



AUDIT

OF

**EMERGENCY SUPPORT TO THE GOVERNMENT OF CAMBODIA IN FIGHT AGAINST
COVID-19**
(Directly Implemented Project No. 127069, Output No. 120970)

IN

UNDP CAMBODIA

Report No. 2370
Issue Date: 23 July 2021

**Report on the Audit of
Emergency Support to the Government of Cambodia in fight against COVID-19
(Project No. 127069, Output No. 120970) implemented by UNDP Cambodia
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDP LLP (the audit firm), from 10 to 20 May 2021, conducted an audit of ‘Emergency Support to the Government of Cambodia in fight against COVID-19’ (Project No. 127069, Output No. 120970) (the Project), which is directly implemented and managed by the UNDP Country Office in Cambodia (the Office). This was the first audit of the Project.

The audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series. The audit work covered financial transactions as well as internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the Project’s operations, as well as assess compliance with UNDP regulations, rules, policies and procedures and donor agreements. 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. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of governance, programme, and operations. 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.

Overall audit rating

Based on the audit report submitted by the audit firm, OAI assessed the management of the Project as **fully satisfactory**, which means, “The assessed governance arrangements and risk management practices and controls, as applicable to the Project’s financial statements, were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.”

The details of the audit results are presented in the table below:

Project Expenses	
Amount (in \$ ‘000)	Opinion
5,779	Unmodified

The audit did not result in any recommendations.

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.



Management comments and action plan

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

Moncef Ghrib

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



FINAL AUDIT REPORT

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Combined financial audit and audit of internal controls and systems of the UNDP directly implemented project Emergency Support to the Government of Cambodia in fight against COVID-19

Project 127069 Output 120970
Cambodia

BDO

IDENTIFICATION

Project name:	Emergency Support to the Government of Cambodia in fight against COVID-19
Output name:	Fight against COVID-19
UNDP Country Office:	Cambodia
Atlas Project ID:	127069
Atlas Output ID:	120970
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2020

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EXECUTIVE SUMMARY

BDO LLP conducted the financial audit of Emergency Support to the Government of Cambodia in fight against COVID-19 (Project ID 127069 and Output ID 120970) (the project), directly implemented by UNDP Cambodia ('the Office') for the year ended 31 December 2020. 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	Not applicable
Statement of Cash	Not applicable

MANAGEMENT LETTER SUMMARY

We have not raised any audit findings or recommendations as a result of the financial and internal controls audit.

AUDIT OF INTERNAL CONTROLS AND SYSTEMS

Internal controls with regard to the project have been given the ratings below:

Audit area	Overall rating
Organization and Staffing	Fully satisfactory
Programme and project management	Fully satisfactory
Human Resources	Fully satisfactory
Finance	Fully satisfactory
Procurement	Fully satisfactory
Asset Management	Not applicable ¹
Cash Management	Not applicable ²
Information Systems	Fully satisfactory
General Administration	Not applicable ³
Follow-up on Previous Audit	Not applicable ⁴

1 No assets were held or managed under the audited project.

2 No cash was held or managed separately under the audited project.

3 All administrative costs were covered by a flat rate contribution, and therefore no separate general administration tasks were undertaken or managed under the audited project.

4 The project started in the 2020 calendar year and therefore no previous audits had taken place.

PRIOR YEAR AUDIT

The project was not audited in the prior year.



MARK HENDERSON

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15 July 2021



THE AUDIT ENGAGEMENT

AUDIT OBJECTIVES AND SCOPE

Financial audit

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 2020 in the Combined Delivery Report (CDR), the Funds Utilization statement as at 31 December 2020 and 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 31 December 2020. This statement must include all assets available as at 31 December 2020 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 held by the project presents fairly the cash and bank balance of the UNDP project as at 31 December 2020. An opinion on the statement of cash is required only where a dedicated bank account for the DIM project has been established.

The Financial Audit was conducted in accordance with the International Standards on 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 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.

Audit of internal controls and systems

The objective of the audit of internal controls and systems cover the project's internal controls and systems in order to assess:

- (a) Reliability and integrity of project financial and operational information;
- (b) Effectiveness and efficiency of project operations;
- (c) Safeguarding of project assets;
- (d) Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

The audit shall assess the internal controls with regard to the audited project in the following areas:

- (i) **Organization and Staffing:** Assess the overall project structure for effective work-flows and management arrangements, including assignment of authority, accountability and responsibility to staff.
- (ii) **Programme and project management:** Assess the management aspects in terms of approval of the project, financial management of project funds, and monitoring of implementation towards achievement of project objectives. This includes reporting to the, Steering Committee, Project Board and/or Donors.
- (iii) **Human Resources:** Assess competitiveness and transparency of the recruitment process; and effectiveness of the management of project personnel, including contract administration, performance evaluation and payment of salaries and allowances.
- (iv) **Finance:** Assess the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.
- (v) **Procurement:** Assess whether goods, services and civil works for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This includes management of obligations

and appropriate assessment of goods or services delivered and monitoring performance of the contractors, before payment.

- (vi) **Asset Management:** Assess whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence.
- (vii) **Cash Management:** Review the safeguarding of all cash (including bank accounts) held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office.
- (viii) **Information Systems:** Assess the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the projects.
- (ix) **General Administration:** These include areas of operations not specifically covered above and for which expenses are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, lease and maintenance of office premises.
- (x) **Follow-up on previous audits:** As may be applicable, assess the status of implementation of the previous year's audit recommendations.

AUDIT OPINIONS

INDEPENDENT AUDITOR'S REPORT TO UNDP - EMERGENCY SUPPORT TO THE GOVERNMENT OF CAMBODIA IN FIGHT AGAINST COVID-19

PROJECT FINANCIAL POSITION

To the Director of the Office and Audit and Investigations, United Nations Development Programme

UNMODIFIED OPINION

We have audited the financial position of the UNDP project ID 127069, Emergency Support to the Government of Cambodia in fight against COVID-19 output ID 120970, for the period 1 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.

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of \$ 5,779,040.22 directly incurred by the UNDP Country Office in Cambodia and charged to the project for the period 1 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 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 (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MANAGEMENT RESPONSIBILITIES

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the CDR and the Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF THIS REPORT

This report is made solely to UNDP, in accordance with terms of reference defined by UNDP. Our work has been undertaken so that we might state to UNDP those matters we are required to state to it in accordance with UNDP's terms of reference and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than UNDP, for our work, for this report, or for the opinions we have formed.



MARK HENDERSON

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15 July 2021



INDEPENDENT AUDITOR'S REPORT TO UNDP - EMERGENCY SUPPORT TO THE GOVERNMENT OF CAMBODIA IN FIGHT AGAINST COVID-19

STATEMENT OF FIXED ASSETS

We noted that the UNDP project Emergency Support to the Government of Cambodia in fight against COVID-19 had no assets and accordingly a Statement of Fixed Assets was not produced.

INDEPENDENT AUDITOR'S REPORT TO UNDP - EMERGENCY SUPPORT TO THE GOVERNMENT OF CAMBODIA IN FIGHT AGAINST COVID-19

STATEMENT OF CASH

We noted that the UNDP project Emergency Support to the Government of Cambodia in fight against COVID-19 did not have a dedicated bank account for the DIM project activities subject to audit and accordingly a Statement of Cash was not produced.

MANAGEMENT LETTER

We have not raised any audit findings or recommendations as a result of the financial and internal controls audit.



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15 July 2021



ANNEXES

ANNEX I: COMBINED DELIVERY REPORT

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UNDP UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Project Id : 00127069 Emergency support to Gov't CAM	Period :	Jan-Dec (2020)		
Output # : 00120970 Fight Against the Covid19	Impl. Partner :	99999 UNDP		
	Location :	Cambodia		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75105 - Facilities & Admin - Implement	0.00	310.79	0.00	310.79
Total for Fund 30011	0.00	6,526.39	0.00	6,526.39
Total for Activity ACTIVITY1.2	0.00	6,526.39	0.00	6,526.39
Activity : PMC (Project Managemet Cost)				
Fund : 04000 (Core Programme, UNU Centre)				
61105 - Salaries - NP Staff	0.00	556.48	0.00	556.48
61205 - Salaries - GS Staff	0.00	667.88	0.00	667.88
62105 - Dependency Allowance-NP Staff	0.00	13.04	0.00	13.04
62110 - Contrib Joint Staff Pension-NP	0.00	107.43	0.00	107.43
62115 - Contrib to Med,SocIns-NP Staff	0.00	40.34	0.00	40.34
62140 - Annual Leave Expense - NO	0.00	- 8.35	0.00	- 8.35
62205 - Dependency Allow - GS Staff	0.00	23.51	0.00	23.51
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	131.73	0.00	131.73
62215 - Contrib. to Medical, social In	0.00	48.42	0.00	48.42
62240 - Annual Leave Expense - GS	0.00	- 100.29	0.00	- 100.29
63530 - Contribution to EOS Benefits	0.00	45.92	0.00	45.92
63535 - Contribution to Security	0.00	48.98	0.00	48.98
63540 - Contribution to Training	0.00	4.29	0.00	4.29
63545 - Contribution to ICT	0.00	18.37	0.00	18.37
63550 - Contributions to MAIP	0.00	0.61	0.00	0.61
63555 - Contribution to UN JFA	0.00	36.73	0.00	36.73
63560 - Contributions to Appendix D	0.00	3.06	0.00	3.06
64110 - Separations - NP Staff	0.00	11.13	0.00	11.13
64210 - Separatations - GS Staff	0.00	13.36	0.00	13.36
65115 - Contributions to ASHI Reserve	0.00	121.83	0.00	121.83
65135 - Payroll Mgt Cost Recovery ATLA	0.00	8.91	0.00	8.91
Total for Fund 04000	0.00	1,793.38	0.00	1,793.38
Fund : 30011 (Programme cost sharing WB1)				
64397 - Services to projects -CO staff	0.00	53,533.40	0.00	53,533.40
72330 - Medical Products	0.00	2,970.00	0.00	2,970.00
74220 - Translation Costs	0.00	200.00	0.00	200.00
74505 - Insurance	0.00	832.47	0.00	832.47
74596 - Services to projects -GOE	0.00	22,942.88	0.00	22,942.88
74725 - Other L.T.S.H.	0.00	26,055.00	0.00	26,055.00
75105 - Facilities & Admin - Implement	0.00	5,326.69	0.00	5,326.69
Total for Fund 30011	0.00	111,860.44	0.00	111,860.44
Total for Activity PMC	0.00	113,653.82	0.00	113,653.82
Total for Output : 00120970	0.00	5,779,040.22	0.00	5,779,040.22

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UN Development Programme
 Report ID: unglcdrb

Combined Delivery Report by Activity

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Selection Criteria :

Business Unit : KHM10
Period : Jan-Dec (2020)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120970

Project Id : ALL	Period : Jan-Dec (2020)
Output # : ALL	Impl. Partner :
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
39607 - Cambodia-Programme and Results	0.00	5,779,040.22	0.00	5,779,040.22

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UNDP UN Development Programme
Report ID: unglcdrb

Combined Delivery Report by Activity

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Funds Utilization

Selection Criteria :

Business Unit : KHM10
Period : Jan-Dec (2020)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120970

Project/Award: 00127069 Emergency support to Gov't CAM **Period :** As Of Dec31,2020

Output #	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		210,730.44

ANNEX II: 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.

ANNEX III: STANDARD AUDIT RATINGS COVERING THE AUDIT OF INTERNAL CONTROLS AND SYSTEMS

Fully Satisfactory	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Satisfactory / Some Improvement Needed	The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Partially Satisfactory / Major Improvement Needed	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.



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