



**AUDIT**

**OF**

**COUNTRY SUPPORT MANAGEMENT TEAM (CSMT) ENGAGEMENT FACILITY**  
**(Directly Implemented Project No. 127222, Output Nos. 121148, 121149, 121150, 121151)**

**IN THE**

**UNDP CRISIS BUREAU**

**Report No. 2655**

**Issue Date: 9 August 2023**

**Report on the Audit of Country Support Management Team (CSMT) Engagement Facility (Project No. 127222, Output Nos. 121148, 121149, 121150 and 121151)  
Implemented by the UNDP Crisis Bureau  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through BDO LLP (the audit firm), from 25 May to 30 June 2023, conducted an audit of Country Support Management Team (CSMT) Engagement Facility (Project No. 127222, Output Nos. 121148, 121149, 121150 and 121151) (the Project), which is directly implemented and managed by the UNDP Crisis Bureau (the Office). This was the first audit of the Project.

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 2022 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2022 as well as Statement of Assets as of 31 December 2022. 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 UNDP Crisis Bureau. 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* of The Institute of Internal Auditors (The IIA).

**Audit results**

Based on the audit report(s) and corresponding management letter(s) submitted by the audit firm, the results are summarized in the table below:

| Project Expenses*      |            |                       |                  | Project Assets         |           |                     |
|------------------------|------------|-----------------------|------------------|------------------------|-----------|---------------------|
| Amount<br>(in \$ '000) | Opinion    | NFM**<br>(in \$ '000) | Impact on<br>CDR | Amount<br>(in \$ '000) | Opinion   | NFM<br>(in \$ '000) |
| 7,641                  | Unmodified | 137.6                 | 137.6            | 167                    | Qualified | 56.1                |

\*Expenses recorded in the Combined Delivery Report were \$10,100,573.90. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the UNDP Crisis Bureau (\$2,459,384.49).

\*\*NFM= Net Financial Misstatement

There was a Net Financial Misstatement (NFM) of \$137,592 but it did not affect the audit opinion as it was not financially material.

The audit firm qualified its opinion project assets due to the understated value of an intangible asset (Cloud Based Application Tracking and Deployment Platform/Software). The resulting financial impact was a material understatement of the financial statements in the amount of \$56,087, which represented 33.52 percent of the total assets reported by the project as of 31 December 2022.

<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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**Key recommendations:** Total = **5**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are five 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 the following: 1) costs not being reported under the correct accounting period; 2) the value of an intangible asset being understated; 3) weaknesses in contractor sourcing process and justification of value for money; 4) insufficient supporting documents; and 5) commitment balance in the Funds Utilization statement being unfairly stated.

The five recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendations 1, 3, 4 and 5), and (b) safeguarding of assets (Recommendation 2).

**Management comments and action plan**

The Assistant Administrator and Director of the UNDP Crisis Bureau accepted all five recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

*Moncef Ghrif*

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