



AUDIT

OF

EMERGENCY MINE ACTION - PHASE II
(Directly Implemented Project No. 138840, Output No. 128797)

IN

UNDP YEMEN

Report No. 2677
Issue Date: 29 August 2023

**Report on the Audit of Emergency Mine Action – Phase II
(Project No. 138840, Output No. 128797)
Implemented by UNDP Yemen
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 4 to 26 June 2023, conducted an audit of Emergency Mine Action – Phase II (Project No. 138840, Output No. 128797) (the Project), which is directly implemented and managed by the UNDP Country Office in Yemen (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 statement¹ 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 country (such as UNDP Regional Centres and UNDP Headquarters). In addition, the audit did not cover the Statement of Cash 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 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
8,550	unmodified	5	unmodified

*Expenses recorded in the Combined Delivery Report were \$10,273,763. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$1,414,992). Also excluded were expenses incurred at the “responsible party” level (\$308,641).

Key recommendation: Total = **1**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There is a medium (important) priority recommendation, 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.” This recommendation includes actions to address the overstatement of commitments balance in the Funds Utilization Statement.

The recommendation aims to ensure reliability and integrity of financial and operational information (Recommendation 1).

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.



Management comments and action plan

The Resident Representative 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.

Moncef Ghrib

Moncef Ghrib
Deputy Director (Audit)
Office of Audit and Investigations