



**AUDIT**

**OF**

**UNDP ZAMBIA**

**STRENGTHENING SUPPLY CHAIN MANAGEMENT IN HEALTH SECTOR IN ZAMBIA**  
**(Directly Implemented Project No. 101751, Output No. 104048)**

**Report No. 2145**

**Issue Date: 3 July 2019**

**Report on the Audit of UNDP Zambia  
Strengthening Supply Chain Management in Health Sector in Zambia  
(Project No. 101751, Output No. 104048)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 6 to 20 May 2019, conducted an audit of Strengthening Supply Chain Management in Health Sector in Zambia (Project No. 101751, Output No. 104048, Construction of MSL warehouses) (the Project), which is directly implemented and managed by the UNDP Country Office in Zambia (the Office). The last audit of the Project was conducted by OAI, through Moore Stephens LLP in 2018 and covered project expenses from 1 January to 31 December 2017.

The audit firm conducted a financial audit 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 2018 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2018. 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*.

### Audit results

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

Project Expenses*	
Amount (in \$ '000)	Opinion
6,687	Unmodified

\*Expenses recorded in the Combined Delivery Report were \$6,892,872.58. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$205,895.18).

The audit did not result in any recommendations.

**Implementation status of previous OAI audit recommendations:** Report No. 1976, 26 July 2018.

Total recommendations: 4

Implemented: 4

<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.

A handwritten signature in blue ink, appearing to read 'Antoine Khoury', is enclosed within a black rectangular box.

Antoine Khoury  
Officer-in-Charge  
Office of Audit and Investigations