



AUDIT

OF

INFRASTRUCTURES AND EQUIPMENTS
(Directly Implemented Project No. 105760, Output No. 106856)

IN

UNDP TOGO

Report No. 2368

Issue Date: 9 July 2021

**Report on the Audit of UNDP Togo
Infrastructures and Equipments
(Project No. 105760, Output No. 106856)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 3 to 11 May 2021, conducted an audit of ‘Infrastructures & Equipments’ (Project No. 105760, Output No. 106856) (the Project), which is directly implemented and managed by the UNDP Country Office in Togo (the Office). The last audit of the Project was conducted by OAI through KPMG SA in 2019 and covered project expenses from 1 January to 31 December 2018.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), the 700 series, 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 (CDR), which includes expenses for the period from 1 January to 31 December 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020. 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). 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 and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
1,341	Unmodified**

*Expenses recorded in the CDR were \$6,624,068. Excluded from the audit scope were expenses processed and approved by other UNDP offices outside of the country (\$5,258,821). Also excluded were expenses incurred at the “responsible party” level (\$23,761).

**There was a Net Financial Misstatement (understatement) of \$27,531 but it did not affect the audit opinion as it was not financially material.

Key recommendation: Total = 1, high priority = 1

The recommendation aims to ensure the reliability and integrity of financial and operational information.

For high (critical) priority recommendations, 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. The recommendation is presented below:

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.



Inaccurate presentation of the statement of expenditures (Issue 1)

Expenses incurred in 2020 were recorded in 2021, resulting in an understatement of the CDR in the amount of \$27,531 that represented approximately 2 percent of the audited expenditures.

Recommendation: The Office should implement robust control processes to ensure that all expenses recorded in the CDR relate to the reporting period.

The previous audit (Report No. 2160, issued on 26 June 2019) did not result in any recommendations.

Management comments and action plan

The Representant Resident accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Brett Simpson
Officer-in-Charge
Office of Audit and Investigations