

**UNDP COUNTRY OFFICE IN ALBANIA**

**PROJECT NAME: “Establishing Albania’s Environmental  
Information Management and Monitoring System Aligned with the  
Global Reporting”**

**PROJECT NUMBER ID: 00089654**

**Financial Statements for the period**

**1 December 2015- 31 December 2017**

**(with independent auditor’s reports thereon)**

# Contents

	<b>Page</b>
Independent Auditors' Report of Statement of Expenditures- Combined Delivery Report	i-iii
Combined Delivery Report	
Certification of Statement of Assets and Equipment	i
Certification of Statement of Cash Position	ii
Notes to the financial statements	1-3



KPMG Albania Shpk  
Deshmoret e Kombit Blvd  
Twin Towers Building 1, floor 13  
Tirana, Albania  
+355 (4) 2274 524  
al-office@kpmg.com  
kpmg.com/al

## Independent Auditors' Report "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting"

To the National Project Director and the Resident Representative

### *Opinion*

We have audited the accompanying financial statements of the UNDP project no. 00089654 "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting" ("the Project"), which comprise the Statement of Expenses for the period from 1 December 2015 to 31 December 2017 and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are prepared, in all material respects, the expense of US Dollar 2,514.9, US Dollar 188,389.41 and US Dollar 295,273.18 incurred by the project "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting" for the period 1 December 2015 to 31 December 2015, 1 January 2016 to 31 December 2016 and 1 January 2017 to 31 December 2017 respectively, in accordance with UNDP agreed upon accounting policies as set out in Note 3 of the financial statements and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project and UNDP in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and with Institute of Authorized Chartered Auditors of Albania Code of Ethics (IEKA Code), together with the ethical requirements of the Law No. 10091, dated 5 March 2009 "On the statutory audit and the organization of the statutory auditors and chartered accountants professions", amended, that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and IEKA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



#### *Emphasis of Matter- Basis of Accounting and Restriction on Use and Distribution*

We draw attention to the basis of accounting used in the preparation of the Statement of expenses, which is described in Note 3 to the financial statements. As a result, the financial statements may not be suitable for a purpose other than reporting on the Project Document contractual arrangements. Our report is intended solely for UNDP, the National Project Director and the Resident Representative and should not be distributed to or used by other parties. Our opinion is not modified in respect of that matter.

#### *Other matter*

The accompanying financial statements include in the total expenses made by UNDP, the amount of US Dollar 0, US Dollar 0 and 1,197.96 which relates to expenses incurred, respectively for the period from 1 December 2015 to 31 December 2015, 1 January 2016 to 31 December 2016 and 1 January 2017 to 31 December 2017 that based on the UNDP agreed terms of reference are excluded from the scope of the audit.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of organization's internal control.
- Evaluate the appropriateness of accounting policies used and related disclosures made by management



We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, reading 'Fatos Bedja', written in a cursive style.

Fatos Bedja  
Statutory Auditor

The logo for KPMG Albania Shpk, featuring the text 'KPMG Albania Shpk' in a blue, sans-serif font.

KPMG Albania Shpk  
Deshmoret e Kombit Blvd.  
Twin Towers Building I, floor 13  
Tirana, Albania

Tirana, 29 March 2018



**Selection Criteria :**

Business Unit : ALB10  
Period : Jan-Dec (2015)  
Selected Project Id : 00089654  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

Project Id : 00089654 Capacity for environmental mon	Period :	Jan-Dec (2015)
Output # : 00095759 Capacity for environment	Impl. Partner :	00015 GOVT as Executing and Implem
	Location :	Albania

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
--	----------	----------	-----------------	-----------

Dept: 53205 (Albania - Energy & Envirnmnt)

Fund : 62000 (GEF Voluntary Contribution )

71305 - Local Consult.-Sht Term-Tech	0.00	344.56	0.00	344.56
71405 - Service Contracts-Individuals	0.00	2,087.81	0.00	2,087.81
71410 - MAIP Premium SC	0.00	6.74	0.00	6.74
71415 - Contribution to Security SC	0.00	75.79	0.00	75.79
<b>Total for Fund 62000</b>	<b>0.00</b>	<b>2,514.90</b>	<b>0.00</b>	<b>2,514.90</b>
<b>Total for Dept : 53205</b>	<b>0.00</b>	<b>2,514.90</b>	<b>0.00</b>	<b>2,514.90</b>
<b>Total for Output : 00095759</b>	<b>0.00</b>	<b>2,514.90</b>	<b>0.00</b>	<b>2,514.90</b>

<b>Project Total :</b>	<b>0.00</b>	<b>2,514.90</b>	<b>0.00</b>	<b>2,514.90</b>
------------------------	-------------	-----------------	-------------	-----------------

Certified by  
K.P.A.G. Albania Shpk  
29 March 2018

KPMG Albania Shpk

26.7.2016

Elvita Kabashi

Signed By :

*Doleta Caku*

Date :

26.07.2016

Signed By :

*[Handwritten signature]*

26/7/2016





UN  
DP

Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

Page 2 of 3  
Run Time: 22-07-2016 13:07:2

Selection Criteria :

Business Unit : ALB10  
Period : Jan-Dec (2015)  
Selected Project Id : 00089654  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

Project Id : ALL	Period : Jan-Dec (2015)
Output # : ALL	Impl. Partner : Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
53205 - Albania - Energy & Envirnmnt	0.00	2,514.90	0.00	2,514.90





**Funds Utilization**

Selection Criteria :

Business Unit : ALB10  
Period : Jan-Dec (2015)  
Selected Project Id : 00089654  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

No Data found for the Selection Criteria







Combined Delivery Report By Project

UN Development Programme

Report ID: unglcdrp

Page 2 of 4

Run Time: 13-02-2017 11:02:31

Project Id : 00089654 Capacity for environmental mon	Period :	Jan-Dec (2016)		
Output # : 00095759 Capacity for environment	Impl. Partner :	00015 GOVT as Executing and implem		
	Location :	Albania		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Total for Output : 00095759	0.00	188,389.41	0.00	188,389.41
-----------------------------	------	------------	------	------------

Project Total :	0.00	188,389.41	0.00	188,389.41
-----------------	------	------------	------	------------

Signed By :  Elvita Kabashi Date: February 13, 2017

Signed By : ARGENT ALLTARI Date: 13/02/2017

Certified by:  
VIATIS Albania Shpk.

KPMG Albania Shpk 24 March 2018

Combined Delivery Report By Project



UN Development Programme  
Report ID: unglodrp

Page 3 of 4  
Run Time: 13-02-2017 11:02:32

Selection Criteria :

Business Unit : ALB10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

Project id : ALL Output # : ALL	Period : Jan-Dec (2016)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
53205 - Albania - Energy & Envimmnt	0.00	188,389.41	0.00	188,389.41



Funds Utilization

Selection Criteria :

Business Unit : ALB10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

Project/Award: 00089654 Capacity for environmental mon

Period : As at Dec 31, 2016

Output #	00095759	Impl. Partner :00016 GOVT as Executing and Implem	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00





**Selection Criteria :**

Business Unit : ALB10  
Period : Jan-Dec (2017)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095759

Project Id : 00089654 Capacity for environmental mon	Period : Jan-Dec (2017)
Output # : 00095759 Capacity for environment	Impl. Partner : 00015 GOV/As Executing and Implm
	Location : Albania

Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
----------	----------	-----------------	-----------

Dept: 53206 (Albania - Energy & Environmnt)

Fund : 04000 (Core Programme, UNU Centre)

71405 - Service Contracts-Individuals	0.00	4,227.10	0.00	4,227.10
71805 - Travel Tickets-International	0.00	375.87	0.00	375.87
71815 - Daily Subsistence Allow-Intl	0.00	1,260.00	0.00	1,260.00
71820 - Daily Subsistence Allow-Local	0.00	1,987.82	0.00	1,987.82
71835 - Travel - Other	0.00	152.00	0.00	152.00
73104 - Leased Building	0.00	249.87	0.00	249.87
74525 - Sundry	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	0.00	0.00	0.00

Total for Fund 04000 0.00 8,262.08 0.00 8,262.08

Fund : 30071 (Programme Cost Sharing GOV1)

72805 - Grants to Instit & other Benef	0.00	29,948.89	0.00	29,948.89
75105 - Facilities & Admin - Implement	0.00	1,197.96	0.00	1,197.96

Total for Fund 30071 0.00 31,146.85 0.00 31,146.85

Fund : 62000 (GEF Voluntary Contribution )

71205 - Intl Consultants-Sht Term-Tech	0.00	17,550.00	0.00	17,550.00
71211 - Intl Consult Security Charge	0.00	745.87	0.00	745.87
71305 - Local Consult.-Sht Term-Tech	0.00	112,462.96	0.00	112,462.96
71360 - Local Consult-Security	0.00	4,319.89	0.00	4,319.89
71405 - Service Contracts-Individuals	0.00	16,327.80	0.00	16,327.80
71410 - MAIP Premium SC	0.00	44.03	0.00	44.03
71415 - Contribution to Security SC	0.00	748.38	0.00	748.38
71805 - Travel Tickets-International	0.00	246.47	0.00	246.47
71815 - Daily Subsistence Allow-Intl	0.00	1,762.88	0.00	1,762.88
71820 - Daily Subsistence Allow-Local	0.00	3,219.81	0.00	3,219.81
71835 - Travel - Other	0.00	142.00	0.00	142.00
72105 - Svc Co-Construction & Engineer	0.00	27,332.35	0.00	27,332.35
72145 - Svc Co-Training and Educ Serv	0.00	2,307.27	0.00	2,307.27
72220 - Furniture	0.00	10,291.81	0.00	10,291.81
72399 - Other Materials and Goods	0.00	0.00	0.00	0.00
72401 - Prefab structure/other buildin	0.00	2,428.71	0.00	2,428.71
72405 - Acquisition of Communic Equip	0.00	0.00	0.00	0.00
72440 - Connectivity Charges	0.00	125.43	0.00	125.43
72505 - Stationery & other Office Supp	0.00	289.54	0.00	289.54
72805 - Grants to Instit & other Benef	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	38,641.20	0.00	38,641.20
74205 - Audio Visual Productions	0.00	3,100.27	0.00	3,100.27
74210 - Printing and Publications	0.00	7,410.35	0.00	7,410.35
74215 - Promotional Materials and Dist	0.00	1,147.10	0.00	1,147.10



Project Id : 00089854 Capacity for environmental mon	Period	Jan-Dec (2017)		
Output # : 00095759 Capacity for environment	Impl. Partner:	00018 GOVT as Executing and Implem		
	Location :	Albania		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74220 - Translation Costs	0.00	1,714.47	0.00	1,714.47
74225 - Other Media Costs	0.00	612.89	0.00	612.89
74510 - Bank Charges	0.00	387.26	0.00	387.26
74525 - Sundry	0.00	527.56	0.00	527.56
75708 - Learning - subcontracts	0.00	1,882.95	0.00	1,882.95
76125 - Realized Loss	0.00	144.42	0.00	144.42
76135 - Realized Gain	0.00	-38.98	0.00	-38.98
<b>Total for Fund 62000</b>	<b>0.00</b>	<b>255,874.27</b>	<b>0.00</b>	<b>255,874.27</b>
<b>Total for Dept : 53205</b>	<b>0.00</b>	<b>295,273.18</b>	<b>0.00</b>	<b>295,273.18</b>
<b>Total for Output : 00095759</b>	<b>0.00</b>	<b>295,273.18</b>	<b>0.00</b>	<b>295,273.18</b>
<b>Project Total :</b>	<b>0.00</b>	<b>295,273.18</b>	<b>0.00</b>	<b>295,273.18</b>

Corrupted by:  
KPMG Albania Shpk

29 March 2018  
KPMG Albania Shpk

Signed By: Stedjans Marika Keshi Date: 06/02/2018  
 Signed By: Elvira Kabashi Date: 06/02/2018



KPMG Albania Shpk  
Deshmoret e Kombit Blvd  
Twin Towers Building 1, floor 13  
Tirana, Albania  
+355 (4) 2274 524  
al-office@kpmg.com  
kpmg.com/al

**Certification of Statement of Assets and Equipment  
“Establishing Albania’s Environmental Information  
Management and Monitoring System Aligned with the Global  
Reporting”**

To the National Project Director and the Resident Representative

We were engaged to audit the Statement of assets and equipment (“the statement”) of the UNDP project no. 00089654 “Establishing Albania’s Environmental Information Management and Monitoring System Aligned with the Global Reporting” (“the Project”), as at 31 December 2017.

As stated in the accounting policy Note 3.c to the financial statements, the Project does not have any assets or equipment and therefore no certification of assets and equipment is relevant for this Project.

Fatcs Beqja  
Statutory Auditor

**KPMG Albania Shpk**

KPMG Albania Shpk  
Deshmoret e Kombit Blvd.  
Twin Towers Building I, floor 13  
Tirana, Albania

Tirana, 29 March 2018





KPMG Albania Shpk  
Deshmoret e Kombit Blvd  
Twin Towers Building 1, floor 13  
Tirana, Albania  
+355 (4) 2274 524  
al-office@kpmg.com  
kpmg.com/al

## Certification of Statement of Cash Position “Establishing Albania’s Environmental Information Management and Monitoring System Aligned with the Global Reporting”

To the National Project Director and the Resident Representative

We were engaged to audit the Statement of Cash Position (“the statement”) of the UNDP project no. 00089654 “Establishing Albania’s Environmental Information Management and Monitoring System Aligned with the Global Reporting” (“the Project”), as at 31 December 2017.

As stated in the accounting policy Note 3.d to the financial statements, cash and bank balances are entirely controlled by UNDP CO and therefore no certification of cash position is relevant for this Project.

Fatos Beqja  
Statutory Auditor

**KPMG Albania Shpk**

KPMG Albania Shpk  
Deshmoret e Kombit Blvd.  
Twin Towers Building I, floor 13  
Tirana, Albania

Tirana, 29 March 2018

## UNDP COUNTRY OFFICE IN ALBANIA

Project Name: "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting"

Project Number: 00089654

Notes to the financial statements for the period 1 December 2015- 31 December 2017

*(amounts in US Dollar unless otherwise stated)*

---

### 1. General

"Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting" (the "Project") has been designed to strengthen capacity for environmental monitoring and information management in Albania by establishing an operational environmental information management and monitoring system (EIMMS) with a focus on biodiversity and protected areas. The project addresses the need for an environmental monitoring system that is integrated through relevant government institutions and that uses international monitoring standards for indicator development, data collection, analysis, and policy-making.

The project objective is to establish an Environmental Information Monitoring and Management System (EIMMS) aligned with reporting on global environmental issues. In particular the project has aimed to achieve the following contributing components- expected outcomes:

- 1) Degree to which the national environmental information portal has been harmonized and enhanced using existing data sources to address global environmental conventions needs
- 2) Extent to which key global caliber environmental indicators are set at the national level and associated baseline information is recorded.
- 3) Amount by which stakeholders' capacity for information management and utilization for global environmental reporting needs is enhanced at the national and local level.

The three contributing areas corresponding to the expected outcomes as per project strategy include work in the following areas:

- 1) Development of an EIMMS that will be able to integrate global environment commitments into planning and monitoring processes;
- 2) Development and application of standard indicators encompassing UNFCCC-("United Nations Framework Convention of Climate Change"), CBD- ("Convention on Biological Diversity") and CCD-("Convention to Combat Desertification and Drought") concerns and global environmental threats; and
- 3) Enhancement of stakeholder capacity for information management (data collection and processing) of key global environment data and information utilization (interpretation and reporting) at the national and local level.

The project started on 13 November 2015 and it is expected to be completed by 13 November 2019.

The total approved budget are US Dollar 6,399,700, composed of in kind contribution from Co-Financing amounting to US Dollar 5,279,700 and grant contributions amounting to US Dollar 1,120,000 shown as follows:

	<b>Grant</b>	<b>CDR 2015</b>	<b>CDR 2016</b>	<b>CDR 2017</b>	<b>Total</b>	<b>In %</b>
GEF	970,000	2,515	176,696	255,826	432,522	45%
Ministry of Environment	100,000	-	-	31,147	31,147	31%
UNDP Albania	50,000	-	11,693	8,300	19,993	40%
<b>Grand total</b>	<b>1,120,000</b>	<b>2,515</b>	<b>188,389</b>	<b>295,273</b>	<b>486,177</b>	<b>43%</b>

## UNDP COUNTRY OFFICE IN ALBANIA

Project Name: "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting"

Project Number: 00089654

Notes to the financial statements for the period 1 December 2015- 31 December 2017

*(amounts in US Dollar unless otherwise stated)*

---

### 2 Basis of Preparation

The Combined Delivery Report has been prepared in order to serve as the official project financial statements.

The Combined Delivery Reports are prepared in accordance to UNDP accounting rules and regulations as set out in Note 3 to these financial statements and IPSAS.

UNDP has started to implement IPSAS effective as of January 1, 2012, and in accordance the CDRs are prepared in two sections: the first section contains the total expenses detailed by Implementing Partner, UNDP and UN Agencies) and the second section showing the following information:

- Outstanding NEX advances
- Undepreciated fixed assets
- Inventory
- Prepayments
- Commitments

The Project recognizes income when earned and expenses when goods or services are received and a corresponding liability to pay is created.

### 3. Summary of significant accounting policy

A summary of significant accounting policies underlying the preparation of the Combined Delivery Report for the period from 1 December 2015 to 31 December 2017 is presented below.

#### a) Recognition of Expenditures

The Combined Delivery Report is presented in US Dollars (US \$). Starting 1 January 2012, with IPSAS implementation expenses are recognized when goods and services are received by UNDP and a corresponding liability to pay is created.

#### b) Foreign Currency Expenditures

The expenditures are recorded in the accounting records in US Dollars only. Expenditure in any currency other than US Dollars is converted at the UN exchange rate applicable for the month, which is centrally uploaded into the ATLAS accounting software. In case of payments in currencies other than US Dollars, which are made subsequent to the month of the preparation of Voucher, the difference arising from exchange rate fluctuation between the months of Voucher preparation and payment is treated as a realized loss or gain.

The applicable exchange rates representing the official UN exchange rate (US \$ to LEK) from December 2015 to 31 December 2017 were as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
January		127.70	122.25
February		127.70	122.25
March		121.95	124.85
April		121.40	125.66
May		120.05	125.66
June		121.10	118.70
July		119.15	117.25
August		120.75	111.45
September		119.25	111.45
October		119.50	110.05
November		122.25	110.95
December	127.70	122.25	110.40

## UNDP COUNTRY OFFICE IN ALBANIA

Project Name: "Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting"

Project Number: 00089654

Notes to the financial statements for the period 1 December 2015- 31 December 2017  
(amounts in US Dollar unless otherwise stated)

---

### 3. Summary of significant accounting policy (continued)

#### c) Assets and Equipment

The assets and equipment procured under this project are the property of UNDP unless a decision on transfer of equipment is taken by UNDP during or at the end of the Project and are recognized upon the following criterion are met:

- i. Provides future economic or service benefits to UNDP – i.e. the Assets and Equipment item is held for use in the implementation of UNDP Programmes or for administrative purposes;
- ii. Is expected to be used during more than one reporting period, which in UNPD is 12 months;
- iii. Has a value of US \$ 1,500;
- iv. Is used and controlled by UNDP; and
- v. Has a cost that can be reliably determined.

Assets acquired for projects implemented through Country Office Support to national implementing projects may qualify for capitalization, provided the assets are under the use and control of UNDP.

#### Depreciation

Each item of Assets and Equipment shall be depreciated when it is available for use (i.e. tagged as in-service within the Asset Module), using the straight-line method or equal apportionment/ constant charge over its useful life, on a monthly basis, using the actual month convention. Depreciation calculations and charges will be carried out automatically by the Atlas system.

#### Transfers

Transfers of Assets and Equipment between two UNDP projects will be at the carrying amount (i.e. acquisition cost less the accumulated depreciation) with the receiving project transferring available resources/budget equal to the carrying amount, if any.

The project does not have assets or equipment as at 31 December 2017.

#### d) Cash Position

The bank accounts are held entirely by UNDP and all payments are done by UNDP. The project is not operating with petty cash.

### 4. Facilities and Administration fees

Based on UNDP Cost recovery policies, the Project is subject to General Management Support (GMS) and Implementation Support Services (ISS) fees. The GMS rate is set at the percentage negotiated and agreed with donors and is run automatically. The UNDP country office ensures that the total GMS and ISS is charged over the project life based on incurred expenditures.

### 5. Consultant fees

Consultant expenditures represent fees for services paid from the Project to local and international staff, consultants and trainers in order to provide the required deliverables stated in the relevant terms or references detailed as following:

Account	Account Description	2015	2016	2017
71205	International Consultant short term	-	18,600	17,550
71211	International Consultant Security Charge	-	298	746
71305	Local Consultant short term	345	59,614	112,463
71360	Local Consultant-Security Charge	-	2,388	4,320
	<b>Grand Total</b>	<b>345</b>	<b>80,899</b>	<b>135,079</b>



# UNDP Country Office in Albania

## **Management Letter**

**Project “ Establishing Albania’s Environmental Information Management and Monitoring System Aligned with the Global Reporting”**

**Project No. 00089654**

**For the period 1 December 2015 - 31 December 2017**

KPMG Albania Shpk

March 2018

This report contains 5 pages



## **Contents**

1	General	1
1.1	General review of the project's progress and timeliness	1
2	Assessment of the Project's internal control	3
3	Findings along with management comments:	4

## 1 General

### 1.1 General review of the project's progress and timeliness

"Establishing Albania's Environmental Information Management and Monitoring System Aligned with the Global Reporting" (the "Project") has been designed to strengthen capacity for environmental monitoring and information management in Albania by establishing an operational environmental information management and monitoring system (EIMMS) with a focus on biodiversity and protected areas. The project addresses the need for an environmental monitoring system that is integrated through relevant government institutions and that uses international monitoring standards for indicator development, data collection, analysis, and policy-making.

The project objective is to establish an Environmental Information Monitoring and Management System (EIMMS) aligned with reporting on global environmental issues. In particular the project has aimed to achieve the following contributing components-expected outcomes:

- 1) Degree to which the national environmental information portal has been harmonized and enhanced using existing data sources to address global environmental conventions needs
- 2) Extent to which key global caliber environmental indicators are set at the national level and associated baseline information is recorded.
- 3) Amount by which stakeholders' capacity for information management and utilization for global environmental reporting needs is enhanced at the national and local level.

The three contributing areas corresponding to the expected outcomes as per project strategy include work in the following areas:

- 1) Development of an EIMMS that will be able to integrate global environment commitments into planning and monitoring processes;
- 2) Development and application of standard indicators encompassing UNFCCC- ("United Nations Framework Convention of Climate Change"), CBD- ("Convention on Biological Diversity") and CCD- ("Convention to Combat Desertification and Drought") concerns and global environmental threats; and
- 3) Enhancement of stakeholder capacity for information management (data collection and processing) of key global environment data and information utilization (interpretation and reporting) at the national and local level.

The total programme period is from 13 November 2015- 13 November 2019 (48 months).

The total resources required from the Project amount to USD 6,399,700 and it is allocated as follows:

GEF Contribution	USD 970,000;
UNDP Contribution	USD 50,000;
Government Contribution	USD 100,000
And in kind contribution	USD 5,279,700





## 1.1 General review of the project progress and timeliness (continued)

The following is a summary of the project schedule and funding as per agreement with Donors:

Start date	13 November 2015
Completion date	13 November 2019
<b>Budget summary for the project</b>	
Period 13 Nov 2015- 13 Nov 2019	US \$1,120,000
Annual work plan 2016	US \$ 261,180
Annual work plan 2017	US \$ 327,480
Annual work plan 2018	US \$ 307,500
Annual work plan 2019	US \$ 223,840
<b>Actual expenditures (CDR) 2015</b>	<b>US \$ 2,515</b>
<b>Actual expenditures (CDR) 2016</b>	<b>US \$ 188,389</b>
<b>Actual expenditures (CDR) 2017</b>	<b>US \$ 295,273</b>
Delivery rate in 2017	43%

## 2 Assessment of the Project's internal control

### a) *The adequacy of expenditures made by Project*

Based on our audit procedures, nothing came to our attention that causes us to believe that the expenditures were not in accordance with project document and budget.

### b) *The transparency of procurement/contracting activities*

Based on our audit procedures, nothing came to our attention that causes us to believe that the procurement process for goods and services was not appropriate, adequate and working conditions.

### c) *The use, control and disposal of non-expendable equipment*

Based on our audit procedures, nothing came to our attention that causes us to believe that the equipment purchased, if any, were not procured and used for the Project activities. No equipment was purchased during the period.

### d) *The transparency of recruitment and hiring process*

Based on our audit procedures nothing came to our attention that causes us to believe that the recruitment and hiring process was not appropriate, adequate and working.

### e) *The adequacy of accounting records*

Based on our audit procedures nothing came to our attention that causes us to believe that the accuracy and completeness of records of receipts and disbursement of cash and their supporting the preparation of the quarterly financial report was not appropriate, adequate and working in accordance with UNDP operations policies and procedure.

### f) *The adequacy of direct payments and their proper authorization*

Based on our audit procedures, nothing came to our attention that causes us to believe that the verification and authorization of direct payments was not appropriate, adequate and working conditions.

### g) *The implementation level of previous audit recommendations*

Based on follow – up action plans submitted by the country office, we assessed the appropriate actions have been taken in respect of previous audit observations and recommendations that arose from the audits and did not encountered similar observations.



### 3 Findings along with management comments:

Project No.	Output No.	Obs. No	Audit Observation	Recommendation	Audit Area	Risk Severity	Project/ CO Management. Comments
00089654	00095759	1	During our procedures performed we noted that the employees recruited based on a Service Contract working in one or more projects are not required to prepare and submit for supervisor approval any timesheet or activities performed.	Timesheets represent a sound monitoring system enabling the project management to review the efficiency and effectiveness of the activities performed and incurred for respective project/s.	Project personnel efficiency and effectiveness	Low	<p>The timesheet is not required in SC policy, The project managers are responsible to internally manage the workload distribution as per agreed prorated percentage based on project size and SC carrier involvement.</p> <p>However UNDP will explore the possibility of application of timesheets for cases of personnel whose TORs covers more than one project</p>

### 3 Findings along with management comments (continues)

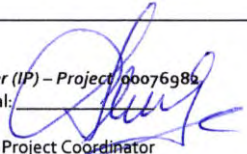



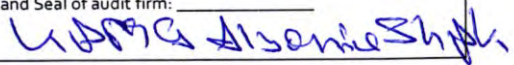
Project No.	Output No.	Obs. No	Audit Observation	Recommendation	Audit Area	Risk Severity	Project/ CO Management. Comments
00089654	00095759	2	During our procedures performed we noted that the GIS expert selection for an individual service contract was awarded to the candidate with the higher financial proposal based on the rationale that other candidate with the appropriate relevant subject matter experience is considered overqualified.	Project Management should ensure that any Individual Contract is properly awarded to bidders whose experience, technical and financial capacity considering the best value for money principle.	Procurement contract award	Low	<p>As per the TORs, the evaluation method used for IC is the combined one (70% technical and 30% financial) and not the lowest price offered.</p> <p>Kindly note that the candidate who was awarded the contract, scored higher in the combined scoring table of 70% technical and 30% financial, the scoring method defined in the TORs. The awarded candidate scored 82.94% compared to the other candidate that scored 78.75% (he scored lower in the technical component of relevant certification required by the TORs).</p> <p>Noted that the term overqualified, is not the correct term. But the rationale is that it was used to demonstrate that the candidate's technical expertise was not the one the evaluation panel was looking for and to demonstrate the candidate's ongoing engagement at the time of application, two ongoing positions, one managerial within the company and one with the company's third-party contracts.</p>

**Updated Action Plans**  
**For Prior Year Audit Observations and Recommendations**

Project No.:		00076932		Output No.:		00088056		Opinion Type: Unqualified				
Obs No	Observation	Recommendation	Audit Area	Risk Severity	Proj/CO Mngt Comments	Action(s) Planned	Target Impl. Date	Action Unit	Person Responsible for Action	Updated Status	Actual Impl. Date	Description of Status Update
1	During our audit procedures we noticed that in 14 out of 18 procurements we tested, the requisition was raised after the procurement process was completed and the contract with the vendor was signed. As per respective POPP ("Financial Resources"/ "Revenue and Expense Management"/ "Expense Management"/ "Raising e-requisitions") the requisition is used to request services or goods to be procured, thus inferring the creation of an e-requisition prior to procurement initiation and contract signing.	It is the Project Manager's responsibility to ensure that activities to be financed are compliant with UNDP mandate and policies, consistent with approved strategy, within frameworks and plans of UNDP and that the necessary resources are available in Atlas to satisfy the commitment. Not using e-requisitions properly increases the risk of error possibility in committing funds for specified service/goods. We recommend the usage of e-requisition functionality as per established Internal Control Framework, and prior approval from the Project Manager. Performing the budget check in Atlas leaves an audit trail in the system, which would make it easier to audit the internal control.	Procurement of Goods and/or Services	Low	Finding is noted. CO will follow up with the projects to ensure adequate usage of e-requisition functionality as per established Internal Control Framework	CO office has to organize a training to all project staff to ensure the target staff are equipped with proper knowledge of business operations procedures.	31-May-16	UNDP CO	Programme Staff	Implemented	01-Jun-16	CO office has organized one by one sessions to the respective staff/personnel to refresh their knowledges on business operations procedures. However, this is a continuous process and CO will provide ongoing advise to all the project/programme staff/personnel to ensure proper implementation of all the required procedures.
2	During the performance of our audit procedures we noted reimbursement of the DSAs and reimbursement of	We recommend that the TORs should be as specific and detailed as possible in order to include such costs, or	Procurement of Goods and/or Services	Low	Such kind of expenses were not specified in the ToR, because, considering the	The TORs should include at the extent possible the	31-May-16	Project Mngt	Project Managers and HR office	Implemented	01-Jun-16	The TORs for Individual Consultants includes (when applicable) the

<p>expenses as per UNDP procedures in 5/68 expenses tested. The TORs did not specify what the reimbursable would be in case of unpredicted travels, and as per Project Document such cases would need to be reimbursed using the DSA that is applied for UNDP staff, following those rules and procedures. However, as per POPP (Contract and Procurement, Individual Contracts (IC), Pre-requisites for Contracting) the procurement and negotiation with the IC must be made including all various expenses that the consultant expects to make. If TORs are compiled without a detailed description of the services or work required there is a risk of not attaining the best value for money, since the IC will not compete against one another using these costs (daily allowance and expenses for reimbursement).</p>		<p>at least have an indicative figure of what a fixed daily cost for travel and or other expenses would be in case of unpredictable travels. We encourage the inclusion of such fees or estimates on the financial proposals, so that the valuation committee considers them when deciding on the offer that provides the best value for money.</p>			<p>volume of work, the national geographical coverage, as well as the specifics for each region, it was impossible to pre-calculate all the various expenses and make the figures part of the negotiation with the IC. For other IC contracts, CO has strictly followed the procedure by including DSA and other expenses as part of the financial proposal. However, project manager in cooperation with programme and operations team will ensure to include in IC TORs at the extent possible an indicative figure of expenses other than daily fee</p>	<p>travel needs for the post to allow the consultants provide in their financial offer the best estimate for this component.</p>						<p>travel needs for the specific assignment.</p>
Project No.:		00060398	Output No.:	00076031		Opinion Type:		Unqualified				
Obs No	Observation	Recommendation	Audit Area	Risk Severity	Proj/CO Mngt Comments	Action(s) Planned	Target Impl. Date	Action Unit	Person Responsible for Action	Updated Status	Actual Impl. Date	Description of Status Update
1	During our audit procedures we noticed that in some individual contracts cases, the requisition was raised after the procurement process was completed and the contract with the	It is the Project Manager's responsibility to ensure that activities to be financed are compliant with UNDP mandate and policies, consistent with approved	Procurement of Goods and/or Services	Low	Finding is noted. CO will follow up with the project to ensure adequate usage of e-requisition functionality as per established	CO office has to organize a training to all project staff to ensure the target staff are equipped	31-May-16	UNDP CO	Programme Staff	Implemented	01-Jun-16	CO office has organized one by one sessions to the respective staff/personnel to refresh their knowledges on business

	<p>consultant was signed. As per respective POPP ("Financial Resources"/ "Revenue and Expense Management"/ "Expense Management"/ "Raising e-requisitions") the requisition is used to request services or goods to be procured, thus inferring the creation of an e-requisition prior to procurement initiation and contract signing.</p>	<p>strategy, within frameworks and plans of UNDP and that the necessary resources are available in Atlas to satisfy the commitment. Not using e-requisitions properly increases the risk of error possibility in committing funds for specified service/goods. We recommend the usage of e-requisition functionality as per established Internal Control Framework, and prior approval from the Project Manager. Performing the budget check in Atlas leaves an audit trail in the system, which would make it easier to audit the internal control.</p>		<p>Internal Control Framework</p>	<p>with proper knowledge of business operations procedures.</p>						<p>operations procedures. However, this is a continuous process and CO will provide ongoing advise to all the project/programme staff/personnel to ensure proper implementation of all the required procedures.</p>
--	---	--	--	-----------------------------------	---	--	--	--	--	--	---

<p>Implementing Partner (IP) – Project 00076980  Signature of IP Official:   Anila Shehu/National Project Coordinator  Date: <u>15.03.2018</u></p>		<p>Implementing Partner (IP) – Project 00060398  Signature of IP Official:   Mirela Kamberi/National Project Manager  Date: <u>14.03.2018</u></p>
<p>UNDP Country Office  Signature of UNDP Official:   Limya Eltayeb / Country Director  Date: <u>18 March 2018</u></p>	<p>Audit Firm  Signature of Audit firm Official:   Name and title (print): <u>Tates Beyto, Statutory Auditor</u>  Date: <u>29 March 2018</u></p>	<p><b>KPMG Albania Shn'</b>  Stamp and Seal of audit firm: </p>

A