



AUDIT

OF

UNDP MADAGASCAR

Soutien Au Cycle Electoral de Madagascar (SACEM) 2017-1019
(Directly Implemented Project No. 103705, Output No. 105598)

Report No.2161

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**Report on the Audit of UNDP Madagascar
Soutien au Cycle Electoral de Madagascar (SACEM) 2017-2019
(Project No. 103705, Output No. 105598)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 6 to 14 May 2019, conducted an audit of the project entitled *Soutien Au Cycle Electoral de Madagascar (SACEM) 2017-2019* (Project No. 103705, Output No. 105598) (the Project), which is directly implemented and managed by the UNDP Country Office in Madagascar (the Office). This was the first audit of the Project.

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 statement¹ as well as Statement of Assets as of 31 December 2018. The audit did not include activities or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). 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*			Project Assets	
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)	Amount (in \$ '000)	Opinion
3,440	Modified	110	231	Unmodified

*Expenses recorded in the Combined Delivery Report were \$7,215,793.61. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$3,775,765.40).

** NFM: Net Financial Misstatement

The audit firm qualified its opinion on project expenses due to advances recorded as expenditures and expenditures incorrectly recorded during the audit period.

Key recommendations: Total = **3**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means, "Action is required to ensure UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to

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.

address: advances recorded as expenditures; individual contract fees not accounted for in the correct accounting period; and lack of supporting documents on travel expenses.

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

Management comments and action plan

The Resident Representative of UNDP Madagascar accepted all 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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