

**AUDITOR'S REPORT ON**  
**UNDP ASSISTED NATIONAL**  
**IMPLEMENTATION (NIM)**  
**PROJECT**

**PROJECT TITLE:** PROMOTING AUTONOMOUS  
ADAPTATION AT THE COMMUNITY  
LEVEL

**PROJECT ID:** 00065106  
**OUTPUT ON:** 00081746

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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ስ.ቁ. 0116180638 0118961751/52  
ፋክስ 011 6621260/70  
ፓ.ሳ.ቁ. 110690  
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*TMS Plus*  
Chartered Certified Accountants (UK)  
Authorized Auditors (Ethiopia)  
Tel. 0118961752 Fax 011 662 1260/70  
Mob. 0911229425/0930034356/57  
P.O. Box – 110690 e-mail [tmsplus@ethionet.et](mailto:tmsplus@ethionet.et)  
Addis Ababa-Ethiopia

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## **1. Introduction**

Further to the audit contract signed between the Ministry of Finance and Economic Cooperation (MoFEC) and TMS Plus Chartered Certified Accounts (UK) and Authorized Auditors (ETH) on 13 February 2017, we have undertaken the audit of Promoting Autonomous Adaptation at the Community Level Output No. 00081746 and Project ID. 00065106, covering the stipulation of the “Terms of Reference for Audits of NGO - NIM Projects FY2016” for the year ended 31 December 2016.

## **2. Background and Objectives**

### **2.1 Background**

The Promoting Autonomous Adaptation at the Community Level project was designed to support Ethiopia to increase resilience to climate change through both immediate and long-term adaptation measures in development policies, plans, programmes, projects and actions. Climate change is of critical importance to the sustainable growth of Ethiopia.

Promoting Autonomous Adaptation at the Community level project contribute to Ethiopian’s National Action Plan for Adaptation (NAPA) priorities through promoting drought/crop insurance programme in Ethiopia; Strengthening/enhancing drought and flood early warning systems in Ethiopia; developing small-scale irrigation and water harvesting schemes in arid, semi- arid, and dry sub-humid areas of Ethiopia; establishing community-based sustainable utilization and management of wetlands in selected parts of Ethiopia; promoting of farm and homestead forestry and agro-forestry practices in arid, semi- arid, and dry sub-humid areas of Ethiopia) and is aligned to the nation’s growth and transformation plan. It will support the National Climate Resilient Green Growth Strategy, by supporting the development of territorial climate resilient plans at sub-national level and supporting the application of climate risk reducing techniques and practices in selected rural and urban sites.

The Project is under implementation at Federal level in Ministry of Environment and Forest, Climate Change (MoEFCC), Addis Ababa City Bureau of Environment and Forest, selected 4 regions namely Tigray, Oromia, Gambella and Benishangule Gumiz. The project sites are located in Enderta, Adami-Tullu, Gambella, and Assosa respective woredas in the regions.

### **2.2 Objectives**

The objective of the project is to support local communities and administrations at the lowest level of government to design and implement adaptation actions aimed at reducing vulnerability and building resilience, especially in those communities that are particularly vulnerable in the country.





### **3. Project Management**

The project management arrangement is guided by provisions of the National Implementation Modality (NIM). The management arrangement is structured at three levels.

The first level project Steering Committee consisting of UNDP and Ministry of Finance and Economic Cooperation (MoFEC) and MoEFCC. The Committee is the main decision making body on the direction, policy, resources, and overall oversight to insure project achievements. The second is the MoEFCC and the third is the different implementing partners consist of regional government offices, CBOs and NGOS.

The project is fully funded from UNDP and Global Fund. The total project budget for the five years is USD 6,140,814 and for the year 2016 is USD 1,313,055.38.

#### **Project Contact Persons**

- Mr. Tesfaye Woldeyes  
Project manager  
Promoting Autonomous Adaptation at the local level project, MoEFCC  
P.O.Box 12760 Addis Ababa, Ethiopia  
E-gamtesfaye2 @gmail.com  
Off: +251-(0)116-464897  
M: +251 (0)911606848  
Fax: +251-0116-464882/76
  
- W/o Wubua Mekonen  
GEF Program Specialist/CRGE Team Leader (a.i.)  
Climate Resilient Green Growth Unit  
United Nations Development Programme (UNDP)  
P.O. Box 5580, Addis Ababa, Ethiopia  
wubua.mekonnen@undp.org  
Office Tel:+251-115-515177 ext. 257 or +251-115-444016 (Direct)  
+251-911-561417 (Cell), +251-115-515147 (Fax)

### **4. Consultation with concerned parties**

Following our appointment as auditors of the project, we were invited and participated on the briefing meeting held with UNDP country office, PAA project manager and Partnership Management and Support Unit (PMSU) staff to discuss about the nature and activities of the project.

After completion of our audit field works we have conducted an exit conference with the UNDP country office and the government entity co-coordinating the project activities to debrief them about the outcomes of the audit.



## **5. Description of financial Reports Audited**

### **5.1 Combined delivery report (CDR)**

Combined Delivery Report (CDR) was prepared by UNDP, Using an in-house accounting software package called ATLAS. It combines from three disbursement sources. These disbursement sources includes:-

#### **i. Disbursement made by Government Office**

UNDP procedure requires that where funds are advanced to the executing agency, the agency must submit to the UNDP country office, on quarterly basis. The UNDP country office enters the disbursements in ATLAS through the year as the financial reports are received. These implementing partner disbursements are recorded in the Government expenses column in the CDR. Accordingly, we found IPs Government Expenditure of USD 1,208,482.19 in the Government Expenditure column of CDR.

#### **ii. Disbursement made by UNDP (country office, head quarts and other country offices)**

Disbursement made by UNDP from its own bank accounts is entered in ATLAS by the UNDP country office. These UNDP disbursements are recorded in the UNDP expense column in the CDR. These disbursement may be classified as either direct payments or UNDP support services. This distinction, while very important for audit purposes, is not apparent from the CDR and can only be provided by the UNDP country office as a supporting schedule. A brief description of each category is provided below.

##### **a) Direct Payments**

This is where the implementing partner is responsible for the expenses but requested UNDP to effect payment to the vendor/consultant on its behalf. The implementing party is accountable for the disbursements and maintains all supporting documentation.

UNDP simply effects payments on the basis of properly authorized requests and gives the implementing partners a copy of the related disbursement voucher as evidence that payment was made. The direct payment of the project is USD 57,043.24.

##### **b) UNDP Support Service**

This is where the government and UNDP have agreed that UNDP will provide support services to the project and signed a letter of agreement. These support service must be described in the letter of agreement. UNDP is fully responsible and accountable for the expenses and, accordingly, maintains all supporting documentation for the disbursement. These expenses are outside the scope of audit and, therefore, will not be reviewed by the auditors.





The terms of reference clearly stated that this scope limitation should not be used as a reason for issuing a qualified audit opinion on the CDR. According to the supporting schedules from UNDP, the UNDP support service of the project is USD 27,625.27.

### c) UN agencies

The UN agency reports its expenses to UNDP and government. The UNDP country office enters the expenses in ATLAS. These UN expenses are recorded in the UN agencies column in the CDR. This expense is not covered by our audit.

At the end of the year, after receiving the last quarter financial report from the implementing partner and the year-end expenses report from the UN agency, UNDP prepares the CDR and submits it to the implementing partner for signature. We have received the signed CDR by UNDP Ethiopia and the IP MoEFC.

The CDR is prepared in two sections; the first section containing the total Expense as explained above and the second section shows the outstanding NEX advance, Un-depreciated fixed assets, Inventory, Prepayments and commitments.

- **The Outstanding NEX advances:** -We have reconciled the Outstanding NEX Advance of USD nil with IP record and fund balance at the project level. The CDR value with nil balance is adjusted to reconciled balance.
- **The Cost of Un-depreciated fixed assets** for this project is nil, we have verified with record balance according to the implementing partner.
- **The Inventory, Prepayment and Commitments** for the project, according to the CDR are nil.

### 5.2 Statement of Assets

This report represents the monetary assets the implementing partners have procured from the project fund. The value of asset for this project is USD 447,029.95. The values are supported by the fixed asset register, as prepared by the implementing partner.

### 5.3 Statement of Cash Position

The implementing partner statement of cash position shows nil, as the remaining year end fund balance. We have compiled this information based on the records of the implementing partner.

## 6 Audit Scope

This audit is a special purpose financial statements audit carried out in accordance with the Terms of Reference for the audits of NIM Projects 2015. According to the Terms of Reference, we are required to provide an opinion as to the overall financial situation of the project for the year ended 31 December 2016 and express opinion on the financial Audit Reports:-



- a) The Statement of Expenses, Combined Delivery Report (UNDP - CDR) for the period from 1<sup>st</sup> January to 31<sup>st</sup> December, 2016;
- b) The Statement of Cash Position reported by the project as at 31<sup>st</sup> December 2016; and,
- c) The Statement of Assets and Equipment held by the project as at 31<sup>st</sup> December 2016.

**To produce Management letter:-**

A report on the weaknesses encountered while doing the financial audit, identify their causes and measure their degree of risk level, obtain the management response on the weakness and recommend action needs to rectify them from happening again.

Accordingly, the scope of the audit covered the overall management of the project's implementation, monitoring and supervision. The audit work included the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery, recruitment and disposal or transfer of assets as appropriate.

**6.1 Human resources**

The audit work covered the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and included performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

**6.2 Finance**

The audit work covered the adequacy of the accounting and financial operations and reporting systems. These include budget control, cash management, certification and approving authority, receipt of funds, and disbursement of funds, recording of all financial transactions in expenditure reports, records maintenance and control.

**6.3 Procurement**

The audit work covered the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the equipment and services purchased meet the requirement of either the Government or UNDP and include the following:

- As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
- Receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment; and
- Evaluation of the procedures established to mitigate the risk of purchasing equipment that do not meet specifications or is later proven to be defective.
- Management and control over the variation orders.





The audit work in the area of procurement also covered the use of consulting firms and the adequacy of procedures to obtain fully qualified and experience personnel and assessment of their work before final payment is made.

#### 6.4 Asset Management

The audit work covered equipment (typically vehicles and office equipment) purchased for use of the project. The procedures for receipt, storage, and disposal were also reviewed.

#### 6.5 Cash Management

The audit work covered all cash funds held by the project and review procedures for safeguarding of cash.

#### 6.6 General Administration

The audit work covered travel activities, vehicle management, shipping services, office premises and lease management, office communications, and records maintenance.

#### 6.7 Information System

The audit work covered the information and communication systems and the control and security of equipment and data.

As per the UNDP - CDR and supporting schedules we obtained from the UNDP country office, we present under the table below that disbursements that are covered with in and outside our audit scope.

Description	Amount in USD	Amount in USD
Government disbursement	1,208,482.19	
UNDP disbursement – direct payments	57,043.24	
Disbursement within the scope of our audit		1,265,525.43
UNDP disbursement – UNDP support costs	27,625.27	
Disbursement outside the scope of our audit		27,625.27
Total expenses (UNDP - CDR)	1,293,150.70	1,293,150.70





## **7. Scope Limitation**

The above scope covered USD 1,265,525.43 those transactions performed at the level of the project USD 1,208,482.19 including direct payment USD 57,043.24 made by UNDP Country Office. Transactions were performed by the UNDP Office at the request and on behalf of the project (i.e. UNDP Support Services) and those made by a UN Agency are not included in the scope of this audit. The amount of expense excluded from the scope of the audit amount USD 27,625.27 which is UNDP for Support Services.

## **8. Currency and Exchange Rate**

The Statement of Expenditure/Combined Delivery Report (UNDP - CDR) is prepared in USD. Expenditure reported by Implementing Partners to the UNDP Country Office during the year is converted to USD using monthly UN operational rate from United Nations Treasury. We have obtained and used these rates in reconciling the expenditure reported by the implementing partners with the CDR. The statement of Cash Position and the statement of Assets and Equipments were prepared in local currency ETB. An exchange rate of UN operational rate valued USD 1 for ETB 22.575 was used to value year end 31 December 2016 reports in ETB to USD.



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# **9. The Audit Report**





**AUDITOR'S REPORT TO:****Ministry of Finance and Economic Cooperation (MoFEC) and  
The Resident Representative UNDP Ethiopia Country Office Addis Ababa***a) Certification of UNDP statement of Expenses– Combined Delivery Report (UNDP -CDR)*

We have audited the accompanying Statement of expenses (UNDP -CDR) of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level for the period 1 January 2016 to 31 December 2016.

Management is responsible for the preparation and fair presentation of the statement for Promoting Autonomous Adaptation at the Community level project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statements 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 the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Clean Opinion:**

In our opinion, the attached statement of expense presents fairly, in all material respects the expense of USD 1,265,525.43(USD 1,208,482.19 Government Expenses and USD 57,043.24Direct Payment) incurred by the project Promoting Autonomous Adaptation at the Community level for the period 1 January 2016, to 31 December 2016 in accordance with UNDP accounting policies 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.



The report is intended solely for the information and use of UNDP and the Government of Ethiopia.

9 March 2017

TMS *plus* Chartered Certified Accounts (UK) and Authorized Auditors (ETH)

Signature \_\_\_\_\_

*TMS plus*



STAMP AND SEAL OF AUDIT FIRM:

Bole Sub City, Kebele 06 House No. 305

TEL. No.+251 – 1 – 6 18 06 38, +251 9 11 22 94 25



**Combined Delivery Report By Project**



UH Development Programme  
Report ID: ungedrpr

Page 1 of 4  
Run Time: 16-03-2017 08:03:25

**Selection Criteria :**

Business Unit : ETH10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00081746

Project Id : 00065106 Promoting Autonomous Adaptation	Period : Jan-Dec (2016)		
Output # : 00081746 Promoting Autonomous Adaptation	Impl. Partner : 01183 Environment Protection Autho Location : Ethiopia		
<b>Govt Exp</b>	<b>UNDP Exp</b>	<b>UN Agencies Exp</b>	<b>Total Exp</b>

Dept: 33001 (Ethiopia - Central)

Fund : 04000 (Core Programme, UNU Centre)

75710 - Participation of counterparts 0.00 0.00 0.00 0.00

Total for Fund 04000 0.00 0.00 0.00 0.00

Total for Dept : 33001 0.00 0.00 0.00 0.00

Dept: 33003 (Ethiopia - Crisis Prev & Rcvry)

Fund : 04000 (Core Programme, UNU Centre)

75705 - Learning costs 0.00 286.75 0.00 286.75

Total for Fund 04000 0.00 286.75 0.00 286.75

Total for Dept : 33003 0.00 286.75 0.00 286.75

Dept: 33005 (Ethiopia - Energy & Envirmnt)

Fund : 04000 (Core Programme, UNU Centre)

71305 - Local Consult-Sht Term-Tech 1,303.73 2,257.31 0.00 3,561.04

71405 - Service Contracts-Individuals 67,386.48 299.82 0.00 67,686.10

71605 - Travel Tickets-International 0.00 29,093.24 0.00 29,093.24

75710 - Participation of counterparts 0.00 642.38 0.00 642.38

75120 - Unrealized Loss 0.00 2,607.27 0.00 2,607.27

75130 - Unrealized Gain 0.00 -141.84 0.00 -141.84

75135 - Realized Gain 0.00 -140.99 0.00 -140.99

Total for Fund 04000 68,690.21 34,616.99 0.00 103,307.20

Fund : 62160 (GEF LDC/NAPA Programme Actv)

71205 - Intl Consultants-Sht Term-Tech 0.00 13,958.00 0.00 13,958.00

71211 - Intl Consult Security Charge 0.00 593.21 0.00 593.21

71305 - Local Consult-Sht Term-Tech 41,526.45 15,167.78 0.00 56,694.23

71380 - Local Consult-Security 0.00 95.94 0.00 95.94

71405 - Service Contracts-Individuals 90,109.82 0.00 0.00 90,109.82

71605 - Travel Tickets-International 8,887.68 2,820.87 0.00 11,688.53

71810 - Travel Tickets-Local 103,076.49 487.27 0.00 103,563.76

71815 - Daily Subsistence Allow-intl 0.00 2,927.00 0.00 2,927.00

71820 - Daily Subsistence Allow-Local 14,083.37 1,574.65 0.00 15,658.02

72110 - Syn Co-Agricultural Management 382.34 0.00 0.00 382.34

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*Tesfaye Woldeyes*  
PAA Project Manager  
17/03/2017

*[Signature]*  
17/03/2017



**Combined Delivery Report By Project**

UN Development Programme  
Report ID: unglodrp

Page 2 of 4  
Run Time: 16-03-2017 08:03:25

Project Id : 00065106 Promoting Autonomus Adaptation	Period :	Jan-Dec (2016)		
Output # : 00081746 Promoting Autonomus Adaptation	Impl. Partner :	01183 Environment Protection Autho Ethiopia		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72115 - Svc Co-Natural Resources & Env	77,435.83	0.00	0.00	77,435.83
72305 - Agri & Forestry Products	348,954.04	0.00	0.00	348,954.04
72445 - Common Services-Communications	0.00	165.37	0.00	165.37
72505 - Stationery & other Office Supp	34,729.39	0.00	0.00	34,729.39
72510 - Publications	0.00	90.70	0.00	90.70
74105 - Management and Reporting Srvs	131,725.46	0.00	0.00	131,725.46
74225 - Other Media Costs	0.00	228.78	0.00	228.78
74599 - UNDP cost recovery chrgs-Bills	0.00	411.33	0.00	411.33
75705 - Learning costs	217,686.21	0.00	0.00	217,686.21
75710 - Participation of counterparts	73,227.62	0.00	0.00	73,227.62
78120 - Unrealized Loss	0.00	2,308.47	0.00	2,308.47
78130 - Unrealized Gain	0.00	-8,065.29	0.00	-8,065.29
78135 - Realized Gain	0.00	-3,337.09	0.00	-3,337.09
<b>Total for Fund 62160</b>	<b>1,139,791.98</b>	<b>29,424.97</b>	<b>0.00</b>	<b>1,169,216.95</b>
<b>Total for Dept: 33005</b>	<b>1,208,482.19</b>	<b>64,041.96</b>	<b>0.00</b>	<b>1,272,524.15</b>
Dept: 33008 (Ethiopia - Poverty Reduction)				
Fund: 52160 (GEF LDC/NAPA Programme Actv)				
78120 - Unrealized Loss	0.00	21,299.65	0.00	21,299.65
78130 - Unrealized Gain	0.00	-959.85	0.00	-959.85
<b>Total for Fund 62160</b>	<b>0.00</b>	<b>20,339.80</b>	<b>0.00</b>	<b>20,339.80</b>
<b>Total for Dept: 33008</b>	<b>0.00</b>	<b>20,339.80</b>	<b>0.00</b>	<b>20,339.80</b>
<b>Total for Output: 00081746</b>	<b>1,208,482.19</b>	<b>84,668.51</b>	<b>0.00</b>	<b>1,293,150.70</b>
<b>Project Total :</b>	<b>1,208,482.19</b>	<b>84,668.51</b>	<b>0.00</b>	<b>1,293,150.70</b>



*Tesefaye Woldeyes*  
PAA Project Manager  
17/03/17  
17/03/2017





Combined Delivery Report By Project



UN Development Programme  
Report ID: unglcdirp

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Run Time: 16-03-2017 09:03:27

Selection Criteria :

Business Unit : ETH10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00081746

Project Id : ALL	Period : Jan-Dec (2016)
Output # : ALL	Impl. Partner : Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
33001 - Ethiopia - Central	0.00	0.00	0.00	0.00
33003 - Ethiopia - Crisis Prev & Rcvry	0.00	296.75	0.00	296.75
33005 - Ethiopia - Energy & Environment	1,208,482.19	64,041.96	0.00	1,272,524.15
33008 - Ethiopia - Poverty Reduction	0.00	20,339.80	0.00	20,339.80



*Tesefaye Woldeyes*  
PAA Project Manager  
7/03/2017



Combined Delivery Report By Project



UN Development Programme  
Report ID: unglodrp

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Run Time: 16-03-2017 08:03:31

Funds Utilization

Selection Criteria :

Business Unit : ETH10  
Period : Jan-Dec (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00081746

Project/Award: 00065106 Promoting Autonomus Adaptation

Period : As at Dec 31, 2016

Output #	00081746	Impl. Partner :01183 Environment Protection Autho	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00



*Tesefaye Woldeyes*  
PAA Project Manager  
17/03/2017



**AUDITOR'S REPORT TO:****Ministry of Finance and Economic Cooperation (MoFEC) and  
The Resident Representative UNDP Ethiopia Country Office Addis Ababa*****b) Certification of Statement of Assets and Equipment***

We have audited the accompanying statement of Assets and Equipment ("the statement") of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level as at 31 December 2016.

Management is responsible for the preparation of the statement for Promoting Autonomous Adaptation at the Community level project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement 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 the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Clean Opinion**

In our opinion, the attached statement of assets presents fairly, in all material respects, the balance of inventory of the project Promoting Autonomous Adaptation at the Community level amounting to USD 447,029.95 as at 31 December 2016 in accordance with UNDP accounting policies





This report is intended solely for the information and use of UNDP and the Government of Ethiopia.

16 March 2017

TMS *plus* Chartered Certified Accounts (UK) and Authorized Auditors (ETH)

Signature TMS plus

STAMP AND SEAL OF AUDIT FIRM:



Bole Sub City, Kebele 06 House No. 305

TEL. No. +251 – 1 – 6 18 06 38, +251 9 11 22 94 25

**STATEMENT OF ASSETS AND EQUIPMENT**  
As At December 31, 2016

Country Office: Ethiopia  
Project Title: Promoting Autonomous Adaptation  
Project Output No.: 00081746  
Project ID: 00065106  
Period Covered: 2016

No	Descriptions	Amount in Birr
1	Digital camera	58,511.99
2	Computes and Accessories	968,622.67
3	Office furniture	360,531.81
4	Machine and solar	4,479,676.27
5	Office equipment	344,462.63
6	Motor Cycle	504,999.98
7	Automatic Weather Station	3,374,895.71
<b>Total asset and Equipment in ETB</b>		<b>10,091,701.06</b>
<b>Total asset and Equipment in USD rated 1USD=22.575</b>		<b>447,029.95</b>

Signature \_\_\_\_\_

*(TMS plus)*

**TMS PLUS**  
Chartered Certified Accounts (UK)  
Authorized Auditors (ETH)  
Addis Ababa  
16 March 2017

*Tesfaye Woldeyes*  
Project Manager  
MoEFCC

*Wubua Mekonen*  
Team Leader (a.i.)  
CRGG Unit,  
UNDP



Bole Sub City, Kebele 06 House No. 305  
TEL. No. +251 – 1 – 6 18 06 38,  
+251 9 11 22 94 25

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**AUDITOR'S REPORT TO:****Ministry of Finance and Economic Cooperation (MoFEC) and  
The Resident Representative, UNDP Ethiopia Country Office Addis Ababa*****C) Certificate of Statement of Cash Position***

We have audited the accompanying Statement of Cash Position ("the statement") of the project Output Number 00081746 and Project ID 00065106 Promoting Autonomous Adaptation at the Community level as at 31 December 2016.

Management of Promoting Autonomous Adaptation at the Community level project is responsible for the preparation of the statement for project and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement 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 the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Clean Opinion**

In our opinion, the attached Statement of cash, presents fairly, in all material respects, the cash and bank balance of the UNDP project Promoting Autonomous Adaptation at the Community level amounting to USD nil as at 31 December 2016 in accordance with the UNDP accounting policies.





This report is intended solely for the information and use of UNDP and the Government of Ethiopia.

Signature \_\_\_\_\_

*TMS plus*



TMS *plus*  
Chartered Certified Accounts (UK)  
Authorized Auditors (ETH)  
9 March 2017

Bole Sub City, Kebele 06 House No. 305  
TEL. No. +251 - 1 - 6 18 06 38, +251 9 11 22 94 25

**STATEMENT OF CASH POSITION  
AS AT DECEMBER 31, 2016**

**Country Office: Ethiopia**  
**Project Title: Promoting Autonomous Adaptation**  
**Project Output No.: 00081746**  
**Project ID: 00065106**  
**Period Covered: 2016**

Description	Amount in Birr
<b>Opening Fund Balance January 1, 2016</b>	
Cash On Hand	2,345.78,
Cash At Bank	77,411.62
Advances	153,520.08
Payables	(34,277.48)
Sub total	<b>199,000.00</b>
Advance Received from UNDP during 2016	26,250,642.00
Total Funds Available for 2016	26,449,642.00
Payments/Expenditure for 2016	26,449,642.00
<b>Fund Balance 31 December 2016</b>	<b>0</b>
Closing Balance represented by:	
Cash in hand	0.00
Bank	0.00
Advance	0.00
Payables	0.00
<b>Closing Fund Balance 31 December 2016(ETB)</b>	<b>0.00</b>
<b>Closing Fund Balance 31 December 2016(in USD rated 1USD = 22.575ETB)</b>	<b>0.00</b>

Signature \_\_\_\_\_

*TMS plus*

*Tesfaye Woldeyes*

*Wubua Mekonen*

**TMS PLUS**  
 Chartered Certified Accountants (UK)  
 Authorized Auditors (ETH)  
 Addis Ababa  
 09 March 2017

Tesfaye Woldeyes  
 Project Manager  
 MoEFCC

Wubua Mekonen  
 Team Leader (a.i.)  
 CRGG Unit,  
 UNDP

Bole Sub City, Kebele 06 House No. 305  
 TEL. No. +251 - 1 - 6 18 06 38,  
 +251 9 11 22 94 25



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## 9. Management Letter





## 10.1 Introduction

In accordance with our appointment as auditors, we have audited the books and accounts of Promoting Autonomous Adaptation at the Community level of the Output Number 00081746 and Project ID 0065106 for the period 01 January 2016 to 31 December 2016.

We now have pleasure in presenting our report covering our audit findings and recommendation on certain aspects of the accounting and internal control systems and other matters that came to our attention in the course of our audit. We would like to point out that this report is not a comprehensive statement of all weaknesses that exist or all improvements, which may be made. It documents only those matters that came to our notice as a result of our audit procedures, which were designed primarily with a view to expressing our opinion on the Combined Delivery Report, Statement of Cash Position and Statement of Assets and Equipment as a whole.

## 10.2 Review of Project Progress

The quarterly work plans, financial reports, request and execution of direct payments are timely and in compliance with the project documents. Annual project reports submitted by the implementing partners are also in compliance with UNDP guidelines and were adequately monitored. The rate of program delivery is according to work plan and the overall pace of the project progress is adequate (99.8%).

## 10.3 Assessment of Internal Control

An appropriate financial management structure, internal controls and record keeping systems were maintained by the programme management. The programme disbursements are valid and supported by adequate documentation. The disbursements have been made in accordance with the programme support document, AWP and budgets; and are in compliance with the UNDP User Guide on Results Management and financial rules, regulations, practice and procedures of the Government.

We have no findings in respect of the management structure of the monitoring, evaluation and reporting. The system of internal control over transactions and over accounting and reporting is satisfactory. The system of internal controls over non-expendable equipment is also adequate.

Overall, our assessment of internal control indicates that it is sound and satisfactory.



## Conclusion

We would like to express our appreciation for the assistance and cooperation accorded to us by the management and staff members of the organization in the course of our audit.

We shall be pleased to give you additional information and explanations that might be required in connection with this report.

During our audit work, we didn't find any reportable material internal control weaknesses and therefore Promoting Autonomous Adaptation at the Community Level's internal control is satisfactory.

This report is intended solely for the information and use of UNDP and the Government of Ethiopia.

Sincerely yours,

  
**TMS PLUS**  
**Chartered Certified Accountants (IUK) and**  
**Authorized Auditors (ETH)**



9 March 2017

STAMP AND SEAL OF AUDIT FIRM:  
Bole Sub City, Kebele 06 House No. 305  
TEL. No. +251 – 1 – 6 18 06 38,  
+251 9 11 22 94 25

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# 11. ANNEXES





11.1 ACTION PLANS FOR PRIOR YEAR AUDIT OBSERVATION AND RECOMMENDATIONS

Obs No.	Output No.	Recommendation	Project ID		Opinion Type: qualified				Update status	Action impl. date	Description of Status update
			Audit Area	Risk Severity	Project/Co Management Comments	Actions plan	Target Impl. Date	Action unit			
	00081746			00065106							
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Signature TMS Plus

**TMS PLUS**  
 Chartered Certified Accounts (UK)  
 Authorized Auditors (ETH)  
 Addis Ababa  
 9 March 2017

Bole Sub City, Kebele 06 House No. 305  
 TEL. No. +251 - 1 - 6 18 06 38  
 +251 9 11 22 94 25



Tesfaye Woldeyes  
 Project Manager  
 MoER  
 የግብርና ማረጋገጫ ማህበረሰብ

Wubua Mekonen  
 Team Leader (a.i.)  
 CRGG Unit,  
 UNDP



## 11.2 Audit Data and Observations

Table 1: Report on the Audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) For the period 1 January 2016 to 31 December 2016.		Amount audited and certified (USD)	Audit Opinion	Total Amount of qualification of audit opinion	Total amount of net financial impact (NFI) of qualification of audit opinion	Reason(s) for qualification	Observation that have implications of audit opinion
1	Output No. Project ID	00081746 00065106	1,265,525.43	Unqualified	None	None	N/A

  
Signature

**TMS PLUS**  
Chartered Certified Accountants (UK) and Auditors (ETH)  
Authorized Auditors (ETH)



9 March 2017

Bole Sub City, Kebele 06 House No. 305  
TEL. No. +251 - 1 - 6 18 06 38,  
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**Table 2: Report on the Audit of the Statement of Cash Position**

Statement of Cash as at 31 December 2016		Value of cash Position Statement as at 31 December 2016 (USD)	Audit Opinion Statement of cash position	Total amount of qualification – Statement of Cash Position (USD)
Output No.	Project ID			
00081746	00065106	Nil	Unqualified	None

*Tms Plus*

Signature

**TMS PLUS**  
**Chartered Certified Accountants (IUK) and**  
**Authorized Auditors (ETH)**

9 March 2017



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 Bole Sub City, Kebele 06 House No. 305  
 TEL. No. +251 – 1 – 6 18 06 38,  
 +251 9 11 22 94 25



**Table 3: Report on the Audit of the Statement of Assets & Equipment**

Statement of asset and equipment as at 31 December 2016		Value of assets and equipment as at 31 December 2016 (USD)	Audit Opinion Statement of assets and equipment	Total amount of qualification on the statement of assets and equipments (USD)
Output No.	Project ID			
00081746	00065106	447,029.95	Unqualified	None

*TMS Plus*

Signature

**TMS PLUS**

**Chartered Certified Accountants (UK) and Accountants (Ethiopia) Authorized Auditors (ETH)**

9 March 2017

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Bole Sub City, Kebele 06 House No. 305  
TEL. No. +251 - 1 - 6 18 06 38,  
+251 9 11 22 94 25



**Table 4: Report on the Current Year Audit Observation and Recommendation**

**Annex V**

Output No.	Project ID	Observation No.	Audit Observation	Recommendation	Audit Area	Audit Cause	Risk Severity	Project/Co Management Comments
00081746	00065106	None	None	None	None	None	None	None

*Tms Plus*

**TMS PLUS**  
**Chartered Certified Accountants (UK) and**  
**Authorized Auditors (ETH)**



9 March 2017

**STAMP AND SEAL OF AUDIT FIRM:**  
 Bole Sub City, Kebele 06 House No. 305  
 TEL. No. +251 - 1 - 6 18 06 38,  
 +251 9 11 22 94 25