



AUDIT

OF

IMPROVING EFFICIENCY OF VACCINATION SYSTEMS IN MULTIPLE STATES
(Directly Implemented Project No.98752, Output No. 101970)

IN

UNDP INDIA

Report No. 2532
Issue Date: 14 September 2022

**Report on the Audit of Improving Efficiency of Vaccination Systems in Multiple States
(Project No. 98752, Output No. 101970)
Implemented by UNDP India
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 6 to 15 June 2022, conducted an audit of ‘Improving Efficiency of Vaccination Systems in Multiple States’ (Project No. 98752, Output No. 101970) (the Project), which is directly implemented and managed by the UNDP Country Office in India (the Office) The last audit of the Project was conducted by OAI through PKF Littlejohn LLP in 2021 and covered project expenses from 1 January to 31 December, 2020.

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, which includes expenses for the period from 1 January to 31 December 2021 and the accompanying Funds Utilization statement¹ as of 31 December 2021. 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 Financial Position			
Amount (in \$ ‘000)	Opinion	NFM* (in \$ ‘000)	Impact on Project Financial Position
14,046 (Project Expenses) 3,033 (Commitments)	Qualified	415	Understatement of commitments

*NFM= Net Financial Misstatement

The audit firm qualified its opinion on the project financial position due to understatement of outstanding commitments balance in the Fund Utilization statement. The resulting financial impact was a material understatement of the project financial position in the amount of \$415,351, representing around 12 percent of the project’s total outstanding commitments as at 31 December 2021. The qualified audit opinion did not impact the reported project expenses in the Combined Delivery Report as the understatement of commitments impacted only the Fund Utilization statement.

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.

Key recommendations: Total = 3, high priority = 1

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	3	High
Compliance with legislative mandates, regulations and rules, policies and procedures	1 and 2	Medium

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 high (critical) priority recommendation is presented below:

Understatement of
commitment balance

(Issue 3)

The Office did not record in its books, a contract amendment dated 31 December 2021 in the amount of INR 30,861,614 (USD \$415,351). This resulted in the understatement of the project's outstanding commitment balance as at 31 December 2021 by 12 percent.

Recommendation: The Office shall take due care in reviewing the impact of any amendments carried out in contracts during the financial year and specifically towards year end to ensure all outstanding contracted commitments are accurately and timely reflected in the CDR.

Implementation status of previous OAI audit recommendations: Report No. 2369, 19 October 2021.

Total recommendations: 3

Implemented: 2

Not implemented: 1

The pending recommendation pertains to contract / purchase order prepared after commencement of work. The status of implementation of this recommendation is currently in progress as part (a) of the recommendation was implemented while part (b) was yet to be completed.

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.

Helge S. Ostveiten
Director
Office of Audit and Investigations