

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP MADAGASCAR

SOUTIEN AU CYCLE ELECTORAL DE MADAGASCAR (SACEM)
(Directly Implemented Project No. 103705, Output No. 105598)

Report No. 2223

Issue Date: 21 May 2020

Report on the Audit of UNDP Madagascar
Soutien au cycle electoral de Madagascar (SACEM) (Project No. 103705, Output No. 105598)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 16 to 20 March 2020, conducted an audit of *Soutien au cycle electoral de Madagascar (SACEM)* (Project No. 103705, Output No. 105598) (the Project), which is directly implemented and managed by the UNDP Country Office in Madagascar (the Office). The last audit of the Project was conducted by OAI, through BDO LLP in 2019 and covered project expenses from 1 January to 31 December 2018.

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 2019 and the accompanying Funds Utilization statement¹ as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. 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) or expenses of other United Nations agencies. 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	Amount (in \$ '000)	Opinion
1,922	Unmodified	301	Unmodified

*Expenses recorded in the Combined Delivery Report were \$4.9 million. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country as well as expenses incurred at the "responsible party" level (approximately \$3 million).

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 that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address insufficient and inadequate supporting documents as well as weaknesses in the justification of training expenses.

The three recommendations aim to ensure the reliability and integrity of financial and operational information, and compliance with legislative mandates, regulations and rules, policies and procedures.

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.

Implementation status of previous OAI audit recommendations: Report No. 2161, 11 July 2019.

Total recommendations: 3

Implemented: 3

Management comments and action plan

The Resident Representative accepted all of the 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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Director
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