total for Activity AGRICULTURE	0.00	22,803.71	0.00	22,803.71

Activity : EDUCATION (Education)

Fund : 30071 (Programme cost sharing - GOV1)

71615 - Daily Subsistence Allow-Intl	0.00	1,872.30	0.00	1,872.30
71620 - Daily Subsistence Allow-Local	0.00	329.68	0.00	329.68
72105 - Svc Co-Construction & Engineer	0.00	87,243.71	0.00	87,243.71
72220 - Furniture	0.00	42,388.39	0.00	42,388.39
74505 - Insurance	0.00	157.99	0.00	157.99
74725 - Other L.T.S.H.	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	3,959.76	0.00	3,959.76
76125 - Realized Loss	0.00	24.40	0.00	24.40
76135 - Realized Gain	0.00	- 0.02	0.00	- 0.02
Total for Fund 30071	0.00	135,976.21	0.00	135,976.21
Total for Activity EDUCATION	0.00	135,976.21	0.00	135,976.21

Activity : ENERGIE (Energie)

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Combined Delivery Report by Activity

Project Id : 00105760 PUDC:Togo	Period : Jan-Dec (2020)
Output # : 00106856 Infrastructures & Equipements	Impl. Partner : 99999 UNDP
	Location : TGOBAP2001- RESREP

Fund : 30071 (Programme cost sharing - GOV1)

71615 - Daily Subsistence Allow-Intl	0.00	7,306.59	0.00	7,306.59
71620 - Daily Subsistence Allow-Local	0.00	67.22	0.00	67.22
72105 - Svc Co-Construction & Engineer	0.00	335,961.39	0.00	335,961.39
72215 - Transporation Equipment	0.00	6,059.87	0.00	6,059.87
72399 - Other Materials and Goods	0.00	4,460,805.30	0.00	4,460,805.30
73120 - Utilities	0.00	215.11	0.00	215.11
74520 - Storage	0.00	13,773.70	0.00	13,773.70
74705 - Port Operation	0.00	43,048.95	0.00	43,048.95
74720 - Distribution Cost	0.00	60,004.00	0.00	60,004.00
74725 - Other L.T.S.H.	0.00	251,544.60	0.00	251,544.60
75105 - Facilities & Admin - Implement	0.00	155,363.62	0.00	155,363.62
76125 - Realized Loss	0.00	0.04	0.00	0.04
76135 - Realized Gain	0.00	- 106.32	0.00	- 106.32

Total for Fund 30071 0.00 5,334,044.07 0.00 5,334,044.07

Total for Activity ENERGIE 0.00 5,334,044.07 0.00 5,334,044.07

Activity : HYDRAULIQUE (Hydraulique)

Fund : 30071 (Programme cost sharing - GOV1)

71615 - Daily Subsistence Allow-Intl	0.00	2,792.11	0.00	2,792.11
71620 - Daily Subsistence Allow-Local	0.00	235.78	0.00	235.78
72105 - Svc Co-Construction & Engineer	0.00	626,931.16	0.00	626,931.16
72311 - Fuel, petroleum and other oils	0.00	172.35	0.00	172.35
75105 - Facilities & Admin - Implement	0.00	18,903.94	0.00	18,903.94
76125 - Realized Loss	0.00	334.84	0.00	334.84
76135 - Realized Gain	0.00	- 89.59	0.00	- 89.59

Total for Fund 30071 0.00 649,280.59 0.00 649,280.59

Total for Activity HYDRAULIQUE 0.00 649,280.59 0.00 649,280.59

Activity : INFRASOCIO (Infrastructures Socio-collectif)

Fund : 30071 (Programme cost sharing - GOV1)

72105 - Svc Co-Construction & Engineer	1,592.91	0.00	0.00	1,592.91
75105 - Facilities & Admin - Implement	0.00	47.79	0.00	47.79
76125 - Realized Loss	0.00	98.07	0.00	98.07

Total for Fund 30071 1,592.91 145.86 0.00 1,738.77

Total for Activity INFRASOCIO 1,592.91 145.86 0.00 1,738.77

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Combined Delivery Report by Activity

Project Id : 00105760 PUDC Togo	Period :	Jan-Dec (2020)
Output # : 00106856 Infrastructures & Equipements	Impl. Partner :	99999 UNDP
	Location :	TGOBAP2001- RESREP
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

Activity : PISTES RURALES (Pistes rurales)

Fund : 30071 (Programme cost sharing - GOV1)

72105 - Svc Co-Construction & Engineer	0.00	395,565.56	0.00	395,565.56
75105 - Facilities & Admin - Implement	0.00	11,866.98	0.00	11,866.98
76125 - Realized Loss	0.00	615.46	0.00	615.46
76135 - Realized Gain	0.00	-991.89	0.00	-991.89
Total for Fund 30071	0.00	407,056.11	0.00	407,056.11
Total for Activity PISTES RURALES	0.00	407,056.11	0.00	407,056.11

Activity : SANTE (Santé)

Fund : 30071 (Programme cost sharing - GOV1)

71615 - Daily Subsistence Allow-Intl	0.00	5,157.76	0.00	5,157.76
71620 - Daily Subsistence Allow-Local	13,085.28	167.39	0.00	13,252.67
72105 - Svc Co-Construction & Engineer	0.00	43,496.50	0.00	43,496.50
72311 - Fuel, petroleum and other oils	7,171.08	126.91	0.00	7,297.99
72415 - Courier Charges	0.00	126.08	0.00	126.08
72425 - Mobile Telephone Charges	138.35	0.00	0.00	138.35
73410 - Maint, Oper of Transport Equip	2,610.93	240.94	0.00	2,851.87
74505 - Insurance	0.00	99.12	0.00	99.12
74705 - Port Operation	0.00	-613.71	0.00	-613.71
75105 - Facilities & Admin - Implement	0.00	2,154.21	0.00	2,154.21
76110 - Foreign Exch Translation Loss	0.00	14.31	0.00	14.31
76125 - Realized Loss	0.00	8.22	0.00	8.22
76135 - Realized Gain	0.00	-65.10	0.00	-65.10
Total for Fund 30071	23,005.64	50,912.63	0.00	73,918.27
Total for Activity SANTE	23,005.64	50,912.63	0.00	73,918.27

Activity : SUIVIEVALUATION (Suivi-Evaluation)

Fund : 30071 (Programme cost sharing - GOV1)

76110 - Foreign Exch Translation Loss	0.00	4.55	0.00	4.55
Total for Fund 30071	0.00	4.55	0.00	4.55
Total for Activity SUIVIEVALUATION	0.00	4.55	0.00	4.55

Total for Output : 00106856	24,598.55	6,599,469.05	0.00	6,624,067.60
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UN
DIP UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

Page 5 of 6
Run Time: 18-02-2021 08:02:47

Selection Criteria :

Business Unit : TGO10
Period : Jan-Dec (2020)
Selected Project Id : 00105760
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00106856

Project Id : ALL		Period : Jan-Dec (2020)		
Output # : ALL		Impl. Partner : Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
37808 - Togo - Poverty Reduction	24,598.55	6,599,469.05	0.00	6,624,067.60

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Funds Utilization

Selection Criteria :

Business Unit : TGO10
Period : Jan-Dec (2020)
Selected Project Id : 00105760
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00106856

Project/Award: 00105760 PUDC Togo

Period : As Of Dec31,2020

Output #	00106856	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			2,269,736.91

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UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Run Time: 18-02-2021 08:02:47

Project Id : 00105760 PUDC Togo	Period : Jan-Dec (2020)		
Output # : 00106856 Infrastructures & Equipements	Impl. Partner : 99999 UNDP		
	Location : TGOBAP2001- RESREP		
	Govt Exp	UNDP Exp	UN Agencies Exp
			Total Exp
Project Total :	24,598.55	6,599,469.05	0.00
			6,624,067.60

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Pierre-Henri Pingeon, Partner
KPMG SA, Geneva
30 June 2021

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Henri Mwaniki, Senior Manager
KPMG SA, Geneva
30 June 2021

Signed By :

MACTAR Fall, DRR *[Signature]* Date : 06/08/2021

Signed By :

Date :

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Annex 2: Management Letter



**United Nations Development Programme
(UNDP)**

Directly Implemented (DIM) Project ID 00105760
"Infrastructures & Equipments"
Output ID 00106856
Togo

Management Letter

For the period from 01 January 2020 to 31 December 2020



KPMG SA
Esplanade de Pont-Rouge 6
PO Box 1571
CH-1211 Geneva 26

+41 58 249 25 15
kpmg.ch

Management Letter

To: The Director of the Office of Audit and Investigations (OAI)
United Nations Development Programme (UNDP)
Project title: Infrastructures & Equipments – Output ID 00106856
Period covered by the report: 01 January 2020 to 31 December 2020
Location: Togo

1. Current period findings

We noted the following finding in relation to the project as a result of our audit. There were no findings presented for the prior year as the project was not audited in the prior year.

Finding 1: Inaccurate presentation of the statement of expenditures (cut-off of expenditures)

Criteria

UNDP Programme and Operations Policies and Procedures (POPP) states that the Combined Delivery Report (CDR) should display expenses directly incurred by UNDP on behalf of the project.

Internal Control Framework (ICF) – "Role of Project managers": Project managers are responsible for verifying satisfactory receipt of goods, services, and works on a timely basis. They must record the receipt accurately and in a timely manner and inform the programme assistant or the finance officer who records the receipt in Atlas as part of the 'three-way matching' process.

Observation

Commitments are a list of transactions for which a PO has been approved in the system (Atlas) but for which a receipt has not yet been generated (item or service not delivered). As per UNDP's policies and procedures, transactions are recorded as Commitments by an automated system as soon as the PO is approved by the Deputy Representative. Subsequently, they are removed from "Commitments" and recorded as Expenses when the service or the item is received.

During our commitment testing, we identified expenses amounting to USD 27,531.35 that were recorded in the 2021 AAA-report and as such reported as Commitments as at December 2020. However, the related works and invoice were approved for payment by the UNDP Country Office in December 2020. As such, the receipt should have been generated in 2020 and the expenditure included in the AAA report and ultimately in the CDR/ Statement of Expenditures as of 31 December 31 2020.

The issue above primarily arose as a result of insufficient review controls of the supporting documentation incurred at period end to ensure that the commitments were removed and recorded as expenses when the service was incurred in accordance with IPSAS. The expenses were booked on a cash basis whereas they should have been accrued.

Below are the details of the transactions that should have been posted in the FY 2020 Statement of Expenditures:



United Nations Development Programme (UNDP)
Management Letter
For the period from 01 January 2020 to 31 December 2020

Transaction ID	Description	USD Amount
TGO10-00072994-1-1-ACCR-DST	Based on the inspection of the supporting documentation, we note that the expense is related to inspection of work performed of which the minute is date on December 7, 2020 and the invoice issued on December 17th, 2020. Therefore, the expense should have been book in the 2020 AAA and not the 2021 AAA.	19,341.93
TGO10-00072994-2-1-ACCR-DST		3,331.60
TGO10-00073197-1-1-ACCR-DST	Based on the inspection of the supporting documentation, we note that the expense is related to inspection of work performed of which the invoice issued on December 31st, 2020. Therefore, the expense should have been book in the 2020 AAA and not the 2021 AAA.	1,079.31
TGO10-00073197-2-1-ACCR-DST		3,778.51

Implication

The resulting impact of the finding above was a total understatement of the CDR/ Statement of Expenditures in the amount of USD 27,531.35 which approximated 2% of the total in scope expenses of USD 1,341,485.95.

Priority

High

Recommendation

In complying with UNDP's policies and procedures including internal control frameworks (ICF), we recommend that the Country Office management put in place robust review control processes that ensure all expenses recorded in the CDR/ Statement of Expenditures relate to the reporting period.

Comment from Management

The CO takes note of the recommendation

Estimated completion date

31.12.2021



United Nations Development Programme (UNDP)
Management Letter
For the period from 01 January 2020 to 31 December 2020

2. Follow-up on prior year findings

Process	Observation	Risk	Recommendations	Follow-up to date
NA.				

KPMG SA

Pierre-Henri Pigeon

Henri Mwaniki

Geneva, 30 June 2021

Annex 3: Findings Priority Ratings

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.