



**AUDIT**

**OF**

**COVID-19 OUTBREAK RESPONSE**  
**(Directly Implemented Project No. 126628, Output No. 120645)**

**IN**

**UNDP NIGERIA**

**Report No. 2399**  
**Issue Date: 31 August 2021**

**Report on the Audit of Covid-19 Outbreak Response  
(Project No. 126628, Output No. 120645)  
in UNDP Nigeria  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG Geneva (the audit firm), from 18 May to 15 June 2021, conducted an audit of 'Covid-19 Outbreak Response' (Project No. 126628, Output No. 120645) (the Project), which is directly implemented and managed by the UNDP Country Office in Nigeria (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 statement<sup>1</sup> 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 include 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*.

**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 government arrangements, risk management processes as applicable to the Project's financial statements 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." The details of the audit results are presented in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
335	Unmodified

\*Expenses recorded in the Combined Delivery Report were \$9,481,583. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$9,146,185).

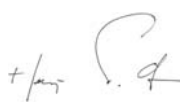
The audit did not result in any recommendations.

<sup>1</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.

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### Management comments and action plan

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



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on the  
Directly Implemented (DIM) Project ID 00126628  
"Covid-19 Outbreak Response"  
Output ID 00120645

Implemented in the United Nations Development Programme  
(UNDP) Nigeria

Nigeria

For the period from 01 January to 31 December 2020



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## Executive Summary

KPMG Geneva conducted a combined financial audit and audit of internal controls and systems of UNDP Project ID 00126628 "Covid-19 Outbreak Response" – Output ID 00120645, directly implemented by UNDP Nigeria 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 any fixed assets
Statement of Cash	Not Applicable because the project did not have a separate bank account

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

The project ID 00126628 "Covid-19 Outbreak Response" – Output ID 00120645 was not audited in the prior year, therefore the project had no recommendations raised in the previous year audit to follow up on.

Based on our assessment, the internal controls and systems of the project were deemed as satisfactory, which means that: "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."

KPMG SA

Pierre-Henri Pigeon  
Partner

Henri Mwaniki  
Senior Manager

Geneva, 08 July 2021





## **Audit Objectives and Scope**

### **A. Financial Audit**

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.

### **B. Audit of internal controls and systems of the project**

In addition, we conducted the necessary audit steps to cover the project's internal controls and systems in order to assess:

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

Specifically, we assessed 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.



**United Nations Development Programme (UNDP)**  
*Report of the Independent Auditor on the  
Directly Implemented (DIM) Project ID 00126628  
"Covid-19 Outbreak Response" – Output ID 00120645  
Implemented in UNDP Nigeria  
For the period from 01 January to 31 December 2020*

- (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.

The audit of internal controls and systems was conducted in accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF).

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.





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## **A. Financial Audit**

### **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 00126628 – Output ID 00120645 "Covid-19 Outbreak Response" 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 9,481,583.36 is comprised of expenditure directly incurred by the UNDP Country Office in Nigeria for an amount of USD 335,398.71 and expenditure incurred by entities other than the Country Office for an amount of USD 9,146,184.65. Our audit only covered the expenditure directly incurred by the UNDP Country Office in Nigeria of USD 335,398.71.

#### **Unmodified Opinion**

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of USD 335,398.71 directly incurred by the UNDP Country Office in Nigeria 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 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 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, 08 July 2021



## **B. Audit of internal control and systems of the project**

### **Independent Auditors' Report**

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

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Results of the project's internal control and systems assessment

Specifically, the following internal controls areas were assessed with regard to the audited project:

Terms of reference	Conclusion
Organization and Staffing	Fully Satisfactory
Programme and project management	Fully Satisfactory
Human Resources	Fully Satisfactory
Finance	Fully Satisfactory
Procurement	Fully Satisfactory
Asset Management	Fully Satisfactory
Cash Management	Fully Satisfactory
Information Systems	Fully Satisfactory
General Administration	Fully Satisfactory
Follow-up on previous audits	Not applicable

KPMG SA

Pierre-Henri Pingeon  
Partner

Geneva, 08 July 2021

Henri Mwaniki  
Senior Manager

**Annex:**

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output ID 00120645 (USD)





# Combined Delivery Report By Project

UNDP UN Development Programme  
Report ID: unglcdrp

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Run Time: 24-05-2021 14:05:18

## Selection Criteria:

Business Unit: NGA10  
Period: Jan-Dec (2020)  
Selected Project Id: ALL  
Selected Fund Code: ALL  
Selected Dept. IDs: ALL  
Selected Outputs: 00120645

Project Id : 00126628 COVID-19 Outbreak Response		Period : Jan-Dec (2020)		
Output # : 00120645 COVID-19 Outbreak Response		Impl. Partner : 99999:UNDP		
		Location : PROGRAMME SECTION		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 36401 (Nigeria - Central)

Fund: 04000 (Core Programme, UNU Centre)

72210 - Machinery and Equipment	0.00	716,296.05	0.00	716,296.05
72215 - Transportation Equipment	0.00	- 0.07	0.00	- 0.07
72315 - Food & Textile Products	0.00	83,000.00	0.00	83,000.00
72320 - Wood & Paper Products	0.00	420.00	0.00	420.00
72325 - Chemical, Glass, NonMetallic Prd	0.00	- 160,666.00	0.00	- 160,666.00
72330 - Medical Products	0.00	38,646.00	0.00	38,646.00
74505 - Insurance	0.00	647.48	0.00	647.48
74725 - Other L.T.S.H.	0.00	20,265.00	0.00	20,265.00
<b>Total for Fund 04000</b>	<b>0.00</b>	<b>698,608.46</b>	<b>0.00</b>	<b>698,608.46</b>

Fund: 04210 (Regional Activities - RBA)

72210 - Machinery and Equipment	0.00	140,235.00	0.00	140,235.00
72315 - Food & Textile Products	0.00	29,999.92	0.00	29,999.92
72325 - Chemical, Glass, NonMetallic Prd	0.00	463,040.00	0.00	463,040.00
72330 - Medical Products	0.00	49,824.00	0.00	49,824.00
72350 - Medical Kits	0.00	326,408.45	0.00	326,408.45
74505 - Insurance	0.00	303.76	0.00	303.76
<b>Total for Fund 04210</b>	<b>0.00</b>	<b>1,009,811.13</b>	<b>0.00</b>	<b>1,009,811.13</b>

Fund: 16511 (MPS COVID)

71630 - Shipment	0.00	1,232.00	0.00	1,232.00
72120 - Svc Co-Trade and Business Serv	0.00	281.15	0.00	281.15
72125 - Svc Co-Studies & Research Serv	0.00	112,653.40	0.00	112,653.40
72210 - Machinery and Equipment	0.00	398,900.00	0.00	398,900.00
72215 - Transportation Equipment	0.00	279.60	0.00	279.60
72330 - Medical Products	0.00	890,520.00	0.00	890,520.00
72350 - Medical Kits	0.00	4,804,980.00	0.00	4,804,980.00
73115 - Moving Expenses	0.00	17,690.91	0.00	17,690.91
74505 - Insurance	0.00	4,590.08	0.00	4,590.08
74705 - Port Operation	0.00	26,639.25	0.00	26,639.25
74725 - Other L.T.S.H.	0.00	2,031.74	0.00	2,031.74
75105 - Facilities & Admin - Implement	0.00	250,391.92	0.00	250,391.92
76135 - Realized Gain	0.00	- 132.10	0.00	- 132.10
<b>Total for Fund 16511</b>	<b>0.00</b>	<b>6,510,057.95</b>	<b>0.00</b>	<b>6,510,057.95</b>

Fund: 17000 (Agency Services - Local)

72105 - Svc Co-Construction & Engineer	0.00	0.14	0.00	0.14
72125 - Svc Co-Studies & Research Serv	0.00	- 0.00	0.00	0.00

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Combined Delivery Report By Project

Project Id : 00126628 COVID-19 Outbreak Response		Period :	Jan-Dec (2020)	
Output # : 00120645 COVID-19 Outbreak Response		Impl. Partner :	99999 UNDP	
		Location :	PROGRAMME SECTION	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72215 - Transporation Equipment	0.00	0.00	0.00	0.00
72325 - Chemical,Glass,NonMetallic Prd	0.00	0.00	0.00	0.00
74505 - Insurance	0.00	17.18	0.00	17.18
74520 - Storage	0.00	0.00	0.00	0.00
74705 - Port Operation	0.00	- 17.18	0.00	- 17.18
76125 - Realized Loss	0.00	0.00	0.00	0.00
Total for Fund 17000	0.00	0.14	0.00	0.14
Fund : 28644 (COVID Country Response)				
72105 - Svc Co-Construction & Engineer	0.00	486,214.18	0.00	486,214.18
72125 - Svc Co-Studies & Research Serv	0.00	18,457.90	0.00	18,457.90
72215 - Transporation Equipment	0.00	246,542.00	0.00	246,542.00
72325 - Chemical,Glass,NonMetallic Prd	0.00	110,000.00	0.00	110,000.00
74520 - Storage	0.00	23,000.00	0.00	23,000.00
74705 - Port Operation	0.00	34,764.19	0.00	34,764.19
75105 - Facilities & Admin - Implement	0.00	73,523.47	0.00	73,523.47
75710 - Participation of counterparts	0.00	65.00	0.00	65.00
76125 - Realized Loss	0.00	1,660.83	0.00	1,660.83
Total for Fund 28644	0.00	994,227.57	0.00	994,227.57
Fund : 85061 (MPS COVID19 Non-UNDP Fund)				
72125 - Svc Co-Studies & Research Serv	0.00	151,100.45	0.00	151,100.45
72210 - Machinery and Equipment	0.00	- 26,672.00	0.00	- 26,672.00
72350 - Medical Kits	0.00	140,112.00	0.00	140,112.00
74505 - Insurance	0.00	134.30	0.00	134.30
74725 - Other L.T.S.H.	0.00	4,203.36	0.00	4,203.36
Total for Fund 85061	0.00	268,878.11	0.00	268,878.11
Total for Dept : 36401	0.00	9,481,583.36	0.00	9,481,583.36
Total for Output : 00120645	0.00	9,481,583.36	0.00	9,481,583.36
Project Total :	0.00	9,481,583.36	0.00	9,481,583.36

Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
08 July 2021

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
08 July 2021

Signed By :

*[Signature]*

Date :

21/7/2021

Signed By :

*[Signature]* Leleke Dinku - DRR (P)

Date :



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UN Development Programme  
Report ID: unglcdrp

### Combined Delivery Report By Project

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Run Time: 24-05-2021 14:05:19

#### Selection Criteria :

Business Unit: NGA10  
Period: Jan-Dec (2020)  
Selected Project Id: ALL  
Selected Fund Code: ALL  
Selected Dept. IDs: ALL  
Selected Outputs: 00120645

Project Id: ALL	Period: Jan-Dec (2020)			
Output #: ALL	Impl. Partner:			
		Location:		
			Govt Exp	UNDP Exp
			UN Agencies Exp	Total Exp
36401 - Nigeria - Central			0.00	9,481,583.36
			0.00	9,481,583.36

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Funds Utilization

Selection Criteria :

Business Unit : NGA10  
Period : Jan-Dec (2020)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00120645

Project/Award : 00126628 COVID-19 Outbreak Response

Period : As at Dec 31, 2020

Output #	00120645	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			23,924.00

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